HUHTAMAKI

TAKING PACKAGING FURTHER

Annual Report 2003

Our values:

We treat our world with respect

We know our business

We like to get it done

Huhtamaki Annual Report 2003

Contents

Front cover:
Ice Cream packaging is a core product category. The hot summer gave a welcome boost to the market in Europe; North America found a new gear late in the year.

Foreword

As a leading consumer packaging specialist, Huhtamaki serves the world's premier food, foodservice and consumer products companies with a comprehensive range of rigid and flexible packaging products. The company's manufacturing and sales network spans 36 countries on all continents, making its innovative, high-quality products available to smaller, local customers as well.

In 2003, Huhtamaki again took consumer packaging further on many fronts. Already a world leader in rigid plastic, paper and molded fiber packaging, the company made significant strides in flexible packaging and films technology. Numerous new products and awards attest to the company's success in unleashing its innovative potential.

Net sales amounted to EUR 2.1 billion in 2003. A good half came from Europe, almost a third from the Americas and the rest from Asia, Oceania and Africa. Trading conditions remained tight, and one-off items also affected the financial results. Volume growth nevertheless accelerated during the year, and new growth opportunities triggered timely capital expenditure.

Established in 1920 as a Finnish legal entity, the Group's parent company Huhtamäki Oyj maintains its head office in Espoo, Finland, and has been listed on the Helsinki Exchanges (HEX Symbol: HUHIV) since 1960.

Financial highlights **for 2003**

Key figures

EUR million	2003	2002	Change %
Net sales	2,108	2,239	-6
EBITDA % of net sales	240 11.4	324 14.5	-26
Operating profit (EBITA) % of net sales	137 6.5	215 9.6	-37
EBIT % of net sales	97 4.6	173 7.7	-44
Profit before taxes	55	125	-56
Net income	36	87	-58
EPS before amortization (EUR)	0.79	1.29	-39
EPS after amortization (EUR)	0.38	0.86	-56
Dividend per share[1] (EUR)	0.38	0.38	0
Dividend yield[1] (%)	4.1	4.0	
Personnel at year-end	15,508	15,909	-3

[1] Board's proposal

Highlights

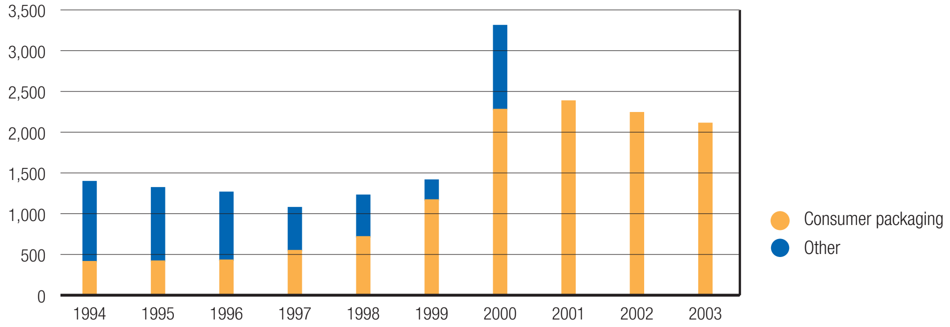
- Healthy 4% sales volume growth
- Another excellent year for Flexibles and Films
- Strong growth in emerging markets
- Strong cash flow
- Several innovative new products and awards

Financial Targets

- Annual organic growth at the rate of our winning global customers
- ROE ba (return on equity before amortization) at least 15%
- Strong cash flow
- Balanced capital structure
- Dividend on average 40% of yearly net income before amortization

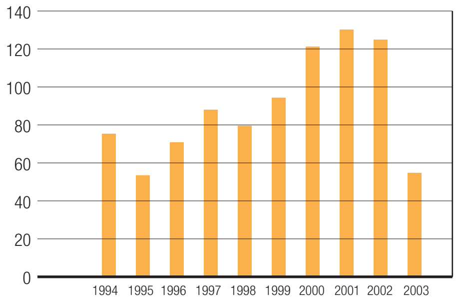
Net sales

EUR million

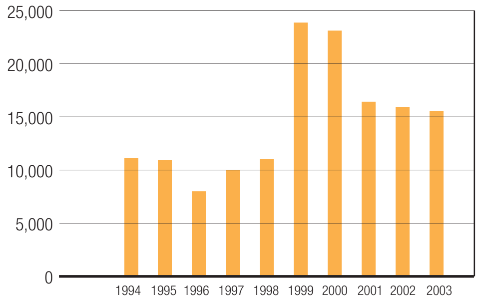


Profit before taxes

EUR million

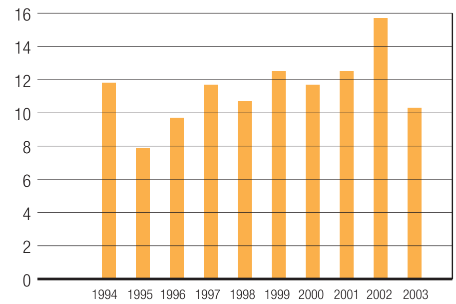


Personnel at year-end

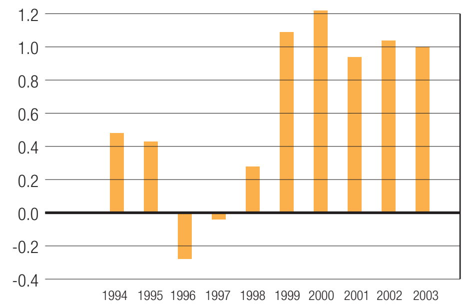


Return on equity (Before amortization)

%

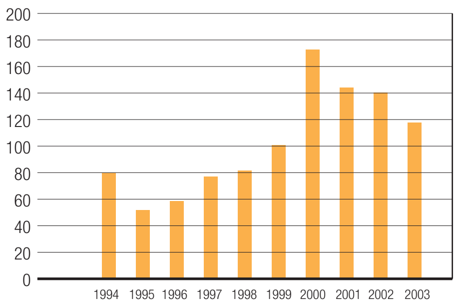


Net debt to equity



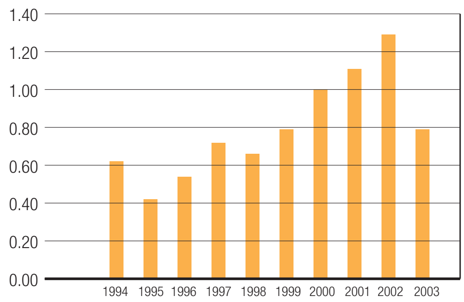
Capital expenditure

EUR million



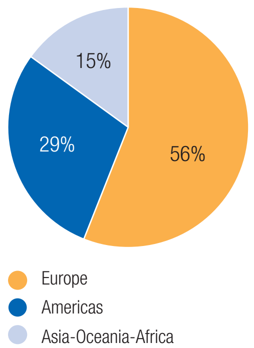
Earnings per share (Before amortization)

EUR

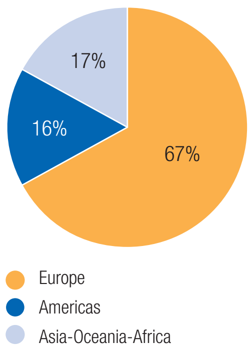


2002 and 2003 figures are presented in accordance with IFRS reporting, earlier periods are based on Finnish Accounting Standards.

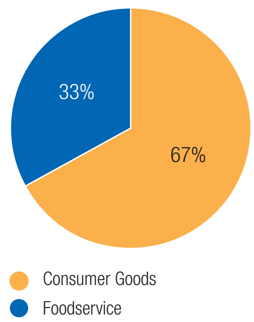
Net sales by region

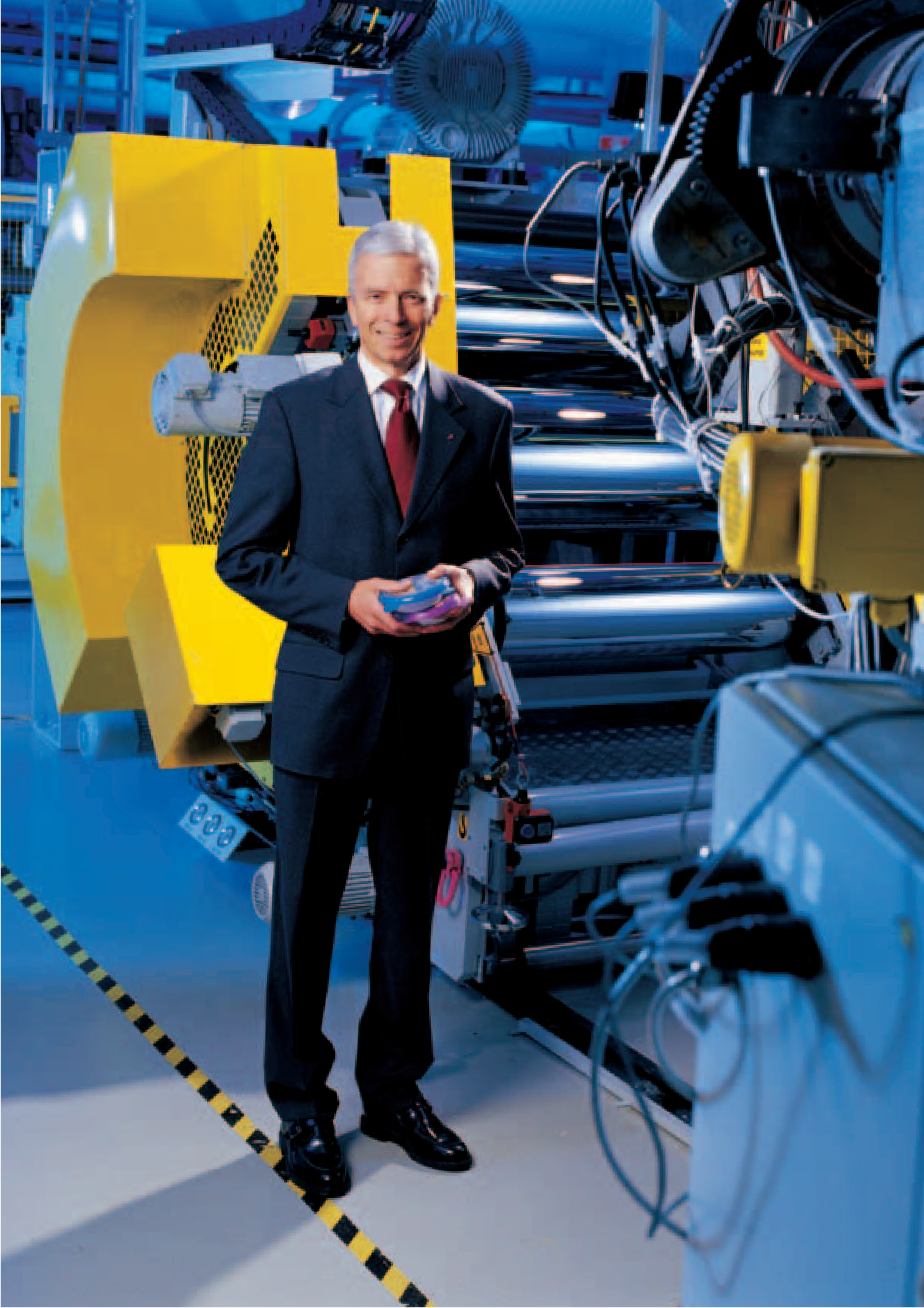


EBITA by region



Net sales by business segment





A word from the CEO

Last year gave strong support to the strategy Huhtamaki has pursued since 1999, when our global consumer packaging network was born.

Our primary objective for 2003 was to accelerate organic growth. This we did achieve against the backdrop of a hesitant world economy, the Iraqi crisis, the SARS epidemic and the strengthening of the Euro. I have reason to believe that our volume growth exceeded the average for both our customers and the consumer packaging industry at large.

We have spent the past three years perfecting the Huhtamaki network, which by now is unrivalled in the industry. Our strategy has been similar to that pursued for a decade or two already by our major transnational food processing and foodservice customers.

Last year's growth drivers were, indeed, such customers now relying on Huhtamaki's packaging products in new product or market areas, as well as the dynamic markets in Asia and Eastern Europe. While we originally entered these regions together with major customers, we also brought state-of-the-art packaging within reach of smaller, local customers as well. Recent and ongoing factory projects aim to capture further growth.

We won significant new business in 2003, helped by a stream of new product introductions. Huhtamaki's capacity for innovation did not go unnoticed - our products scored an unprecedented number of awards and recognitions all over the world.

While our commercial progress was in line with plans, the financial results fell short of expectations. Apart from the adverse external setting, we faced volatile raw materials prices as well as prolonged production and productivity issues in several units. To address these issues and further reduce our cost base, we introduced a series of restructuring measures during the second half of the year.

A turnaround is now becoming evident in the concerned units. New long-term business already secured will bring the North American plastics units back to full capacity by the end of 2004. Recent recruitments have reinforced our operations and general management resources.

Overall, we expect Huhtamaki's good growth momentum to continue in 2004, supported by new business, new products and new manufacturing capacity in high-growth markets.

Growth and efficiency improvements should gradually translate into stronger margins, too. Adverse currency developments and eventual startup costs from four new factories may have a dampening effect, however, especially in the early part of the year. The full-year outlook is one of cautious optimism. With a clear decline in projected capital expenditure, Huhtamaki's strong cash flow can and will be used to pay down debt.

The past year was tough for the entire supply chain. Yet, common challenges brought us closer to our customers, for which I am particularly grateful. I also want to commend Huhtamaki's employees for efforts, which no doubt will bear fruit in 2004. Last but not least, I thank the financial community - both shareholders and lenders - for another year of good cooperation and support.

Timo Peltola

Investment in research and development bore fruit. Top-modern equipment housed in the Group T&D Center in Hämeenlinna, Finland is used to develop e.g. new-generation baby food packaging.

Lettuce from outer space?
The twist-on lid of the new Twister salad bowl represents a leap forward in plastic thermoforming.

Business environment, *strategy and capabilities*

As a global consumer packaging specialist, we address the needs of consumer goods manufacturers and foodservice operators with advanced rigid and flexible packaging technologies, an unrivalled network spanning all continents and a choice of resin and fiber based products.

With manufacturing units in over 30 countries around the world, Huhtamaki is the natural packaging partner to large, multinational customers. Yet smaller local and regional customers are served with the same attention and quality – after all, 75% of our net sales are derived from customers other than the very largest.

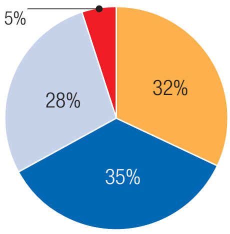
The consumer packaging market

The total world market for consumer packaging is estimated at USD 350 billion and growing at an annual rate of 2-4%. Food and beverages account for about two-thirds of the total demand, with North America, Asia-Oceania and Europe as the main market areas. Asia, Latin America and Eastern Europe display the highest growth rates.

As for materials, plastics have grown the most, winning market share especially from glass and metal packaging. Paper-based packaging also shows clear growth.

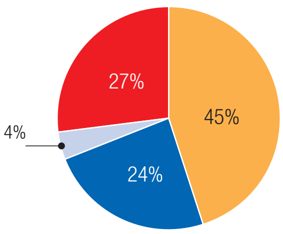
Packaging remains a comparatively fragmented industry for two basic reasons. First, there is a vast universe of packaging types, shapes, sizes, materials and technologies addressing the specific needs of customers and end-users. Second, most types of packaging need to be produced close to customers, so much of the industry remains local in terms of reach. Thus, even the largest multinational packaging groups address a limited number of market segments and manufacturing technologies.

Global consumer packaging market by geography



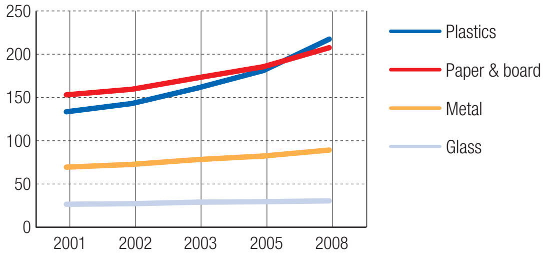
Source: Pira 2004

Global consumer packaging market by sector



Source: Pira 2004

Packaging by raw materials, trends 2001–2008 USD billion



Source: Pira 2004

Market positions

According to company estimates, Huhtamaki derives more than 70% of its sales from product categories and technologies where it is a world leader. We do not directly compete with the very largest packaging companies active in the broad metal, glass and corrugated carton categories.

Our overall market positions are quite similar across Europe and Asia-Oceania-Africa but vary from one country and market segment to another. In North America, important segment leaderships such as frozen desserts packaging and branded retail tableware account for a major part of sales. Typically we face different competitors in each geography and market segment.

Reliable, unambiguous market share data by country and market segment does not readily exist. The attached chart illustrates our relative strength by region and technology. With major customers pursuing increasingly global branding, marketing, manufacturing and sourcing strategies, what matters is the packaging supplier's ability to form deep and long-standing relationships with successful customers and help them sell more through innovative packaging solutions.

Market positions

	Rigids	Flexibles	Molded Fiber
Europe	•••	••	•••
North America	••	•	•••
South America	•••	•	•••
Asia	•••	••	
Oceania	•••	••	•••
Africa	•••	•	•••
Global	•••	••	•••

••• Strong (#1-2)
•• Average (#3-5 and/or stronger in segments)
• Present in market

Strategy

After decades as a multi-industry group, Huhtamaki concentrated its resources on consumer packaging around the turn of the new millennium. The company had already started to internationalize its rigid paper and plastic packaging operations in the 1980s, soon reaching a solid position across Europe and Asia-Oceania. A series of strategic acquisitions in 1997-2000 accelerated the process, opening up new market areas such as North America, establishing a worldwide manufacturing network and adding important product categories such as flexibles and molded fiber.

Our current strategic position rests on three cornerstones:

- **Global scope** enables us to address large, multinational customers with similar business views. New markets are entered and addressed together. State-of-the-art packaging becomes accessible to local customers. Sourcing, optimization of manufacturing and logistics become strategic functions.
- **Leadership** brings economies of scale in manufacturing and sourcing, facilitated by the transfer of best practices across the organization. Concentrating all activities under a single Huhtamaki brand further enhances our corporate reputation as a "category champion" and innovator.
- **Specialization** keeps focus on key development areas, drives innovation and fosters closer relationships with customers. Our profound insight enables us to offer optimal packaging solutions, whether existing or entirely new.

Our activities have been organized around two major business segments: Consumer Goods and Foodservice. The former serves mainly food processors and other Fast Moving Consumer Goods (FMCG) companies. The latter addresses quick service restaurants, contract caterers, vending operators and retail trade.

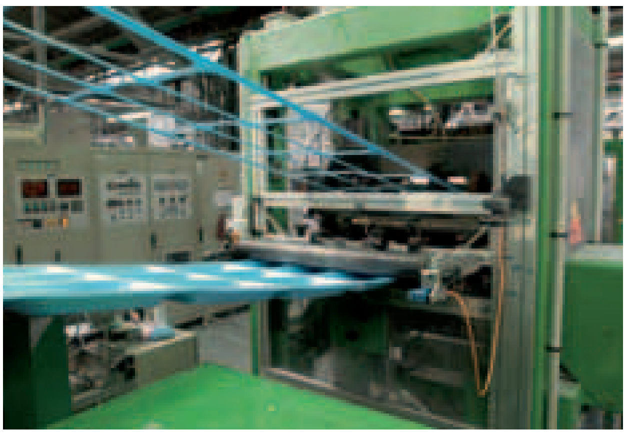
Consumer Goods

The Consumer Goods business area serves primarily the processed foods industry but also fresh food packers as well as the pet food, personal care and detergent segments, employing all our main packaging technologies. Advanced barrier packaging solutions, functional improvements, combination materials, emerging market areas and the consolidation and globalization of the customer base offer major growth opportunities for both rigid and flexible packaging.

Main market segments: processed foods, fresh foods, pet food, personal care and detergents

Main customers (alphabetically): Colgate, Danone, Heinz, Kraft, Mars, Nestlé, Procter & Gamble, Unilever

Automation is present in today's production and logistics, improving productivity directly and indirectly, through higher demands on the education and skills of employees.



Foodservice

Foodservice customers include virtually all leading international quick service and beverage companies, rapidly growing coffee and casual dining restaurant chains, as well as successful local operators. Foodservice products are also sold to institutional caterers and vending operators, often through specialized distributors. Branded single-use tableware for the retail channel is another important product category. The business segment offers opportunities for all of our rigid packaging technologies.

Main market segments: quick service restaurants and beverage, catering, vending, food retailers, specialized distributors, cash & carry, mass merchandizers

Main customers (alphabetically): Bunzl, Burger King, Coca-Cola, Compass, CostCo, McDonald's, Pepsi, Sam's, Sodexho, Sysco, Yum! Brands, Wal-Mart

Technology and development

We deploy two main packaging technologies:

Rigid

- Paper forming
- Plastic extrusion and thermoforming
- Plastic injection molding and in-mold labeling
- Molded fiber

Flexible

- Plastic, paper and foil converting to laminates and films

We also possess 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 equipment.

While most of our processes employ commonly available equipment, we have considerable experience in optimizing its use and developing proprietary multi-technology applications. Our main printing technologies include dry offset/litho, flexo and rotogravure.

Local new product development activity and dedicated Technology & Development Centers ensure a steady flow of new, innovative products. The new product development process is centrally coordinated, with strategic projects eligible for Group support.

Sensitivity to external factors

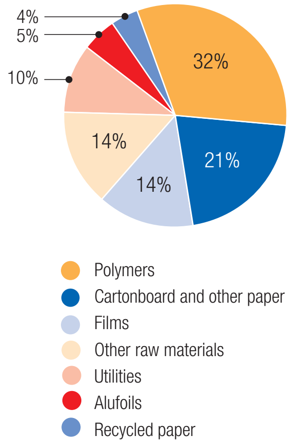
Consumer packaging is a stable industry, largely due to its close linkage with food and beverage consumption. Fluctuations in raw materials and energy prices may affect its short-term profitability. Due to the localized nature of manufacturing and markets, currency risk is largely limited to translation and economic (competitive) exposures.

