



Lännen Tehtaat Annual Report 2003

Contents

Information for shareholders.....	1
Lännen Tehtaat briefly.....	2
Vision, goals and values.....	3
President's review.....	4
Operating policy.....	6
Personnel.....	7
Environmental and quality management.....	8
Food Division.....	10
Agricultural Division.....	14
Machinery Division.....	22
Financial statements 2003.....	27
Corporate governance.....	55
Supervisory Board.....	57
Auditors.....	57
Board of Directors.....	58
Corporate Management.....	59
Addresses.....	60

Information for shareholders

Annual General Meeting

The Annual General Meeting of Lännen Tehtaat plc will be held on Wednesday, March 24, 2004, at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Säskylä.

Shareholders who are registered as shareholders no later than March 12, 2004 on the list kept by the Finnish Central Securities Depository Ltd may attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting should notify the company by 4.00 p.m. on Monday, March 22, 2004, either in writing to Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säskylä, by fax +358 2 8397 4022, by telephone +358 2 8397 4011/Arja Antikainen or by e-mail arja.antikainen@lannen.fi.

Dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2003 in accordance with the company's dividend distribution policy. The Board will also propose to the meeting that March 29, 2004 be set as the record date and April 5, 2004 as the dividend payment date. The dividend will be paid to shareholders who are registered as shareholders

on the record date on the list kept by the Finnish Central Securities Depository Ltd.

Financial information in 2004

Lännen Tehtaat plc will issue the following information on the 2004 financial period:

Interim report for January–March May 13, 2004
Interim report for January–June August 10, 2004
Interim report for January–September November 2, 2004

The Annual Report and Interim Reports are published in Finnish and English. A printed version of the Annual Report will be mailed to all shareholders with more than 100 shares. Interim Reports are published as stock exchange releases and on the company web pages at www.lannen.fi/investor_info. Financial Reports can be ordered from Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säskylä, telephone +358 2 83971, fax +358 2 8397 4022, or by e-mail from arja.antikainen@lannen.fi. You can also sign up for the publication mailing list via the company web pages.

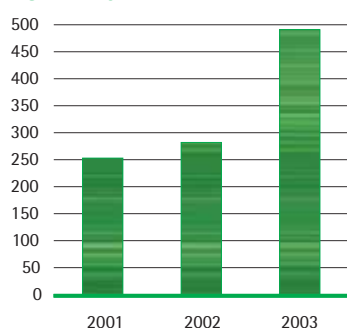
Changes of name or address

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

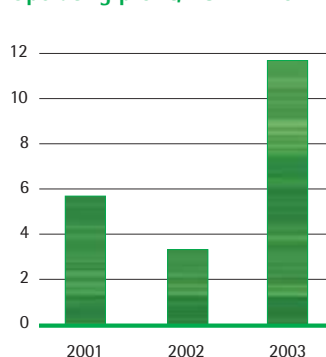
Key indicators		2003	2002	2001
Net turnover	EUR mill.	492.0	283.4	254.1
Operating profit	EUR mill.	11.7	3.3	5.7
Profit before extraordinary items	EUR mill.	8.4	-0.1	4.8
Profit before taxes and minority interests	EUR mill.	8.4	-0.1	4.8
Return on investment (ROI)	%	7.7	2.7	6.4
Equity ratio	%	39.5	36.5	57.3
Earnings per share	EUR	1.11	0.40	0.84
Dividend per share	EUR	0.65 ¹⁾	0.30	0.60
Average number of personnel		1 161	993	1 010

1) Board of Directors' proposal

Consolidated net turnover, EUR million



Operating profit, EUR million



Earnings per share, EUR



Lännen Tehtaat briefly

Lännen Tehtaat plc is a company operating in the food industry and quoted on Helsinki Exchanges. The Lännen Tehtaat Group consists of the Food Division, the Agricultural Division and the Machinium Division.

In the Food Division, Apetit develops, produces and markets frozen foods, jams, marmalades and fish products, all from pure, carefully selected raw materials. Apetit Cultivation is Finland's most important contract farming operator in special crops. Lännen Sugar sells sweeteners to Finnish consumers.

In the Agricultural Division, Suomen Rehu with its subsidiaries develop, produce and market effective, environmentally friendly feeds, compound

feeds and safe feeding programmes. Avena Nordic Grain specializes in the domestic and international trade in grains, oil seeds and raw materials for feeds. Lännen Plant Systems concentrates on seedling technology and complete system packages for nurseries.

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

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

BUSINESS DIVISIONS

Food Division

Apetit
Tresko Fish Ltd
Lännen Sugar

Agricultural Division

Animal feeds
Suomen Rehu Ltd
Hiven Oy
SIA Baltic Feed
Rehu Eesti Oü
Lännen Rehu Oy

Grain trade
Avena Nordic Grain Oy
ZAO Avena St. Petersburg

Other operations
Lännen Plant Systems

Harviala Oy

Machinium Division

Earthmoving machinery
Lännen Engineering Oy
Suomen Rakennuskone Oy
SIA BCM Baltijas Celtniecibas Masina
UAB Baltijos Statybines Masinos
AS Balti Ehitusmasin-Baltem
SMA Construction AB

Materials handling
SMA Maskin AB

SMA Maskinuthyrning AB

PRODUCTS AND SERVICES

Frozen foods, jams and marmalades
Fish products
Sugar

Compound feeds and feeding programmes
Special compound feeds
Special compound feeds
Special compound feeds
Compound feeds and feed industry raw materials

Trade in grains, oil seeds and raw materials for feeds
Trade in grains, oil seeds and raw materials for feeds

Containerized seedling production, planting machines and nursery system packages
Production and marketing of tree seedlings

Manufacture of earthmoving machinery
Sales of earthmoving machinery
Sales of earthmoving machinery
Sales of earthmoving machinery
Sales and maintenance of earthmoving machinery
Sales and maintenance of earthmoving machinery

Sales, rental and maintenance of materials handling machines and diesel engines
Rental of materials handling machines

Vision, goals and values

Vision

The company's customers, personnel, partners and shareholders all view Lännen Tehtaat as one of the leading Finnish food companies.

Apetit is Finland's leading food product brand dedicated to promoting consumer wellbeing. Lännen Tehtaat has an important role in the Finnish sugar business.

In the agricultural sector, Lännen Tehtaat is the most profitable and supportive animal feeds partner for livestock farms and a major player in the grain trade.

Goals

- ▶ profitable growth and consolidation of our status as a leading food company in Finland
- ▶ a 40% equity ratio
- ▶ economic value added
- ▶ preconditions for a stable share-price trend

Values

Customer focus

We recognize our customers' needs, and we satisfy those needs with quality products and services. We work to build success and wellbeing for our customers, which will, in turn, bring success to the company. We also work to reinforce a favourable image for the company and seek to establish successful partnerships.

Expertise

Skilled personnel represent the company's most important resource. We aim to ensure that our expertise is maintained at the level necessary to meet today's needs and those of the future. To this end, we cultivate a working climate that encourages learning and we provide opportunities to learn. We encourage each other to improve as employees and as human beings in general. We interact with each other and use our expertise for the common good of the company.

Renewal

We actively search for new solutions and are ready for change. By helping develop the sector, we contribute to the improvement of our operating environment. We also ensure our operations are constantly kept up to date in order to meet future demands. By innovating, we are able to develop our business and improve our performance, thus ensuring the continuity of our operations.



Dear shareholders

The 2003 financial year was a much improved one for Lännen Tehtaat. The acquisitions made at the end of the previous year boosted the Group's turnover to EUR 492 million, and a satisfactory profit was posted. We also achieved an equity ratio of 40 per cent as targeted. The weak profit trend of the previous two years was brought to an end, and the company's earnings per share rose to EUR 1.11 (2002: EUR 0.40). The improved profit performance was largely attributable to the restructuring of the Group. In 2002 Lännen Tehtaat sold its Polish subsidiary, which had recorded losses in recent years, and this meant an improved result for the Food Division. The new Agricultural Division, now the biggest in terms of turnover, also contributed well to the overall performance.

Changes in the Group's structure took shape during the year, and Lännen Tehtaat approached its vision of being among the leaders in the Finnish food industry. Our business consists of the Food Division, which manufactures consumer products, and the Agricultural Division, which is in the

animal feed business and the grain trade. Under the ownership strategy of Machinium Ltd, which is jointly owned with Sumitomo and 3i Finland, the company will be disengaged from the Lännen Tehtaat Group.

The healthiness of food products will become even more important in consumer purchase decisions in the future. Despite the considerable investment made by the Finnish food industry in developing health-promoting and functional foods, consumers have not purchased these products to the extent that was originally anticipated.

Lännen Tehtaat does not expect functional or health-promoting foods to be the most attractive business area in the future either. The basic ingredients of our products are vegetables, most of which are produced by Lännen Tehtaat's skilled contract farmers. Vegetable-based foods are an important part of a healthy diet. Another area of rapid turnover growth for Apetit has been fish-based products, which are also proven to be beneficial to health. In future, we shall be providing

clearer information about the importance of dietary choices for health and general wellbeing.

In the agricultural sector, our subsidiary Suomen Rehu is Finland's largest animal feed producer and invests heavily in developing the business. Thanks to Avena Nordic Grain, we are also a front-runner in the grain trade. Changing circumstances call for new feeding solutions on livestock farms, and we are actively promoting these. Our aim is to use our expertise to improve the profitability of the whole chain. Securing the competitiveness of the chain requires new and even innovative solutions.

Changes occurred in our operating environment during the year. In the Finnish food business, the effects of international competition were especially visible in the markets for key Apetit product groups. The provision of retailers' private label products grew substantially in the frozen vegetables business. A similar trend was seen in jam sales, too. Tougher competition in frozen foods led to a drop in Apetit's market share and a lower profit in the Food Division.

The enlargement of the European Union at the start of May will bring further changes in the operating environment and will intensify competition. The lower production costs of the new EU member countries will generate a need for efficiency improvements in the Finnish meat and dairy supply chains. The animal feed business, an important component of Lännen Tehtaat's operations, will need to meet the coming challenges as part of the value chain. For our part, we are committed to ensuring that final products remain price competitive. In these endeavours, we will continue to work closely with farmers, consumer product manufacturers and the retail trade. The entire value chain must be ready to take an open and unbiased approach to new solutions and operating models.

The enlargement of the European Union will bring new opportunities for Lännen Tehtaat's animal feed and grain trade businesses. We already have considerable experience of the Latvian feed business through our Baltic Feed subsidiary. As members of the European Union, the Baltic States will also fall more clearly within the sphere of our domestic grain trade market.

During the year, our associated company Sucros Ltd built a modern sugar packaging unit at Porkkala, replacing the unit destroyed by fire the previous summer. The new unit incorporates the latest technology. The investment ensures that the

Finnish sugar sector will be able to operate effectively well into the future. Under the umbrella of our partner Danisco, the sugar industry can continue to develop and retain its competitiveness.

The EU's new sugar regime is likely to come into force in July 2006. The aim of the reforms is to obtain a better balance between the production and consumption of sugar in the EU market. The precise nature of the reforms will probably not be clear until their implementation is imminent, which will cause difficulties for farmers and the industry in making the necessary adjustments. It is essential that the solutions adopted will continue to secure the future of the sugar sector in Finland after 2006.

Significant agricultural policy decisions were made during this year. These included the reform of the Common Agricultural Policy subsidies and the amendment concerning national Article 141 subsidies in southern Finland. The latter, concerning support for those with serious difficulties, also has an effect on Lännen Tehtaat's contract farmers, in that the subsidy cuts affect special crops most of all. However, the prospects for profitable production of special crops in the next few years will not be fully known until the details of the CAP's new farm payments system are clear.

The Finnish food industry produces delicious, safe food products for consumers. It is also an important employer and contributor to the nation's wellbeing. A modern agricultural sector is essential for the Finnish food industry. Belief in the need to secure a viable Finnish agricultural sector is strong, as there is wide recognition of the challenges facing farmers.

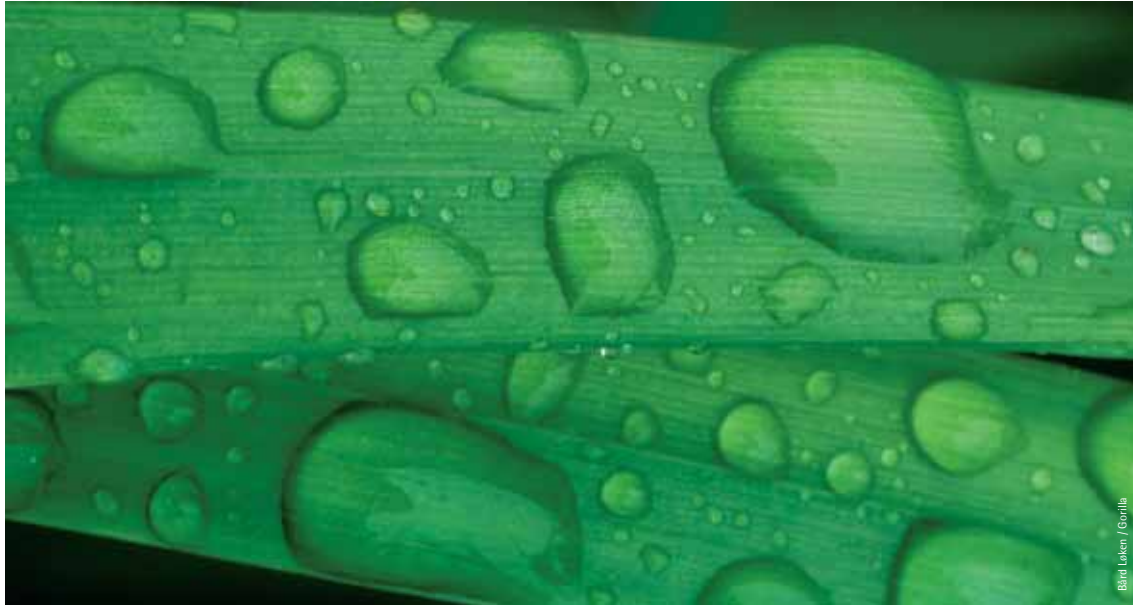
The 2003 financial year contained many welcome developments for Lännen Tehtaat. Our staff have once again excelled themselves, and thanks must also be extended to all our partners, customers and long-term contract farmers. The improved profit performance allows Lännen Tehtaat to pay its shareholders a higher dividend than was possible last year.

Säkylä, February 2004



Erkki Lepistö
President and CEO

Operating policy



Lännen Tehtaat makes every effort to act responsibly and to take full account of the needs and expectations of customers, personnel and society and the demands of the environment. We carefully observe all the legislation and regulations relevant to our operations.

We are constantly developing our operations to meet the needs of the changing business environment. We maintain a management system based on the ISO 9001 and 14001 standards and on the occupational health and safety system OHSAS 18001 specification. The Lännen Tehtaat management has established a set of quality, environmental and safety goals and targets for the Group, in keeping with the principle of continuous improvement. Through managerial reviews, the management ensures that the operating policy is up to date and targets are being achieved, and decides on any changes to be made.

Our employees are aware of the quality, environmental and safety issues related to their own work.