Demand Consumer packaging displays a long-term growth rate slightly above GDP growth. Business cycles do not significantly affect overall demand, but upswings tend to shift demand to higher value added packaging, while the opposite is true in downswings.

Huhtamaki's largest individual customer accounted for 6% of the company's sales in 2003. The corresponding share of the top ten customers was 23%. Each of these customers sources a number of packaging products on a continuous, contractual basis from multiple Huhtamaki locations worldwide, so major unforeseen volume or credit losses are rare.

In 2001-2003, several external factors nevertheless affected Huhtamaki's markets, showing that foodservice in particular was more prone to sudden demand changes than previously experienced. These included the effects of war, international terrorism and political unrest to business and leisure travel, the SARS epidemic, food safety issues and climatic extremes.

Breakdown of raw materials and utilities



Raw materials and utilities purchases account for approx. 40% of Huhtamaki's total sales. Annual expenditure on main raw materials and utilities breaks down as illustrated above.

The spot prices of certain raw materials have fluctuated sharply in recent years. The underlying contract prices are inherently less volatile. Typically, it takes a calendar quarter for a verified change in raw materials price to be reflected in the end product price.

We have taken determined measures to reduce our exposure to raw materials prices. These include:

- Global bundling and central sourcing of main raw materials and other key inputs
- Annual, quarterly or monthly contract pricing, with the opportunity to leverage spot markets as well
- Clauses in major customer contracts allowing the pass-through of raw materials price changes with a minimum of administrative delay

Currencies The Euro is Huhtamaki's accounting currency. It also accounts for 42% of the company's sales, 50% of assets and 43 % of debt. The second most important currency is the U.S. dollar, accounting for 26% of sales, 26% of assets and 33% of debt. Many other currencies loosely follow the dollar, or at least move in the same direction against the Euro. A relatively minor part of the total business is cross-border trade involving currency risk, which the company hedges actively. Therefore, the main currency-induced risk is translation risk, i.e. the conversion of revenue and earnings in other currencies into Euros.

Business review

Business highlights

Europe

- Reassuring volume growth
- Poland and Russia up to speed after reconstruction
- New accounts won and new products introduced
- WorldStar and numerous other awards and recognitions

Americas

- Return of growth in Foodservice
- Approximately USD 30 million worth of new business, with more in store for 2004
- Strong growth for Chinet® Retail products
- U.S. films unit and Brazilian laminate joint-venture completed on schedule

Asia-Oceania-Africa

- Foodservice in growth across region after SARS
- Asian growth very strong in second half
- WorldStar and other awards for Asian flexible packaging
- Vietnamese flexibles plant on schedule

Overview

In 2003, Huhtamaki posted good volume growth of 4% against a hesitant world economy and slow growth reported by many major customers. Europe showed steady progress through the year, while the Americas and Asia-Oceania-Africa experienced a marked acceleration in the second half. A decline in profitability reflected productivity issues in several units, unrecovered raw materials price hikes caused by the Iraqi crisis, non-recurring restructuring costs and currency conversions.

Strategic capital expenditure concentrated on growing markets and product areas, with two new production units completed before year-end and two more scheduled to come on stream in the second quarter of 2004. The company launched a high number of new products and gained important new business for 2004.

Key figures by region

EUR million	Europe	Americas	AOA
Net sales	1,185.4	599.6	323.3
% of Group total	56	29	15
EBITA	81.8	20.2	20.4
Personnel	7,285	3,925	3,896

Europe

Europe accounted for EUR 1.2 billion or 56% of Huhtamaki's total net sales in 2003. Year-on-year volume growth was 4%, but price/mix changes and currency conversions led to a slight decline in reported sales. Excluding one-off costs booked mainly during the second half of the year, profitability showed a small decline against 2002.

Consumer Goods

The Consumer Goods business faced generally stable markets in Western Europe and good growth in Eastern Europe. Demand varied significantly between main market segments, however, with pet foods for example, reporting good progress among established product categories, and new baby food packaging solutions showing promise. The warm summer gave a welcome boost to ice cream packaging. The Fresh Foods business was integrated into Consumer Goods towards year-end. Modified atmosphere packaging (MAP) for meat and poultry grew well.

In rigid packaging, the mainstream plastic and paper forming units improved their efficiency through a series of restructuring measures. For example, the Dourdan plant in France was closed, with its production transferred to the nearby Auneau unit.

High-performance barrier solutions combining Huhtamaki's rigid and flexibles know-how made excellent progress. As well, new applications were found for the unique DuoSmart® concept combining the best properties of plastic and paper packaging. Injection molded, in-mold labeled (IML) packaging found new applications.

Flexible packaging continued to be in good demand. Among the new products were wrappers replacing aluminum, flowpacks for chocolate, and advanced stand-up pouches for food and beverages. The main unit in Ronsberg, Germany, supported technology transfer to the Brazilian joint-venture, while its own capacity for high-performance flexible packaging was again increased.

The overall good performance of European molded fiber operations was dented by a poultry epidemic in the Benelux region. Waste paper trading was discontinued, causing a drop in reported sales, but paper collection continues to ensure quality raw material for molded fiber. A new molded fiber plant is under construction in Russia and will launch operations in the second quarter of 2004. Molded fiber machinery trade had an excellent year.

The worldwide films business experienced another year of good volume growth. Efficiency improvements and a rejuvenated product range largely offset the margin squeeze caused by adverse currency movements and intensified competition in and from North America. Timely start-up of local production in Malvern, Pennsylvania (USA) toward year-end will ensure a more balanced competitive position.

In focus

Blédina

Baby food packaging has remained essentially the same for generations. In Europe alone, billions of glass jars are used annually – and not entirely without splinters and tears. Plastic barrier technology offers alternatives that are safer, more convenient and more versatile for today's on-the-go families.

Huhtamaki France has pioneered in high-barrier solutions for baby meals. So far largely confined to the avant-garde French market, these products have started to make inroads in other markets as well. In 2003, Huhtamaki launched three new baby and infant food packaging solutions. Danone's Blédina serves as a good example of the direction.

The transparent cup consists of three layers, with an Evoh barrier extruded between two polypropylene layers. The product is complete with a heat-sealed foil lid, thermoformed overcap and a cardboard sleeve for combination packaging.

Huhtamaki France produces the barrier sheet, and the cup and lid are formed in the ultra-modern Huhtamaki Poland factory in Siemianowice.

Foodservice

Foodservice sales remained at the previous year's level, with growth in the Quick Service and Catering segments offset by a decline in Vending and Retail. Eastern Europe was the more dynamic half of the continent, with strong growth evident in Russia, Poland and Turkey. Relationships with key customers developed favorably. For example, Huhtamaki reinforced its position as the preferred supplier to leading contract caterers.

Measures to improve efficiency were implemented in several manufacturing units. Foodservice paper cup manufacturing was transferred from the Göttingen unit in Germany to the newly reconstructed Polish unit in Siemianowice.

In addition to several new or improved products launched during the year, three entirely new concepts were developed for introduction in early 2004: the Twister salad bowl with a clear twist-on domed lid, the functional Sipper Dome lid for cold beverage cups and the distinctive, lightweight Bubble Cup for water fountain operators. ●

Americas

The general softness of the North American market experienced in 2002 carried into 2003. Huhtamaki's volume growth turned positive around mid-year and accelerated in the final quarter. The region's net sales amounted to EUR 0.6 billion or 29% of the Group total in 2003. A decline of 16% in the reported figure was entirely attributable to currency conversions.

During the year, new business developed according to expectations, contributing approximately USD 30 million to net sales and offsetting a volume decline in established accounts. New customer commitments were again secured during the year, with their full effect visible from mid-2004 onwards. Profitability declined markedly, reflecting low capacity utilization in some units, one-time restructuring costs and currency conversions.

North America – Consumer Goods

The Consumer Goods business was reorganized into four business units in order to improve focus on new customers and product areas while retaining the company's traditional strengths. The U.S. ice cream market experienced another year of volume stagnation and industry consolidation, as well as major swings in market share between the top players. The market began to recover late in the year, with Huhtamaki's top customers regaining share.

Both paperboard and plastics technologies were leveraged to develop new packaging solutions for ice cream and processed foods customers. These included a novel cup line for snack foods. Overall, good progress was made in finding new business for the plastics units, with full capacity expected by the end of 2004. Flexible packaging showed moderate growth over the previous year, and the new films unit in Malvern, Pennsylvania was completed on schedule by year-end.

Foodservice & Retail

After a troubled 2002, the Foodservice business remained depressed until the second half of the year but showed stronger growth in the final quarter. Deliveries to direct customers, such as major quick service and casual restaurant chains, returned to normal levels. New products for casual dining were in good demand. Sales via specialized foodservice distributors also saw positive growth from mid-year across core product ranges such as Chinet®, custom plastic products, cup carriers and meal trays.

In the Retail business, Chinet® premium tableware again fared very well, growing in sales and share against a stagnant market. A new line, Chinet® Casuals, was launched, with full national distribution planned for the end of 2004. Relations with major customers developed favorably.

Latin America

The Mexican operations, part of the North American organization, had a good, stable year building on gains in 2002.

Growth in Brazil was clouded by exchange rate conversions. The new flexibles joint-venture was completed ahead of schedule and made its first customer deliveries in early November. In Argentina, injection molded products were successfully launched. ●

In focus

Well's Blue Bunny Friazo's

Late in 2002, the U.S. ice cream manufacturer Well's asked Huhtamaki North America to help them with a new product line that would be distributed via foodservice outlets. Only months later, the perfect container had been created by Huhtamaki's paperboard experts. The uniqueness of the product – topping first, ice cream last – led to a new Nestyle® 8 ounce container with a false bottom. The product is filled into the container and then sealed with a foil membrane lid. At the restaurant, the chef takes the container out of the freezer, removes the foil, inverts the container onto a plate and then pushes out the bottom of the container, releasing the product onto a plate. Voilà! Instant gourmet dessert with topping on the top!

Well's nominated Huhtamaki as the Supplier of the Year for packaging innovation for this product. The International Dairy Association awarded Huhtamaki this honor at the 2003 Worldwide Food Expo in Chicago.

Asia-Oceania-Africa

At EUR 323 million or 15% of the total, net sales in Asia-Oceania-Africa were unchanged from 2002. A healthy volume growth of 6% was offset by currency conversions (-4%) and price/mix factors (-2%). Profitability was down, mainly reflecting operational and technology issues in Australian rigid packaging units.

Huhtamaki's objectives in the Asia-Oceania-Africa region were as diverse as the geography itself - from restoring the historically good performance of the Oceania operations to capturing growth opportunities in Asia, and on to elevating the South African operations to Group standards.

Oceania

Australia and New Zealand presented a mixed picture. Progress was evident in especially in Foodservice, fueled by market recovery and new high-quality products for promotional purposes.

For the Consumer Goods units, major customer segments such as ice cream and spreads stagnated, but good growth was recorded in dairy packaging. New product introductions are expected to accelerate growth in 2004. Manufacturing problems in the Australian Rigid Consumer Goods units were finally overcome, with a turnaround in performance evident in the last quarter of the year.

Asia

The first half of 2003 was slow by Asian standards, with the SARS epidemic affecting business in many ways. Volumes recovered in the second half, and in the final quarter a double-digit volume growth was evident in several markets. For Huhtamaki, India, China, Thailand, Hong Kong and Taiwan all showed excellent progress, both in Consumer Goods and Foodservice.

The Indian flexibles operation PPL again strengthened its market positions and launched several distinctive products including a WorldStar winner. Further expansion plans were approved for the Indian business during the last quarter and these will be completed during 2004. A new state of the art flexible packaging unit for Vietnam is under construction in Ho Chi Minh City, with production scheduled to commence in the second quarter of 2004.

Africa

The South African operations all continued to develop in a balanced way, posting clear growth and improving their performance both operations-wise and financially over the prior year. ●

In focus

Sunsilk Spout Pouch

Sunsilk is one of Unilever's premium global brands in the Personal Care segment. To boost growth in the Indian market, Unilever were looking to launch differentiated pack types and sizes. The packaging challenge presented to Huhtamaki's Indian flexibles unit, PPL, was to develop a cost effective yet robust laminate, which could hold 100 ml of shampoo, and be efficiently run on existing form-fill-seal machinery.

The solution was based on a reverse printed PET film with attractive graphics, laminated to a special co-extruded polyethylene (PE) layer. The PE material was compatible with the shampoo and the spout material. The end result created a good impact in the marketplace and won the AsiaStar award for 2003.

Corporate *responsibility*

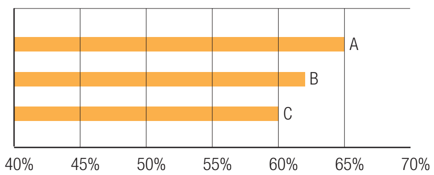
After decades of corporate focus on financial results, the ethical, ecological and social aspects of business have gained importance in both global and local context. This extends the sphere of a company's stakeholders beyond the traditional customers, suppliers, employees and shareholders, placing new demands on corporate reporting and dialog.

In the view of this broader group of stakeholders, a company that contributes through its products and operations to sustainability, takes good care of its human resources and attracts talent, ultimately rewards its shareholders better and exposes them to less risk than companies primarily pursuing immediate profit opportunity.

Corporate responsibility is about balancing economy, ecology and social impact. Serious companies – and Huhtamaki is no exception – strive to improve their transparency and accountability on this score. Our progress has been acknowledged through the inclusion of the Huhtamaki share in the Dow Jones Sustainability World Index and in Kempen's SRI Index.

Sustainability performance according to DJSI

Source: SAM Research Inc. 2003



A: Best company within industry sector on global basis

B: Huhtamaki

C: Industry average on global basis

Key achievements in 2003

Huhtamaki's corporate responsibility agenda was formally launched in 2002, delivering its first tangible results in 2003. Projects advanced according to plan:

- An Ethical Code of Conduct was defined and endorsed by the Executive Committee. The supply chain was encouraged to adhere to the same values and principles.
- A new environmental program was launched and priorities were set regarding the reduction targets on energy, waste recycling and VOC. In addition, related management system development was started.
- A corporate culture campaign, Taking Huhtamaki Further, was introduced to the whole organization.
- A groupwide HR system, GRIP, further developed our global competence management and improved the transparency of performance appraisal.
- A new Group risk management program was initiated by identifying the main risks.
- The environmental recycling projects under the umbrella of the Finnish "Garbage Gang" group continued, with plans to introduce the concept internationally.

Goals for 2004

In 2004 the work will continue with development and implementation of a groupwide safety program and the GRIP system. Other top projects include implementing the Ethical Code of Conduct throughout the organization, as well as developing concrete action plans for environmental reduction targets and advancing the environmental audit/risk management program. A system for following the chain of custody of fiber material will be formalized in order to ascertain that the fiber used in boards comes only from sustainable sources. ●

Environment

Environmental excellence is embedded in Huhtamaki's strategy, supporting the achievement of our commercial objectives. Our values, Group Environmental Policy and the sustainability principles of the International Chamber of Commerce guide our environmental management. They also affect our new product development.

Progress in 2003

2003 was a benchmark year for environmental management at Huhtamaki as management practices, programs and policies were brought under one umbrella. Progress was evident on all fronts: development of management systems, data collection, risk management and recycling projects. A detailed account of progress is presented on the Group website, www.huhtamaki.com.

New environmental reduction targets

The Executive Committee has approved the first Group-wide environmental reduction targets for 2007:

- energy use reduction of 2% year-to-year
- internal waste recycling to 85%
- VOC air emission reduction of 10%

Each site will develop an annual action plan for reaching these targets. Progress will be monitored and communicated using the above set of environmental key performance indicators.

To support improvement in environmental risk management and operations, an internal environmental audit program has been launched. It captures all key elements in order to better coordinate our management practices.

Environmental key performance data for 2003

Environmental KPI	Amount	
Energy	6,981,260	GJ
Total chemicals	38,547	tons
of which solvents	14,003	tons
Waste to final disposal	36,435	tons
Waste to recovery	76,703	tons
Hazardous waste	9,120	tons
CO_2	546,282	tons
VOC [1]	6,422	tons
Water use	8,742,700	m^3
Wastewater	8,090,455	m^3
Environmental investments	2,427,000	EUR

[1] VOC = volatile organic compounds

Recognition from the U.S. Environmental Protection Agency

In 2003, the U.S. Environmental Protection Agency selected Huhtamaki's Los Angeles manufacturing plant to receive its 2003 Environmental Achievement Award. The third-party nomination came from the Institute for Research and Technical Assistance for Huhtamaki's work and contribution in testing and implementing alternative solvents for lithographic printing operations that are significantly lower in volatile organic compounds. The winners were selected based on innovativeness of solutions, outcomes, sustainable benefits, and replicability of the project.

Human resources

2003 was eventful for human resources management. A corporate culture campaign, Taking Huhtamaki Further (THF), was cascaded through the organization in order to introduce common corporate values, vision and core purpose to all employees.

The business organizations in Europe and North America were fundamentally revised, and restructuring measures were implemented at several locations. Management changes and retirements triggered several senior-level recruitment processes. All these activities placed heavy demands on both Group and local HR specialists.

During the reorganization, new responsibilities and job roles were defined and old structures were replaced by a refined matrix organization. The benefits of the newly introduced global HR system, GRIP, were evident throughout this change project and enabled a systematic, equitable performance evaluation, with the same global guidelines followed and actions taken everywhere.

All restructuring projects were managed in good co-operation with employee representatives. A total of 330 employees had to be laid off in a series of streamlining measures addressing overlapping capacity and restoring the competitiveness of certain problem units in Europe, North America and Oceania.

The European Works Council held its regular annual meeting in February, addressing European re-structuring, THF cascading and health and safety issues. It also reviewed the organizations in the EU candidate countries and discussed the number of representatives in the future. Additionally, its Steering Committee met twice.

The company´s own management development programs continued, with 96 managers attending a total of 548 training days.

The company's Intranet architecture was redesigned as a joint project between the Group Marketing & Development, HR and Information Systems functions, with participation from major regions and units. The result was a global Intranet platform enabling the development of local Intranets sharing a wealth of common information, improving networking and creating a global framework for knowledge and competence management.

The premium Chinet® plates, introduced in the 1930s, are today more popular in the USA than ever. The newly launched Chinet® Casuals will extend the brand from festive to everyday occasions.

Taking Huhtamaki Further

Today, Huhtamaki operates in 36 countries and on all main continents. The company has come together via recent acquisitions uniting former competitors, with many individual units able to track their history centuries back. Hence, the starting point has been a diversity of company cultures and national settings. In most cases, multiculturality extends to individual units as well. As an example, the employees at Huhtamaki's three sites in New Zealand represent at least 25 national and 12 cultural backgrounds.

Previously, Huhtamaki has concentrated on developing its management into an international team with shared values and goals. With stability in corporate structure and strategy restored after the major changes around the turn of the new millennium, it was the right time to expose Huhtamaki´s newly formulated core purpose, vision and values across the whole organization.

This was the immediate objective of the Taking Huhtamaki Further (THF) campaign, which involved numerous workshops and department meetings around the world and reached virtually all employees. Local implementation was the responsibility of General Managers. Centrally produced campaign materials, including the CEO's interview on video, were made available in fourteen languages.

The campaign found an enthusiastic response in most locations. Employees were grateful to learn more about the company as a whole, and especially for having management's views shared in their own language. The communications materials were found to be clear and professional, helping line management to do their part in the cascading process.

The long-term goal of the THF campaign is to foster a "One Company" culture and spirit through shared vision, values, knowledge and inspiring examples. This means that the campaign itself has to be part of a longer-term program with successive steps planned for 2004 and beyond. ●

New wrappers for soup cubes replace aluminum and extend the product's shelf life even in demanding conditions.

The Huhtamaki share

In 2003, the Huhtamaki share ranked 16th among the most actively traded equities on the Helsinki Exchanges (HEX). The share traded in a range of EUR 7.89 – 9.85 during the year and closed at EUR 9.35 on December 30. Huhtamaki's market capitalization was EUR 946.4 million at year-end. The total number of shareholders increased from 15,943 in 2002 to 18,806 in 2003 and shareholding by non-Finnish entities was 24% on December 31. Share prices and trading volumes are presented on page 25.

Shares and share capital

- One share class
- Counter value: EUR 3.40
- Each share entitles the holder to one vote at the general meetings of shareholders
- Shares in issue on December 31, 2003: 101,222,792, including 5,061,089 shares owned by the Company (5% of the Company's registered share capital and voting rights); net figure: 96,161,703
- Average number of shares in issue in 2003: 96,292,220 (excluding shares owned by the Company)
- Share capital on December 31, 2003: EUR 344,157,492.80
- The minimum share capital is EUR 200,000,000 and the maximum EUR 1,000,000,000, within which limits the share capital can be increased or decreased without amending the Articles of Association
- The company's shares are included in the electronic book-entry system held by the Finnish Central Securities Depository Ltd.

Quotations

- Helsinki Exchanges (HEX) main list
- Trading lot: 50 shares
- Classification: Food Industry

Trading symbols

HEX:	HUH1V
	HUH1VEW197 (1997 A option)
	HUH1VEW297 (1997 B option)
	HUH1VEW100 (2000 A option)
	HUH1VEW200 (2000 B option)
Reuters:	HUH1V.HE
Bloomberg:	HUH1V.FH

Dividend proposal

The Board of Directors proposes to the AGM a dividend of EUR 0.38 per share for 2003. The dividend will be paid on April 1, 2004 to shareholders registered on March 25, 2004.

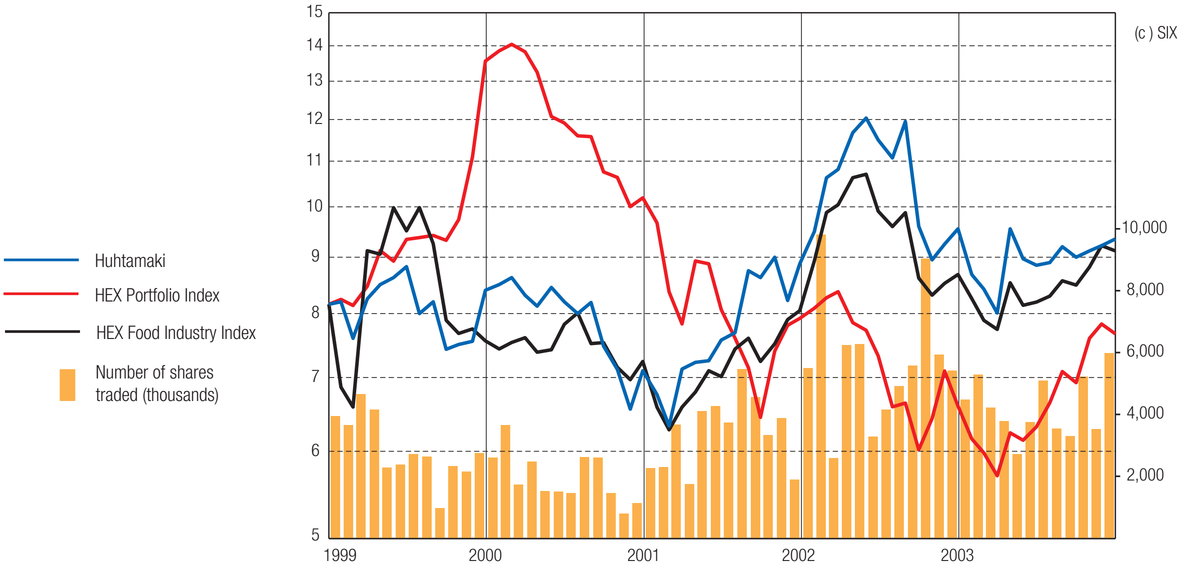
Authorizations

On March 25, 2002, the Annual General Meeting 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 share buyback program, whereby the company repurchased 5,061,089 own shares, was completed at the end of February 2003. The shares were repurchased at an average price of EUR 9.19 per share. Subsequently, the Board of Directors had no authorization to increase the share capital, or to acquire or convey the Company's own shares. The AGM of 2004 shall deal with a proposal of the Board of Directors to authorize the Board to resolve on conveyance of the company's own shares.

Stock options

Stock option schemes extend to more than 120 executives and managers across the Company and its subsidiaries. A total of 7,650,000 new shares (corresponding to 7.6% of the shares outstanding) may be issued in 2004-2009 assuming full use of the stock option schemes of 1997, 2000 and 2003. The company's 2000 B stock option rights were listed on the HEX as of May 2, 2003. A more detailed description is given in the Annual Accounts section in note 20.

Share price development



Share-related key figures

		FAS			IFRS	
		1999	2000	2001	2002	2003
Earnings per share	EUR	0.60	0.65	0.74	0.86	0.38
Earnings per share, diluted	EUR				0.86	0.38
Cash flow from operating activities, per share	EUR	0.90	0.61	2.63	1.85	1.96
Dividend per share	EUR	0.26	0.28	0.31	0.38	0.38(1
Dividend/earnings per share	%	43.3	43.1	41.9	44.2	100,0(1
Dividend yield	%	3.1	3.9	3.5	4.0	4.1(1
Shareholders' equity per share	EUR	7.61	8.20	8.64	8.26	7.85
Development of share price						
Lowest trading price	EUR	6.90	6.38	6.13	8.22	7.89
Highest trading price	EUR	9.35	9.13	9.25	12.38	9.85
Trading price at Dec 31	EUR	8.40	7.10	8.88	9.55	9.35
Change during the period	EUR		-15.5	25.1	7.5	-2.1
Market capitalization at Dec 31	EUR million	1,057.6	893.9	898.3	931.6	899.1
Number of shareholders at Dec 31		15,966	15,765	15,669	15,943	18,806
Share yield, last five financial years(2	%	7.9	14.5	2.5	3.1	6.3(1
Average number of shares(3		111,856,128	125,903,852	117,117,696	100,769,970	96,292,220
Number of shares at year end		125,903,852	125,903,852	101,215,792	97,547,792	96,161,703
Trading volume (units)		31,834,028	23,679,408	41,359,940	66,996,986	51,050,523
In relation to average number of shares	%	28.5	18.8	35.3	66.5	53.0
P/E ratio		14.0	10.9	12.0	11.1	24.6

1) Board´s proposal 2) 5 year yield p.a. (price change + dividends) 3) Excluding treasury shares

Financial calendar

2004:

February 3 Full-year 2003 Results
Week 6 Annual Accounts and Directors' Report on website
Week 11 Printed Annual Report mailed
March 22 Annual General Meeting
April 22 First Quarter Interim Report
July 22 Second Quarter Interim Report
October 21 Third Quarter Interim Report

2005:

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

As a rule, Interim Reports will be released at or about 1:00 pm Finnish time. Annual Reports, Interim Reports and other key releases are available on, and can also be subscribed to through, the Huhtamaki website www.huhtamaki.com

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 8523, or via e-mail: ir@huhtamaki.com.

Shareholder mailings are based on the contact information in the shareholders' register maintained by the Finnish Central Securities Depositary Ltd. A shareholder should inform his/her account operator, or in the case of a nominee registered shareholder the relevant bank or other custodian, of any change in contact details.

Investor relations contact

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Mr. Markus Holm, Investor Relations Manager
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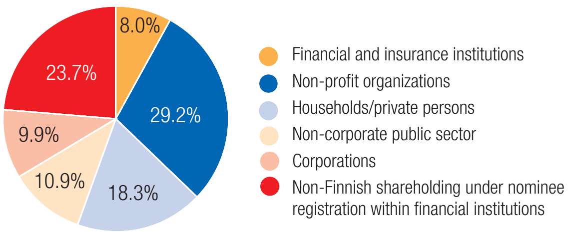
Shareholding Dec 31, 2003



Major shareholders on December 31, 2003*

	Shares and votes %
1. The Finnish Cultural Foundation	13.6
2. The Association for the Finnish Cultural Foundation	5.5
3. Society of Swedish Literature in Finland	4.6
4. Varma-Sampo Mutual Pension Insurance Company	2.5
5. Ilmarinen Mutual Pension Insurance Company	2.2
6. The State Pension Fund of Finland	1.3
7. Tapiola Mutual Pension Insurance Company	0.9
8. Etera Mutual Pension Insurance Company	0.7
9. Orkla AS	0.7
10. Odin Norden	0.7
11. Pension Fund Polaris	0.6
12. Suomi Mutual Life Assurance Company	0.6
13. Investment Fund Pohjola Finland Value	0.6
14. Tapiola Mutual Insurance Company	0.5
15. Investment Fund Nordea Nordia	0.5
16. Nordea Life Assurance Suomi Oy	0.4
17. Aktia Capital	0.4
18. The Social Insurance Institution of Finland	0.4
19. Yrjö Jahnsson Foundation	0.4
20. Tapiola Mutual Life Assurance Company	0.4

* Exc. nominee accounts held at custodian banks

Analysts covering Huhtamaki

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marion.bjorksten@abgsc.com

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Merrill Lynch
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mikael.jafs@ubs.com

Corporate governance

Over the past few years, the Company has aligned its governance and disclosure practice with widely accepted principles and recommendations.

Huhtamäki Oyj (the "Company") is incorporated in Finland, and its Articles of Association conform to the Finnish Companies Act. Over the past few years, the Company has aligned its governance and disclosure practice with widely accepted principles and recommendations. In the following, an asterisk (*) refers to information available in full via the Company's website, www.huhtamaki.com.

General Meeting of Shareholders

The General Meeting of Shareholders is the Company's highest decision-making body. Its tasks and procedures are closely defined in the Companies Act* and the Company's Articles of Association*, according to which such things as resolutions regarding the amendment of the Articles of Association, increase and decrease of share capital, issuance of stock options and election of members of the Board of Directors and auditors fall under the authority of the General Meeting.

The Annual General Meeting ("AGM") shall be held annually before the end of April on a date set by the Board of Directors. The AGM deals with and approves the Company's financial statements and consolidated financial statements, decides on dividend and other measures stemming from the profit or loss shown, elects the members of the Board of Directors and auditors and decides on their remuneration.

A shareholder may ask a matter to be placed on the agenda of the AGM. To this effect, a written request should be sent to the Board of Directors well before the publication of the notice to convene the meeting. Counter-proposals to the Board's proposals may be put forth at the AGM, when the agenda item in question is under discussion. Voting takes place through ballots issued to the participants of the AGM.

A shareholder, who no later than ten days before the AGM has been entered as a shareholder in the shareholder register of the Company held by the Finnish Central Securities Depository, has the right to participate and vote at the AGM.

The holder of a share registered under the name of a nominee may be temporarily entered in the shareholder register for the purpose of participating in an AGM. Voting by proxy requires the physical attendance of a person authorized by the shareholder.

An Extraordinary General Meeting ("EGM") shall be held when considered necessary by the Board of Directors. An EGM shall also be held if requested in writing for the handling of a specified matter by auditor or shareholders holding a minimum of one-tenth of all shares of the Company.

Board of Directors

The Board of Directors ("Board"), which pursuant to the Articles of Association shall consist of a minimum of six and maximum of nine members, shall be responsible for the management and the proper arrangement of the operations of the Company. The term of office of each Board member expires at the close of the AGM following the election. The Board shall elect from among its members a Chairman and a Vice-Chairman. In 2003, the Company had seven Board members, of whom six including Chairman and Vice-Chairman were non-executive members.

The Board is vested with the powers specified in the Companies Act and the Company's Articles of Association. It sets the Company's financial and strategic objectives and decides on strategic and annual business plans, capital expenditure projects, including acquisitions exceeding EUR 25 million, divestment proposals of more than EUR 25 million, as well as main policies. The Board also appoints the Chief Executive Officer ("CEO") and other Executive Committee members, decides on executive compensation, reviews the management performance and, subject to authorization granted by the General Meeting of Shareholders, allocates stock options to management.

The Board shall hold at least six regular meetings each year, with one session entirely dedicated to corporate strategy. The Board also conducts a thorough annual self-evaluation of its activity. In 2003, the Board held fourteen meetings. The average attendance of directors at the Board meetings was 96 %.

The AGM held on March 28, 2003, decided on the remuneration of the Board of Directors as follows: Chairman EUR 80,000, Vice-Chairman EUR 50,000 and other members EUR 40,000 annually. In addition a meeting fee of EUR 500 per meeting is paid. The CEO does not receive remuneration for his Board membership.

Board Committees

In order to focus on certain responsibilities, the Board can appoint Committees consisting of 3-5 Board members each. The Committees assist the Board by preparing matters belonging to the competence of the Board. Each Committee regularly reports on its work to the Board. The Committees have no autonomous decision-making power and thus the Board makes its decisions collectively. The entire Board remains responsible for the duties assigned to the Committees.

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

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 normally 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 financial statements as well as accounting principles and policies, monitors the audit and control mechanisms, ensures an adequate and transparent internal reporting system, discusses and reviews policies and procedures with respect to risk assessment and risk management and prepares the resolution concerning appointment of external auditors. For the discussion of the financial statements and interim reports the Chief Financial Officer and the external auditors participate in the Committee's meetings.

The committee memberships of Board members in 2003 are indicated in the biographical section of this report.

Chief Executive Officer and Executive Committee

The Board appoints the CEO, who is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The CEO is assisted by the Executive Committee ("EC") consisting of the CEO as its Chairman and the executives designated by the Board. 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 operating responsibility, either within a geographical region (Europe, Americas, Asia-Oceania-Africa), or for a key function (e.g. Finance). The EC members are the CEO's direct reports. Additionally, the CEO supervises the Human Resources and Group Marketing & Communications functions. The individual responsibility areas of EC members appear in the biographical section of this report.

The Company and the CEO may terminate the CEO's Service Agreement by giving six months prior notice. If the Company terminates the Agreement the Company shall pay in addition to the salary and other benefits during the notice period the salary and other benefits for a period of 18 months. The CEO is entitled to full retirement benefits at the age of 60 in accordance with the rules of the Company's Pension Fund. In 2003, the CEO's total compensation amounted to EUR 814,711, including EUR 206,416 of incentive-related pay. In 2003, 50,000 stock options marked with 2003 A were allocated to CEO.

The aggregate compensation to other EC members was EUR 1,461,248.83, including EUR 323,914.10 of incentive related pay. EC members are entitled to retirement upon reaching 60 years of age. The employment contract of an EC member may be terminated by giving 3–6 months prior notice depending on the member's time of employment. In case the Company terminates the employment contract without cause the Company shall pay salary and other benefits for a period of 6–18 months depending on EC members time of employment calculated as of the expiration of the notice period. The Company has a customary directors' and officers' liability insurance policy.

The Executive Committee members have an aggregate of 415,000 stock options under schemes adopted in 1997, 2000 and 2003. In 2003, a total of 175,000 new stock options were allocated to them. Their current holdings of Company shares and stock options appear in the biographical section.

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, risk management, insurance, sales and supply contracts, intellectual property rights, information systems, sourcing, human resources, quality, environment, health and safety, insider regulations and communications.

Remuneration and benefits

The Company places major emphasis 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 incentive schemes are widespread, extending to junior managers and specialists.

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

Stock option schemes extend to more than 120 executives and managers across the Company and its subsidiaries. A total of 7,650,000 new shares (corresponding to 7.6% of the shares outstanding) may be issued in 2004-2009 assuming full use of the stock option schemes of 1997, 2000 and 2003.

Insider rules

The Board of Directors has established Insider Regulations for insider trading, which essentially conform to the guidelines issued by the Helsinki Exchanges (HEX) on March 1, 2000. By law, permanent insiders include the Board of Directors, the CEO and auditors. In addition, the Company has decided to register as permanent insiders: Executive Committee members, certain Group Vice Presidents and Managers, as well as certain employees of the Group Head Office. A person not permanently registered as an insider may be included as a temporary, project-based insider in an insider register created for major or otherwise significant projects. People listed as insiders may not trade in the Company's shares or stock options within four weeks prior to the publication of the Company's annual financial statements or two weeks prior to the publication of the interim financial statements. Shareholding by insiders is public information available from the Insider Register held with the Finnish Central Securities Depository.

Audit

The Company has to have at least one auditor and at least one deputy auditor, who must be auditors or accounting firms approved by the Finnish Central Chamber of Commerce (APA). The AGM elects the Company's auditors. In case the AGM appoints only one auditor, the auditor shall be an accounting firm approved by the Central Chamber of Commerce and no deputy auditor will be elected. In recent years, the auditors representing KPMG Wideri Oy Ab have been responsible for the external auditing of the Company. Each subsidiary is subject to local auditing, which is conducted by representatives of the KPMG network in each country.

In 2003, total auditing fees of the Group amounted to EUR 1.1 million. In addition KPMG network has provided other consultancy worth EUR 1.3 million in certain countries.

Internal audit

The internal audit function has been managed in coordination with PriceWaterhouseCoopers Oy and its international network.

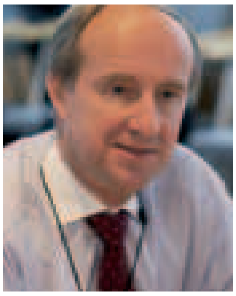
Risk management

The objective of Group risk management is to maintain and further develop a comprehensive and practical risk management framework including a reporting system. This involves assessing risk systematically by function and business unit, improving risk management awareness and quality, sharing best practices and supporting cross-functional risk management initiatives. ●

New conveniece for the consumer and new opportunities for product development and marketing. The double-cavity dessert cup from polypropylene can be equipped with a spoon nested between the two cavities.

Board of Directors

(from March 28, 2003)



Veli Sundbäck (1946)

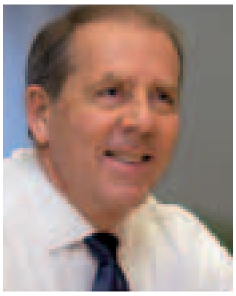
Chairman

Chairman of Nomination Committee
Chairman of Human Resources Committee
Date of election: 7.10.1999
Main occupation: Nokia Oyj, Senior Vice President
Education: Master of Laws
Primary work experience:
Ministry for Foreign Affairs, Secretary of State
Ministry for Foreign Affairs, Under-Secretary of State for External Economic Relations
Ministry for Foreign Affairs, posts in Helsinki, Brussels and Geneva
Positions of trust:
Confederation of Finnish Industry and Employers (TT), Chairman of the Trade Policy Committee
EICTA (European Information, Communications and Consumer Electronics Technology Industry Association, Board
UN ICT (United Nations Information and Communications Technology Task Force), member of the Bureau
Shares: 16816
Share options: -

Paavo Hohti (1944)

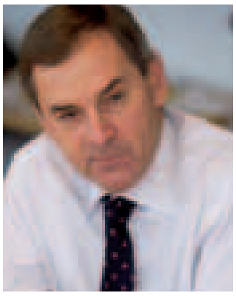
Vice Chairman

Nomination Committee, Audit Committee
Date of election: 18.3.1999
Main occupation: Finnish Cultural Foundation, project tasks
Education: Doctor of Philosophy, Professor h.c.
Primary work experience:
Finnish Cultural Foundation, Secretary General
Positions of trust:
SanomaWSOY Oyj, Board
Shares: 2224
Share options: -



George V. Bayly (1942)

Audit Committee
Date of election: 28.3.2003
Main occupation: Whitehall Investors, LLC, Consultant
Education: MBA
Primary work experience:
Ivex Packaging Corporation, Chairman, President & CEO
Olympic Packaging, Inc, Chairman, President & CEO
Packaging Corporation of America (PCA), Senior Vice President
Positions of trust:
Carvel, Inc., Board
Chicago Stock Exchange, Board
Fiel Industries, Board
General Binding Corporation, Board
Packaging Dynamics, Inc., Board
Roark Capital, Board
Chargeurs, Inc., Board
Shares: -
Share options: -



Mikael Lilius (1949)

Chairman of Audit Committee
Date of election: 18.3.1999
Main occupation: Fortum Oyj, President and CEO
Education: Bachelor of Business Administration
Primary work experience:
Gambro AB, President & CEO
Incentive AB, President & CEO
KF Industri AB, President & CEO
Positions of trust:
Ahlström Oy, Vice Chairman of the Board of Directors
OM Hex AB (publ.), Board of Directors
The Finnish Fair Corporation, Supervisory Board
Teollisuuden Voima Oy, Chairman of the Supervisory Board
Kemijoki Oy, Supervisory Board
Shares: 15648
Share options: -

Anthony J.B. Simon (1945)

Human Resources Committee
Date of election: 7.10.1999
Main occupation: Unilever N.V., President Marketing
Education: MA, MBA
Primary work experience:
Bestfoods, Inc., Vice President
Bowater Paper Corporation, packaging division
Shares: 1248
Share options: -

Jukka Viinanen (1948)

Audit Committee
Date of election: 7.10.1999
Main occupation: Orion-Yhtymä Oyj, President & CEO
Education: Master of Science (Chem.Eng)
Primary work experience:
Neste Oy, CEO
Positions of trust:
Rautaruukki Oyj, Chairman of the Board of Directors
Shares: 1448
Share options: -

Timo Peltola (1946)

Human Resources Committee
Date of election: 3.4.2001
Main occupation: Huhtamäki Oyj, CEO
Education:
Bachelor of Science (Econ), Doctor of Economics h.c.,
Positions of trust:
Nordea Ab (publ.), Vice Chairman of the Board of Directors
Mutual Pension Insurance Company Ilmarinen, Chairman of Supervisory Board
The Finnish Cultural Foundation, Supervisory Board
The Finnish Fair Corporation, Supervisory Board
Shares and share options:
See next page

Secretary

Juha Salonen, Master of Laws, Bachelor of Science (Econ), Group General Counsel

Executive Committee

Timo Peltola (1946)
Chairman

CEO since 1989
Education: Bachelor of Science (Econ), Doctor of Economics h.c.
Joined the company: 1971
Positions of trust: Nordea Ab (publ.), Vice Chairman of the Board of Directors
Mutual Pension Insurance Company Ilmarinen, Chairman of the Supervisory Board
The Finnish Cultural Foundation, Supervisory Board
The Finnish Fair Corporation, Supervisory Board
Shares: 90000
Share options:
1997 A 10000
1997 B 10000
2000 A 15000
2000 B 20000
2000 C 20000
2003 A 50000

H.R. (Henk) Koekoek (1946)
Vice Chairman

Executive VP Europe Flexibles, Films, Molded Fiber since 2003
Education: Master of Science (Eng)
Joined the company: 1973
Positions of trust: -
Shares: -
Share options:
2000 A 8000
2000 B 10000
2000 C 10000
2003 A 25000

Tony Combe (1962)

Executive VP Asia-Oceania-Africa since 2000
Education: BBA (Marketing)
Joined the company: 1986
Positions of trust: -
Shares: 6000
Share options:
2000 A 6000
2000 B 10000
2000 C 10000
2003 A 25000

Mikko Kaukoranta (1955)

Chief Financial Officer since 2003
Education: Master of Science (Eng), MBA
Joined the company: 2003

Timo Salonen (1958)

Executive VP Europe Rigid Packaging since 2003
Education: Master of Science (Econ), Master of Laws
Joined the company: 1991
Positions of trust: Pohjola-Yhtymä Oyj, Board of Directors
Shares: 6000
Share options:
1997 A 7500
1997 B 7500
2000 A 8000
2000 B 10000
2000 C 10000
2003 A 25000

Mark Staton (1959)

Executive VP Americas since 2000
Education: BBA (Econ)
Joined the company: 1989
Positions of trust: -
Shares: -
Share options:
1997 A 7500
1997 B 7500
2000 A 8000
2000 B 10000
2000 C 10000
2003 A 25000

Kalle Tanhuanpää (1952)

Executive VP, Marketing & Development since 2002
Education: Bachelor of Science (Econ)
Joined the company: 1976
Positions of trust: Finnish Packaging Association, Chairman of the Board of Directors
Association of Finnish Advertisers, Board of Directors
Shares: 6000
Share options:
1997 A 6000
1997 B 6000
2000 B 3000
2000 C 10000
2003 A 25000