Lännen Tehtaat's operating policy goals are:

1. Continuous improvement in customer satisfaction and product safety
2. Continuous improvement in profitability and more efficient use of capital
3. Continuous improvement and updating of personnel skills
4. A safe working environment
5. Reduction of environmental load

Personnel

The goal of human resources policy at Lännen Tehtaat is to maintain good work motivation, encourage self-improvement and promote employee wellbeing. The personnel are committed to the Group's goals and work according to jointly agreed values.

Lännen Tehtaat's operating policy was revised to conform with the new Group structure. At the same time, new Group targets were set for the period 2004-2005.

Lännen Tehtaat's programme to promote employee wellbeing is geared to improving the working capacity of individual employees and the entire working community and to helping employees cope with their work. The long-term targets are:

- ▶ a contented, competent personnel
- ▶ an open, interactive mode of work
- ▶ management based on encouragement and reward
- ▶ a healthy and safe working environment.

A workplace climate survey covering all personnel in the Group's Finnish companies was conducted during the year. Similar surveys were carried out in Lännen Tehtaat in 1989, 1994 and 1999. The results were analysed in considerable detail to allow their effective use by the different companies and units when defining areas for development over the next few years.

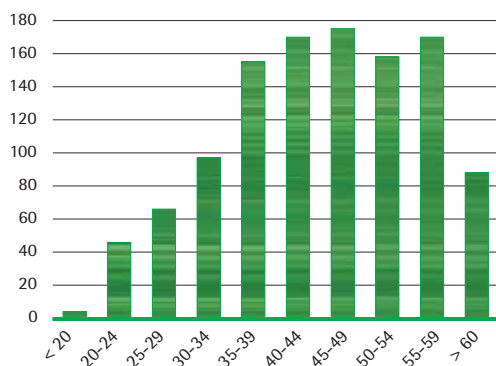
Lännen Tehtaat has broadened its new initiatives scheme to cover the entire Group. The Group held its first initiatives competition during the year on the theme of occupational safety under the title 'zero accidents'. Sixty initiatives were submitted, and awards were given for the best five entries.

The Food Division launched a training programme on product safety. All personnel in the Appetit unit received training in hygiene proficiency, and a hygiene proficiency examination was also taken. Supervisory personnel attended training on the subjects of food legislation, in-house control and maintaining clean conditions. The training programme will continue in 2004. In the Agricultural Division, training focused on the ability to cope at work and on related management training. The Group also launched a management training programme for supervisory and specialist personnel, the aim of which is to obtain a vocational qualification in management.

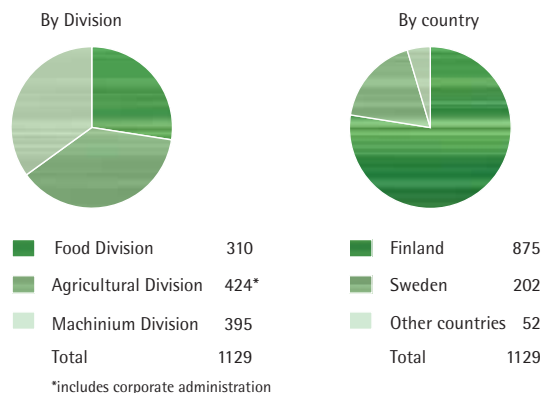
Outlook and targets for 2004

A principal target is to ensure that the personnel's ability to cope at work is improved in line with the requirements indicated in the workplace climate survey. Improving the flow of information concerning work skills and expertise through enhanced interaction is also considered important. The occupational safety campaign begun in 2003 will be continued within the entire Group under the 'zero accidents' theme.

Age distribution of the Lännen Tehtaat Group personnel, December 31, 2003



Number of personnel in the Lännen Tehtaat Group, December 31, 2003



Environmental and quality management

Lännen Tehtaat observes the principles of continuous improvement and sustainable development throughout its operations. The company operates in a responsible manner and takes account of social and environmental considerations.

Lännen Tehtaat's management has defined a set of environmental goals for the company as well as targets for achieving them. The company is also committed to taking into account the principles of the ICC Business Charter for Sustainable Development throughout its operations.

Lännen Tehtaat revised its operating policies during the year to conform with the new Group structure, and new goals were set for the Group.

Food Division

Apetit is committed to observing sustainable development principles in all its activities, from raw material cultivation to the final use of products. Contract farming is based on integrated production (IP) requirements. In integrated production, appropriate and timely farming methods are used to improve product quality and reduce the adverse environmental effects of cultivation. Whenever a new product is introduced, its environmental impacts are analysed separately, including the packaging material and its recyclability, disposal and the amount of waste generated. Targets set for 2000-2005 include a reduction in the amount of waste, energy consumption and wastewater. In energy consumption, the reduction target set for 2005 has already been reached, and measures to reduce waste and wastewater are continuing.

Agricultural Division

With Lännen Tehtaat's animal feeds and feeding programmes, livestock production is both efficient and in harmony with environmental and ethical values. Emphasis is given to safe welfare: development focuses on feeds that promote the health and wellbeing of the animals concerned and on targeted feeding technologies that reduce adverse environmental effects. The environmental load of grain raw materials has been successfully reduced by following the ISO-VILJA programme, which requires carefully targeting the use of nitrogen and phosphorus fertilizers. Reduction in the environmental impacts of production and transport are achieved by lowering energy consumption. Nitrogen and phosphorus quantities in livestock feeding are optimized according to need by using easily digestible sources of nitrogen and phosphorus.

Odour measurements were taken at Suomen Rehu's Vaasa factory in December 2003. The odour emissions had fallen to a quarter of the levels measured in 2002, thanks to process adjustments

and maintenance work. Noise measurements were taken at the factories in Seinäjoki, Turku and Vaasa, and all the results proved to be within the permitted limits.

Self-assessment of Suomen Rehu's entire operations was conducted in October 2003 in accordance with the Finnish Quality Award criteria. This was the fourth such assessment, and the trend has been positive throughout.

Avena Nordic Grain operates in a manner consistent with its corporate responsibilities and focuses on developing the quality of its operations in line with the principle of continuous development. In 2004, Avena Nordic Grain's operating system will be certified in accordance with the ISO 9001:2000 standard. The system will also conform with the COCERAL European Code of Good Trading Practice.

Machinium Division

The main environmental goal of the Machinium Division is to prevent environmental damage from its products by ensuring appropriate planning and design. In production, special attention is given to saving energy and reducing and recycling waste. The new engines for Lännen Engineering's C series of articulated backhoe loaders introduced at the start of 2003 comply with stage two of the EU emissions directive. They also meet the requirements of the noise emissions directive (2000/14/EC). The replacement intervals for the filters and oils have been considerably extended thanks to the use of new technology. The machines can also be equipped for use with biodegradable oils at the factory. The versatility of the machinery allows the same unit to be used for a wider variety of earthmoving jobs than before, which in turn reduces the need to transport heavy machinery and thus decreases the related environmental impact.

Lännen Tehtaat industrial estate

The environmental permit for the Lännen Tehtaat industrial estate at Säkylä lays down conditions concerning the treated wastewater released into the Eurajoki river; these refer to the annual biochemical oxygen demand load and phosphorus load and include target values for the biochemical oxygen demand and phosphorus and ammonium nitrogen concentrations. All the conditions and targets laid down in the permit have been met.

Noise measurements were taken at the industrial estate and in its vicinity. The daytime and nighttime guideline values were not exceeded, even in the nearest residential areas. A study was made of the nitrogen oxide and sulphur oxide emissions from the Voima-Vasu Oy power plant and from



- Pyhäjärvi, the largest lake in southwest Finland, dominates the landscape near Lännen Tehtaat's factory in Säskylä. The annual catch from the lake is worth almost one million euros. Extensive stocking has also made it a good lake for crayfish.

Lännen Rehu Oy, both in the Säskylä industrial estate, focusing on the extent to which these emissions spread into surrounding areas. The study showed that both nitrogen oxide and sulphur oxide emissions were below the guideline values and do not present any danger to human health or to other organisms. Voima-Vasu Oy operates in accordance with an air pollution control permit, and Lännen Rehu is required to submit regular reports on its emissions. The permit conditions and guideline values on atmospheric emissions were met.

A new environmental permit application for the Lännen Tehtaat industrial estate at Säskylä was submitted to the Southwest Finland Regional Environment Centre. The application covers Lännen Tehtaat plc's food product manufacture, waste management and wastewater treatment plant. Lännen Rehu Oy, Voima-Vasu Oy and Sucros Ltd, all within the Säskylä industrial estate complex, also submitted separate applications for their own operations. The 12-month odour study required for the environmental permit was begun in the industrial estate and its environs.

Quality and environmental certification

Lloyds Register (LRQA) and SFS-Inspecta Sertifiointi Oy have granted ISO 9001:2000 quality certifi-

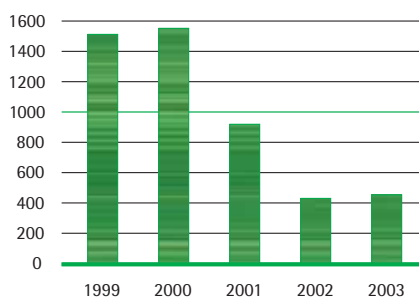
cates and ISO 14001 environmental certificates for the Lännen Tehtaat Group's operating systems. The certificates verify that the operating systems of the Group companies meet the requirements laid down in the standards.

Outlook and targets for 2004

The survey of fire and breakdown risks and the analysis of environment risks at the Lännen Tehtaat industrial estate begun in 2003 will be continued during the year. The aim is to complete the survey and compile an action programme based on the results before the end of 2004. The odour study in the industrial estate that was begun in 2003, which is required for the environmental permit, will be completed in autumn 2004. Environmental permits required for the operations at the Apetit factory in Turku and the Tresko Fish factory in Kustavi will be applied for during the year. In spring 2004, Group training will begin on the changes associated with the ISO 14001 environmental standard. The Group will also launch online systems for reporting nonconformities, auditing and customer feedback, and will introduce self-assessment in accordance with the Finnish Quality Award criteria.

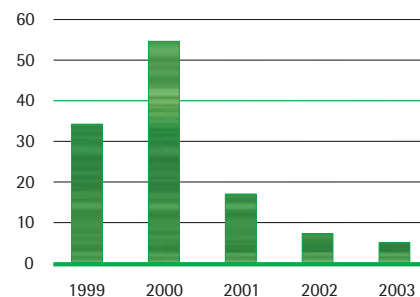
Wastewater load: Phosphorus kg

Permit condition 1000



Wastewater load: Biochemical oxygen demand = BOD-7 (ATU), tonnes

Permit condition 40



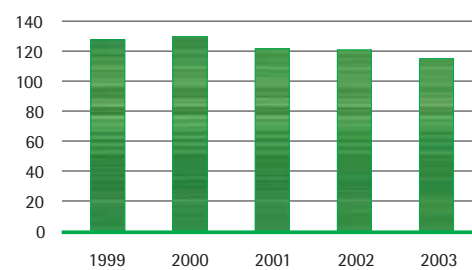
► Apetit's frozen foods bring a taste as fresh as summer to any special occasion.



Food Division



Food Division net turnover, EUR million



The Food Division develops, produces and markets frozen foods, jams, marmalades and fish products, all made from pure, carefully selected raw materials. The product range also includes Sucros Ltd's retail sweeteners. Lännen Tehtaat is Finland's market leader in frozen foods and in jams and marmalades produced for retail sale. The company is also Finland's top contract farming operator in special crops.

The Food Division comprises the Apetit unit, Tresko Fish Ltd, Lännen Sugar and the associated company Sucros Ltd.

Apetit develops, manufactures and markets frozen foods, jams and marmalades. Tresko Fish Ltd specializes in fish products. Lännen Sugar sells sweeteners made by the associated company Sucros Ltd for the Finnish retail market.

In 2003, Food Division net turnover totalled EUR 114.9 (120.8) million. Net turnover for Apetit's Finnish units was at the previous year's level, while Lännen Sugar's net turnover fell on account of poor berry and apple crops. The Division's net turnover was down on the 2002 figure, in part due to the departure of Lannen Polska Sp. z o.o. from the Group at the start of November 2002.

The Food Division's operating profit came to EUR 6.5 (3.3) million. The Division's profitability was, as a whole, much better than in 2002, but still fell short of the target. The profitability of Apetit's Finnish business operations was below the previous year's level, due to the proportionate increase in sales of products with special pricing campaigns and lower margins, and the rise in costs of imported raw materials and energy. Profitability was nevertheless boosted by the associated company Sucros Ltd's return to its pre-2002 profit performance, after rebuilding its packaging unit that was destroyed by fire in 2002. The Division's operating profit in 2002 was weakened by the loss-making Polish subsidiary and the one-off costs of EUR 4.1 million for exiting from Poland.

Investment by the Food Division totalled EUR 1.7 (5.8) million in 2003. This investment was primarily in developing and maintaining production technology.

Food Division, EUR million	2003	2002	Net turnover by business unit, EUR million	2003	2002
Net turnover	114.9	120.8	Apetit	56.0	57.1
Percentage of consolidated net turnover	23 %	43 %	Tresko Fish Ltd	5.7	4.3
Operating profit	6.5	3.3	Lännen Polska Sp. z o.o.		2.4
Investments	1.7	5.8	Lännen Sugar	53.6	57.6
Average personnel	331	438	Internal sales	-0.4	-0.6
				114.9	120.8



Apetit

Mission: Apetit supplies food products that are not only a joy to eat but also enhance the general wellbeing of consumers.

Vision: Apetit is a growing and profitable innovator with special expertise in creating new and enjoyable eating experiences that promote wellbeing and are appreciated by consumers and customers.

Retail sales of frozen foods in Finland continued to grow at a moderate level in 2003, increasing two per cent by value. The increase in the range and sales of retailers' private labels is taking away some of the demand for branded products and is reducing producer margins.

Frozen foods accounted for EUR 41.6 (41.9) million of Apetit's net turnover. The incorporation of Lännen Cultivation into the Apetit Group increased Apetit's net turnover and slightly reduced the dominance of frozen foods in the net turnover figure. Sales of frozen pizzas and potato and fish products increased during the year, while sales of frozen vegetables, ready meals and jams fell short of the previous year's level.

Lännen Tehtaat is Finland's market leader in frozen vegetables, special potato products and retail jams and marmalades. Consumer surveys show that Apetit is Finland's best known frozen food brand. Frozen meals, fish and pizzas are sold under the Apetit brand, and frozen vegetables, berries and special potato products under the Kesäpöytä brand. Lännen Tehtaat is the leading Finnish producer of jams (Dronningholm brand) and marmalades (Apetit brand).

Frozen products are made in Säkylä, Turku and Pudasjärvi, jams in Säkylä and fish products in Kustavi. Apetit's customers are in the retail trade, industry and the hotel, restaurant and catering sector.

At the start of 2003, Apetit launched a modified range of pizzas specially tailored to Finnish tastes. The appeal of these Apetit pizzas lies in their combination of Italian and Finnish tastes. The packaging for this range was also redesigned. Besides the one and two-pizza packs, the range also includes

a five-pizza pack. Apetit's Pudasjärvi pizza factory is Finland's largest producer of frozen pizzas.

In early September, Apetit launched the Quick & Tasty product range, a new kind of retail fast food. These products are aimed at active consumers who lead busy lives and are looking for tasty and healthy food that can be prepared quickly. The new products contain plenty of vegetables and are low in fat and calories. The flavours are drawn from a range of popular ethnic cuisines. The Quick & Tasty range has had a very good reception, and sales have exceeded expectations.

Apetit is committed to observing the principles of sustainable development throughout its operations. Natural resources are not wasted, and adverse effects on the environment are minimized. Whenever a new product is introduced, its environmental impacts are analysed separately.

Major changes are occurring in Apetit's operating environment. Retailers' own private labels are gaining market share from branded product manufacturers. Changes are also occurring in the consumer market, where the proportion of older people in the total population is rising and the number of one-person and small households is increasing. Consumer needs and wishes are becoming more diverse, and people are also becoming more health-conscious. More attention is being given to the preventive health effects of food choices, alongside the growing interest in tasty and exciting eating experiences. Particular attention is also focused on ease and speed of preparation.

Apetit is actively investing in expanding product areas and in the added value of its processed products. Growth is sought through more effective operations as well as through partnerships and corporate restructuring.

At the start of 2004, Lännen Tehtaat Apetit and Raisio Nutrition took the decision to set up a joint venture to manage sales and marketing in the hotel, restaurant and catering sector. The mission of this joint venture is to make use of its strong sales and marketing organization to provide customers in the hotel, restaurant and catering sector with a comprehensive range of healthy, wholesome and



delicious food products. The company will begin operating by summer 2004, and its annual net turnover is estimated at approximately EUR 30 million.

Apetit's net turnover and profit are expected to be at around the same level as in 2003.

Cultivation

Apetit Cultivation is Finland's most important contract farming operator in special crops. It is responsible for the contract farming of domestic raw materials for Apetit and for most of the contract farming of sugar beet supplied to Sucros Ltd's factory in Säkylä.

All of Apetit's domestic raw materials are produced in compliance with integrated production (IP), organic and baby food quality requirements. Its imported raw materials are supplied by contract farms. In the 2003 crop year, 24.1 (25.1) million kilos of domestic raw materials were delivered for processing. The yield of some of the contract crops was below normal, on account of unfavourable growing conditions, but in general the quality was excellent. The crops suffering most from the unfavourable conditions were peas, due to the lack of rain, and potatoes, due to early frosts.

The sugar beet yield was also below normal, but the quality and the good sugar content partially compensated for the lower yield. The sugar production quota of 146.1 million kilos was met using the carry over from the previous year. The beet yield of 31.0 (33.5) tonnes per hectare was below average. A total of about 130 (161) million kilos of sugar was produced.

The crop year for Apetit's Säkylä frozen food factory began with the spring spinach harvest in early July and ended with carrot processing in mid-December. The operating period of the Sucros factory in Säkylä began at the start of October and ended in the first days of December.

The principal development goal in farming continues to be an improvement in crop quality. This is being sought through the selection of new varieties, changes in the post-harvesting handling procedures and more precise planning of farming activities. Measures to protect the environment

include precision fertilization and reduction of phosphorus loading on cultivated land.

The outlook for farming in western Finland remains reasonably good, despite changes in the subsidy policy for special crops and sugar beet and the possible increase in vegetable imports. The present EU sugar regime will remain in force until the end of June 2006. Pressures for change concern both prices and production quotas.

Lännen Sugar

Lännen Tehtaat is a minority shareholder in the Finnish sugar company Sucros Ltd, with a 20 per cent holding. Sucros Ltd is a member of the Danisco Group. Lännen Sugar sells Sucros Ltd's sweeteners to the Finnish retailer sector.

Household sugar consumption fell in 2003, mainly because of the autumn's poor berry and fruit crops. The drop in sugar sales was also due in part to the fact that many consumers had stocked up on sugar after the July 2002 fire at the Sucros packaging unit in Kirkkonummi. Households consumed over 10 kilos of sugar per head, which exceeds the EU average. About 30 per cent of Finnish households' sugar consumption is used for preservative purposes, 20 per cent for baking, 20 per cent for tea and coffee, and the remaining 30 per cent for other uses.

Following the packaging unit fire, retail sugar deliveries were not stabilized again until summer 2003, when the rebuilt packaging unit was returned to full operation. The Sirkku and Pulmu cube sugar brands were the last to return to the stores, complete with redesigned packaging.

Introduction of the common Nordic Dansukker brand was begun in 2001 and has proceeded well. The uniform consumer packages have been well received in Finland. This has proved a good solution for consumers as well as from a production and logistics viewpoint. 2004 will see the return of Finnish coarse sugar and a new product, strawberry-flavoured icing sugar.

The overall sugar market in Finland in 2004 is expected to remain at the level of the previous year.

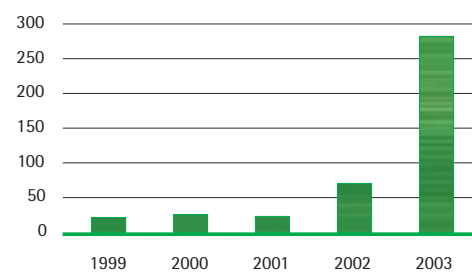
► Juha, Väinö and Laura Hakala follow the ripening of their barley in Kiukainen, southwest Finland.



Agricultural Division



Agricultural Division net turnover, EUR million



The operating sectors of the Agricultural Division are the animal feed industry, the grain trade and plant technology. Suomen Rehu develops, produces and markets effective, safe and environmentally friendly animal feeds and feeding programmes. Lännen Rehu specializes in cattle-feed production, industrial subcontracting and the processing and sale of sugar beet pulp and molasses. Avena Nordic Grain specializes in the domestic and international grain trade and in the trade in raw materials for feeds. Lännen Plant Systems concentrates on seedling technology and complete system packages for nurseries.

The Agricultural Division includes the Suomen Rehu Group, which comprises parent company Suomen Rehu Ltd, special feeds companies Hiven Oy in Finland and SIA Baltic Feed in Latvia, and sales company Rehu Eesti Oü in Estonia. Associated companies that have important links with Suomen Rehu's operations are the logistics steering company Movere Oy and agricultural portal operator Farmit Website Ltd. The Agricultural Division also includes Lännen Rehu Oy, which was incorporated into the Suomen Rehu Group at the start of 2004, Avena Nordic Grain Oy, with its subsidiary ZAO Avena St. Petersburg, Lännen Plant Systems and Harviala Oy. Lännen Tehtaat's holding in Suomen Rehu rose from 82 to 88 per cent following the incorporation of Lännen Rehu Oy into the Suomen Rehu Group.

Net turnover for the Agricultural Division totalled EUR 282.6 (70.8) million in 2003. The figure is not directly comparable with the previous year's total because Suomen Rehu and Avena Nordic Grain were incorporated into the Division in November 2002. The volume of sales in the animal feeds business was at the previous year's level, but net turnover did not reach the targeted level and was below the entire 2002 figure, due to lower sales prices. Net turnover in the grain trade was at the same level as for the whole of 2002. Other opera-

tions in the Agricultural Division accounted for only a small proportion of the Division's net turnover.

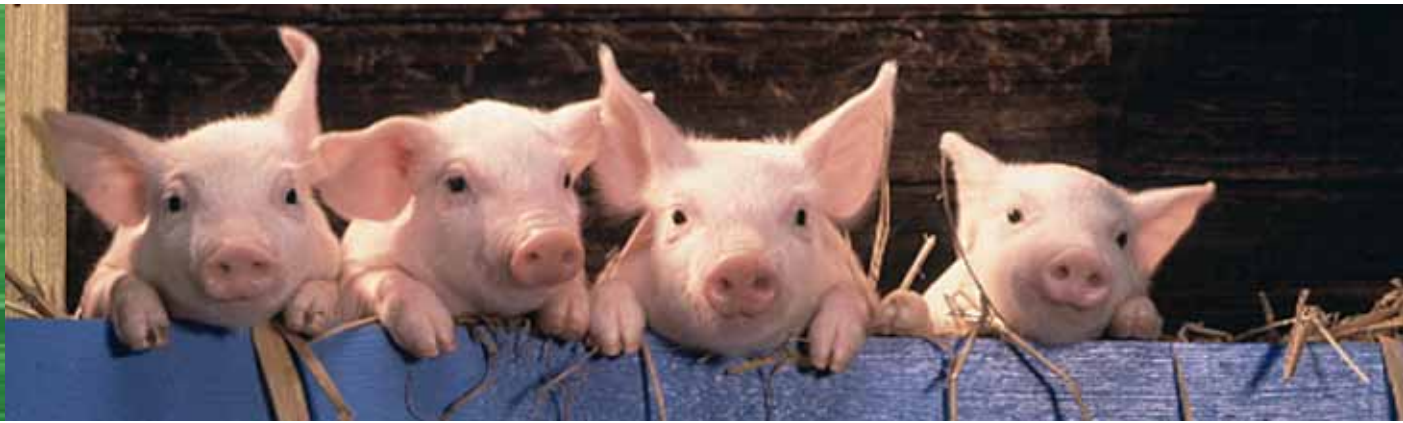
The Agricultural Division made EUR 8.3 (5.2) million in operating profit. The Division's profitability level was as planned. After a weak start to the year, profitability in the animal feeds business improved, thanks to the consolidation of operations and to the reduction in fixed costs. However, the rise in raw material prices in the last few months of the year reduced feed sales and affected profitability. Profitability in the grain trade business was at the previous year's level. The Division's operating profit is not directly comparable with the 2002 figure.

Agricultural Division investment totalled EUR 7.1 (40.8) million. This included an investment of EUR 4.0 million in corporate administration, of which EUR 3.4 million was for repurchasing the Säkylä head office and staff restaurant buildings sold to a finance company in 1988. Other investment in the Division was mainly in improving production efficiency and production line arrangements within the animal feeds business. Suomen Rehu's biggest investments were in the Turku, Seinäjoki and Vaasa factories. The focus on cattle feeds led to investment in storage and production operations at Lännen Rehu. The Division's total investment in 2003 is not directly comparable with the previous year's figure, because that included acquisition of the Avena Group.

Agricultural Division, EUR million			Net turnover by business unit, EUR million		
	2003	2002		2003	2002
Net turnover	282.6	70.8	Suomen Rehu Ltd ²⁾	172.5	30.1
Percentage of consolidated net turnover	58 %	25 %	Hiven Oy ²⁾	6.8	1.0
Operating profit	8.3	5.2	SIA Baltic Feed ²⁾	3.7	0.7
Investments	7.1	40.8	Rehu Eesti Oü ²⁾	0.0	0.0
Average personnel ¹⁾	442	175	Lännen Rehu Oy	17.5	17.8
			Avena Oy ²⁾	0.0	0.1
			Avena Nordic Grain Oy ²⁾	91.8	14.6
			ZAO Avena St. Petersburg ²⁾	0.0	0.0
			Lännen Plant Systems	4.3	6.1
			Harviala Oy	2.8	2.5
			Other sales	1.2	1.4
			Internal sales	-18.0	-3.5
				282.6	70.8

1) Includes corporate administration

2) In 2002 net turnover for November and December



Suomen Rehu

Mission: We supply a successful range of animal feed products and feeding programmes that support the safe welfare of all animals, customers and personnel, and a safe and healthy environment.
Vision: Suomen Rehu is the most profitable and supportive animal feeds partner for livestock farms.

Suomen Rehu Ltd is Finland's leading producer of industrial feeds and operates on both the domestic and international markets. The company develops, produces and markets effective, safe and environmentally friendly animal feeds and feeding programmes.

Suomen Rehu offers a comprehensive range of cattle, pig and poultry feeds, feeds for fur animals, horses, dogs and reindeer, and special feeds and feed supplements. The company accounts for some 50 per cent of Finland's compound feed production. In Scandinavia and Central Europe, the company concentrates on modern, patented health-promoting feeds and solutions. In Russia, the company and its distributors offer new feeding options for large farms and feed producers.

The Suomen Rehu Group comprises the parent company Suomen Rehu Ltd, special feed companies Hiven Oy in Finland and SIA Baltic Feed in Latvia, and the sales company Rehu Eesti Oü in Estonia. Feeds are produced in Turku, Seinäjoki, Kotka, Vaasa and Paimio in Finland, and in Tukums, Latvia. The Group also has operations elsewhere in Scandinavia and the Baltic States, and in Russia. Lännen Rehu Oy, based in Säkylä, was incorporated into the Suomen Rehu Group at the start of 2004. Associated companies that have important links with Suomen Rehu's operations are the logistics services company Movere Oy and agricultural portal operator Farmit Website Oy.

The locations of the production units and the extensive sales network make it possible to supply Suomen Rehu products all over Finland. The products are sold by agricultural supplies outlets supported by Suomen Rehu's marketing organization and consulting sales representatives.

Net turnover for the Suomen Rehu Group in 2003 was EUR 181.7 (188.1) million, down 3.4 per cent compared with the whole of 2002. This decrease was due to the lower sales prices for feeds. The total sales volume was about the same as in 2002. The profitability of operations was at the budgeted level and remained unchanged from the previous year.

Investment by Suomen Rehu totalled EUR 2.1 (8.5) million in 2003. Most of this investment was in improving production efficiency and production line arrangements within Lännen Tehtaat's animal feeds business. At the Turku factory investment focused on raising production efficiency and improving product quality, while at the Seinäjoki and Vaasa factories investment was in integrated production arrangements and in developing their operations. Most of the Seinäjoki factory's investment was devoted to starting up production of feeds for broilers and turkeys. Investment at the Vaasa factory was in production line equipment for pig feeds that also allows production of feeds containing fish meal. All pig feed production was transferred from Seinäjoki to the Vaasa factory.

The overall compound feed market in Finland in 2003 was up by over one per cent. Production of pig feeds grew by 7 per cent and broiler and turkey feeds by 3 per cent, whereas production of cattle feed fell slightly. Lännen Tehtaat's animal feeds business was the market leader in all its major product groups. It had a market share of about half in pig and poultry feeds, and over 40 per cent in cattle feeds.

Growth in the consumption of broiler and turkey feeds is expected to continue at a higher rate than growth in other feeds. Consumption of pig feeds is expected to remain unchanged, and cattle feeds to decline somewhat. The number of farms in Finland is forecast to decline further, whereas the average size of production units is likely to increase. This will mean more automatic feeding systems, and greater emphasis will be placed on management of the overall feeding process. Other challenges will emerge as a result of declining agricultural subsidies and the enlargement of the European Union.

Safe welfare is the guiding principle throughout Suomen Rehu's operations

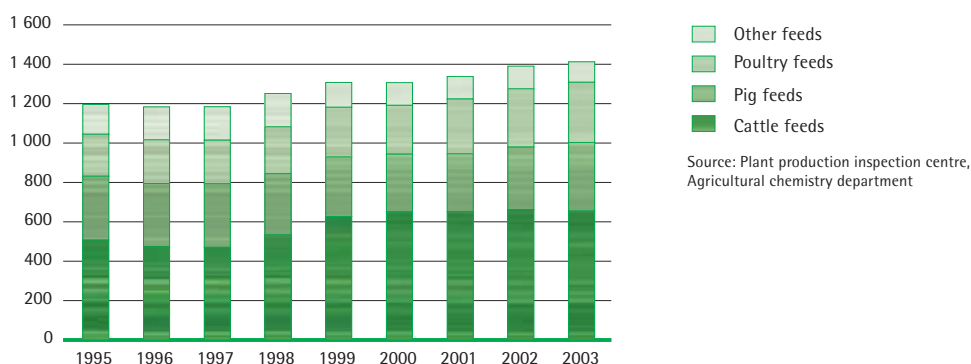
Safe welfare is emphasized throughout product development, especially in feeding that advances the health and welfare of animals and targeted feeding technologies that improve the profitability of livestock production. The development focus is not on individual products but on the creation of feeding solutions that are best suited to the particular circumstances of farms and their animals.