Hannu Kottonen (1957)

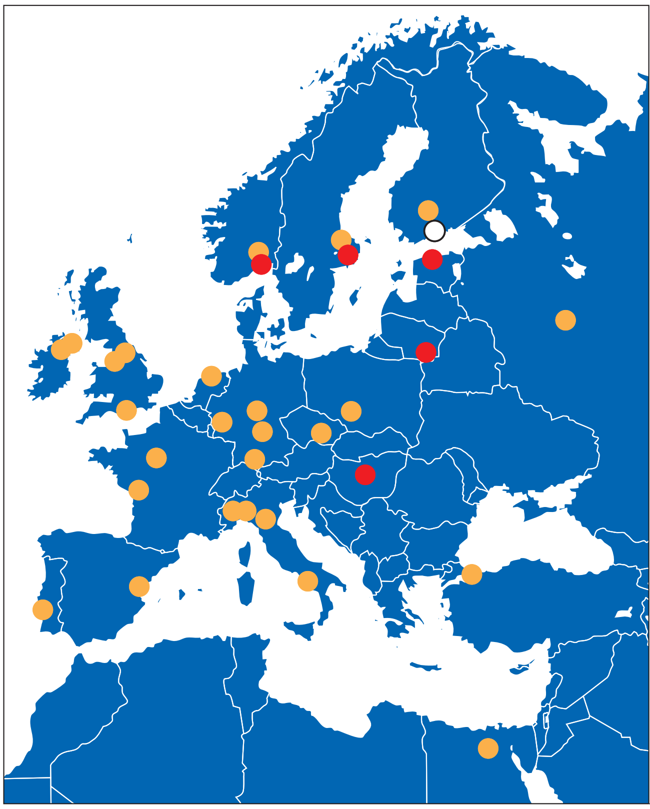
Chief Financial Officer until December 31, 2003

Auditors

Esa Kailiala, APA, KPMG Wideri Oy Ab
Pekka Pajamo, APA, KPMG Wideri Oy Ab

Deputy Auditor

Ari Ahti, APA, KPMG Wideri Oy Ab



Addresses

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Foodservice
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Fax +358 (0) 9 660 622

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Retail
Huhtamaki Americas, Inc
9201 Packaging Drive
De Soto, Kansas 66018
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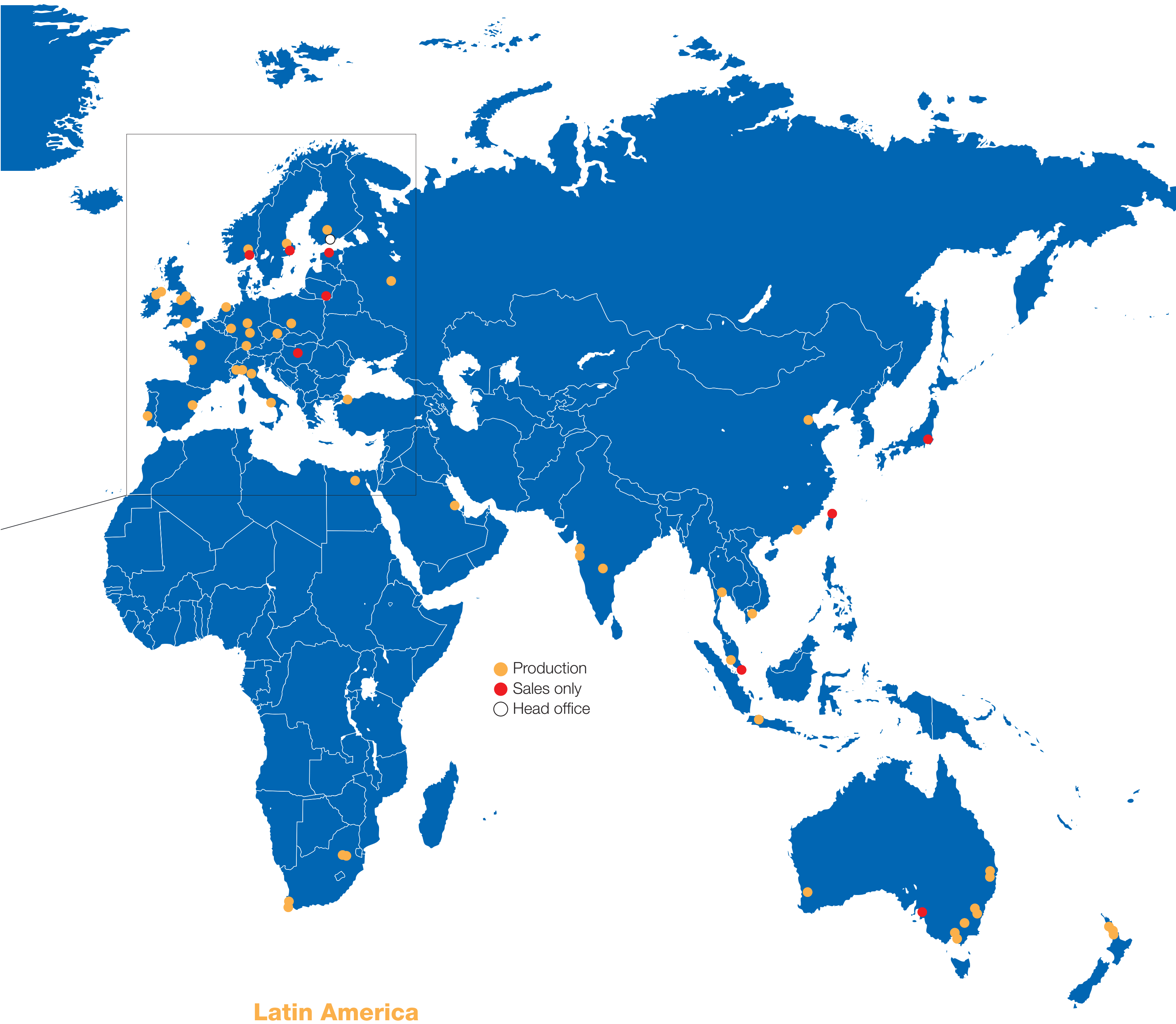
Tel. +1 (0) 913 583 3025
Fax +1 (0) 913 583 8756



Latin America

Huhtamaki do Brasil Ltda.
Rua Brasholanda, 01
Curitiba 83322–070
Pinhais–PR, Brazil
Tel. +55 (0) 41 661 1000
Fax +55 (0) 41 661 1170

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Huhtamaki Australia Limited
406 Marion Street
2200 Bankstown, N.S.W. Australia
Tel. +61 (0) 2 9708 7400
Fax +61 (0) 2 9791 0396

Contact details for each country and unit appear on the company website **www.huhtamaki.com**.

Awards in 2003

In 2003 Huhtamaki scored awards and recognitions on many fronts. They were given to innovative products and packaging solutions, as well as for operational excellence and improvement.

• Huhtamaki's slice tray, a high quality reclosable meat and cheese package, won the WorldStar 2003 recognition from the World Packaging Organization.

• Huhtamaki was recognized with another WorldStar 2003 for the Britannia (Danone) Pure Magic cookies carton for the Indian market.

• Well's nominated Huhtamaki as the Supplier of the Year for the innovative packaging for Blue Bunny Friazo frozen dessert. This award was presented at the 2003 Worldwide Food Expo in Chicago.

• The German Packaging Award was granted to Nestlé's Maggi soup cube monofilm flexible wrap.

• Huhtamaki's light, functional and environmentally friendly molded fiber mango trays won the Bronze Medal in the Ecore-cycle Victoria Sustainable Packaging Award in Australia.

• The Double Scoop Award from Dreyer's Grand Ice Cream (Nestlé US) was given to Huhtamaki's team for a new ice cream packaging project based on the Convocan® packaging system.

• The RollerForks solution for pallet-free handling of goods with forklifts, developed together with Meijer Special Equipment, won the Logistica Award at the Logistica Trade Show, Utrecht, The Netherlands.

• Huhtamaki's Windsor team received a Gold Award from the Australian Flexographic Technical Association for the technical excellence of their Dreamworld promotional paper cup print.

• The Visi-Top 15L molded fiber egg carton was chosen as the Package of the Year 2003 in the Czech Republic by the SYBA Packaging Organization.

• The Packaging Gravure Award 2003 of the European Roto-gravure Association was granted to Huhtamaki for its advanced gravure processes in the Davidoff Rich Aroma Coffee pack and Iglo flow wrap bag packaging.

• Huhtamaki's Sunsilk shampoo spout pouch produced for Unilever in India won the AsiaStar 2003.

• The Environmental Achievement Award for using alternative solvents in lithographic printing was granted to Huhtamaki's Los Angeles plant by the US Environmental Protection Agency.

• Huhtamaki's pick-and-mix candy cup received the ScanStar 2003 award from the Scandinavian jury.

• Huhtamaki's flexible soup pouch made in Ronsberg, Germany for Rieber & Son Group's Betasuppe won the OPPack Award 2003 from ExxonMobil Chemical Films.

• Huhtamaki's Tianjin team in China won the Top 100 Enterprise Award for 2002.

• Sony Europe recognized Huhtamaki in the Netherlands with its Sony Green Partner Award based on various aspects of environ-metal sustainability.

• The Paper Film & Foil Converters Association granted its PFFCA Star 2003 to several packaging solutions from Huhta-maki in India: Cadbury 5 Star chocolate, the Castrol security label, the Mr. Bean coffee pouch and the Unilever's Axe after shave carton.

• In 2003 Huhtamaki again won the Supplier Performance Ap-praisal Award 2002 from 3M Germany, Business Units Traffic Safety Systems & Commercial Graphics.

• Huhtamaki's ECOM molded fiber egg pack for Kwetters' was chosen as the best packaging innovation of 2002 in a contest organized by the Dutch magazine Supermarkt.

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Business Identity Code: 0140879-6

HUHTAMAKI

TAKING PACKAGING FURTHER

Huhtamaki
Annual Accounts 2003

Contents

Announcements

Annual General Meeting

The Annual General Shareholders' Meeting (AGM) of Huhtamäki Oyj will be held on Monday, March 22, 2004 at 1.00 p.m. 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 the Articles of Association
– Proposal of the Board of Directors to authorize the Board of Directors to resolve on conveyance of the company´s own shares

Shareholders registered by the Finnish Central Securities Depository Ltd. on March 12, 2004, may exercise their rights at the AGM. Beneficiary holders of nominee shares are welcome to attend and vote, provided that they have obtained a temporary registration by March 12. In each case, the company should be notified of participation between February 26 and March 18. All documents and proposals under review at the AGM will be available from February 26, 2004 at Group Head Office, Länsituulentie 7, 02100 Espoo, Finland. The 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 2003. The dividend will be paid on April 1, 2004 to shareholders as registered on March 25, 2004.

Financial calendar

Huhtamaki will release the following financial information for 2004 in Finnish and English:

2004:

April 22 – First Quarter Interim Report
July 22 – Second Quarter Interim Report
October 21 – Third Quarter Interim Report

2005:

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 website, www.huhtamaki.com.

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 8523, or via e-mail: ir@huhtamaki.com.

Financial targets

Huhtamaki's financial targets were reviewed in 2003. The current targets are:
• Annual organic growth at the rate of our winning global customers
• ROEba (return on equity before amortization) at least 15%
• Strong cash flow
• Balanced capital structure
• Dividend on average 40% of yearly net income before amortization

Directors' report

Overview

Huhtamaki entered 2003 with the aim of accelerating sales growth and improving profitability. The year contained many positive developments, such as strong organic growth, good progress in emerging markets, and a high number of innovative new products and awards, as well as cost base improvements worldwide.

External conditions remained challenging for most of the year. The Iraqi war, the SARS epidemic and other factors affected travel and the related foodservice business. Volatile raw material prices caused margin squeezes, and further pressure came from low overall growth, the weakening U.S. dollar and customer consolidation.

Internally, productivity suffered from persistent manufacturing problems in several units. A series of actions was undertaken in the third and fourth quarters to reduce manufacturing costs and improve productivity. The full effect of these measures will be visible in 2004.

Dividend proposal

The Board proposes a dividend of EUR 0.38 per share for 2003 (same as in 2002), which corresponds to a payout ratio of 48% of net income before amortization (100% of net income).

Sales volumes up in all regions

Huhtamaki's sales volumes increased by 4% in 2003. Currency translations, however, depressed the reported sales number by 7% and price, mix and other factors depressed it by a further 3%. Hence the consolidated net sales in 2003 amounted to EUR 2,108 million, 6% lower than in 2003.

Geographically, sales broke down as follows: Europe 56%, Americas 29%, and Asia, Oceania and Africa 15%. Finland's share of the total was 4%.

European volume increased by 4%, but reported sales declined by 1% to EUR 1,185 million due to price/mix changes, low waste paper trading (-3%) as well as currency translations (–2%).

In the Foodservice business segment, sales were up compared to the previous year. Sales to Catering and Quick Service Restaurants increased, while Retail declined slightly.

In the Consumer Goods business segment, Flexibles and Films grew strongly.

Growth was low to moderate in Western and Central Europe and healthy in Eastern Europe. Russia, Poland and Turkey reported significant sales increases in both business segments. The new facility in Siemianowice, Poland was inaugurated on September 29. This facility replaces Huhtamaki's original Siemianowice plant.

The region's EBITA was EUR 82 million, 17% lower than in 2002 and 6.9% of net sales. RONA (return on net assets) was 9.9%, compared to 11.6% in 2002. As part of ongoing efficiency improvements, a series of actions including the elimination of 260 positions was initiated in the second half. The injection moulding plant in Dourdan, France was closed and production transferred to the nearby plant in Auneau. The Foodservice paper cup manufacturing plant in Göttingen, Germany was transferred to the new facility in Siemianowice, Poland.

Growth is expected to remain moderate in 2004. An annualized business of approximately EUR 20 million has been transferred from Ronsberg, Germany to the new flexibles joint venture in Natal, Brazil, with a small impact on European volumes in 2004. In 2003, Huhtamaki started a European Re-engineering of Operations Project, which aims at harmonizing business processes in Europe with a standardized ERP system. This will go into further planning and implementation in 2004.

In Americas, sales volume growth accelerated towards year-end, being 4% in the final quarter and 1% for the full year. Currency translations depressed the reported annual figure by 17%. Full-year net sales were EUR 600 million (-16%), with comparable currency sales up by +1% for the year.

The Foodservice business segment enjoyed strong growth and increased its market share at both Quick Service Restaurants and in Retail. Catering was flat.

In Consumer Goods, Ice Cream improved in the last quarter, following softness in recent quarters.

North America successfully gained new volumes replacing the approximately USD 30 million of business lost in 2002. This was offset, however, by lower volumes in existing business in the first three quarters, coupled with an unfavorable product mix. In the third quarter, a productivity improvement program was initiated, including the reduction of approximately 200 positions in the affected plastics units. Volumes are gradually recovering on the back of new business wins, and the rigid plastic plants are expected to run at full capacity by the end of 2004.

The region's EBITA was EUR 20 million, 68% lower than in 2002 and 3.4% of net sales. RONA was 3.3%, compared to 8.8% in 2002. The region expects a gradual profit improvement during 2004.

In Asia, Oceania and Africa sales volumes grew by 6%. Currency translations depressed the figure by 4% and price/mix factors by a further 2%. Full-year net sales, therefore, were flat at EUR 323 million. Asia continued its strong performance with brisk growth across the continent, including India, Thailand, Hong Kong, China and Taiwan.

The region's EBITA was EUR 20 million, 35% lower than in 2002 and 6.3% of net sales. RONA was 7.3%, compared to 10.8% in 2002. The main reason behind the margin deterioration was a volume shift between technologies at the Australian rigid plastics plants, which initially resulted in higher manufacturing costs. Following a series of actions to improve the cost base, margins have gradually started to improve, and Oceania expects to return towards previous profitability levels in 2004. The region will invest mainly to support growth in Asia.

Overall sales of Consumer Goods packaging amounted to EUR 1,406 million, down by 5% and 67% of the total. The EBITA was EUR 80 million or 5.7% of sales.

The sales of Foodservice packaging were EUR 702 million, down by 7% and 33% of the total. The EBITA was EUR 43 million or 6.1% of net sales.

Profitability down

The Group EBITA from operations declined by 37% to EUR 122 million. Group income and unallocated expense showed a net income of EUR 14 million compared to EUR 22 million in 2002. Total EBITA amounted to EUR 137 million, down by 37% and 6.5% of net sales. The corresponding figure after amortization (EBIT) declined by 44% to EUR 97 million.

Net financial items were EUR 43 million, down from EUR 49 a year ago. The profit before taxes was EUR 55 million (-56%). Taxes declined by EUR 18 million to EUR 16 million and minority interest by EUR 1 million to EUR 3 million resulting in a net income of EUR 36 million (-58%).

Earnings per share amounted to EUR 0.79 before amortization, compared to EUR 1.29 in 2002, and EUR 0.38 after amortization, compared to EUR 0.86 in 2002. For the calculation of earnings per share, the average number of shares in issue was 100,769,970 in 2002 and 96,292,220 in 2003.

Return on equity (ROE) was 10.3%, compared to 15.7% in 2002 and return on investment (ROI) 8.6% compared to 12.4% a year ago. The figures are before amortizations.

Financial position on target

Cash flows from operating activities improved to EUR 189 million, compared to EUR 186 million a year ago. Net debt was EUR 771 million, down by 86 million since the end of 2002. Gearing (net debt to equity) was 100% compared with 104% in 2002.

Capital expenditure, research and development

The company's total capital expenditure for the year amounted to EUR 113 million, 11% less than in 2002 and equaling an investment rate of 109% of depreciation (117%). The above figure excludes capital expenditure related to the reconstruction of the fully insured facilities destroyed by fire in Poland (2000) and Russia (2001). Major projects in 2003, accounting for approximately 30% of the total capital expenditure, were a new films plant in Malvern, Pennsylvania, U.S., a flexibles joint venture with Dixie Toga in Natal, Brazil, a capacity expansion for the flexibles plant in Ronsberg, Germany, a new flexibles plant in Ho Chi Minh City, Vietnam and a new molded fiber packaging factory in Moscow, Russia. The plants in Brazil and the U.S. commenced production in the fourth quarter of 2003. The plants in Vietnam and Russia are scheduled to start in the second quarter of 2004.

Direct expenditure on research and development amounted to EUR 14 million compared to EUR 12 million in 2002.

Annual General Meeting

The Annual General Shareholders' Meeting of Huhtamäki Oyj was held in Helsinki on March 28, 2003. The AGM approved the 2002 annual accounts and the Board's dividend proposal of EUR 0.38 per share. Furthermore, the meeting approved the Board's proposal of February 13, 2003, regarding the issuance of an aggregate number of 2,250,000 option rights to persons belonging to the management of Huhtamäki Oyj and its subsidiaries during 2003-2005.

The following persons were elected to the Board of Directors of Huhtamäki Oyj: Mr. Veli Sundbäck (Chairman), Mr. Paavo Hohti (Vice Chairman), Mr. George V. Bayly (new), Mr. Mikael Lilius, Mr. Timo Peltola, Mr. Anthony J.B. Simon, and Mr. Jukka Viinanen.

Ownership structure

Huhtamaki's ownership structure changed slightly during the year. The proportion of the Finnish pensions and insurance sectors reduced their holdings, while corporations and private investors increased their holdings. The share of non-Finnish shareholders was 23.7% at the end of December (29.4% in 2002). The company had 18.806 registered shareholders at year-end, compared with 15.943 a year ago.

Share developments

Share prices *	
January 2	9.69
March 7	8.00 low
September 8	9.84 high
December 30	9.35
	* closing prices

The Huhtamaki share started the year at the EUR 9.70 level. In the early months of 2003 the Iraqi crisis took its toll on the world stock markets and the Huhtamaki share made no exception. Having reached a low of EUR 8.00 on March 7, the share started a gradual recovery to reach EUR 9.70 at the end of April. Thereafter the share traded in the range of EUR 8.65 – EUR 9.70, except for a spike to a high for the year of EUR 9.84 on September 8.

The average daily turnover of the share on the Helsinki Exchanges (HEX) was EUR 1.8 million in 2003. The share buyback program, whereby the company repurchased 5,061,089 own shares or 5% of the shares issue, was completed by the end of February. The shares were repurchased at an average price of EUR 9.19 per share.

The company's 2000 B stock option rights were listed on the HEX at the beginning of May. In total, 60,400 1997 A and B option rights were traded during the year, representing 13% of the total allocation. The corresponding turnover for the 2000 A option rights was 137,050 units, 6% of the total in issue.

Corporate structure

The new business structures in Europe and North America, announced in December 2002, became effective on January 1 and the implementation went according to plan. In Europe, the previous matrix organization with Categories and Regions was changed into Divisions: Consumer Goods and Foodservice. North America also adopted a divisional structure with several Business Units established under the Consumer Goods and Foodservice & Retail divisions. In the reporting, a review of secondary segment characteristics led to restatement of the majority of Fresh Foods rigid products as well as the majority of Molded Fiber products from Foodservice to Consumer Goods. No acquisitions or divestments were conducted in 2003.

Executive developments

On June 1, Mr. Joel Portnoj, former Group Vice President Africa, was appointed Division President Foodservice Europe. He succeeded Mr. Jan Lång, who resigned from the company.

On September 29, the composition of the Executive Committee was changed and the individual responsibility areas between the members revised. Mr. Henk Koekoek was appointed Vice Chairman of the Executive Committee, responsible for the European Flexibles, Films and Molded Fiber businesses. Chief Financial Officer Mr. Timo Salonen was appointed Executive Vice President in charge of the European Rigid Plastic and Paper businesses and Mr. Hannu Kottonen was appointed Chief Financial Officer and Executive Committee Member.