Pigaride® technology has been developed for the international market as a replacement for feed antibiotics and also to advance food safety and environmentally friendly food production methods. The product Progut is already being used as a feed raw material in parts of Scandinavia and Central Europe. The Progut® technology allows producers to prepare for the forthcoming EU regulations banning the use of animal feed antibiotics by member states, which will come into force in 2006. The Pigaride® technology has already been patented in a number of countries, including Finland and the USA.

Suomen Rehu's feeding programmes were expanded quite considerably during 2003. Cattle, pig, broiler and turkey feeds based on the Krono® and Syncro® feeding technologies were joined by two new product groups: Primo® for cattle and Pekoni® for pigs.

The total animal feed market in Finland in 2004 is expected to be unchanged from the previous year. The rise in raw material prices that began in late autumn 2003 will weaken profitability especially in the early part of the year, because it will not be possible to pass on all of the increase in production costs to sales prices. The net turnover for the animal feeds business in 2004 is expected to remain at the 2003 level. Profit performance is expected to weaken slightly due to tougher competition, despite the internal efficiency improvements already implemented.

Compound feed production in Finland 1995–2003, thousands of tonnes





Lännen Rehu

Lännen Rehu Oy specializes in developing, producing and marketing cattle feeds. As a subcontractor, the company also produces compound feeds for the retail trade and the feed industry. Lännen Rehu is Finland's leading producer and seller of sugar beet pulp and molasses.

At the start of 2003, the business operations of the Lännen Feed unit were transferred to Lännen Rehu Oy, a wholly owned subsidiary of Lännen Tehtaat plc. The company became part of the Suomen Rehu Group at the beginning of 2004.

Net turnover for Lännen Rehu in 2003 came to EUR 17.5 (17.8) million. The decrease on the previous year's figure was expected, due to the terms laid down by the Office of Free Competition regarding the acquisition of Suomen Rehu and Avena Nordic Grain. One sixth of Finland's sugar beet pulp and molasses trade was transferred away from Lännen Rehu. Lännen Rehu's cattle feed sales fell short of the planned level on account of the reduction in the overall market, although the market share remained unchanged. Total sales of industrial feeds were as planned.

Many improvements in operating efficiency and various development measures concerning the Agricultural Division's internal integration and distribution of responsibilities were carried out within Lännen Rehu during the year. The company chose to specialize in cattle feeds and to withdraw from the production and marketing of processed pig feeds. Molasses and beetpulp aimed at farm sales, and the Farmarin product range and component products were all concentrated in the animal feeds business under Lännen Rehu.

Positive feedback regarding the quality of Lännen Rehu's feed products in relation to their price was received in a customer satisfaction survey conducted among feed customers in 2003. These views were based on the reliability and quality of the products and on cost considerations.

Total investment at Lännen Rehu Oy in 2003 was EUR 0.8 million. The most important investment was the expansion of the cattle feed bulk loading

bay, which was completed and ready for use at the start of September. This project included the building of ten bulk feed silos and enlargement of the loading logistics system.

The total sugar beet crop and the amounts of beet pulp and molasses were significantly lower in 2003 than in the previous year. This will have the effect of reducing the volume of Lännen Rehu's beet and molasses products, and thus their net turnover, during the period up to the next pulping season in autumn 2004. The net turnover for Lännen Rehu in 2004 is expected to be higher than the 2003 figure, due to the new production arrangements within the animal feeds business.

Hiven

Hiven Oy develops, produces and markets high-quality special products for the livestock and fur-farms industries. Hiven Oy has a nationwide network of local representatives, through which the company's products can be delivered directly to farm customers. In addition, the network includes a number of dairies and abattoirs via which products can be delivered. These local representatives also supply information to the company about the changing needs of customers.

Its most important product groups are vitamin and micronutrient preparations, special feeds and hygiene products.

Baltic Feed

SIA Baltic Feed is a special feeds company operating in Latvia. It produces and sells safe, cost-effective and health-promoting animal feeds for the local market. The product selection includes minerals, semi-manufactured products, concentrates and special products.

The company is based in Tukums, Latvia, and it also has operations in Estonia and Lithuania.



Avena Nordic Grain

Avena Nordic Grain is active in domestic and international trade in grains, oil seeds and raw materials for feeds. In addition to the procurement and supply of all these commodities in Finland, Avena Nordic Grain is also an exporter, especially of oats, and it imports bread grains and feeding stuffs.

Avena Nordic Grain is based in Helsinki, with branch offices in Vaasa, Pori and Kouvola, and it has storage facilities throughout Finland. The company has a subsidiary in St. Petersburg (ZAO Avena St. Petersburg) and a representative office in Almaty, Kazakhstan.

The company's home market is Finland, but it also trades with a large number of other countries, particularly those in the EU single market and the Baltic Rim. The majority of Finnish grain exports consist of oats, which are mainly shipped to the USA and to many customers in EU member states and third countries. Its clientele comprises the grain-using industry and the grain trade.

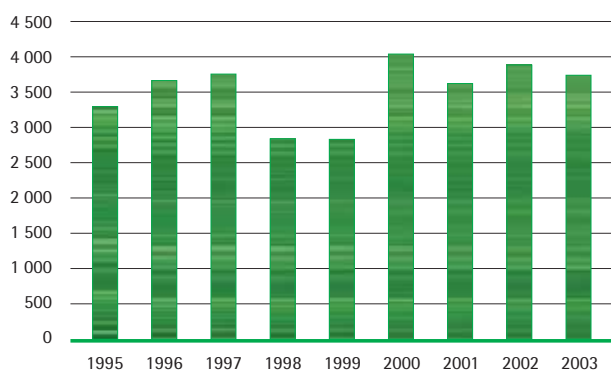
Net turnover for Avena Nordic Grain totalled EUR 91.8 (92.1) million in 2003. The company's profit level was similar to that of the previous

year. It performed well in all markets and especially in Finland, where it accounted for one fifth of all grain sold in the country and over 40 per cent of grain exports. Avena Nordic Grain is also an important supplier of feed raw materials. Contract growing of oilseed rape, malting barley and organic grains continued to expand in 2003.

The company operates its own trading website in Finland through which farmers can easily access market information, obtain price quotes and sell their grain. Farmers can sell their crops at any time they choose, at up-to-date market prices and for delivery periods best suited to their own arrangements.

The 2003 crop year differed substantially from the previous year. The traditional grain exporting countries, i.e. the United States, Canada and Australia, experienced normal harvests, whereas the southern member states of the European Union and countries in central and eastern Europe, including Russia and Ukraine, suffered exceptionally dry conditions. The total EU grain crop was 183 million tonnes, which was 25 million tonnes below the 2002 figure. This much reduced figure and the limited access to imported goods, due to the restrictive import regime, meant that grain

Crops in Finland 1995–2003, thousands of tonnes



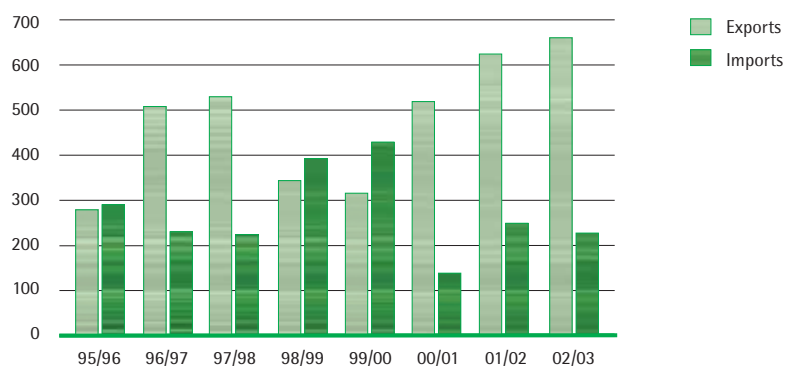
prices in the EU increased sharply. The high prices and the strong euro led to a substantial reduction in exports to third countries. The combined grain crop of the EU's forthcoming new members in 2003 was 45 million tonnes, or 8 million tonnes below the 2002 figure. World grain reserves have continued to decline, and it is estimated that at the end of the current season reserves of wheat will total 127 million tonnes, feed grains a critical 100 million tonnes and soy beans 36 million tonnes.

The 2003 grain crop in Finland was normal, at 3.8 (3.9) million tonnes, although there were regional differences. High prices in other EU member states made it possible to sell Finnish grain to a number of new markets in the European Union. Oats were exported in the autumn not only

to traditional mill customers in northern Europe but also to the feed industry in southern member states of the EU. Deliveries to third countries were begun relatively late, after the EU Commission had assessed the crop situation. Total exports of Finnish oats in 2003 came to 380,000 tonnes, most of which was shipped to the USA.

Avena Nordic Grain's business is expanding both in member states of the EU single market and in third countries. The EU enlargement in spring 2004 will open up new opportunities for the grain trade. The company's net turnover will depend on the size and quality of this year's crop in the main market areas. The profit level for 2004 is expected to be about the same as in 2003.

Grain exports and imports during crop seasons 95/96–02/03, thousands of tonnes





Lännen Plant Systems

Lännen Plant Systems develops, produces and markets seedling technology and complete seedling propagation and planting solutions for nurseries and planters worldwide. Seedling production is based on the use of containerized technology for forest seedlings, vegetables and ornamentals. The unit's product range includes seedling trays and machinery and equipment developed for filling and sowing, watering and transferring, and for planting seedlings and lifting root-crops.

Lännen Plant Systems is the market leader in seedling trays and production systems for containerized seedlings. It is also the principal supplier of nursery and planting systems in Finland, Russia and the main vegetable-growing regions of Central Europe. In the United States, it is the biggest supplier of automatic planting machines, while in Australia it is a major supplier in the vegetable and forest seedling nursery sectors.

Net turnover for Lännen Plant Systems in 2003 was EUR 4.4 (6.1) million, of which exports accounted for EUR 2.8 (4.3) million. The company's principal export markets were Russia, the Baltic States, Western Europe, the USA and China. The drop in net turnover was due in large part to the timing of project deliveries. Domestic sales decreased as expected, mainly due to a reduction in the number of nursery modernization schemes being carried out. Net turnover and profit from operations were at the planned level.

The changes made in operating procedures and organizational arrangements at Lännen Plant Systems in 2002 have proved to be successful. The next stage in this work includes developing the partnerships with subcontractors.

A new, more effective and versatile tray filling line for professional use was launched in 2003 and has been very well received. A new machine was also developed for professional planting of vegetable seedlings. The product range of root-crop harvesters was expanded to include a carrot-lifting machine. Tools and equipment were also developed for small vegetable producers.

The first production series of automatic planting machines for forest seedlings was completed in 2003. One result of the development work was a combined mounding and planting machine. These machines are expected to replace a considerable proportion of the manual work in forest regeneration by 2010, thanks to their planting accuracy and consistency, among other things. A seedling tray for growing pine cuttings was developed for the Australian market.

The future outlook for the sector is relatively good, thanks to expanding use of cultivation technology and the increased use of forests. Lännen Plant Systems aims to be the leading supplier in its key business areas both in Finland and in export markets. The unit will be looking to achieve growth in the markets of Eastern Europe, the Baltic States and China.

The unit's net turnover and profit on operations in 2004 are expected to be at the previous year's level.

► At the Power Test exhibition held at Lännen Engineering Oy, visitors had the chance to test the machinery, including the new Komatsu range.



Machinium Division

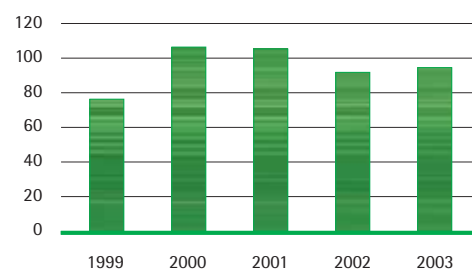
Lännen



KOMATSU
TAKE THE LEAD

HYSTER

Machinium Division net turnover, EUR million



The Machinium Division markets and sells high-quality earthmoving machinery from leading international manufacturers, and also develops and manufactures its own heavy-duty backhoe loaders. In addition, it supplies materials handling machines and diesel engines in Sweden. The Division's key operating principle is to offer its customers comprehensive solutions, including customized machinery, additional equipment and maintenance and service covering the entire product life cycle.

Vision: The Machinium Division is the leading supplier of earthmoving and utility machinery in the Baltic Rim countries.

The Machinium Division consists of parent company Machinium Ltd and two product divisions. The earthmoving machinery product division comprises the following companies, each of them marketing Komatsu and Lännen earthmoving machinery: Suomen Rakennuskone Oy in Finland, SMA Construction AB in Sweden, AS Balti Ehitusmasin-Baltem in Estonia, SIA BCM Baltijas Celtniecibas Masina in Latvia, UAB Baltijos Statybines Masinos in Lithuania, and Lännen Engineering Oy in Finland. Lännen Engineering Oy manufactures Lännen earthmoving machinery.

The other product division - materials-handling machines and engines - consists of SMA Maskin AB, which markets Hyster materials handling machines and Cummins diesel engines in Sweden, and its Swedish subsidiary, SMA Maskinuthyrning AB, which specializes in short-term rental of forklift trucks.

The earthmoving and utility machinery markets in Finland and the Baltic States expanded in 2003 and the Swedish markets were at the previous year's level. The market in Finland grew by 3,5 per cent. In the Baltic States, the demand for earthmoving machinery continued to grow steadily. The market for materials handling machinery in Sweden declined slightly, the counterbalance truck market by 2 per cent and the warehouse truck market by 12 per cent. The demand for engines remained stable.

Net turnover for the Machinium Division was EUR 94.5 (91.8) million in 2003. The increase in net turnover was due to the 15 per cent rise in sales of earthmoving machinery compared with 2002. Sales were up in Sweden by over 20 per cent. In Finland, sales grew by about 10 per cent, and in the Baltic States by almost 20 per cent. The Division gained a significantly higher share of the earthmoving machinery market.

By contrast, net turnover in materials handling machines and diesel engines fell considerably from the 2002 level. This was because a number of important service agreements came to an end, and because of the reduced market share.

The Machinium Division's profitability was up on the previous year's figure but was still short of the target. The Division's net operating loss was EUR 3.1 (-5.2) million. This figure includes a provision of about EUR 1.3 million associated with the restructuring in the Division.

The financial performance of the earthmoving machinery business improved considerably, with a profit being made on operations in the final quarter. The Division's companies in Finland and the Baltic States turned in a better financial performance than in the previous year, and the loss made by the Division's Swedish company was halved.

The financial performance of the materials handling machines business fell short of the targeted level, and it made a loss that was about the same as the previous year.

Machinium Division, EUR million	2003	2002	Net turnover by business unit, EUR million	2003	2002
Net turnover	94.5	91.8	Machinium Ltd	0.0	0.2
Percentage of consolidated net turnover	19 %	32 %	Suomen Rakennuskone Oy	41.0	38.2
Operating profit	-3.1	-5.2	Lännen Engineering Oy	16.1	14.3
Investments	0.7	0.7	SMA Construction AB	30.7	25.4
Average personnel	388	380	AS Balti Ehitusmasin-Baltem	8.0	7.4
			SIA BCM Baltijas Celtniecibas Masina	2.0	1.2
			UAB Baltijos Statybines Masinos	0.8	0.4
			SMA Maskin AB	17.0	24.4
			SMA Maskinuthyrning AB	0.3	0.3
			Internal sales	-21.4	-20.0
				94.5	91.8



Earthmoving machinery

The Division's companies supply Komatsu and Lännen earthmoving and utility machinery in Finland, Sweden, Estonia, Latvia and Lithuania.

Komatsu is the world's leading manufacturer of earthmoving machinery, and most of this production takes place in Europe. It also invests heavily in product development, both in earthmoving and utility machinery. There are over 400 different models in the Komatsu product range. Lännen backhoe loaders are manufactured in Finland and are well-equipped, versatile machines. The Komatsu and Lännen products give the Machinery Division a highly competitive range of earthmoving and utility machinery adapted to northern conditions. The Division also has a comprehensive after-sales network in all the countries in which it operates.

Komatsu and Lännen introduced a large number of new models in 2003. Komatsu's new models included a redesigned range of heavy-duty wheeled excavators and a selection of medium-sized wheeled loaders. Lännen launched its new C-series of articulated backhoe loaders at the start of 2003.

Suomen Rakennuskone Oy

The earthmoving machinery market in Finland began to pick up again after a few years of decline. The reason for this was the large number of road, port and railway projects in progress. Competition in the market continued to be tough, however, due to the arrival of new competitors.

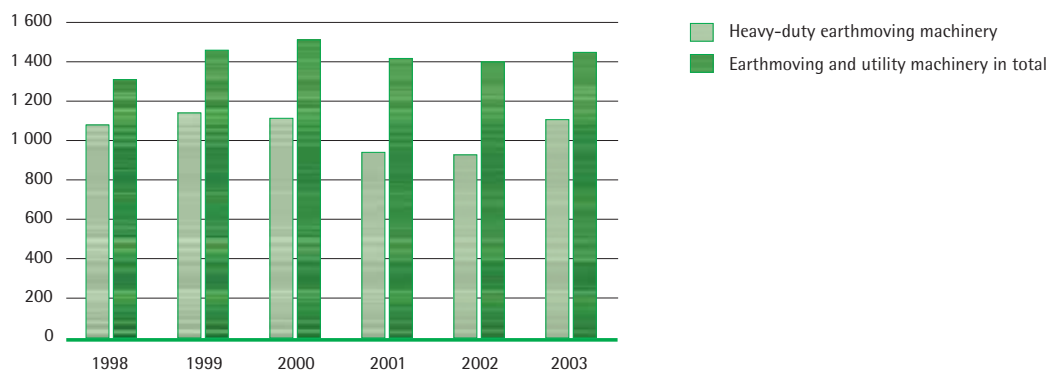
Suomen Rakennuskone increased its overall market share in 2003 and retained its position as the leading supplier of heavy earthmoving machinery in Finland. The company's net turnover and profits exceeded the targeted level and were higher than in 2002.

The company's organization was strengthened considerably during the year. Komatsu's new series of crawler excavators and wheeled loaders were again successful on the Finnish market. The launch of Lännen's C-series at the start of 2003 also helped boost sales of articulated backhoe loaders in Finland.

SMA Construction AB

The earthmoving machinery market in Sweden was still characterized by uncertainty. Infrastructure investment in Sweden remained the lowest in the European Union. SMA Construction nevertheless

Earthmoving and utility machinery market in Finland 1998–2003, units





managed to increase its sales significantly despite the weak market.

Reorganization and a stronger focus on sales of Komatsu and Lännen earthmoving machinery and related after-sales services led to an increase in net turnover of over 20 per cent on the previous year's figure. The company's financial performance improved considerably, but was still unsatisfactory, and a loss was recorded for 2003.

Komatsu's new product series and the Lännen C-series helped boost sales in the Swedish market. SMA Construction AB's business also did well in the industrial market segment. The company signed an important delivery and maintenance agreement with the Nordic countries' leading limestone supplier.

The Baltic companies

The market remained good in all countries of operation. The Division's companies strengthened their positions and exceeded their net turnover and profitability targets. In Latvia and Lithuania, in particular, the companies' net turnover was up substantially on the previous year's figure.

The Estonian company gained new customers in the mining industry and also increased its net turnover in non-industrial market segments. After-sales

services accounted for a much higher proportion of the company's net turnover than in the previous year.

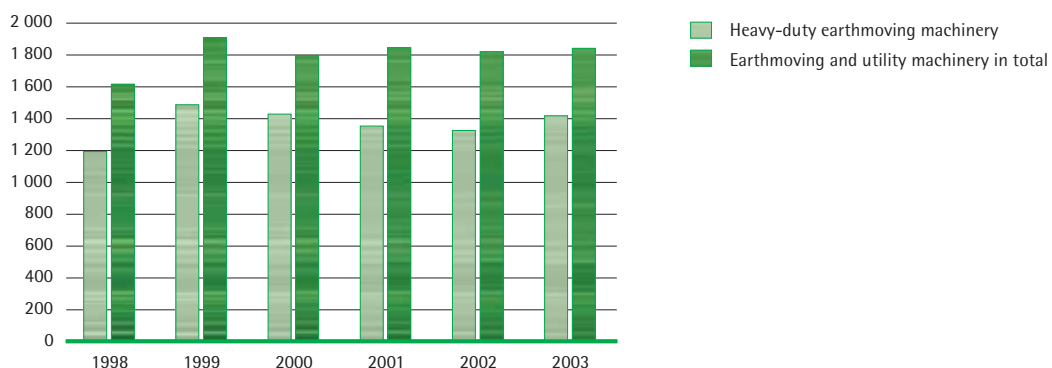
Lännen Engineering Oy

Lännen Engineering Oy in Loimaa manufactures Lännen backhoe loaders and additional equipment and provides contract manufacturing services. It also equips the range of Komatsu earthmoving machinery.

The company's net turnover growth was boosted by the launch of Lännen's C-series of articulated backhoe loaders in the early part of the year. The highest growth was in the Swedish market. Contract manufacturing and equipping of the Komatsu machinery were clearly up on the previous year. Financial performance showed a marked improvement on the previous year and exceeded the set targets.

The Power Test exhibition held at Lännen Engineering's factory in September, which was organized with Suomen Rakennuskone, attracted a couple of thousand visitors keen to see the Komatsu and Lännen products in action.

Earthmoving and utility machinery market in Sweden 1998–2003, units





Materials handling machines and engines

SMA Maskin AB supplies Hyster materials handling machines and Cummins diesel engines in Sweden. Hyster is a world leader among forklift manufacturers and Cummins among engine manufacturers.

SMA Maskin AB

The stock of maintenance and leasing contracts for Hyster forklifts fell slightly during 2003. The sales performance for new machines was also weak, although it improved later in the year. The company's cost structure was adjusted in line with the declining business volumes. Despite the decrease in net turnover, SMA Maskin held its position as one of the leading forklift leasing and maintenance service providers in Sweden.

The profitability of the Cummins business improved, although the net turnover target was not achieved.

Net turnover for SMA Maskin AB was also short of the target set and was below the previous year's level. The loss made by the company was about the same as in 2002.

Machinium Division outlook for 2004

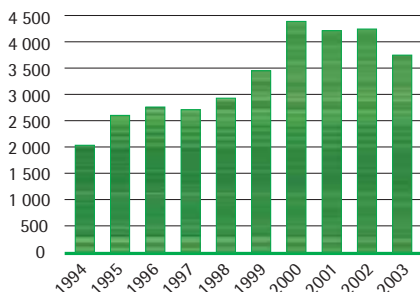
The earthmoving and utility machinery market is expected to remain good in Finland, while in Swe-

den the decline that began in 2000 is expected to come to an end. Growth in the markets of the Baltic States is forecast to continue in the next few years. There are nevertheless considerable market uncertainties connected with the world economy.

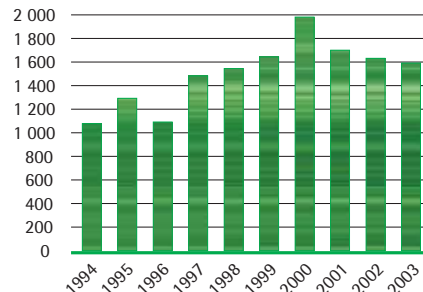
As a result of the strategic development work begun in the Division during 2003, the following shared service functions for the earthmoving machinery business were set up at the end of the year: marketing, after sales, purchasing and trade-in machinery. Development of the Division's common information system was also begun during the year. The fruits of this strategic development work have begun to emerge in the form of improving market shares and profitability in earthmoving machinery. The results of this work will improve the prospects for success in the earthmoving machinery markets in 2004. Concentration on earthmoving and utility machinery and related after-sales services will continue, with the focus on the competitive Komatsu and Lännen product ranges.

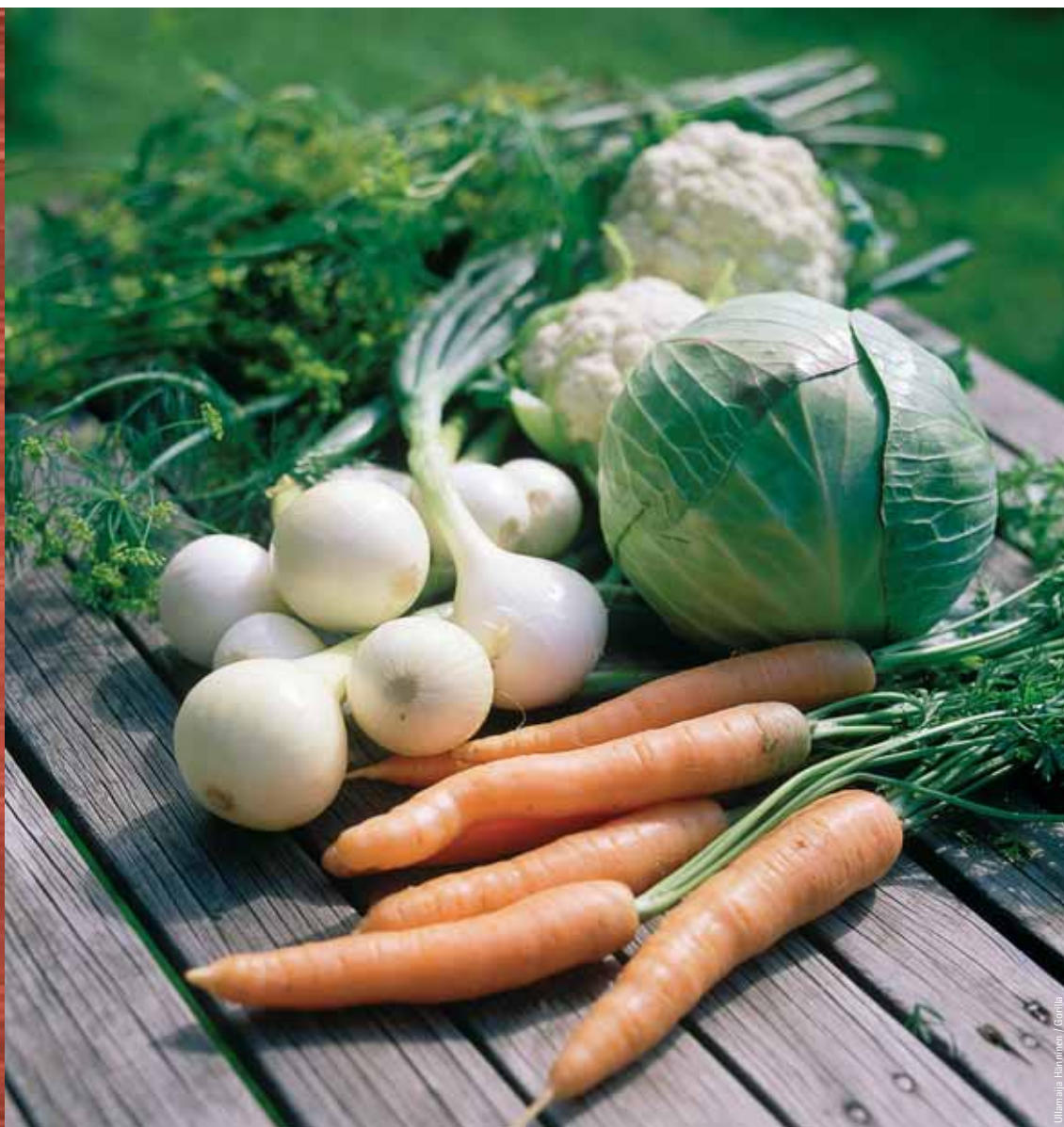
The Machinium Division is expected to record a loss in the early part of 2004. However, due to the positive outlook for the earthmoving machinery business, the Division's net turnover for the full year is expected to grow and its profitability to improve as a whole. The materials handling machine business is expected to make a smaller loss than it did in the previous year.

Warehouse equipment market in Sweden 1994–2003, units



Counterweight forklift market in Sweden 1994–2003, units





Financial statements 2003

Board of Directors' report.....	28
Profit and loss accounts.....	32
Balance sheets.....	33
Cash flow statements.....	34
Notes to the financial statements.....	35
Key indicators.....	49
Calculation of financial ratios.....	51
Shares and shareholders	52
Proposal of the Board	53
Auditors' report.....	54
Supervisory Board statement	54

Board of Directors' report 2003

Operating environment

According to advance information released by Statistics Finland, Finland's industrial output grew by just 0.7% in 2003 (2002: 2%). Growth in the Finnish food industry's output was also lower than the previous year's figure, at 0.5% (1.5%). Growth in retail sales of frozen products was also down: excluding ice cream, sales value grew by only about 2%, compared with the previous year's 4%. In the animal feeds industry, preliminary figures indicate that production of compound feeds was up by more than 1% (4%).

Group structure

No significant changes occurred in the Group structure. The Group's division into three business areas remained unchanged.

The Food Division consists of Appetit and Lännen Sugar, both units of Lännen Tehtaat plc, and the subsidiary company Tresko Fish Ltd.

The Agricultural Division consists of the following companies: Suomen Rehu Ltd and its subsidiary companies Hiven Oy in Finland, SIA Baltic Feed in Latvia and Rehu Eesti Oü in Estonia; Lännen Rehu Oy, which was set up at the start of the year in a business transfer; Avena Nordic Grain Oy and its Russian subsidiary ZAO Avena St. Petersburg; and Lännen Plant Systems and Harviala Oy. Avena Oy, which was previously part of the Agricultural Division, was merged with Lännen Tehtaat plc at the end of the year.