Following Mr. Hannu Kottonen's resignation from the company on December 31, Mr. Mikko Kaukoranta (48) was appointed Chief Financial Officer and Executive Committee Member. Mr. Kalle Tanhuanpää, Executive Vice President Marketing and Development, relocated to North America for the calendar year 2004. Mr. Tanhuanpää will be in charge of the North American Retail business and Latin America, reporting to Executive Vice President Americas Mark Staton. He will continue in his capacity of an Executive Committee member and will retain certain specific responsibilities in global marketing coordination, reporting to CEO Peltola.

Efficiency improvements

A series of actions was taken in the third and fourth quarter with the objective to reduce manufacturing costs and improve productivity in several locations, including a reduction of 460 positions (approx. 55% in Europe and 45% in North America). At the end of 2003, approximately 330 positions had been reduced. The remaining 130 are being reduced in 2004, mainly in the first quarter.

Personnel

At year-end, Huhtamaki had 15,508 employees, 401 fewer than at the end of 2002. In terms of full-time equivalents the reduction was 479 persons. The reduction was mainly due to efficiency improvements at various sites. The average number of employees was 15,857 against 16,262 in 2002. The company had over 70 manufacturing units, including joint ventures, as well as additional sales and logistics units in 36 countries at the end of 2003.

The parent company employed 720 people at year-end, comprising the Espoo Head Office (63) and the Finnish packaging operations (657). The corresponding annual average was 770.

Financial targets reviewed

Huhtamaki's financial targets have been reviewed. The following financial targets were presented at the Capital Markets Day on November 18:

- Annual organic growth at the rate of our winning global customers
- ROEba (return on equity before amortization) at least 15%
- Strong cash flow
- Balanced capital structure
- Dividend on average 40% of yearly net income before amortization

Outlook for 2004

The outlook for 2004 is cautiously optimistic. The company does not foresee significant changes in market demand. Raw materials prices are expected to stay at the current level or slightly higher in early 2004, but with less volatility than in 2003. Two factory start-ups are currently ongoing and two more are scheduled for the second quarter of 2004. These may have a negative impact on profitability in the first half of the year. Capital expenditure will be under EUR 100 million, clearly below depreciation. Profitability is expected to gradually improve, supported by the good momentum in volume growth and efficiency improvements in all regions. Surplus cash will be used to pay down debt.

Key exchange rates in Euros

		2003		2002	
		Income statement	Balance sheet	Income statement	Balance sheet
Australia	AUD	0.5751	0.5952	0.5758	0.5389
Brazil	BRL	0.2880	0.2728	0.3594	0.2700
UK	GBP	1.4449	1.4188	1.5902	1.5373
India	INR	0.0190	0.0174	0.0218	0.0199
South Africa	ZAR	0.1173	0.1201	0.1010	0.1110
United States	USD	0.8842	0.7918	1.0582	0.9536

Consolidated annual accounts 2003

Group income statement (IFRS)

EUR million	Note	2003	%	2002	%
Net sales	**1**	**2,108.3**	**100.0**	**2,238.7**	**100.0**
Cost of goods sold		-1,774.2		-1,839.1	
Gross profit		**334.2**	**15.8**	**399.6**	**17.8**
Other operating income	2	49.6		59.8	
Sales and marketing		-97.5		-105.8	
Research and development		-14.0		-12.4	
Administration costs		-116.2		-112.9	
Other operating expenses	3	-59.4		-55.7	
		-237.5		-227.0	
Earnings before interest and taxes	**4,5**	**96.6**	**4.6**	**172.6**	**7.7**
Net financial items	6	-42.7		-48.8	
Income from associated companies		0.8		1.0	
Profit before taxes		**54.8**	**2.6**	**124.8**	**5.6**
Taxes	7	-15.8		-34.0	
Minority interest		-2.7		-3.5	
Net income		**36.3**	**1.7**	**87.3**	**3.9**
Basic earnings per share (EUR)	8	0.38		0.86	
Diluted earnings per share (EUR)		0.38		0.86	

Group balance sheet (IFRS)

ASSETS

EUR million	Notes	2003	%	2002	%
Non-current assets					
Goodwill	9	577.0		642.3	
Intangible assets	9	10.2		10.2	
Tangible assets	10	869.7		927.4	
Investments in associated companies	11	1.5		1.9	
Available for sale investments	13	1.8		3.9	
Interest bearing receivables	14	24.5		30.2	
Deferred tax assets	15	85.8		89.5	
Employee benefit assets	16	55.9		67.4	
Other non-current assets		25.4		26.8	
		1,651.8	**70.7**	**1,799.6**	**71.6**
Current assets					
Inventory	17	268.0		284.9	
Interest bearing receivables	14	6.4		8.8	
Trade and other current receivables	18	384.2		401.1	
Cash and cash equivalents	19	24.7		19.7	
		683.3	29.3	714.5	28.4
Total Assets		**2,335.1**	**100.0**	**2,514.1**	**100.0**

EQUITY AND LIABILITIES

EUR million		2003	%	2002	%
Share capital	20	344.2		344.2	
Premium fund		85.4		85.4	
Treasury shares		-46.5		-34.1	
Translation differences		-110.3		-70.3	
Fair value and other reserves	26	-7.7		-11.6	
Retained earnings		490.1		491.9	
Shareholders' equity		**755.2**	**32.3**	**805.5**	**32.0**
Minority interest		14.8	0.6	14.9	0.6
Non-current liabilities					
Interest bearing liabilities	21	337.2		425.8	
Deferred tax liabilities	15	112.7		120.9	
Employee benefit liabilities	16	138.3		147.9	
Provisions	22	83.4		102.7	
Other non-current liabilities		11.4		5.6	
		683.0	**29.3**	**802.9**	**31.9**
Current liabilities					
Interest bearing liabilities					
Current portion of long term loans	21	132.7		150.9	
Short term loans	21	356.7		338.9	
Provisions	22	14.5		11.8	
Trade and other current liabilities	23	378.2		389.2	
		882.1	**37.8**	**890,8**	**35.5**
Total liabilities		**1,565.1**		**1,693.7**	
Total Equity and Liabilities		**2,335.1**	**100.0**	**2,514.1**	**100.0**

Group cash flow statement (IFRS)

EUR million	Note	2003	2002
Net income		**36.3**	**87.3**
Adjustments		192.7	196.0
Depreciation and amortisation		143.3	151.5
Gain on equity of minorities		-0.8	-1.0
Gain/loss from disposal of assets		0.5	-1.9
Financial expense/-income external		42.7	48.8
Taxes expense/-income		15.8	34.0
Minority interest		2.7	3.5
Other adjustments, operational		-11.4	-38.8
Change in inventory		1.6	-22.5
Change in non-interest bearing receivables		-8.7	24.5
Change in non-interest bearing payables		25.4	-43.4
Dividends received		1.4	1.6
Interest received		5.4	5.3
Interest paid		-45.4	-50.9
Other financial expenses and income		-3.9	-2.2
Taxes paid		-16.2	-9.5
Cash flows from operating activities		**188.6**	**186.1**
Capital expenditure		-117.7	-140.2
Proceeds from selling other investments		1.5	1.2
Proceeds from selling fixed assets		10.5	9.8
Acquired subsidiaries (net of cash acquired)		–	-2.8
Taxes on structural changes		–	12.5
Change in long-term deposits		5.6	4.3
Change in short-term deposits		2.4	2.0
Cash flows from investing		**-97.7**	**-113.2**
Proceeds from long-term borrowings		211.6	701.3
Repayment of long-term borrowings		-296.3	-833.5
Proceeds from short-term borrowings		1,563.5	1,897.3
Repayment of short-term borrowings		-1,513.4	-1,773.1
Dividends paid		-36.5	-31.6
Share repurchases		-14.8	-31.7
Cash flows from financing		**-85.9**	**-71.3**
Change in liquid assets	30	5.0	1.6
Liquid assets on January 1		19.7	18.2
Liquid asset on December 31		24.7	19.7

Statement of changes in shareholders' equity

EUR million	Share capital	Share issue premium	Treasury shares	Translation differences	Fair Value and other reserves	Retained earnings	Total
Total equity at 31.12.2001 (FAS)	**86.0**	**343.5**	**–**	**76.1**	**–**	**369.0**	**874.6**
Effects of Adopting IFRS							
IAS 12 Income taxes					1.2	15.1	16.3
IAS 17 Leases						19.3	19.3
IAS 19 Employee benefits						-32.8	-32.8
IAS 36 Impairment						-8.6	-8.6
IAS 39 Financial instruments					-3.6	-0.3	-3.9
Other IFRS adjustments				-76.1		74.1	-2.0
Total adjusted equity at 1.1.2002	**86.0**	**343.5**	**–**	**0.0**	**-2.4**	**435.8**	**862.9**
Share issue	258.1	-258.1					0.1
Repurchase of shares			-34.1				-34.1
Translation differences				-70.3			-70.3
Cashflow hedges					-11.9		-11.9
Available-for-Sale investments					-1.5		-1.5
Dividend						-31.6	-31.6
Net income for the period						87.3	87.3
Other changes					4.3	0.4	4.6
Balance at 31.12.2002	**344.2**	**85.4**	**-34.1**	**-70.3**	**-11.6**	**491.9**	**805.5**
Repurchase of shares			-12.4				-12.4
Translation differences				-40.0			-40.0
Cashflow hedges					7.6		7.6
Available-for-Sale investments					-0.5		-0.5
Dividend						-36.5	-36.5
Net income for the period						36.3	36.3
Other changes					-3.3	-1.5	-4.8
Balance at 31.12.2003	**344.2**	**85.4**	**-46.5**	**-110.3**	**-7.7**	**490.1**	**755.2**

Additional information is presented in note 20 for share capital and in note 26 for fair value and other reserves.

DISTRIBUTABLE FUNDS

EUR million	Dec 31/2003
Retained earnings	490.1
Untaxed reserves in retained earnings	-28.3
Treasury shares	-46.5
Distributable funds	415.3

Accounting principles for consolidated accounts

The consolidated financial statements of Huhtamäki Oyj, a Finnish limited liability company domiciled in Espoo have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in millions of euros and have been prepared under the historical cost conventions except as disclosed in accounting policies below.

In 2003 the group adopted all IFRS standards and the adoption was done according to the IFRS 1 - First-Time Adoption of the IFRS standard using January 1, 2002 as the transition date. The effect of adopting IFRS is summarised in the bridge calculations provided with the current year financial statements. Comparative figures for 2002 have been restated accordingly.

Principles of consolidation

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

Associated companies, where Huhtamaki holds voting rights of between 20% and 50% and in which Huhtamaki has significant influence, but not control, over the financial and operating policies, are included in consolidated profit and loss accounts using the equity method. When Huhtamaki's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associates.

Proportional consolidation is applied for companies over whose activities Huhtamaki has joint control, established by contractual agreement. The consolidated financial statements include Huhtamaki's proportionate share (usually 50%) of the entity's assets, liabilities, income and expenses, from the date that joint control commences until the date that joint control ceases.

Acquired companies are accounted for using the purchase method according to which the assets and liabilities of the acquired company are measured at their fair value at the date of acquisition and the remaining balance of purchase price less acquired equity is recognized as goodwill. In accordance with the exception included in the IFRS 1 the acquisitions prior to the IFRS transition date have not been restated but the previous values are taken as the deemed cost. Prior to the IFRS transition date 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 has been shown as goodwill on consolidation and amortized on a straight-line basis over expected useful life. Goodwill on the consolidated balance sheet is recognized as an asset in the currency of the acquiring entity.

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

All intercompany transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the group, are eliminated. Minority interests are presented separately from the net income and are also disclosed as a separate item from shareholders' equity.

Foreign currency translation

Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transaction. For practical reasons, an approximate exchange rate is often used for transactions taking place during the month. Monetary assets and liabilities are translated at the rates of exchange at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement.

On consolidation the income statements of foreign entities are translated into euros at the average exchange rate for the accounting period. The balance sheets of foreign entities are translated at the year-end exchange rate.

Difference resulting from the translation of income statement items at the average rate and balance sheet items at the closing rate are recognized as a separate item in equity.

Prior to translating the financial statements of foreign operations in hyperinflationary economies into euros at balance sheet rate, the financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the balance sheet date.

In accordance with the exception included in the IFRS 1 the cumulative translation differences until the transition date have been reclassified to retained earnings. From the transition date onwards exchange differences arising on the translation of the net investment in foreign subsidiaries and associated companies are recorded in translation difference which is a separate component of equity. A similar treatment is applied to intragroup permanent loans, which in substance are equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as part of the gain or loss on sale.

Financial instruments

All derivative financial instruments are carried at fair value. The Group applies cash flow hedge accounting for certain interest rate swaps and foreign exchange forwards that meet hedge accounting criteria as defined in IAS 39. The hedged item must be highly probable to occur and must ultimately affect the income statement. The hedges must be highly effective both prospectively and restropectively. For qualifying cash flow hedges, the portion of any change in fair value that is effective is included in equity, and any remaining ineffective portion is reported in the income statement. The cumulative changes of fair value of the hedging instrument that have been recorded in equity are included in the income statement when the forecasted transaction affects net income. In some cases, when the hedged transaction is a firm commitment, the cumulative change of fair value of the hedging instrument that has been recorded in equity is included in the initial carrying value of the asset or liability at the time it is recognized.

Changes in fair values of derivative financial instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

The Group uses foreign exchange forwards and foreign currency loans to hedge net investments in foreign entities. Hedges of net investment in foreign entities must meet the same IAS 39 hedge accounting criteria as cash flow hedges. For qualifying foreign exchange forwards, the change in the fair value of the forwards that reflect the change in spot exchange rates is deferred in shareholder's equity. The change in the fair value of the forwards that reflects the change in forward interest points is booked in the income statement. When foreign currency loans are used as a hedge, all foreign exchange gains and losses arising from the transaction are recognized in equity. If the hedged entity is disposed of, the cumulative changes in fair value of the hedging instrument that have been recorded in equity are included in the income statement at the time of disposal.

Fair values of foreign exchange forwards are calculated using market rates on the balance sheet date. Fair values of interest rate swaps, futures and forwards are based on net present values of estimated future cash flows. Cash, short-term loans and overdrafts have fair values that approximate to their carrying amounts because of their short-term nature.

Available-for-sale investments

Publicly traded shares are classified as available-for-sale assets and are recognized at fair value, which is based on quoted market prices at the balance sheet date. Gains or losses arising from changes in fair value are recognized directly in equity until the financial asset is sold or otherwise disposed of, at which time the cumulative gain or loss is included in the income statement. If the assets are impaired, the impairment loss is included in the income statement. Unlisted shares are carried at cost, as their fair value cannot be measured reliably.

Goodwill and other intangible assets

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost and amortized on a straight-line basis over the estimated useful life of the asset. Goodwill is tested periodically for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

Other intangible assets include patents, copyrights, land use right and software licenses. These are stated at cost and amortized on a straight-line basis over expected useful lives, which may vary from 3 to 20 years. Land use rights are depreciated over the agreement period.

Periods of amortization used:

Intangible rights	up to 20 (years)
Goodwill	up to 20 (years)
Software	3-5 (years)

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Research and development

Research and development costs are charged to the income statement in the year in which they are incurred.

Expenditure on development activities related to new products and processes has not been capitalized because the assured availability of future economic benefits is evident only once the products are in the market place. Currently the Group balance sheet carries no capitalized development expenditure.

Tangible assets

Tangible assets comprised mainly of land, buildings, machinery, tooling and equipment are valued at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of material, direct labor and an appropriated proportion of production overheads. When an asset includes major components that have different useful lives, they are accounted for as separate items.

Expenditure incurred to replace a component in a tangible asset that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure such as ordinary maintenance and repairs is recognized in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated. The estimated useful lives are:

Buildings and other structures	20 – 40 (years)
Machinery and equipment	5 – 15 (years)
Other tangible assets	3 – 12 (years)

Gains or losses arising on the disposal of tangible fixed assets are included in operating profit/loss.

Impairment

The carrying amounts of assets are assessed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognized in the income statement.

For intangible and tangible assets the recoverable amount is the higher of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on the average cost of capital rate (pre-tax) of the country where the assets are located, adjusted for risks specific to the assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of tangible assets and other intangible assets excluding goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount for financial investment such as investments available-for-sale or receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Leases

In accordance with the criteria for finance leases in IAS 17 Leases, lease contracts in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. In finance leases the assets and accumulated depreciation are included in fixed assets and the associated obligations are included in interest bearing liabilities. When a group company is the lessor, the discounted future lease payments are booked as interest bearing receivables and the property that has been leased out is removed from tangible assets. Lease payments under finance leases are divided into interest expense or interest income and installment payment of liability or receivable. Rental payments and rental income under operating leases are charged to the income statement.

Assets financed with leasing contracts that are defined as finance leases under IAS 17 have been capitalized and are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, and are depreciated at the rates disclosed above for tangible fixed assets, however not exceeding the rental period.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost is determined on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost for produced finished goods and work in process represents the purchase price of materials, direct labor, other direct costs and related production overheads excluding selling and financial costs.

An allowance is established for obsolete items.

Trade and other receivables

Trade and other receivables are initially measured at cost. Subsequently an estimate is made for doubtful receivables based on individual assessment of potential risk. Bad debts are recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with maturity of less than 3 months. Bank overdrafts are included in short-term borrowings under current liabilities.

Interest bearing borrowings

Interest-bearing borrowings are originated loans and are carried at amortized cost. The interest expenses are accrued for and recorded in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

The Group companies have various pension plans in accordance with local conditions and practices throughout the world. The plans are classified as either defined contribution plans or defined benefit plans.

The contributions to defined contribution plans are charged to the income statement in the year to which they relate.

The present value of the obligation of defined benefit plans is determined using the projected unit credit method and the plan assets are measured at fair value at the measurement date.

In calculating the Group's obligation with respect to a plan, the extent to which the cumulative unrecognized actuarial gain or loss exceeds the greater of the present value of the defined benefit obligation and the fair value of plan assets by more than 10% is identified. That excess portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized. In accordance with the exception included in the IFRS1, all unrecognized actuarial gains and losses have been recognized at the date of transition.

Equity and equity-related compensation benefits

The granted stock option program allows certain members of management of Huhtamäki Oyj and its subsidiaries to acquire shares of Huhtamäki Oyj. The option exercise price equals the market price of the underlying shares at the date of the grant and no compensation cost or obligation is recognized. When the options are exercised, equity is increased by the amount of the proceeds received.

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions arise from restructuring plans, onerous contracts and from environmental litigation or tax risks. Obligations arising from restructuring plans are recognized when the detailed and formal plans have been established and when there is a valid expectation that such plans will be carried out (plan has been announced).

Taxes

The Group income statement includes current 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 change in deferred taxes.

Deferred tax assets and liabilities are recognized using the liability method for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying values for IFRS reporting purposes. In the determination of deferred income tax the enacted tax rate is used.

Principal temporary differences arise from tangible fixed assets, untaxed reserves, tax losses carried forward, financial instruments and defined benefit pension plans. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Temporary differences are not provided for goodwill, which is not deductible for tax purposes.

Equity, dividends and own shares

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

When own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction in equity.

Revenue recognition

Revenue is recognized after the risks and rewards of ownership of the goods have been transferred to the buyer. Normally revenue recognition takes place at the date of delivery. Net sales is calculated after deduction of sales discounts and indirect sales taxes.

Grants

Government or other grants are recognized in the income statement on a systematic basis in the same periods in which the expenses are incurred. Investment grants are recognized as revenue on a systematic basis over the useful life of the asset.

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 amortization of goodwill.

Use of estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, income and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Such estimates mainly affect provisions for inventory obsolescence, environmental litigation and tax risks, carrying amounts of assets, the measurement of pension liabilities and the probability of deferred tax assets being recovered against future taxable profits.

New IAS/IFRS standards

As a part of the IASB's improvements project a total of 13 revised standards were published in December. The group has analyzed the effects that these revised standards may cause when adopted and expects that the impact will not be significant. The revised standards will be adopted on January 1, 2004.

Transition to IFRS reporting

The transition to IFRS reporting has resulted in a number of changes in the reported financial statements, notes thereto and accounting principles compared to what has been presented previously.

Until the adoption of IFRS, Huhtamaki's financial statements were based on Finnish Accounting Standards (FAS). The following explanatory notes and financial statements describe the differences between IFRS and FAS reporting for the financial year 2002 as well as for the IFRS opening balance sheet as of Jan 1, 2002. The comparison figures are presented in accordance with FAS, and are identical to the full year information disclosed previously.

Effects of the transition have also been explained in a document published on October 16, 2003. That document includes quarterly comparisons as well.

The following notes related to IFRS transition should be read in conjuction with the preceding' Accounting principles for consolidated accounts' which describes the IFRS treatment applied by the group.

1) Segment reporting

Geographical regions – Europe, Americas and Asia-Oceania-Africa – have been defined as the primary segments for IFRS segment reporting. The Foodservice and Consumer Goods business segments are secondary segments. Goodwill and the related amortization expense have been allocated to geographical regions as well as to business segments in accordance with allocation principles and reporting requirements in IAS 14.

Restatement of business segments

Closer review of secondary segment characteristics has led to restatement of the majority of Fresh Foods rigid products as well as the majority of Molded Fiber products from Foodservice to Consumer Goods.

2) Intangible assets

Increases in intangible assets derive from reclassification of land use rights and certain software from tangible to intangible assets in the opening IFRS balance sheet.

Impairment

An impairment loss for certain unusable software licenses has been booked in the opening balance sheet as a result of impairment testing.

In accordance with the First-Time Adoption standard all goodwill has been tested for impairment at the date of transition to IFRS. This testing has not resulted in any impairment losses in the opening IFRS balance sheet.

3) Tangible assets

Leases

In accordance with the criteria for finance leases in IAS 17 Leases, a number of lease contracts have been classified as finance leases in IFRS.

Assets financed with leasing contracts that are defined as finance leases under IAS 17 have been capitalized and are depreciated at the rates stated in Huhtamaki's policy on tangible assets.

Impairment

An impairment loss has been recognized in the opening IFRS balance sheet for a production line in the Americas where the carrying amount exceeded the recoverable amount.

In addition the changes in tangible assets include reclassifications from tangible to intangible assets (see note 2) and reversal of previously capitalized FX gains/losses. Revaluations in certain property values that had been recognized in FAS have been reversed from the IFRS balance sheet.