The Machinium Division comprises Machinium Ltd as the parent company and the following subsidiaries: Lännen Engineering Oy and Suomen Rakennuskone Oy in Finland; SMA Construction AB and SMA Maskin AB, plus its subsidiary SMA Maskinuthyrning AB, in Sweden; AS Balti Ehitusmasin-Baltem in Estonia; SIA BCM Baltijas Celtniecibas Masina in Latvia; and UAB Baltijos Statybines Masinos in Lithuania.

Of the associated companies, Sucros Ltd belongs to the Food Division, while Movere Oy and Farmit Website Ltd are part of the Agricultural Division. The shares in Agribalt Oy, which was previously part of the Agricultural Division, were sold at the start of July.

Net turnover

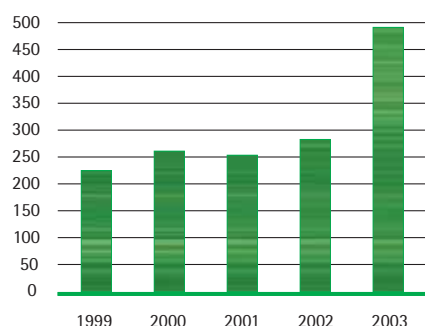
Consolidated net turnover totalled EUR 492.0 million (2002: EUR 283.4 million). The increase on the previous year's figure was from the business operations of Suomen Rehu and Avena Nordic Grain, which were acquired in November 2002. The Food Division accounted for 23% (43%) of net turnover, the Agricultural Division for 58% (25%) and the Machinium Division for 19% (32%).

Net turnover for the Food Division was EUR 114.9 (120.8) million, of which frozen products accounted for EUR 41.6 (41.9) million. Sales of frozen pizzas and frozen potato products were up, as were sales of fish products. Sales of frozen vegetables, frozen meals and jams were down on the previous year's level. The drop in net turnover in comparison with 2002 was in part due to the sale of Lännen Polska in late 2002.

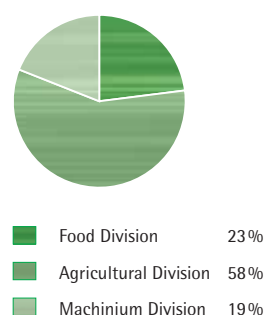
Sugar sales were down on the previous year's level due to the fairly poor berry and apple crops. Sales in 2002 were boosted by the fact that consumers stocked up on sugar following the fire at the Sucros sugar packaging unit.

Net turnover for the Agricultural Division was EUR 282.6 (70.8) million. The figure cannot be compared directly with the previous year's level because Suomen Rehu and Avena Nordic Grain were incorporated into the Division at the end of 2002. Sales volumes in the animal feeds business were at the previous year's level. Adjusting the figures to allow a direct comparison with 2002 reveals that net turnover was down on the

Consolidated net turnover, EUR million



Net turnover by business segment



previous year, due to the lower sales prices, and fell short of the expected level. Grain trade net turnover reached the same level as in 2002. Other operations in the Agricultural Division accounted for only a minor proportion of the Division's net turnover.

Net turnover for the Machinium Division was EUR 94.5 (91.8) million. The increase on the previous year's figure was due to the higher sales of earth-moving machinery. Sales were up in Finland and also increased markedly in Sweden and the Baltic States. Sales in the materials handling business were significantly below the targeted level and fell short of the previous year's figure as well, on account of both the market downturn and loss of market share in Sweden.

Net turnover for the parent company Lännen Tehtaat plc was EUR 115.0 (140.1) million. The decrease on the previous year's figure was mainly due to transfer of the net turnover for the animal feeds business to Lännen Tehtaat plc's subsidiary Lännen Rehu Oy at the start of 2003.

Profits

The consolidated operating profit was EUR 11.7 (3.3) million and profit before extraordinary items EUR 8.4 (-0.1) million.

Direct taxes recorded in the profit and loss account came to EUR 2.6 million (2002: receivables 0.5 million).

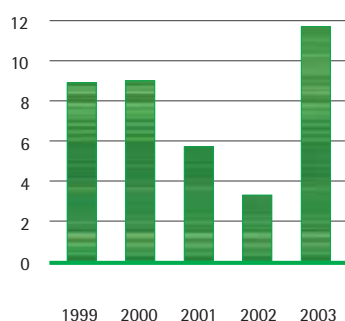
After taxes and minority interests, 2003 profits came to EUR 6.7 (2.4) million. This result was boosted by EUR 1.7 million as a consequence of the fact that 40.2% of the Machinium Group's loss was carried by its minority shareholders; by contrast, the result was weakened by a figure of EUR 0.7 million because 17.9% of Suomen Rehu's profits were allocated to its minority shareholders.

The Food Division's operating profit stood at EUR 6.5 (3.3) million. The Division's profitability as a whole was much improved on the previous year, but fell short of the targeted level. The profitability of Apetit's domestic business was below the previous year's level due to the higher proportionate sales of products with special pricing campaigns or with a lower margin, and because of the rise in prices of energy and imported raw materials. Profitability was improved by the increased profit contribution of the associated company Sucros: the profits came to the level preceding the 2002 fire. The Division's 2002 operating profit had been affected by the loss-making operations of the Polish subsidiary and the costs of withdrawing from Poland, together amounting to approximately EUR 4.1 million.

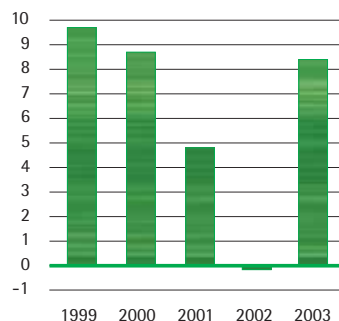
The Agricultural Division's operating profit was EUR 8.3 (5.2) million. The figure is not directly comparable with the previous year due to the changes in the Group's structure. The Division's profitability was at the planned level. Profitability in the animal feeds business was maintained at the 2002 level, thanks to efficiency improvements in production and logistics and the savings in fixed costs, despite the higher raw material prices at the end of the year. Grain trade profitability was at the 2002 level.

The Machinium Division's operating result was EUR -3.1 (-5.2) million. This continued operating loss occurred in spite of the Division's improved profitability. The loss was principally due to the poor performance of the materials handling machines business, especially the reduced sales and maintenance volumes. The earthmoving machinery business made a profit in Finland and the Baltic States, and was in line with targets. The financial performance of the Swedish earthmoving machinery business was also improved on the

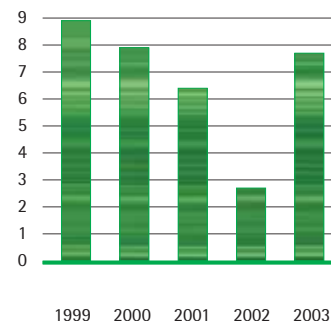
Operating profit, EUR million



Profit before extraordinary items, EUR million



Return on investment, %



Board of Directors' report 2003

2002 level, although it fell short of the target and recorded a loss.

Lännen Tehtaat plc has a 59.8% holding in the Machinium Group. The balance sheet value of this holding was reduced from EUR 5.5 million to EUR 2.5 million. The value adjustment does not affect the pre-tax consolidated profits. In addition, the parent company's financial expenses include a provision of EUR 1.0 million for restructuring within the Machinium Group. The parent company's other liabilities in the Machinium Group amount to EUR 7.3 million.

Financing

The Group's financial structure strengthened in 2003 on account of the good cash flow from operations. Interest-bearing liabilities totalled EUR 73.7 (83.9) million at the end of the year, and financial assets amounted to EUR 13.1 (17.0) million. Commercial papers were used for short-term financing. Liquidity was secured by long-term committed credit facilities; no credit facilities were used during the year. Net financial expenses came to EUR 3.3 (3.2) million. Net financial expenses were reduced by one-off income and expenses with a net total of EUR 0.3 million. The equity ratio was 40% (37%) at the end of the year.

The Machinium Division's liquidity has remained satisfactory despite the losses made. The losses were financed by reducing the amount of working capital.

Decisions of the Annual General Meeting

Lännen Tehtaat plc's Annual General Meeting on April 3, 2003 decided to distribute a dividend of EUR 0.30 (0.60) per share.

The Annual General Meeting authorized the Board of Directors to take decisions regarding surrender of Lännen shares in the company's

possession. Under the authorization, the Board of Directors may surrender the 65,000 company shares in its possession. The shares may be surrendered in connection with corporate acquisitions or for a similar purpose, or sold in public trading on Helsinki Exchanges. The authorization remains valid for one year from the date of the AGM.

The Board has not yet made use of the authorization. The 65,000 company shares in its possession represent 1.1% of the company's total share capital and total votes.

Investment

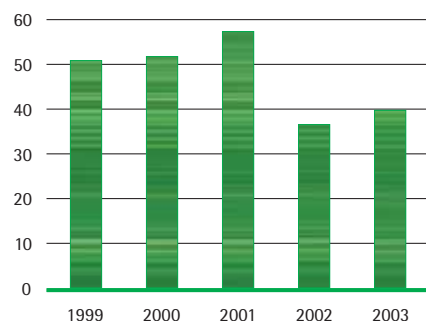
Gross investment in non-current assets came to EUR 9.5 (47.3) million. The investment was mainly in developing and maintaining production technology.

Investment by the Food Division totalled EUR 1.7 (5.8) million, and by the Agricultural Division EUR 7.1 (40.8) million. The Agricultural Division's investment included EUR 3.4 million on the purchase in early 2003 of the headquarters and staff restaurant buildings that were previously rented under a leasing agreement. The buildings are located in Säkylä and have been in the company's constant use. In 2002, the Division's investment included purchase of the Avena Oy shares. Investment by the Machinium Division totalled EUR 0.7 (0.7) million.

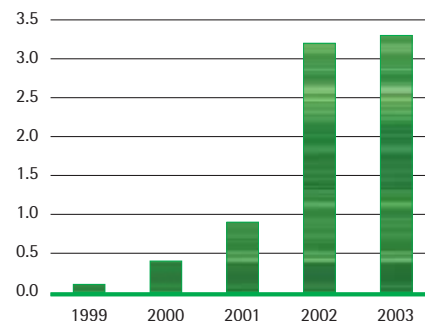
R & D

The Group's product development expenses accounted for 0.7% (0.6%) of net turnover. The focus was especially on the development of animal feeds and food products. In animal feeds, the emphasis in 2003 was on the development of feeding that advances animal health and wellbeing, feeding technologies that improve the profitability of livestock production, and the special feeds business.

Equity ratio, %



Financial expenses, EUR million



In food products, the focus of development was on the Apetit unit's products. The start of the year saw the launch of a modified range of pizzas specially tailored to Finnish tastes, and in September the new Quick & Tasty fast-food range was introduced, containing plenty of vegetables but little fat.

Environmental matters

Environmental protection and investment expenses have been charged to the profit and loss account with the exception of EUR 0.2 million capitalized for wastewater treatment equipment and waste disposal at the Säkylä industrial estate.

Changeover to IAS financial statements

Lännen Tehtaat will publish its first financial statements under the IAS-IFRS standards in 2005. Interim reports will also be prepared in accordance with the IAS standards as of 2005. IAS comparison data will be compiled in 2004 in preparation for the 2005 financial statements and interim reports.

Events after the end of the financial year

At the start of 2004, Lännen Rehu Oy shares were transferred in a share exchange from the parent company to the ownership of Suomen Rehu Ltd. Lännen Tehtaat's holding in Suomen Rehu rose to 87.9% (82.1%).

Outlook for 2004

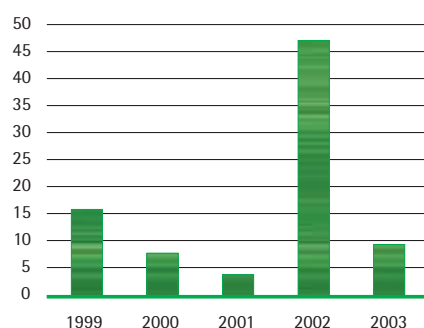
The Food Division's net turnover is expected to grow in line with the general trend in the market. The Apetit unit's sales are expected to increase slightly. Although the total consumption of sugar will not rise, it is expected that sales of Lännen Sugar's consumer products will be up slightly in comparison with the exceptionally low level of 2003.

Net turnover in the animal feeds business is expected to be unchanged from the 2003 level. The rise in raw material prices will weaken profitability, especially in the early part of the year. Grain trade net turnover will depend on the amount and quality of this year's crops in the main market areas.

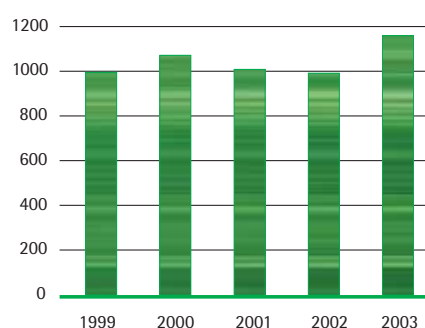
The earthmoving and utility machinery market is expected to remain good in Finland. In Sweden, the decline that began in 2000 is expected to come to a halt. The stable growth in the Baltic States is forecast to continue in the next few years. There are nevertheless uncertainties in the market, concerning for instance the future course of the economy, which will affect decision-making on investment in construction and engineering projects. The market for materials handling machines in Sweden is expected to remain unchanged.

Lännen Tehtaat Group's net turnover is expected to rise to over EUR 500 million in 2004. The profit trend in the first part of the year will be very modest, as was the case the previous year. Full-year profits are expected to be at the same level as in 2003.