4) Investments

Financial instruments – available-for-sale assets

Publicly traded shares are recognized at fair value, which is based on quoted market prices at the balance sheet date. In FAS reporting these instruments have been recognized at historical cost.

5) Inventory

Changes in inventory arise from adjustments to obsolete inventory reserves as well as from reclassification of major spare parts from inventory to tangible assets.

6) Interest bearing receivables

The differences in interest bearing receivables are attributed to reclassification of leased assets under finance leases from tangible assets to interest bearing receivables as of the transition date (see note 3).

7) Other receivables

Changes in other receivables arise from movements in employee benefit assets, deferred tax assets, bad debt reserves and due to offsetting.

Offsetting

Under IAS 1 Presentation of Financials Statements, assets and liabilities or income and expenses should not be offset unless offsetting is specifically allowed in another standard. Therefore in the IFRS balance sheet certain insurance contracts are recognized on both sides of the balance sheet instead of using offsetting under FAS. Also, employee benefit plans within a country that previously had been netted to one side of the balance sheet are now shown separately plan-by-plan either in assets or in liabilities.

Deferred taxes

In FAS reporting deferred taxes have been recognized for fewer items than what is required in IFRS. This has caused many changes to deferred taxes during the transition.

Employee benefits

Employee benefit plans were reported in accordance with local conditions and practices in FAS reporting. In the transition to IFRS all plans have been studied and defined benefit plans have been recalculated in accordance with IAS 19 Employee Benefits.

8) Cash and cash equivalents

Treasury shares

The company purchased its own shares during Q4 2002 and Q1 2003. In IFRS financial statements these treasury shares are deducted from equity at the transaction date. In FAS reporting purchased shares have been reported in marketable securities and as a separate component of equity until the shares are invalidated.

9) Minority interest

IFRS adjustments are also incorporated into accounts of subsidiaries that are partially owned by external parties. This has resulted in changes that affect the equity of such subsidiaries. Accordingly the Group's minority interest account has been adjusted by such changes.

The preference shares in a German subsidiary, which have been reported as minority interest in FAS reporting, have been reclassified as debt in the IFRS opening balance sheet. These shares amounting to EUR 64 million were converted into an equal amount of external debt in December 2002.

10) Interest bearing liabilities

The change is attributed to loans payable from finance leases (see note 3) as well as from reclassification of preferred shares from minority interest to debt (see note 9).

11) Other liabilities

Movements in pension and other employee benefit liabilities, deferred tax liabilities and offsetting (see note 7) resulted in a change in other liabilities.

IFRS 2002 comparison

Income statement EUR million	Item	IFRS 2002	FAS 2002	Diff.
Net sales		2,238.7	2,238.7	0.0
EBITDA		324.3	326.8	-2.5
Operating profit (EBITA)		215.3	217.8	-2.5
EBIT		172.6	175.1	-2.5
% of net sales		7.7	7.8	–
Net financial items		-48.8	-45.0	-3.8
Income from associated companies		1.0	1.0	0.0
Profit before tax		124.8	131.1	-6.3
Taxes		-34.0	-35.0	1.0
Minority interest		-3.5	-7.8	4.3
Net income		87.3	88.3	-1.0
EPS basic		0.86	0.88	–
EPS basic ba		1.29	1.30	–
EPS diluted		0.86	–	–

Balance sheet EUR million		IFRS Dec 31/02	FAS Dec 31/02	Diff.
Assets				
Intangible assets	2	652.5	651.3	1.2
Tangible assets	3	927.3	939.4	-12.1
Investments	4	5.8	6.5	-0.7
Inventory	5	284.9	285.6	-0.7
Interest bearing receivables	6	39.0	9.2	29.8
Other receivables	7	584.9	519.8	65.1
Cash and cash equivalents	8	19.7	53.7	-34.0
		2,514.1	**2,465.5**	**48.6**
Equity and liabilities				
Shareholders' equity		805.5	857.7	-52.2
Minority interest	9	14.9	14.7	0.2
Interest bearing liabilities	10	915.7	913.2	2.5
Other liabilities	11	778.0	679.9	98.1
		2,514.1	**2,465.5**	**48.6**

Key financial ratios	IFRS 2002	FAS 2002
ROE, %	10.7	10.5
ROI, %	10.1	10.0
ROE before amortization, %	15.7	15.1
ROI before amortization, %	12.4	12.4

	IFRS Dec 31/02	FAS Dec 31/02
Net debt	857.0	850.2
Gearing	1.04	0.97

Regions (item 1)

EBITA	IFRS 2002	FAS 2002	Diff.	EBIT	IFRS 2002
Europe	98.6	99.2	-0.6		81.1
Americas	62.9	63.6	-0.7		44.1
Asia, Oceania, Africa	31.6	31.9	-0.3		25.4
Unallocated corporate net	22.2	23.1	-0.9		22.2
Total	**215.3**	**217.8**	**-2.5**	**Total**	**172.6**

Business segments (item 1)

Net sales			
Consumer Goods	1,485.8	1,268.8	217.0
Foodservice	752.9	969.9	-217.0
Total	**2,238.7**	**2,238.7**	**0.0**

EBITA				EBIT	IFRS 2002
Consumer Goods	122.4	99.1	23.3		92.5
Foodservice	70.7	95.6	-24.9		57.9
Unallocated corporate net	22.2	23.1	-0.9		22.2
Total	**215.3**	**217.8**	**-2.5**	**Total**	**172.6**

Net income reconciliation

EUR million	2002
Net Income (FAS)	88.3
Effect of adopting	
IAS 12 Income taxes	0.9
IAS 19 Employee benefits	-0.1
IAS 39 Financial Instruments	-1.0
Other IFRS movements (inventories, provisions etc.)	-0.8
Total IFRS restatement	-1.0
Net income (IFRS)	**87.3**

Equity reconciliation

EUR million	Jan 1/02	Dec 31/02
Equity according to FAS	874.6	857.7
Effect of Adopting		
IAS 12 Income taxes	16.3	21.0
IAS 17 Leases	19.3	15.2
IAS 19 Employee benefits	-32.8	-31.9
IAS 32 Treasury shares	–	-34.1
IAS 36 Impairment:		
Intangible assets	-4.9	-4.9
Tangible assets	-3.7	-3.1
IAS 39 Financial Instruments	-3.9	-17.8
Other IFRS movements (inventories, provisions etc.)	-2.0	3.4
Total IFRS restatement	-11.7	-52.2
Equity according to IFRS	862.9	805.5

Notes to the consolidated financial statements

1. SEGMENT INFORMATION

In segment reporting geographical segment is defined as the primary segment and business segment as secondary. Segment reporting reflects the Group's management and internal reporting structure.

Geographical segments:

Europe
Americas
Asia, Oceania, Africa

Segment revenue is based on the geographical location of customers whereas segment assets/liabilities are based on geographical location of assets. Intercompany sales between regions are insignificant.

Business segments:

Consumer Goods: Primarily serves the food processing industry and packers of food products but also other consumer products packers including pet food, personal care and detergents.

Foodservice: Serves all leading international quick service and beverage companies, coffee and casual dining restaurant chains, institutional caterers and vending operators. Segment also includes tableware sales for the retail channels.

These business segments are managed through the three geographical regions presented in primary segments.

Segment income statement is presented down to EBIT (earnings before interest and taxes).

Segment assets and liabilities include items directly attributable to a segment and items which can be allocated on reasonable basis. Assets comprise intangible assets (including goodwill), tangible assets, inventories, trade and other receivables and accrued income and prepayments for operative items. Segment liabilities include trade payables, other payables and accrued expenses.

Unallocated items

Unallocated income statement items include unallocated corporate costs and royalty income. In 2002 EBIT from unallocated included the release of a EUR 7 million provision related to divested operations. Unallocated assets mainly represent assets relating to corporate function, tax assets and financial assets. Liabilities not allocated to segments are items related to corporate functions, financial and tax liabilities. Investment in associated companies is presented in unallocated assets. Income from associated companies is excluded from segment reporting.

Geographical segments 2003

EUR million	Europe	Americas	AOA	Unallocated	Consolidated
Net sales	1,185.4	599.6	323.3	–	2,108.3
EBITA	81.8	20.2	20.4	14.3	136.6
Amortization	16.9	17.0	6.1	–	40.0
EBIT	64.8	3.2	14.3	14.3	96.6
Assets	1,098.3	678.6	334.1	224.2	2,335.2
Liabilities	289.8	107.2	58.2	1,110.0	1,565.1
Capital expenditure	58.0	36.2	23.5	–	117.7
Depreciation	56.6	29.6	16.9	–	103.2
Impairment of assets					
Headcount (full time equivalent)	7,285	3,925	3,896	71	15,177

Geographical segments 2002

EUR million	Europe	Americas	AOA	Unallocated	Consolidated
Net sales	1,201,6	714.5	322.6	–	2,238.7
EBITA	98.6	62.9	31.6	22.2	215.3
Amortization	17.5	18.9	6.3	–	42.7
EBIT	81.1	44.1	25.4	22.2	172.6
Assets	1,143.8	795.3	337.6	237.4	2,514.1
Liabilities	290.0	130.5	55.9	1,217.3	1,693.7
Capital expenditure	82.4	39.2	17.9	–	139.5
Depreciation	56.0	35.7	17.1	–	108.8
Impairment of assets	–	–	–	0.8	0.8
Headcount (full time equivalent)	7,550	4,142	3,893	71	15,656

Business segments 2003

EUR million	Consumer Goods	Foodservice	Unallocated	Consolidated
Net sales	1,406.2	702.1	–	2,108.3
EBITA	79.5	42.9	14.3	136.6
Amortization	28.0	12.0	–	40.0
EBIT	51.5	30.9	14.3	96.6
Assets	1,475.1	635.9	224.2	2,335.2
Capital expenditure	92.8	25.0	–	117.7

Business segments 2002

EUR million	Consumer Goods	Foodservice	Unallocated	Consolidated
Net sales	1,485.8	752.9	–	2,238.7
EBITA	122.4	70.7	22.2	215.3
Amortization	29.9	12.8	–	42.7
EBIT	92.5	57.9	22.2	172.6
Assets	1,575.8	701.0	237.4	2,514.2
Capital expenditure	92.3	47.2	–	139.5

2. OTHER OPERATING INCOME

EUR million	2003	2002
Royalties	21.3	20.6
Release of provisions	0.3	19.5
Leasing Income	2.2	2.0
Insurance compensations	20.6	12.2
Grants	2.2	2.2
Gain on disposal of fixed assets	0.5	2.8
Other	2.5	0.7
Total	**49.6**	**59.8**

3. OTHER OPERATING EXPENSES

EUR million	2003	2002
Amortization of goodwill and other intangible assets	43.7	45.5
Other	15.7	10.2
Total	**59.4**	**55.7**

4. PERSONNEL EXPENSES

EUR million	2003	2002
Wages and salaries	424.9	454.0
Compulsory social security contributions	55.0	60.0
Pensions		
Defined benefit plans	14.5	4.1
Defined contribution plans	5.5	1.6
Other post employment benefits	1.2	1.3
Other personnel costs	34.2	33.0
Total	**535.3**	**553.9**

Remunerations to the Board of Directors and the CEO (7 persons)	1.1	**0.9**

The CEO is entitled to retirement at the age of 60. (See note 27)

Average number of personnel	2003	2002
	15,857	16,262

5. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	2003	2002
Depreciation and amortization by function:		
Production	93.7	100.4
Sales and marketing	0.4	0.4
Research and development	0.2	0.3
Administration	3.6	3.5
Other	45.3	46.9
Total	**143.2**	**151.5**
Depreciation and amortization by asset type:		
Buildings	11.3	11.4
Machinery and equipment	88.2	93.9
Goodwill	40.0	42.7
Other intangible assets	3.7	3.5
Total	**143.2**	**151.5**
Impairments by asset type:		
Buildings	–	0.8
Total impairments	**–**	**0.8**

Impairment loss for buildings is recognized in the income statement in other operating expenses.

6. NET FINANCIAL ITEMS

Gains and losses on fair value hedges are reported net of the gain or loss on the hedged item. Taxes included in other financial expenses are taxes payable in some jurisdictions on financial transactions. Only FX revaluation gains and losses arising from purely financial exposures such as loans denominated in foreign currencies are reported in other financial items.

EUR million	2003	2002
Interest income	5.1	5.6
Dividend income	0.3	0.8
Gain on disposal of available-for-sale assets	0.8	0.8
Gain on cash flow hedge - ineffective portion	0.1	–
Gain on fair value hedges	0.7	–
FX revaluation gains	2.2	0.5
Other financial income	3.8	1.3
Interest expense	-45.3	-52.6
Loss on cash flow hedges - ineffective portion	-0.1	–
Loss on fair value hedges	–	-0.1
FX revaluation losses	-3.6	-1.2
Bank fees, taxes and stock exchange expenses	-2.4	-1.4
Other financial expense	-6.1	-2.7
Loss on net monetary position in hyperinflationary units	-0.5	-1.1
Total	**-42.7**	**-48.8**

7. INCOME TAXES

EUR million	2003	2002
Current tax	22.4	16.6
Deferred tax	-6.6	17.4
Total	**15.8**	**34.0**
Profit before tax	54.8	124.8
Tax calculated at the domestic corporation tax rate of 29% (2002:29%)	15.9	36.2
Effect of different tax rates in foreign subsidiaries	4.3	5.0
Income not subject to tax	-16.2	-19.1
Expenses not deductible for tax purposes	1.9	12.4
Goodwill amortization	11.7	12.5
Utilization of previously unrecognised tax losses	-2.8	-8.7
Other items	1.0	-4.3
Tax charge	**15.8**	**34.0**

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to ordinary shareholders by weighted average number of shares outstanding i.e. excluding treasury shares. In calculation of diluted earnings per share, the weighted average of shares is adjusted by the dilutive effect of stock options outstanding during the period (see also note 20).

EUR million	2003	2002
Net income for the year (basic/diluted)	36.3	87.3

Thousands of shares	2003	2002
Weighted average number of shares outstanding	96,292	100,770
Effect of issued share options	377	666
Diluted weighted average number of shares outstanding	96,669	101,436
Basic earnings per share (EUR)	0.38	0.86
Diluted earnings per share (EUR)	0.38	0.86

9. INTANGIBLE ASSETS

EUR million	Goodwill	Intangible rights	Other intangible assets	Total 2003	Total 2002
Acquisition cost at January 1	809.8	3.5	27.2	840.5	885.1
Additions	–	0.0	2.4	2.4	1.1
Disposals	–	-0.1	-0.7	-0.7	-0.4
Intra-balance sheet transfer	–	–	2.8	2.8	1.3
Changes in exchange rates	-31.6	-0.4	-1.4	-33.5	-46.6
Acquisition cost at December 31	778.2	3.0	30.3	811.5	840.5
Accumulated amortization at January 1	167.5	1.1	19.4	188.0	157.3
Accum. amortization on decreases and transfers	–	–	-0.6	-0.6	-0.3
Amortization during the financial year	40.0	0.1	3.6	43.7	46.2
Impairments	–	–	–	–	4.9
Changes in exchange rates	-6.4	-0.1	-0.4	-6.8	-20.1
Accumulated amortization at December 31	201.2	1.1	22.0	224.3	188.0
Book value at 31 December 2003	577.0	1.9	8.3	587.2	–
Book value at 31 December 2002	642.3	2.4	7.8	–	652.5

10. TANGIBLE ASSET

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	Total 2003	Total 2002
Acquisition cost at January 1	33.5	262.7	921.0	73.1	46.7	1,337.0	1,319.2
Additions	0.2	3.5	20.6	87.1	4.0	115.4	139.9
Disposals	-0.3	10.8	24.8	-0.3	-3.4	31.7	-23.8
Intra-balance sheet transfer	–	21.4	69.3	-95.6	2.3	-2.6	-1.9
Changes in exchange rates	-1.4	-15.6	-60.5	-1.4	-1.4	-80.2	-96.4
Acquisition cost at December 31	32.1	282.8	975.2	63.0	48.2	1,401.3	1,337.0
Accumulated depreciation at January 1	0.8	42.9	336.0	–	30.0	409.7	323.3
Accumulated depreciation on decreases and transfers	–	17.2	27.5	–	-2.1	42.5	-12.3
Depreciation during the financial year	0.1	11.1	83.8	–	4.5	99.5	105.3
Impairments	–	–	–	–	–	–	3.7
Changes in exchange rates	-0.1	-2.0	-17.4	–	-0.8	-20.2	-10.3
Accumulated depreciation at December 31	0.8	69.1	430.0	–	31.6	531.5	409.7
Book value at 31 December 2003	31.3	213.7	545.2	63.0	16.6	869.7	–
Book value at 31 December 2002	32.8	219.8	585.0	73.1	16.6	–	927.3

Value of financial leased assets included in book value							
2003	–	2.3	5.3	–	0.1	7.7	–
2002	–	0.8	2.5	–	–	–	3.3

11. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2003	2002
Book value at January 1	1.9	1.9
Share of results	0.8	1.0
Dividends	-1.1	-0.8
Translation differences	-0.1	-0.2
Book value at December 31	1.5	1.9

List of associated companies:

Name	Holding %
Arabian Paper Products Co., Saudi-Arabia	40.0
Hiatus B.V., Netherlands	50.0
Allobi AB, Sweden	25.0

12. JOINT VENTURES

Name	Holding %
Huhtamaki EarthShell AS, Denmark	50.0
Laminor S.A., Brazil	50.0

13. AVAILABLE-FOR-SALE INVESTMENTS

Available for sale investments include listed and unlisted shares. Listed shares are measured at fair value.
For unlisted shares the fair value cannot be measured reliably, in which case the investment is carried at cost.

EUR million	2003	2002
Book value at January 1	3.9	6.8
Additions	–	0.4
Disposals	-2.8	-2.3
Change in fair value	0.7	-0.9
Book value at December 31	1.8	3.9

14. INTEREST BEARING RECEIVABLES

	2003		2002	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Current				
Loan receivables	1.8	1.8	4.5	4.5
Finance lease receivables	4.6	6.2	4.3	6.2
Current interest bearing receivables	6.4	8.0	8.8	10.7
Non-current				
Loan receivables	3.7	4.1	4.8	4.8
Finance lease receivables	20.8	22.2	25.4	27.0
Non-current interest bearing receivables	24.5	26.3	30.2	31.8

Fair values have been calculated by discounting future cashflows or each major receivable at the appropriate market interest rate prevailing at closing date. Receivables payable on demand have a fair value equal to their carrying amount, which would be recovered if the receivables were disposed of at closing date.

Finance lease receivables

EUR million	2003	2002
Finance lease receivable payable as follows:		
In less than one year	5.9	5.9
Between one and five years	22.3	28.2
Total minimum lease receivables	**28.2**	**34.1**
Present value of minimum lease receivables		
In less than one year	4.6	4.3
Between one and five years	20.8	25.4
Total present value of minimum lease receivables	**25.4**	**29.7**
Unearned future financial income	2.8	4.4

Finance lease receivables arise from the lease of a factory building in 1996. Minimum lease payments include a terminal payment for title transfer at the end of lease term in 2006. This terminal payment is based on a mutual put/call option included in the lease contract with such terms and conditions as to make it reasonably certain either Huhtamaki or the lessee will exercise the option. Lease contract provides for annual inflation adjustments which are excluded from minimum lease payments due to their contingent nature.

15. DEFERRED TAXES

EUR million	2003	2002
Deferred tax assets by types of temporary differences		
Tangible assets	3.3	4.1
Employee benefits	25.9	28.7
Provisions	10.2	9.6
Unused tax losses	60.9	54.2
Other temporary differences	20.9	34.6
Total	**121.2**	**131.2**
Deferred tax liabilities		
Tangible assets	112.2	110.6
Employee benefits	21.9	25.1
Other temporary differences	14.0	26.9
Total	**148.1**	**162.6**
Net deferred tax liabilities	26.9	31.4
Reflected in balance sheet as follows:		
Deferred tax assets	85.8	89.5
Deferred tax liabilities	112.7	120.9

December 31, 2003 the group had EUR 78 million (2002 EUR 106 million) worth of deductable temporary differences, for which no deferred tax asset was recognised.

Deferred taxes recognized directly in equity are presented in note 26.

16. EMPLOYEE BENEFITS

The group has established a number of pension plans for its personnel throughout the world. Pension coverage is provided in accordance with rules and practices in the respective countries. In Finland pensions are mainly covered by the statutory pension system (TEL system). In certain countries with traditionally low statutory pension coverage, additional pension plans are organized. Some schemes can include early retirement and disability.

The main countries that have defined benefit plans are USA, UK and Germany, whose aggregate share comprises over 90% of the group consolidated defined benefit obligation for pension and other post-retirement benefits.

Most of the defined benefit plans are organized through pension funds. The assets of these plans are held separately from the assets of the group. Subsidiaries' funding of the plans meets local authority requirements.

The calculations for defined benefit plans have been made by qualified actuaries.

EUR million	2003	2002
Reconciliation of assets and liabilities recognised in the balance sheet		
Present value of unfunded obligations	74.3	68.1
Present value of funded obligations	335.1	358.2
Fair value of plan assets	-312.5	-303.5
Unrecognized actuarial gains(–) and losses(+)	-14.6	-43.2
Unrecognized past service costs (–)	–	0.8
Net liability in the Balance Sheet	**82.3**	**80.5**
Reflected in the Balance Sheet as follows:		
Employee benefit assets	-55.9	-67.4
Employee benefit liability	138.3	147.9
Net liability in the Balance Sheet	**82.3**	**80.5**
Expenses recognised in the income statement		
Current service cost	10.2	12.7
Interest cost	23.5	25.7
Expected return on plan assets	-20.4	-27.0
Actuarial gains (–) and losses (+)	1.2	–
Effect of any curtailments or settlements	–	-7.3
Total defined benefit expenses	**14.5**	**4.1**
The expenses of defined benefit plans are allocated by function as follows		
Cost of goods sold	9.5	0.6
Sales and marketing	1.1	0.9
Administration costs	3.9	2.6
Total	**14.5**	**4.1**
Movements of defined benefit net liabilities recognised in the balance sheet		
Net liability at 1 January	80.5	96.4
Translation difference	0.8	-0.1
Contributions paid to the fund	-8.0	-14.9
Benefits paid to retirees from the fund	-5.5	-5.0
Expense recognized in the income statement (3)	14.5	4.2
Curtailments or settlements	–	-0.1
Net liability at 31 December	**82.3**	**80.5**

The actual return on plan assets was EUR 30.4 million in 2003 (2002: EUR -22.2 million).