Gross investments, EUR million



Average number of personnel



Profit and loss accounts

EUR 1000		Consolidated		Parent company	
		2003	2002	2003	2002
Net turnover	(1)	492 015	283 418	115 041	140 090
Variation in stocks of finished goods and in work in progress		-940	247	137	925
Other operating income	(2)	2 123	4 150	605	552
Raw materials and services	(3)	-364 751	-208 820	-86 023	-104 662
Staff expenses	(4)	-47 344	-36 672	-13 375	-14 960
Depreciation	(5)	-11 793	-8 512	-4 184	-4 524
Other operating charges		-60 772	-32 987	-11 436	-16 901
Share of profits of associated undertakings	(6)	3 156	2 502		
Operating profit	(7)	11 694	3 326	765	520
Share of loss of associated undertakings	(6)		-171		
Financial income and expenses	(8)	-3 326	-3 241	139	498
Profit/loss before extraordinary items		8 368	-86	904	1 018
Extraordinary items	(9)			5 694	360
Profit/loss before appropriations, taxes and minority interests		8 368	-86	6 598	1 378
Appropriations	(10)			677	721
Income taxes	(11)	-2 625	542	-1 472	-714
Minority interests		988	1 959		
Profit for the financial year		6 731	2 415	5 803	1 385

Balance sheets

EUR 1000	Consolidated		Parent company		
	2003	2002	2003	2002	
ASSETS					
Non-current assets					
Intangible assets	(12)	21 591	20 370	2 190	2 942
Tangible assets	(13)	65 596	69 404	28 599	27 859
Holdings in Group undertakings	(14,15)			17 249	46 113
Receivables from Group undertakings	(14,15)			9 430	
Holdings in associated and participating interest undertakings	(14,15)	20 424	19 998	11 773	11 773
Own shares	(14)	778	778	778	778
Other investments	(14,15)	1 443	1 478	1 267	1 161
		109 832	112 028	71 286	90 626
Current assets					
Stocks	(16)	80 245	81 915	12 274	15 286
Long-term receivables	(17)		13	1 204	1 709
Deferred tax receivable	(22)	420	1 138	290	
Current receivables	(18)	46 162	50 867	57 391	36 657
Marketable securities		1 507	5 652	510	3 784
Cash and cash equivalents		11 551	11 325	4 695	1 854
		139 885	150 910	76 364	59 290
		249 717	262 938	147 650	149 916
LIABILITIES					
Capital and reserves					
Share capital	(19)	12 245	12 245	12 245	12 245
Share premium account		21 443	21 443	21 441	21 441
Reserve for own shares		778	778	778	778
Capital reserve account		59	45		
Contingency reserve		7 232	7 232	7 232	7 232
Retained earnings		44 882	45 403	29 886	30 318
Profit for the financial year		6 731	2 415	5 803	1 385
Preferred capital loans		1 682	1 682		
		95 052	91 243	77 385	73 399
Minority interests		4 915	6 101		
Accumulated appropriations	(20)			8 453	9 655
Provisions	(21)	2 059	248	1 000	
Liabilities					
Deferred tax liability	(22)	4 375	4 172		
Long-term liabilities	(23)	43 889	64 679	19 200	25 600
Current liabilities	(23)	99 427	96 495	41 612	41 262
		249 717	262 938	147 650	149 916

Cash flow statements

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
Operations				
Operating profit	11 694	3 326	765	520
Adjustments:				
Share of profits of associated undertakings	-3 156	-2 331		
Depreciation according to plan	11 793	8 512	4 184	4 524
Other adjustments	4 384	3 578	482	3 989
Financial income and expenses	-3 326	-3 166	3 139	679
Extraordinary items			3 400	360
Direct taxes	-2 625	542	-1 472	-714
Cash flow from operations	18 764	10 461	10 498	9 358
Change in working capital				
Change in current receivables	4 704	-11 777	-20 734	-16 470
Change in stocks	1 670	-40 754	3 012	-1 348
Change in non-interest-bearing current liabilities	381	36 890	350	13 438
Change in long-term receivables	731	-846	215	1 809
	7 486	-16 487	-17 157	-2 571
Net cash flow from operations (A)	26 250	-6 026	-6 659	6 787
Investments				
Investments in tangible and intangible assets	-9 486	-53 237	-5 747	-2 137
Proceeds from sales of tangible and intangible assets	306	1 328	1 563	78
Other investments		-10 038	-3 662	-44 230
Decreases of other investments and proceeds from sales of other investments	1 154	8 803	22 288	1 254
Net cash flow from investments (B)	-8 026	-53 144	14 442	-45 035
Financing				
Change in minority interests	-1 186	576		
Change in current loans	2 551	13 791		6 387
Change in long-term loans	-20 586	44 642	-6 400	25 593
Dividends paid	-1 817	-3 635	-1 817	-3 635
Other changes in capital and reserves	-1 105	-34		
Net cash flow from financing (C)	-22 143	55 340	-8 217	28 345
Changes in liquid assets (A+B+C)	-3 919	-3 830	-434	-9 903
Liquid assets on January 1	16 977	20 807	5 637	15 540
Liquid assets on December 31	13 058	16 977	5 203	5 637

Notes to the financial statements 2003

ACCOUNTING PRINCIPLES

Extent of consolidated financial statements

Corporate structure

The consolidated financial statements include the parent company Lännen Tehtaat plc and the following subgroups and subsidiaries engaged in business operations: Suomen Rehu Group, Avena Nordic Grain Group, Machinium Group, Lännen Rehu Oy, Tresko Fish Ltd, Harviala Oy and Cibarius Oy. The consolidated financial statements also include seven companies established for future business operations. Avena Oy was merged with Lännen Tehtaat plc at the end of the year. At the end of November, six Avena owned holding companies owning subsidiary shares were merged with Avena Oy. The profit and loss accounts of the merged companies include in the Group statements.

The Suomen Rehu Group consists of the parent company Suomen Rehu Ltd and the subsidiaries Hiven Oy in Finland, SIA Baltic Feed in Latvia and Rehu Eesti Oü in Estonia. The Avena Nordic Grain Group consists of the parent company Avena Nordic Grain Oy and its subsidiary ZAO Avena St. Petersburg. The Machinium Group includes the parent company Machinium Ltd and Lännen Engineering Oy, SMA Construction AB and SMA Maskin AB and its subsidiary SMA Maskinuthyrning AB in Sweden, Suomen Rakennuskone Oy and its subsidiaries AB Balti Ehitusmasin-Baltem in Estonia, SIA BCM Baltijas Celtniecibas Masina in Latvia and UAB Baltijos Statybines Masinos in Lithuania.

The consolidated financial statements include also the following associated companies engaged in business: Sucros Ltd (Group), Movere Oy and Farmit Website Ltd. The Agribalt Oy shares were sold in July.

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

Accounting principles for consolidated financial statements

Mutual shareholdings

The consolidated financial statements have been drawn up according to the acquisition cost method. The price paid for subsidiary companies in excess of their shareholders' equity has been allocated to fixed assets and goodwill on consolidation. EUR 0.7 million of the consolidation liability arising from the acquisition of the subsidiaries has been allocated to loans receivable and EUR 1.1 million to shares. EUR 5.3 million of the EUR 5.4 million reserve remaining at the time of acquisition has been allocated to buildings. At the end of 2003, EUR 1.2 million remained of the goodwill on consolidation allocated to buildings and EUR 5.1 million remained of the consolidation liability reducing the building value. The goodwill allocated to buildings will be depreciated and the consolidation liability reducing the building value will be reduced according to the depreciation plan for buildings.

The depreciation period for consolidated goodwill varies: prior to the acquisition of Avena in 2002, the depreciation period for consolidated goodwill was normally 5 years. Because of the long-term effect of acquisitions on income, however, the depreciation period for consolidated goodwill is 8 years in the Avena Group acquired in 2002, and 10 years in the Suomen Rehu subgroup and Machinium subgroup.

Internal transactions and margins

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

Minority interest

Minority interest is shown separately from consolidated shareholders' equity and from the profit for the financial period.

Translation differences

The figures from the balance sheet statements of foreign Group companies have been translated into euros at the

European Central Bank middle rate on the closing day. The figures from the profit and loss statements of foreign Group companies have been translated into euros at the middle rate for the whole year. The translation difference arising from the elimination of these companies' shareholders' equity has been recorded under retained earnings.

Associated undertakings

The associated undertakings have been consolidated according to the equity method. The Group's share of the profits or losses for the financial period of the associated companies Sucros Group, Movere Oy and Farmit Website Ltd have been entered before operating profit because the business of these companies is directly related to the business of the Group.

Valuation of fixed assets

Fixed assets have been capitalized at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life. Publicly quoted fixed asset shares have been valued at historical cost. Because of the losses made by Machinium subgroup Lännen Tehtaat plc entered a EUR 3.0 million write-off on the Machinium shares. Machinium Ltd has written off in full the value (EUR 6.0 million) of the preferred capital loans given to the subsidiary companies operating in Sweden and the remaining value of the shares (EUR 0.5 million) because of the losses made by the companies. Machinium Ltd has also returned the EUR 1.0 million booked in deferred tax receivables to taxes.

Valuation of inventories

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

Foreign currency items

Receivables and payables denominated in foreign currencies have been translated into the local currency at the middle rate of the Central Bank in the country of each Group company on the date of closing, in Finnish companies into euros at the European Central Bank middle rate on the closing day. Exchange rate differences caused by current receivables and liabilities have been charged to the profit and loss account. Likewise, unrealised exchange rate losses of long-term receivables and liabilities have also been charged to the profit and loss account. Unrealised exchange rate gains have been charged to the profit and loss account, but only up to the amount of loss from the same currency.

Use of derivative instruments

Derivative contracts are used for hedging. The Group used cap agreements and swap contracts against interest risks in variable-rate long-term loans. The income or expenses from the contracts are recorded on accrual basis under other financial income or expenses.

Forward currency contracts have been used to hedge against exchange rate risks in foreign-currency sales and purchases in the Group. Any related income or expenses are booked under adjustments to sales or purchases when the consignment hedged is delivered.

The Group has raw material derivative contracts to hedge against price risks in grain and animal feed raw material trading agreements. The impact on profit is booked under adjustments to sales or purchases when the grain or raw material consignment hedged is delivered.

Pension arrangements

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

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

Notes to the financial statements (1-4)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
1. NET TURNOVER BY BUSINESS SEGMENT AND BY MARKET AREA				
Net turnover by business segment				
Food Division	114 862	120 781	109 548	114 799
Agricultural Division	282 659	70 813	5 493	25 291
Machinium Division	94 494	91 824		
Total	492 015	283 418	115 041	140 090
Exports from Finland	48 565	26 823	4 655	5 833
Net turnover by market area				
Finland	377 507	207 171	110 410	134 257
European Union	72 239	52 586	2 321	2 120
Rest of Europe	34 097	16 203	1 752	2 852
Other	8 172	7 458	558	861
Total	492 015	283 418	115 041	140 090
2. OTHER OPERATING INCOME				
Gains from sales of non-current assets	56	3 246	39	168
Rental income	895	454	156	145
Payments received	670	175	404	216
Other	502	275	6	23
Total	2 123	4 150	605	552
3. RAW MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial year	350 198	205 024	85 106	103 982
Variation in stocks	627	-8 073	123	-423
External services	13 926	11 869	794	1 103
Total	364 751	208 820	86 023	104 662
4. STAFF EXPENSES AND THE AMOUNT OF THE STAFF				
Staff expenses				
Wages and salaries	36 416	27 633	10 546	11 487
Pension expenses	6 269	4 521	1 780	2 236
Other social security expenses	4 659	4 518	1 049	1 237
Total	47 344	36 672	13 375	14 960
about which salaries and fees to the corporate management;				
the members of the Supervisory Board and the Board of Directors and the Managing Directors	1 352	1 048	252	445
Average staff				
Food Division	331	438	308	314
Agricultural Division	442	175	57	90
Machinium Division	388	380		
Total	1 161	993	365	404
about which staff abroad	252	326		

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

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

Notes to the financial statements (5 – 7)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002

5. DEPRECIATION

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

Formation expenses	5 years
Intangible rights	5 or 10 years
Goodwill	10 years
Goodwill on consolidation	5 – 10 years
Other capitalized long-term expenses	5 or 10 years
Buildings, made of stone and wood	20 – 30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

Depreciation according to plan

Formation expenses	7	7		
Intangible rights	571	488	469	468
Goodwill	2 489	1 094	414	633
Other capitalized long-term expenses	811	286	100	100
Buildings	2 396	1 593	1 196	1 142
Machinery and equipment	4 634	3 462	2 005	2 181
Total	10 908	6 930	4 184	4 524
Goodwill on consolidation	885	1 712		
Consolidation reserve		-130		
	885	1 582		
Total	11 793	8 512		

6. SHARE OF PROFIT/LOSS OF ASSOCIATED UNDERTAKINGS

Performed before operating profit		
Sucros Group	3 242	2 520
Other	-86	-18
Total	3 156	2 502
Performed after operating profit		
Agribalt Group		-171

7. OPERATING PROFIT BY BUSINESS SEGMENT

Food Division	6 496	3 316
Agricultural Division	8 298	5 210
Machinium Division	-3 100	-5 200
Total	11 694	3 326

Notes to the financial statements (8 - 10)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
8. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From Group undertakings			1 455	
From associated undertakings			1 799	1 540
From others	313	139	221	139
Avoir fiscal income	119	57	1 412	686
Total	432	196	4 887	2 365
Interest income from long-term investments				
From Group undertakings			89	142
Total			89	142
Other interest and financial income				
From Group undertakings			702	150
From others	2 746	1 184	569	554
Total	2 746	1 184	1 271	704
Financial income, total	3 178	1 380	6 247	3 211
Reduction in value of investments				
Reduction in value of holdings in Group undertakings			3 000	
Reduction in value of other shares		181		181
Reduction in value of marketable securities		257		257
Total		438	3 000	438
Interest expenses and other financial expenses				
To Group undertakings			258	707
To others	6 504	4 183	2 850	1 568
Total	6 504	4 183	3 108	2 275
Financial income and expenses, total	-3 326	-3 241	139	498
9. EXTRAORDINARY INCOME				
Group contributions			3 400	360
Profit of merger			2 294	
Total			5 694	360
10. APPROPRIATIONS				
Depreciation in excess of or less than plan				
Intangible rights			2	2
Other capitalized long-term expenses			-9	-10
Buildings			290	280
Machinery and equipment			394	449
Total			677	721

Notes to the financial statements (11 – 12)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
11. INCOME TAXES				
For financial year	1 584	546	1 654	714
For previous years	119	6	108	
Change in deferred tax receivable	718	-905	-290	
Change in deferred tax liability	204	-189		
Total	2 625	-542	1 472	714
12. INTANGIBLE ASSETS				
Formation expenses				
Acquisition cost Jan. 1	37	37		
Acquisition cost Dec. 31	37	37		
Accumulated depreciation	-26	-19		
Depreciation for the year	-7	-7		
Accumulated depreciation Dec. 31	-33	-26		
Book value Dec. 31	4	11		
Intangible rights				
Acquisition cost Jan. 1	6 285	5 126	5 105	5 075
Difference on translation	-5			
Acquired companies, original acquisition cost		1 129		
Increases	49	30	18	30
Decreases	-31		-20	
Acquisition cost Dec. 31	6 298	6 285	5 103	5 105
Accumulated depreciation	-3 956	-2 922	-3 348	-2 880
Difference on translation	12			
Acquired companies, accumulated depreciation		-546		
Accumulated depreciation on decreases	8		8	
Depreciation for the year	-571	-488	-469	-468
Accumulated depreciation Dec. 31	-4 507	-3 956	-3 809	-3 348
Book value Dec. 31	1 791	2 329	1 294	1 757
Goodwill				
Acquisition cost Jan. 1	27 119	7 145	6 334	6 334
Difference on translation	79	10		
Acquired companies, original acquisition cost		19 964		
Acquisition cost Dec. 31	27 198	27 119	6 334	6 334
Accumulated depreciation	-12 593	-5 502	-5 550	-4 916
Difference on translation	-95	-8		
Acquired companies, accumulated depreciation		-5 989		
Depreciation for the year	-2 489	-1 094	-414	-634
Accumulated depreciation Dec. 31	-15 177	-12 593	-5 964	-5 550
Book value Dec. 31	12 021	14 525	370	783