Principal actuarial assumptions	2003	2002
At December 31		
Discount rate (%)		
Europe	5.5 - 6.0	5.5 - 6.0
Americas	6.75	7.5
Asia, Oceania and Africa	3.5 - 10.0	3.75 - 8.5
Expected rates of return on plan asset (%)		
Europe	5.5 - 7.0	5.8 - 7.0
Americas	8.5	9.0
Asia, Oceania and Africa	3.5 - 10.0	3.75 - 8.5
Expected rates of salary increase (%)		
Europe	2.5 - 4.0	3.0 - 3.55
Americas	5.5	4.5
Asia, Oceania and Africa	3.0 - 8.0	3.0 - 6.5
Expected rates of pension increase (%)		
Europe	0.4 - 3.0	1.0 - 3.0
Americas	1.0	
Asia, Oceania and Africa		
Medical cost trend rate (%)		
Americas	8.0	9.0
Expected average remaining working lives (years)		
Europe	8 - 23	9 - 22
Americas	9 - 14	12 - 15
Asia, Oceania and Africa	19 - 23	19

17. INVENTORY

EUR million	2003	2002
Raw and packaging material	83.1	86.9
Work-in-process	40.4	43.6
Finished goods	143.5	153.5
Advance payments	1.0	0.8
Inventories Total	**268.0**	**284.8**

The value at cost for finished goods amounts to EUR 158.2 million (2002: EUR 169.9 million). An allowance of EUR 14.7 million (2002: EUR 16.4 million) has been established for obsolete items. The total value of inventories includes EUR 0.1 million resulting from reversals of previously written down values (2002: EUR 0.5 million).

18. TRADE AND OTHER CURRENT RECEIVABLES

EUR million	2003	2002
Trade receivables	301.0	319.4
Other receivables	18.8	14.2
Accruals for income taxes and other taxes	32.2	27.4
Accrued interest and other financial items	6.3	8.7
Other accrued income and prepaid expenses	25.9	31.4
Total	**384.2**	**401.1**

Other accrued income and prepaid expenses include prepayments for goods, rebates and other miscellaneous accruals.

19. CASH AND CASH EQUIVALENTS

EUR million	2003	2002
Cash and bank	19.1	19.1
Marketable securities	5.6	0.6
Total	**24.7**	**19.7**

20. SHARE CAPITAL OF THE PARENT COMPANY

Share capital	Number of shares	Share capital EUR	Share premium EUR	Treasury shares EUR	Total EUR
January 1, 2002	25,303,948	86,033,423,20	343,504,821.90	–	429,538,245.10
Subscription through option rights May 31, 2002	1,500	5,100.00	51,105.00	–	56,205.00
Bonus issue August 31, 2002	75,916,344	258,115,569.60	-258,115,569.60	–	–
Subscription through option rights November 22, 2002	1,000	3,400.00	4,940.00	–	8,340.00
Own shares purchased September 12-Dec 31, 2002	-3,675,000	–	–	-34,121,057.05	-34,121,057.05
December 31, 2002	97,547,792	344,157,492.80	85,445,297.30	-34,121,057.05	395,481,733.05
Own shares purchased January 2-February 28, 2003	-1,386,089	–	–	-12,388,566.15	-12,388,566.15
December 31, 2003	96,161,703	344,157,492.80	85,445,297.30	-46,509,623.20	383,093,166.90

Total number of shares is 101,222,792 (December 2002: 101,222,792). The counter value of a share is EUR 3.40, and the maximum share capital amounts to EUR 1,000 million. All issued shares are fully paid.

Based on an authorization given at the Annual General Meeting on March 25, 2002 the company has acquired in total 5,061,089 own shares by December 2003 (December 2002: 3,675,000).

Members of Board of Directors and the Managing Directon of Huhtamaki Oyj owned on December 31, 2003 a total of 127,384 shares (December 2002: 132,432 shares). These shares represent 0.13% (December 2002: 0.14%) of total number of shares and voting rights.

OPTION RIGHTS

Option Rights 1997 Plan

The Annual General Meeting held on April 9, 1997 approved the issue of up to 450,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. 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. 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% of the outstanding share capital of Huhtamäki Oyj. At the end of the year 2003 the Option Rights 1997 Plan had 23 participants. The option rights A and B are listed on the Helsinki Exchanges as of April 1, 2002. The table below depicts the share subscription periods and share subscription prices for each option right. During the year 2002 the exercise of 1,500 option rights under the Option Rights 1997 Plan resulted in the issue of 1,500 new shares and the increase of the share capital with EUR 5,100.

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. 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% of the outstanding share capital of Huhtamäki Oyj. At the end of the year 2003 the Option Rights 2000 Plan had 101 participants. The option rights A are listed on the Helsinki Exchanges as of May 2, 2002 and option rights B as of May 2, 2003. Huhtamäki Oyj will apply for listing of the option rights C on the Helsinki Exchanges as of May 2, 2004. The table below depicts the share subscription periods and subscription prices for each option right. During the year 2002 the exercise of 250 option rights under the Option Rights 2000 Plan resulted in the issue of 1,000 new shares and the increase of the share capital with EUR 3,400.

Option Rights 2003 Plan

The Annual General Meeting held on March 28, 2003 approved the issue of up to 2,250,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The option rights are marked as follows: 750,000 with 2003 A, 750,000 with 2003 B and 750,000 with 2003 C. If exercised in full, the option rights will entitle to the subscription for a total of 2,250,000 shares whereby the share capital would increased by a maximum amount of EUR 7,650,000 representing approximately 2,2% of the outstanding share capital of Huhtamäki Oyj. At the end of year 2003 the Option Rights 2003 Plan had 64 participants.

Option Right	Number of shares one option right entitles to subscribe for	Subscription price for one share[1]	Subscription period
1997 A	4	EUR 8.99	April 1, 2000 – October 31, 2004
1997 B	4	EUR 8.99	April 1, 2002 – October 31, 2004
2000 A	4	EUR 7.96	May 2, 2002 – October 31, 2006
2000 B	4	EUR 6.42	May 2, 2003 – October 31, 2006
2000 C	4	EUR 10.91	May 2, 2004 – October 31, 2006
2003 A	1	EUR 9.097	May 2, 2005 – October 31, 2009
2003 B	1	[2]	May 2, 2006 – October 31, 2009
2003 C	1	[3]	May 2, 2007 – October 31, 2009

1) Subscription price before deduction of the year 2003 dividend.

2) The subscription price for the shares shall be the market value of Huhtamäki Oyj's share on the Helsinki Stock Exchange during the period of March 1, 2004 – March 31, 2004 added with such an amount that equals to ten (10) % of the market value. The aggregate amount of dividends per one share resolved after the subscription for the option rights and before the subscription for the shares shall be deducted from the subscription price.

3) The subscription price for the shares shall be the market value of Huhtamäki Oyj's share on the Helsinki Stock Exchange during the period of March 1, 2005 – March 31, 2005 added with such an amount that equals to ten (10) % of the market value. The aggregate amount of dividends per one share resolved after the subscription for the option rights and before the subscription for the shares shall be deducted from the subscription price.

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 7,650,000 new shares may be subscribed representing approximately 7.6% of the total number of votes on December 31, 2003. During the year 2003 no new shares were subscribed by exercising the option rights.

Information relating to amount of option rights during 2003 and 2002

Amount of option rights (pcs)	Options 2003	Shares 2003	Options 2002	Shares 2002
At the beginning of the financial year	1,098,353	4,397,912	894,550	3,578,200
Granted	618,500	656,000	260,000	1,040,000
Exercised	–	–	1,750	2,500
Forfeited	24,982	99,928	54,447	217,788
At the end of the financial year	1,691,871	4,953,984	1,098,353	4,397,912

21. INTEREST BEARING LIABILITIES

	2003		2002	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Current				
Loans from financial institutions				
current portion	125.7	126.1	149.1	148.8
Pension loans				
current portion	5.7	5.9	–	–
Other loans				
current portion	0.4	0.4	1.0	1.0
Finance lease liabilities				
current portion	0.9	0.9	0.8	0.8
Short-term loans	356.7	356.7	338.9	338.9
Total	**489.4**	**490.0**	**489.8**	**489.5**
Long-term				
Loans from financial institutions	287.0	290.3	369.8	375.8
Pension loans	45.9	47.8	51.6	53.3
Other long-term loans	3.0	3.0	2.2	2.2
Finance lease liabilities	1.3	1.3	2.2	2.2
Total	**337.2**	**342.4**	**425.8**	**433.5**
Pension loans				
From pension foundations	0.1		0.1	
From pension insurance companies	51.5		51.5	
Total	**51.6**		**51.6**	

All interest bearing liabilities are loans originated by the group and as such are carried at amortized cost. Fair values have been calculated by discounting future cash flows at the appropriate market interest rate prevailing at closing date.

	Loans from financial institutions	**Pension loans**	**Finance lease liabilities**	**Other loans**
Repayment				
2004	125.7	5.7	0.9	0.4
2005	6.1	5.7	0.6	0.5
2006	26.1	5.7	0.2	0.3
2007	31.9	5.7	0.1	0.2
2008	191.5	5.7	0.1	0.3
2009–	31.4	23.1	0.3	1.7

Finance lease liabilities

EUR million	2003	2002
Finance lease liabilities are payable as follows:		
In less than one year	1.0	1.0
Between one and five years	1.2	2.5
In over five years	0.4	0.5
Total minimum lease payments	2.6	4.0
Present value of minimum lease payments		
In less than one year	0.9	0.8
Between one and five years	1.0	1.8
In over five years	0.3	0.4
Total present value of minimum lease payments	2.2	3.0
Future finance charges	**0.4**	**1.0**

22. PROVISIONS

Restructuring provisions include various ongoing projects to streamline operations and to improve efficiencies. These projects are taking place in all regions. Tax provisions are recognized for tax related risks mainly due to changes in the corporate structure. Other provisions include mainly captive insurance provisions and provisions related to divested operations.

EUR million	Restructuring	Taxes	Other	2003 total	2002 total
Provision at January 1, 2003	3.2	68.0	43.3	114.5	133.0
Translation difference	-0.3	–	0.2	-0.1	–
Provisions made during the year	2.5	11.9	0.5	14.9	49.9
Provisions used during the year	-2.2	–	-5.3	-3.5	-61.4
Unused provisions reversed during the year	-0.2	-17.3	-6.4	-27.9	-7.0
Provision at December 31, 2003	**3.0**	**62.6**	**32.3**	**97.9**	**114.5**
Current	3.0	–	11.5	14.5	11.8
Non-current	–	62.6	20.8	83.4	102.7

23. TRADE AND OTHER CURRENT LIABILITIES

EUR million	2003	2002
Trade payables	195.6	197.1
Other payables	33.8	52.9
Accrued income taxes	46.0	27.6
Accrued interest expense and other financial items	10.9	9.3
Personnel, social security and pensions	49.0	53.9
Other accrued expenses	42.9	48.6
Total	**378.2**	**389.2**

Other accrued expenses include accruals for purchases of material, rebates, prepayments and other miscellaneous accruals.

24. 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.

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 are approved by the Finance Committee on a monthly basis.

The Group Treasury Department at the Espoo headquarters is the center 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 operates in 36 countries and is exposed to exchange rate risk through intra-company cross-border trade, exports and imports, funding of foreign units and currency denominated equities.

The largest transaction exposures derive from capital flows, imports, exports and royalty receivables. 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. The Business units' counterpart in hedging transactions is mainly Huhtamäki Oyj.

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 10.8 million at balance sheet date.

The main translation exposures derive from equities and permanent loans which in substance form a part of the net investment in US, Australian and UK subsidiaries. The company hedges its translation risks selectively by using foreign currency loans and derivatives. Equity hedging decisions are made by the Finance Committee. The hedging decisions are based on the currency's estimated impact on the consolidated income statement and balance sheet ratios, long-term cash flows and hedging costs. The company had outstanding translation risk hedges in USD 249 million and in GBP 33 million at balance sheet date. The majority of the hedges are in the form of foreign currency denominated loans.

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 Group Treasury Department.

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 and by maintaining overdraft facilities. Excess cash is invested in liquid money market instruments or short-term bank deposits. Funds are invested at relationship banks 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.

25. FINANCIAL INSTRUMENTS

FOREIGN EXCHANGE TRANSACTION EXPOSURE

EUR million	December 31,2003 12 month Commercial Position	December 31,2002 12 month Commercial Position
Currency		
USD	23	36
AUD	22	17
GBP	21	22
PLN	17	26
Other	57	61
Total	**140**	**162**

CURRENCY SPLIT AND REPRICING SCHEDULE OF OUTSTANDING NET DEBT INCLUDING HEDGES

EUR million	December 31,2003											December 31,2002		
				Rate	Debt repricing in period, incl. derivatives									
Currency	Amount mEUR	Avg. duration	Avg. rate	sensitivity[1] mEUR	2004	2005	2006	2007	2008	Later		Amount mEUR	Avg. duration	Avg. rate
EUR	332	1.8 y	4.9%	1.5	160	61	60	2	6	43		311	2.7 y	5.1%
USD	256	1.8 y	3.9%	0.7	108	57	30	30	23	8		334	2.0 y	4.5%
AUD	48	1.2 y	5.3%	0.3	36				12			43	1.4 y	7.0%
GBP	70	1.0 y	5.3%	0.3	35	10	9	9		7		82	1.4 y	4.9%
Other	65	0.6 y	8.5%	0.2	61					4		87	0.7 y	7.2%
Total	**771**	**1.6 y**	**4.9%**	**3.0**	**400**	**128**	**99**	**41**	**41**	**62**		**857**	**2.0 y**	**5.2%**

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

DEBT STRUCTURE

EUR million	December 31,2003										December 31,2002		
				Maturity of facility/loan									
Debt type	Amount drawn	Amount available	Total	2004	2005	2006	2007	2008	Later		Amount drawn	Amount available	Total
Committed revolving facilities	280	391	671	144				527			322	328	650
Loans from financial institutions	209		209	111	12	27	28	6	25		263		263
Private placements	56		56	5	5	5	5	6	30		80		80
Commercial Paper Program	282		282	282							252		252
Total	**827**	**391**	**1,218**	**540**	**17**	**32**	**33**	**539**	**57**		**916**	**328**	**1,244**

NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	December 31,2003								December 31,2002	
	Nominal value		Maturity structure						Nominal value	
Instrument	Gross	Net	2004	2005	2006	2007	2008	Later	Gross	Net
Currency forwards										
for transaction risk	44		44						34	
for translation risk	53		53						70	
for financing purposes	81		81						54	
Interest rate forwards and futures contracts										
EUR	80	80	80						100	20
USD	32	32	32						19	0
GBP									31	31
Interest rate swaps										
EUR	175	175	50	50	75				175	175
USD	143	143	28	43	24	24	16	8	167	167
GBP	44	44	10	10	9	8		7	51	51
Other	18	18	6				12		48	48
Electricity forward contracts	1		1	0					1	

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	December 31,2003			December 31,2002		
Instrument	Positive fair values	Negative fair values	Net fair values	Positive fair values	Negative fair values	Net fair values
Currency forwards						
for transaction risk[1]	3.5	-1.7	1.8	3.3	-0.7	2.6
for translation risk[2]	2.2		2.2	3.8		3.8
for financing purposes	0.5	-2.3	-1.8	1.1	-0.8	0.3
Interest rate forwards and futures contracts						
EUR	0.0	0.0	0.0			0.0
USD	0.0		0.0			0.0
GBP						0.0
Interest rate swaps[3]						
EUR		-6.5	-6.5		-7.4	-7.4
USD	0.2	-5.3	-5.1		-10.2	-10.2
GBP		-0.8	-0.8		-1.5	-1.5
other		-0.2	-0.2		-0.8	-0.8
Electricity forward contracts	0.1	0.0	0.1	0.7		0.7

[1] Out of the currency forwards, fair value of EUR 0.3 million was designated for cash flow hedges as at December 31, 2003 (EUR 1.7 million at December 31, 2002) and reported in fair value and other reserves.
[2] Out of the currency forwards, fair value of EUR 2.2 million was designated for hedges of net investment in foreign subsidiaries as at December 31, 2003 (EUR 3.5 million at December 31, 2002) and reported in translation difference.
[3] Fair values of interest rate swaps include accrued interest. Out of the interest rate swaps, fair value of EUR -12.5 million was designated for cash flow hedges as at December 31, 2003 (EUR -19.7 million as at December 31, 2002) out of which EUR -10.0 million was reported in equity in fair value and other reserves and EUR -2.5 million in profit and loss statement as interest expense.

26. FAIR VALUE AND OTHER RESERVES

EUR million	Hedge reserve	Available for sale reserve	Total
January 1, 2002	-3.8	1.4	-2.4
Translation difference	0.4	–	0.4
Unrealized gain (+) or loss (–) on available-for-sale assets	–	-0.5	-0.5
Realized gain (–) or loss (+) on available-for-sale assets	–	-1.0	-1.0
Cash flow hedge result deferred to equity	-10.6	–	-10.6
Cash flow hedge result recognised in P&L	-1.7	–	-1.7
Deferred taxes	3.9	0.4	4.3
December 31, 2002	**-11.8**	**0.3**	**-11.6**
Translation difference	0.4	–	0.4
Realised gain (–) or loss (+) on available-for-sale assets	–	-0.5	-0.5
Cash flow hedge result deferred to equity	7.6	–	7.6
Cash flow hedge result recognized in P&L	-0.4	–	-0.4
Deferred taxes	-3.5	0.2	-3.3
December 31, 2003	**-7.7**	–	**-7.7**

27. RELATED PARTY TRANSACTIONS

Huhtamaki Group has related party relationships with its associate companies, Directors and executive officers (members of the Executive Committee.

Transactions with Directors and executive officers

Directors' and executive officers' total salaries and renumerations amounted to EUR 2.6 million in 2003 (2002: EUR 2.5 million). Based on the Group's pension plan executive officers are entitled to retirement at the age of 60.

Directors and executive officers owned 415,000 option rights and 145,384 shares at December 31, 2003 (December 2002: 240,000 options and 150,432 shares). These rights entitle to subscribe in total 1,135,000 shares representing 1.12% of total shares and voting rights (2002: 960,000 shares representing 0.98% of total shares and voting rights). Option rights owned by Directors and executive officers have the same terms and conditions as those owned by other option right holders (See also note 4).

Transactions with associate companies

Transactions with associate companies are carried out at fair market prices as listed below:

EUR million	2003	2002
Purchase of goods	2.5	2.5

28. OPERATING LEASE COMMITMENTS

EUR million	2003	2002
Operating lease payments:		
Not later than 1 year	14.8	13.0
Later than 1 year and not later than 5 years	21.6	28.2
Later than 5 years	26.6	20.3
Total	**63.0**	**61.5**

29. CONTINGENCIES

Capital expenditure commitments:		
2003	–	7.2
2004	7.7	0.6
Total	**7.7**	**7.8**
Mortgages:		
For own debt	15.6	16.0
Guarantee obligations:		
For joint ventures	3.7	–
For external parties	5.0	1.1

30. NOTES TO CASH FLOW STATEMENT

EUR million	2003	2002
Change in liquid assets:		
Cash flow based	3.1	4.8
Translation difference	1.9	-3.2
Total	**5.0**	**1.6**

Huhtamaki 1999–2003

	FAS				IFRS	
EUR million	**1999**	**2000**	**2001**	**2002**	**2002**	**2003**
Net sales	1,412.1	3,307.7	2,382.4	2,238.7	2,238.7	2,108.3
Increase in net sales (%)	15.2	134.2	-28.0	-6.0	-6.0	-5.8
Net sales outside Finland	1,364.5	3,251.5	2,301.1	2,133.6	2,133.6	2,001.9
Earnings before interest, taxes, depreciation and amortization	202.1	376.8	334.4	326.8	324.3	239.7
Earnings before interest, taxes, depreciation and amortization/net sales (%)	14.3	11.4	14.0	14.6	14.5	11.4
Earnings before interest and taxes	113.9	182.1	178.3	175.1	172.6	96.6
Earnings before interest and taxes/ net sales (%)	8.1	5.5	7.5	7.8	7.7	4.6
Profit before taxes	94.4	121.1	130.3	131.1	124.8	54.8
Profit before taxes/net sales (%)	6.7	3.7	5.5	5.9	5.6	2.6
Net income	101.8	81.1	87.1	88.3	87.3	36.3
Shareholders' equity	958.1	1,032.5	874.6	857.7	805.5	755.2
Return on investment (%)	10.4	10.0	9.6	10.0	10.1	6.2
Return on shareholders' equity (%)	9.4	7.9	8.6	10.5	10.7	5.0
Solidity (%)	31.0	30.7	36.0	35.4	32.6	33.0
Net debt to equity	1.09	1.22	0.94	0.97	1.04	1.00
Current ratio	0.94	0.96	0.94	0.85	0.81	0.79
Times interest earned	8.47	3.26	6.58	7.33	6.89	5.97
Capital expenditure	100.7	172.7	144.0	139.5	139.5	117.7
Capital expenditure/net sales (%)	7.1	5.2	6.0	6.2	6.2	5.6
Research and development	7.2	10.0	12.8	12.3	12.3	14.0
Research and development/ net sales (%)	0.5	0.3	0.5	0.5	0.5	0.7
Number of shareholders (December 31)	15,966	15,765	15,669	15,943	15,943	18,806
Personnel (December 31)	23,876	23,098	16,417	15,909	15,909	15,508

Per share data

Comparison figures (1999-2001) adjusted for the 3:1 bonus issue in August 2002

		FAS				IFRS	
		1999	**2000**	**2001**	**2002**	**2002**	**2003**
Earnings per share	EUR	0.60	0.65	0.74	0.88	0.86	0.38
Earnings per share (diluted)						0.86	0.38
Dividend, nominal	EUR	0.26	0.28	0.31	0.38	0.38	0.38[1]
Dividend/earnings per share	%	43.3	43.1	41.9	43.2	44.2	100.0[1]
Dividend yield	%	3.1	3.9	3.5	4.0	4.0	4.1[1]
Shareholders' equity per share	EUR	7.61	8.20	8.64	8.79	8.26	7.85
Share price at December 31	EUR	8.40	7.10	8.88	9.55	9.55	9.35
Average number of shares adjusted for share issue		111,856,128	125,903,852	117,117,696	100,769,970	100,769,970	96,292,220
Number of shares adjusted for share issue at year end		125,903,852	125,903,852	101,215,792	97,547,792	97,547,792	96,161,703
P/E ratio		14.0	10.9	12.0	10.9	11.1	24.6
Market capitalization at December 31	EUR million	1,057.6	893.9	898.3	931.6	931.6	899.1

[1] 2003: Board's proposal

Definitions for key indicators

Earnings per share = (diluted)

$$\frac{\text{Diluted profit before taxes} - \text{minority interest} - \text{taxes}}{\text{Average fully diluted number of shares outstanding}}$$

Earnings per share =

$$\frac{\text{Profit before taxes} - \text{minority interest} - \text{taxes}}{\text{Average number of shares outstanding}}$$

Dividend yield =

$$\frac{100 \text{ x issue-adjusted dividend}}{\text{Issue-adjusted share price at December 31}}$$

Shareholders' equity per share =

$$\frac{\text{Equity}}{\text{Issue-adjusted number of shares at December 31}}$$

P/E ratio =

$$\frac{\text{Issue-adjusted share price at December 31}}{\text{Earnings per share}}$$

Market capitalization = Number of shares outstanding in the different share series multiplied by the corresponding share prices on the stock exchange at December 31

Return on investment =

$$\frac{100 \text{ x (Profit before taxes + interest expenses + net other financial expenses)}}{\text{Balance sheet total} - \text{Interest-free liabilities (average)}}$$

Return on equity =

$$\frac{100 \text{ x (Profit before taxes} - \text{taxes)}}{\text{Equity + minority interest (average)}}$$

Net debt to equity =

$$\frac{\text{Interest bearing net debt}}{\text{Equity + minority interest (average)}}$$

Solidity =

$$\frac{100 \text{ x (Equity + minority interest)}}{\text{Balance sheet total} - \text{advances received}}$$

Current ratio =

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Times interest earned =

$$\frac{\text{Earnings before interest and taxes + depreciation and amortization}}{\text{Net interest expenses}}$$

List of subsidiaries

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

Name	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Huhtamaki Oyj's shareholding in subsidiaries:							
Huhtamaki Finance B.V.	6,534,313	75.0	EUR	653,431	EUR	1,712,765	100.0
Huhtamaki Portugal SGPS, Lda	2	50.0	EUR	251	EUR	1,975	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 Ambalaj Sanayi A.S.	6,600,000	100.0	TRL	6,600,000,000	EUR	25,404	100.0
Huhtamaki Holdings Pty Ltd	43,052,750	100.0	AUD	43,053	EUR	2	100.0
Huhtamaki (NZ) Holdings Ltd	13,920,000	100.0	NZD	12,250	EUR	2,637	100.0
Huhtamaki Anglo Holding	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 SNC	519,203	100.0	EUR	7,918	EUR	8,176	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	2,401	100.0
Huhtamaki Egypt Ltd	6,000	75.0	EGP	6,000	EUR	2,611	75.0
Huhtamaki South Africa (Pty) Ltd.	272,192	100.0	ZAR	335	EUR	3,121	100.0
Huhtamaki S.p.A	20,020,000	100.0	EUR	10,410	EUR	34,836	100.0
Huhtamaki Singapore Pte. Ltd	28,000,000	100.0	SGD	28,000	EUR	11,977	100.0
Huhtamaki (Vietnam) Ltd	–	100.0	USD	3,800	USD	3,235	100.0
Laminor S.A.	8,354	50.0	BRL	5,015	BRL	1,798	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 SNC:							
Huhtamaki Participations France SNC.	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.L.	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 SNC:							
Huhtamaki France S.A.	71,994	100.0	EUR	1,097	EUR	42,908	100.0
Procédés Modernes d`Impression	1,004,674	99.1	EUR	15,070	EUR	10,461	100.0
Subsidiary shares owned by Procédés Modernes d`Impression.:							
Huhtamaki Dourdan S. A.	58,500	99.7	EUR	2,051	EUR	1,934	100.0
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 SGPS, Lda:							
Huhtamaki Embalagens Portugal, 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.	50,370	99.3	PLN	25,185	EUR	19,742	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.	114,789,065	96.9	MXP	110,782	EUR	13,321	100.0
Huhtamaki Ceská repub-lika, 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
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
P.T. Huhtamaki ASABA Indonesia	11,250	50.0	IDR	2,678,625	EUR	1,094	50.0
Subsidiary shares owned by Huhtamaki Consorcio Mexicana, S.A. de C.V.:							
Huhtamaki Packaging Mexicana, S.A. de C.V.	19,130,916	100.0	MXP	87	MXP	19,131	100.0

Name	Number of shares	Size of holding, %		Nominal value		Book value	Group holding, %
Subsidiary shares owned by Huhtavefa B.V.:							
The Paper Products Limited	7,386,820	58.9	INR	73,868	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.	100	100.0	USD	–	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
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 Brasil 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 (Deutschland) B.V. & Co. Holding KG:							
Huhtamaki Deutschland GmbH & Co. KG	1	100.0	EUR	10,000	EUR	151,312	100.0
Huhtamaki Beteiligungen Verwaltungs GmbH	1	100.0	EUR	25	EUR		100.0

Parent company annual accounts 2003

Parent company income statement

EUR million	Note	2003	%	2002	%
Net sales	1	106.4	100.0	105.1	100.0
Cost of goods sold		-76.6		-74.7	
Gross profit		**29.8**	**28.0**	**30.4**	**28.9**
Sales and marketing		-9.2		-9.5	
Research and development		-1.7		-1.6	
Administration costs		-19.7		-19.7	
Other operating expenses		-9.9		-7.2	
Other operating income		36.1		38.7	
		-4.4		0.7	
Earnings before interest and taxes	2,3	**25.4**	**23.8**	**31.1**	**29.6**
Net financial income/expense	4	-15.9		45.8	
Profit before exceptional items		**9.5**	**8.9**	**76.9**	**73.2**
Exceptional income	5	3.1		3.7	
Exceptional expense	5	-0.5		-0.6	
Profit before appropriations and taxes		**12.1**	**11.3**	**80.0**	**76.1**
Depreciation difference, (–) increase, (+) decrease		+1.0		+0.4	
Change in voluntary reserves, (–) increase, (+) decrease		–		+0.4	
Taxes	6	-9.2		-11.5	
Net income		**3.8**	**3.6**	**69.3**	**66.0**

Parent company balance sheet

ASSETS EUR million	Note	2003	%	2002	%
Fixed assets					
Intangible assets	7				
Intangible rights		0.3		0.3	
Other capitalized expenditure		11.0		14.0	
		11.3	**0.5**	**14.3**	**0.7**
Tangible assets	8				
Land		0.5		0.5	
Buildings and constructions		25.6		26.2	
Machinery and equipment		32.3		33.8	
Other tangible assets		2.0		1.8	
Construction in progress and advance payments		7.8		3.9	
		68.2	**3.2**	**66.2**	**3.4**
Other fixed assets					
Shares and holdings		1,752.3		1,751.6	
Loans receivable	9	3.5		8.2	
		1,755.8	**83.6**	**1,759.8**	**91.4**
Current assets					
Inventories					
Raw and packaging material		2.7		2.9	
Work-in-process		0.6		0.6	
Finished goods		7.7		7.6	
		11.0	**0.5**	**11.1**	**0.6**
Short-term					
Trade receivables	9	12.9		11.3	
Loans receivable	9	174.1		0.1	
Accrued income	15	16.2		25.3	
		203.1	**9.7**	**36.7**	**1.9**
Marketable securities					
Own shares		46.5		34.1	
Cash and bank		4.6	2.4	3.6	2.0
		2,100.5	**100.0**	**1,925.8**	**100.0**

LIABILITIES AND EQUITY

EUR million	Note	2003	%	2002	%
Shareholders' equity	12,13				
Share capital		344.2		344.2	
Premium fund		85.4		85.4	
Reserve for own shares		46.5		34.1	
Retained earnings available for distribution		874.3		853.9	
Net income for the period		3.8		69.3	
		1,354.2	**64.5**	**1,386.9**	**72.0**
Untaxed reserves		39.8	1.9	40.8	2.1
Liabilities					
Long-term					
Loans from financial institutions	10	214.0		83.9	
Pension loans	10	45.9		51.5	
Other long-term liabilities		0.0		0.0	
		260.0	**12.4**	**135.5**	**7.0**
Short-term					
Trade payables	11	8.2		8.0	
Accrued expenses	16	17.7		19.1	
Other short-term liabilities	11	420.5		335.5	
		446.4	**21.3**	**362.6**	**18.8**
		2,100.5	**100.0**	**1,925.8**	**100.0**
Total retained earnings available for distribution		878.1		923.2	

Parent company cash flow statement

EUR million	2003	2002
EBIT	25.4	31.1
Depreciation	12.3	8.4
Change in inventory	0.1	0.6
Change in non-interest bearing receivables	7.0	6.1
Change in non-interest bearing payables	4.3	3.2
Net financial income/expense	-21.0	7.4
Taxes	-5.2	-12.1
Exceptional income/expense	3.1	-0.2
Cash flows from operating activities	**25.9**	**44.5**
Capital expenditure	-7.4	-16.7
Proceeds from selling fixed assets	0.5	0.2
Acquired subsidiaries	-0.2	-0.4
Divested subsidiaries	0.0	–
Change in long-term deposits	-0.2	-0.4
Change in short-term deposits	-174.0	-0.1
Cash flows from investing activities	**-181.3**	**-17.3**
Change in long-term loans	124.5	135.2
Change in short-term loans	81.4	-136.0
Dividends	1.8	37.7
Dividends paid	-36.5	-31.6
Proceeds from share issues	-14.8	-31.7
Cash flows from financing activities	**156.4**	**-26.4**
Change in liquid assets	0.9	0.8
Liquid assets on January 1	3.6	2.8
Liquid assets on December 31	4.6	3.6

Parent company accounting principles

The financial statements of Huhtamäki Oyj have been prepared according to Finnish Accounting Standards (FAS). 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.

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.

Derivative instruments

Foreign exchange forward contracts are used for hedging the company'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 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. Foreign exchange forwards and foreign currency loans are used to hedge net investments in foreign entities. The foreign exchange gain or loss is booked in the income statement.

The company manages its interest rate risks using interest rate swaps. Interest income or expenses deriving from such instruments are accrued over the contract period.

Intangible assets

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.

Periods of depreciation used:

Buildings and other structures	20–40 (years)
Machinery and equipment	5–15 (years)
Other tangible assets	3–12 (years)

Leases of equipment 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 company in accordance with the valuation policy applied to long-term investments.

Investments in associated companies are carried in the company's balance sheet in accordance with the valuation policy applied to long-term investments noted above. An associated company is one in which Huhtamaki holds, directly or indirectly, between 20% and 50% of the voting power of the company.

Inventories

Inventories are stated at the lower of cost, replacement cost or net realizable value. Cost for purchased inventories represents historic purchase price determined on a first in first out (FIFO) basis.
Cost for produced finished goods and work in process represents 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 income statement includes income taxes of the company based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes. The information related to deferred tax items is included in notes.

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.

Other operating income and expenses

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

Other operating expenses include losses from disposal of assets and other costs not directly related to end products such as research and development.

Exceptional income and expenses

Exceptional income and expenses includes items which fall outside the ordinary activities of the company, such as group contributions or divestments.

Notes to the parent company financial statements

1. NET SALES

EUR million	2003	2002
Net sales by categories:		
Consumer Goods	39.5	36.7
Foodservice	66.9	68.4
Total	**106.4**	**105.1**

2. PERSONNEL COSTS

EUR million	2003	2002
Wages and salaries	25.9	26.1
Pension costs	3.6	3.7
Other personnel costs	2.1	2.3
Total	**31.6**	**32.1**

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 1.1 million. The Managing Director of Huhtamäki Oyj is entitled to retirement at the age of 60.

Personnel (average)	2003	2002
	770	**774**

3.DEPRECIATION AND AMORTIZATION

EUR million	2003	2002
Depreciation by function:		
Production	4.3	4.1
Sales and marketing	0.4	0.5
Administration	0.7	1.0
Other	2.9	2.8
Total depreciation	**8.3**	**8.4**
Depreciation by asset type:		
Land, buildings	0.8	0.7
Machinery and equipment	4.4	4.4
Other intangible assets	3.1	3.3
Total depreciation	**8.3**	**8.4**

4. FINANCIAL INCOME/EXPENSE

EUR million	2003	2002
Interest income	0.1	0.1
Intercompany interest income	0.4	0.5
Dividend income	0.2	3.5
Dividend income from subsidiaries	1.3	33.6
Dividend income from associated companies	0.5	0.6
Other financial income	17.5	31.5
Interest expense	-7.7	-0.6
Intercompany interest expense	-25.9	-21.9
Other financial expense	-2.3	-1.5
Total	**-15.9**	**45.8**

5. EXCEPTIONAL ITEMS

EUR million	2003	2002
Exceptional expense	-0.5	-0.6
Exceptional income	3.1	3.7
Total	**2.6**	**3.1**

The exceptional expense is comprised of structural changes within the group that have been eliminated on the group level. The exceptional income consists of group contributions.

6. TAXES

EUR million	2003	2002
Ordinary taxes	-9.2	-11.5
Total	**-9.2**	**-11.5**

Deferred tax asset or liability is not included in the income statement or balance sheet. Deferred tax liability from timing differences is EUR 11.5 million (2002: EUR 11.8 million).

7. INTANGIBLE ASSETS

EUR million	Intangible rights	Other capitalized Expenditure	2003 total	2002 total
Acquisition cost at January 1	0.4	31.1	31.5	31.2
Additions	–	0.1	0.1	0.3
Acquisition cost at December 31	0.4	31.2	31.6	31.5
Accumulated amortization at January 1	0.1	17.1	17.2	13.9
Amortization during the financial year	–	3.1	3.1	3.3
Accumulated amortization at December 31	0.1	20.2	20.3	17.2
Book value at December 31, 2003	0.3	11.0	**11.3**	**–**
Book value at December 31, 2002	0.3	14.0	**–**	**14.3**

8.TANGIBLE ASSETS

EUR million	Land	Buildings and constructions	Machinery and equipment	Construction in progress and advance payments	Other tangible assets	2003 total	2002 total
Acquisition cost at January 1	0.5	51.1	76.2	3.9	7.3	139.0	133.4
Additions	–	–	–	7.1	0.2	7.3	6.0
Disposals	–	–	–	-0.1	-0.1	-0.2	-0.4
Intra-balance sheet transfer	–	0.2	2.5	-3.0	0.4	0.1	–
Acquisition cost at December 31	0.5	51.3	78.7	7.8	7.9	146.2	139.0
Accumulated depreciation at January 1	–	24.9	42.4	–	5.5	72.8	67.9
Accum. depreciation on decreases and transfers	–	–	–	–	-0.1	-0.1	-0.2
Depreciation during the financial year	–	0.8	4.0	–	0.5	5.3	5.1
Accumulated depreciation at December 31	–	25.7	46.4	–	5.9	78.0	72.8
Book value at December 31, 2003	0.5	25.6	32.3	7.8	2.0	**68.2**	**–**
Book value at December 31, 2002	0.5	26.2	33.8	3.9	1.8	**–**	**66.2**

Revaluations of buildings and constructions in 2003 is EUR 2.4 million (2002: EUR 2.4 million).

9. RECEIVABLES

EUR million	2003	2002
Current		
Trade receivables	6.1	6.7
Intercompany trade receivables	6.7	4.6
Loan receivables	–	0.1
Loan receivables from subsidiaries	174.1	–
Accrued income and other short-term receivables	8.9	12.9
Accrued corporate income and other intercompany receivables	7.3	12.4
Total	**203.1**	**36.7**
Long-term		
Intercompany loan receivables	3.5	8.2
Total receivables	**206.6**	**44.9**

10. LOANS

EUR million	2003	2002
Current		
Bank loans – current portion	63.9	–
Pension loans – current portion	5.7	–
Loans from subsidiaries		
– current portion	349.0	333.5
Total	418.6	333.5
Long-term		
Bank loans	214.0	83.9
Pension loans	45.9	51.6
Total	260.0	135.5

Changes in long-term loans and repayments	2003	2002
Bank loans		
January 1	83.9	–
Additions	194.0	83.9
Decreases	-63.9	–
	214.0	83.9
Repayments in the following year	63.9	–
December 31	214.0	83.9
Pension loans December 31		
From pension foundation	0.2	0.1
Other	51.5	51.5
Total	51.7	51.6
Repayments		
2004	69.6	
2005	5.7	
2006	25.7	
2007	5.7	
2008	179.8	
2009-	43.1	

11. PAYABLES

EUR million	2003	2002
Trade payables	6.5	6.4
Intercompany trade payables	1.7	1.6
Total	**8.2**	**8.0**
Other short-term payables	1.9	2.0
Current loans	418.6	333.5
Total	**420.5**	**335.5**

Huhtamäki Oyj's debt is mainly comprised of debt to Huhtamäki Finance Oy.

12. SHARE CAPITAL OF THE PARENT COMPANY

For details on share capital see note 20 of the notes to the consolidated financial statements.

13. CHANGES IN EQUITY

EUR million	2003	2002
Restricted equity:		
Share capital January 1	344.2	86.0
Bonus issue	0.0	258.1
Increase through subscription	0.0	0.0
Share capital December 31	344.2	344.2
Premium fund January 1	85.4	343.5
Bonus issue	0.0	-258.1
Increase through subscription	0.0	0.0
Premium fund December 31	85.4	85.4
Total restricted equity	**429.6**	**429.6**
Non-restricted equity:		
Retained earnings January 1	923.2	919.6
Dividends	-36.5	-31.6
Treasury shares	-12.4	-34.1
Net income for the period	3.8	69.3
Retained earnings December 31	878.1	923.2
Treasury shares January 1	34.1	–
Share buyback	12.4	34.1
Treasury shares December 31	46.5	34.1
Total non-restricted equity	**924.6**	**957.3**

14. COMMITMENTS AND CONTINGENCIES

EUR million	2003	2002
Operating lease payments:		
2004	0.3	0.4
2005 and thereafter	0.3	0.4
Total	**0.6**	**0.8**
Capital expenditure commitments:		
2004	1.0	1.0
2005 and thereafter	–	–
Total	**1.0**	**1.0**
Mortgages:		
For own debt	14.7	14.6
Guarantee obligations:		
For subsidiaries	490.1	791.9
For joint ventures	3.7	–
For external parties	5.0	1.1

15. ACCRUED INCOME

EUR million	2003	2002
Accrued interest and other financial items	0.0	–
Prepayments	6.6	5.8
Personnel, social security and pensions	0.4	0.1
Rebates	0.4	0.5
Accruals for income and other taxes	0.1	0.2
Miscellaneous accrued income	0.0	5.6
Accrued corporate income and prepaid expense	7.3	12.5
Other	1.3	0.6
Total accrued income and other short-term receivables	**16.2**	**25.3**

16. ACCRUED EXPENSES

EUR million	2003	2002
Accrued interest expense	1.6	0.1
Personnel, social security and pensions	7.7	8.3
Purchases of material	0.4	0.2
Rebates	0.2	0.2
Accrued income taxes	5.7	1.9
Miscellaneous accrued expense	0.9	0.5
Other accrued corporate expense	1.3	5.3
Other	–	2.6
Total	**17.7**	**19.1**

Proposal of the Board of Directors

On December 31, 2003, consolidated non-restricted equity amounted to	EUR 415,344,996.07
On December 31, 2003, Huhtamäki Oyj's non-restricted equity was	EUR 878,129,998.22
of which the net income for the financial period was	EUR 3,834,063.03

The Board of Directors proposes distribution of the retained earnings as follows:	
– to the shareholders at EUR 0.38 a share	36,541,447.14
– to be left in non-restricted equity	841,588,551.08
	878,129,998.22

The Board of Directors proposes that the payment of dividends be made on April 1, 2004. The dividends will be paid to shareholders who on the record date; March 25, 2004 are registered as shareholders in the register of shareholders.

Espoo, February 3, 2004

Veli Sundbäck	Paavo Hohti	George V. Bayly
Mikael Lilius	Anthony J.B. Simon	Jukka Viinanen

Timo Peltola
CEO

Auditors' report

To the shareholders of Huhtamäki Oyj

We have audited the accounting records, the financial statements and the administration of Huhtamäki Oyj for the period 1.1.-31.12.2003. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and parent company financial statements prepared in accordance with prevailing regulations in Finland (FAS). Based on our audit we express an opinion on the consolidated financial statements and on the parent company's financial statements and on administration.

We conducted our 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 the administration has been to examine that the members of the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies' Act.

Consolidated financial statements

In our opinion, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) give a true and fair view of the consolidated results of operations as well as of the financial position. The financial statements are in accordance with prevailing regulations in Finland and can be adopted.

Parent company's financial statements and administration

The financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland.

The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations, as well as the financial position. The 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 concerning the distribution of retained earnings is in compliance with the Finnish Companies' Act.

Espoo, February 3, 2004

Esa Kailiala	Pekka Pajamo
Authorized Public Accountant	Authorized Public Accountant
KPMG	KPMG

HUHTAMAKI

TAKING PACKAGING FURTHER

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