Notes to the financial statements (12)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
Goodwill on consolidation				
Acquisition cost Jan. 1	10 786	4 268		
Acquired companies, original acquisition cost		6 516		
Increases		2		
Acquisition cost Dec. 31	10 786	10 786		
Accumulated depreciation	-4 333	-1 967		
Acquired companies, accumulated depreciation		-654		
Depreciation for the year	-885	-1 712		
Accumulated depreciation Dec. 31	-5 218	-4 333		
Book value Dec. 31	5 568	6 453		
Consolidation reserve				
Balanced against goodwill on consolidation				
Acquisition value Jan. 1	-5 456			
Increases		-5 456		
Transfer to buildings	5 326			
Acquisition value Dec. 31	-130	-5 456		
Accumulated decreases	130			
Decrease for the year		130		
Accumulated decreases Dec. 31	130	130		
Book value Dec. 31		-5 326		
Other capitalized long-term expenses				
Acquisition cost Jan. 1	4 473	1 314	776	671
Difference on translation	1	1		
Acquired companies, original acquisition cost		2 831		
Increases	471	458	249	105
Decreases	-41	-131	-41	
Acquisition cost Dec. 31	4 904	4 473	984	776
Accumulated depreciation	-2 096	-582	-374	-274
Acquired companies, accumulated depreciation		-1 236		
Difference on translation	66	8	-66	
Depreciation for the year	-766	-286	-116	-100
Accumulated depreciation Dec. 31	-2 796	-2 096	-556	-374
Book value Dec. 31	2 109	2 377	428	402
Advance payments				
Increases	126		126	
Decreases	-28		-28	
Acquisition cost Dec. 31	98		98	
Intangible assets, total	21 591	20 370	2 190	2 942

Notes to the financial statements (13)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
13. TANGIBLE ASSETS				
Land and waters				
Acquisition cost Jan. 1	4 376	3 128	2 495	2 496
Acquired companies, original acquisition cost		3 305		
Decreases		-2 057		-1
Book value Dec. 31	4 376	4 376	2 495	2 495
Buildings				
Acquisition cost Jan. 1	58 865	34 169	28 489	27 965
Difference on translation	-43			
Acquired companies, original acquisition cost		31 200		
Increases	4 907	530	3 740	530
Transfer from consolidation liability	-5 326			
Decreases		-7 034	-2 707	-6
Acquisition cost Dec. 31	58 403	58 865	29 522	28 489
Accumulated depreciation	-16 035	-11 355	-11 046	-9 908
Difference on translation	-29			
Acquired companies, accumulated depreciation		-4 496		
Accumulated depreciation on decreases		1 409	1 370	3
Depreciation for the year	-2 395	-1 593	-1 197	-1 141
Accumulated depreciation Dec. 31	-18 459	-16 035	-10 873	-11 046
Book value Dec. 31	39 944	42 830	18 649	17 443
Machinery and equipment				
Acquisition cost Jan. 1	49 730	37 385	27 861	26 405
Difference on translation	-5	31		
Acquired companies, original acquisition cost		18 027		
Increases	3 566	2 453	1 990	1 507
Decreases	-1 530	-8 166	-3 520	-51
Acquisition cost Dec. 31	51 761	49 730	26 331	27 861
Accumulated depreciation	-27 853	-23 979	-19 941	-17 788
Difference on translation	47	-45		
Acquired companies, accumulated depreciation		-5 930		
Accumulated depreciation on decreases	1 142	5 551	3 026	29
Depreciation for the year	-4 633	-3 450	-2 005	-2 182
Accumulated depreciation Dec. 31	-31 297	-27 853	-18 920	-19 941
Book value Dec. 31	20 464	21 877	7 411	7 920
Share of machinery and equipment in book value Dec. 31	18 354	19 665	6 539	7 284
Advance payments and construction in progress				
Acquisition cost Jan. 1	323	67	1	34
Increases	3 126	2 010	1 289	1 477
Decreases	-2 637	-1 754	-1 246	-1 510
Book value Dec. 31	812	323	44	1
Tangible assets, total	65 596	69 404	28 599	27 859
Revaluation				
Land and waters Jan. 1 and Dec. 31	1 850	1 850	1 850	1 850
Buildings Jan. 1 and Dec. 31	812	812	812	812

Notes to the financial statements (14)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
14. INVESTMENTS				
Holdings in Group undertakings				
Acquisition cost Jan. 1			46 113	6 393
Increases			13 929	44 045
Decreases			-42 793	-4 325
Book value Dec. 31			17 249	46 113
Holdings in associated and participating interest undertakings				
Holdings in associated undertakings				
Acquisition cost Jan. 1	18 906	18 090	11 773	11 874
Increases	1 627	2 806		
Decreases	-1 201	-1 990		-101
Book value Dec. 31	19 332	18 906	11 773	11 773
Holdings in participating interest undertakings				
Increases	1 092	1 273		181
Reduction in value		-181		-181
Book value Dec. 31	1 092	1 092		
Holdings in associated and participating interest undertakings total	20 424	19 998	11 773	11 773
Own shares				
Acquisition cost Jan. 1	778	778	778	778
Book value Dec. 31	778	778	778	778
Other investments				
Receivables from Group undertakings				
Acquisition cost Jan. 1				420
Increases			9 430	
Decreases				-420
Book value Dec. 31			9 430	
Other shares and holdings				
Acquisition cost Jan. 1	1 470	1 197	1 161	1 157
Acquired companies, original acquisition cost		138		
Increases		135	133	4
Decreases	-27		-27	
Book value Dec. 31	1 443	1 470	1 267	1 161
Other receivables				
Acquisition cost Jan. 1	8	449		449
Acquired companies, original acquisition cost		10		
Decreases	-8	-451		-449
Book value Dec. 31	8	8		
Other investments, total	1 443	1 478	10 697	1 161

Notes to the financial statements (15)

15. SHARES AND HOLDINGS

	Group holding-%	Parent company holding-%
--	-----------------	--------------------------

Group undertakings

Owned by the parent company

Avena Nordic Grain Oy, Helsinki	100.00	100.00
Suomen Rehu Ltd, Helsinki	82.09	82.09
Machinium Ltd, Säkyä	59.80	59.80
Lännen Rehu Oy, Säkyä	100.00	100.00
Tresko Fish Ltd, Kustavi	100.00	100.00
Harviala Oy, Janakkala	100.00	100.00
Cibarius Oy, Turku	100.00	100.00
7 non-operative companies, Säkyä	100.00	100.00

Owned by other Group undertakings

ZAO Avena St. Petersburg, Russia	100.00	
Hiven Oy, Paimio	82.09	
Rehu Eesti Oü, Estonia	82.09	
SIA Baltic Feed, Latvia	61.57	
Lännen Engineering Oy, Loimaa municipality	59.02	
Suomen Rakennuskone Oy, Säkyä	59.80	
SMA Maskin AB, Sweden	59.80	
SMA Construction AB, Sweden	59.80	
SMA Maskinuthyrning AB, Sweden	59.80	
AS Balti Ehitusmasin-Baltem, Estonia	58.90	
SIA BCM Baltijas Celtniecibas Masina, Latvia	56.81	
UAB Baltijos Statybines Masinos, Lithuania	59.80	

Associated and participating interest undertakings

Associated undertakings

Sucros Ltd, Salo	20.00	20.00
Movere Oy, Helsinki	27.36	
Farmit Website Ltd, Helsinki	41.05	

Participating interest undertakings

Lannen Polska Sp. z o.o., Poland	19.00	19.00
Mildola Oy, Kirkkonummi	14.37	

Other shares and holdings and connection charges owned by the parent company

	Number of shares	Book value of shares EUR 1 000	Market value of shares EUR 1 000
Shares in listed companies			
Kesko Corporation, B, Helsinki	100 000	709	1 201
OMHEX AB (publ), Stockholm	61 000	25	598
Raisio Group plc, K, Raisio	6 000	10	8
Neomarkka plc, B, Helsinki	280	2	2
Elisa Communications Corporation, A, Helsinki	1 185	4	10
Other			
Shares and holdings		188	
Connection charges		329	
Total		1 267	

Notes to the financial statements (16 – 18)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
16. STOCKS				
Raw materials and consumables	21 085	21 936	2 384	3 879
Work in progress	2 492	2 423	123	446
Finished products/goods	56 630	57 535	9 767	10 961
Advance payments	38	21		
Total	80 245	81 915	12 274	15 286
17. LONG-TERM RECEIVABLES				
Accounts receivable		13		
Loans receivable from Group undertakings			1 204	1 709
Total		13	1 204	1 709
18. CURRENT RECEIVABLES				
Accounts receivable	37 774	38 121	10 427	12 934
Amounts owed by Group undertakings				
Accounts receivable			524	1 203
Loans receivable			38 593	18 639
Prepayments and accrued income			4 251	360
Total			43 368	20 202
Amounts owed by associated and participating interest undertakings				
Accounts receivable	1 102	1 752	1 080	1 731
Loans receivable	51	676		20
Prepayments and accrued income		117		
Total	1 153	2 545	1 080	1 751
Other receivables	1 918	5 036	93	
Prepayments and accrued income				
Raw materials and services	711	1 825		770
Warranty indemnities	337	152		
Pension assurance and other legal assurances	744	560	489	316
Tax compensation receivables	1 813	1 028	1 512	686
Other	1 713	1 601	424	
Total	5 318	5 166	2 425	1 772
Current receivables total	46 162	50 867	57 391	36 657

Notes to the financial statements (19)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
19. CHANGES IN CAPITAL AND RESERVES				
Share capital Jan. 1	12 245	12 245	12 245	12 245
Share capital Dec. 31	12 245	12 245	12 245	12 245
Share premium account Jan. 1	21 443	21 443	21 441	21 441
Share premium account Dec. 31	21 443	21 443	21 441	21 441
Reserve for own shares Jan. 1	778	778	778	778
Reserve for own shares Dec. 31	778	778	778	778
Capital reserve account Jan. 1	45	40		
Transfer from retained earnings	14	8		
Transfer to minority interests		-3		
Capital reserve account Dec. 31	59	45		
Contingency reserve Jan. 1	7 232	7 232	7 232	7 232
Contingency reserve Dec. 31	7 232	7 232	7 232	7 232
Retained earnings Jan. 1	45 403	44 012	30 318	28 263
Transfer from previous year profit	2 415	5 067	1 385	5 690
Dividends	-1 817	-3 634	-1 817	-3 635
Transfer to capital reserve account	-14	-8		
Changes and translation differences during elimination	-1 105	-34		
Retained earnings Dec. 31	44 882	45 403	29 886	30 318
Profit for the financial year	6 731	2 415	5 803	1 385
Preferred capital loans Jan. 1	1 682	1 682		
Preferred capital loans Dec. 31	1 682	1 682		
Capital and reserves Dec. 31	95 052	91 243	77 385	73 399
Distributable funds				
Contingency reserve	7 232	7 232	7 232	7 232
Retained earnings	44 882	45 403	29 886	30 318
Profit for the financial year	6 731	2 415	5 803	1 385
./.Activated formation expenses	-4	-11		
./.Balance sheet provisions included in capital and reserves	-7 449	-7 126		
./.Balance sheet provisions of associated undertakings included in capital and reserves	-3 894	-555		
Distributable funds Dec. 31	47 498	47 358	42 921	38 935

Preferred capital loan

Group member Machinium Ltd has a EUR 1,681,879.26 preferred capital loan. The loan period is 5 years and it would be repaid in two equal instalments on April 30, 2003 and April 30, 2004, if Machinium Ltd had distributable funds. Throughout the three-year period, the interest will be the reference rate for employee pension loans + 6.55 percentage points. The loan is a subordinated loan as referred to in chapter 5 of the Companies Act.

The amount of interest on the loan totalled EUR 223,600.65 during the financial year. The accounting practice for this interest has changed: the interest is no longer entered as a financial period expense, because Machinium Ltd does not have distributable funds. For the same reason, the unpaid capital loan interest of EUR 486,722.48 from previous years, which was entered as an expense, has been released to income.

Outstanding interest of EUR 710,323.13 payable on the capital loan has been declared under contingent liabilities.

Notes to the financial statements (20 - 22)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
20. ACCUMULATED APPROPRIATIONS				
Accumulated depreciation in excess of plan	15 086	14 385	8 453	9 655
Share of capital and reserves	10 711	10 213		
- transferred to minority interest	-638	-463		
- utilized to elimination of subsidiary holdings	-2 624	-2 624		
Including in capital and reserves	7 449	7 126		
21. PROVISIONS				
Tax provision		107		
Guarantee provision	151	141		
Provision for structural arrangements in the Machinium Group	1 908		1 000	
Total	2 059	248	1 000	
22. DEFERRED TAX RECEIVABLES AND DEFERRED TAX LIABILITY				
Deferred tax receivables				
From accruals	420	1 138		
Deferred tax liability				
From appropriations	4 375	4 172		

Notes to the financial statements (23)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
23. LIABILITIES				
Long-term liabilities				
Loans from credit institutions	34 797	46 787	19 200	25 600
Pension loans	6 749	8 324		
Other liabilities	2 343	9 568		
Total	43 889	64 679	19 200	25 600
Debts falling due after five or more years				
Other debts		2 343		
Current liabilities				
Loans from credit institutions	11 977	10 527	6 400	6 400
Pension loans	1 101			
Advances received	2 447	2 263	38	387
Accounts payable	36 537	42 715	5 951	5 748
Total	52 062	55 505	12 389	12 535
Amounts owed to Group undertakings				
Accounts payable			13	28
Other liabilities			63	7 563
Accruals and deferred income			3 576	50
Total			3 652	7 641
Amounts owed to associated and participating interest undertakings				
Accounts payable	8 393	8 911	5 961	8 911
Other current liabilities				
	21 330	12 181	15 771	7 913
Accruals and deferred income				
Holiday pay reserve including social security expenses	5 649	5 472	1 608	1 645
Other salaries and fees including social security expenses	1 522	1 614	448	320
Raw materials and services	3 109	3 229	554	868
Interests on the loans	503	652	309	211
Income taxes	1 912	1 505	687	714
Other	4 947	7 426	233	504
Total	17 642	19 898	3 839	4 262
Current liabilities, total	99 427	96 495	41 612	41 262

Notes to the financial statements (24)

EUR 1000	Consolidated		Parent company	
	2003	2002	2003	2002
24. CONTINGENT LIABILITIES				
Debts against which mortgages have been given				
Pension loans	7 850	8 064		
Loans from credit institutions	46 609	57 312	25 600	32 000
Mortgages given for debts				
Real estate mortgages	32 546	37 624	18 888	18 888
Corporate mortgages	76 021	54 682	30 071	30 071
Shares pledged	3 600	39 794	3 600	39 794
Other securities given				
Corporate mortgages	6 939	8 152		
Pledges	8	8	4	4
Leasing liabilities				
Falling due during the following year	978	780	322	290
Falling due at later date	1 074	838	222	330
Contingent liabilities for own commitments				
Guarantees			340	470
Repurchasing commitments	18 995	22 457	358	732
Other commitments	2 430	1 442		
Contingent liabilities on behalf of Group companies				
Guarantees			21 311	42 270
Contingent liabilities on behalf of associated undertakings				
Guarantees		409		
Other contingent liabilities				
Redemption liability of leased buildings	2 613	6 028		3 273
Outstanding derivative instruments				
Forward currency contracts				
Market value	-300	-246		
Value of underlying instruments	9 456	11 782		
Raw material futures				
Market value	-469	-500		
Value of underlying instruments	10 646	15 454		
Interest rate swaps				
Value of underlying instruments	25 000		25 000	

Key indicators

Financial indicators

	2003	2002	2001	2000	1999
Scope of operations					
Net turnover, EUR 1000	492 015	283 418	254 118	261 680	225 607
Change, %	93.6	25.6	-2.9	16.0	17.5
Food Division, %	23.4	42.6	47.9	49.5	56.5
Agricultural Division, %	57.4	25.0	10.7	9.8	9.6
Machinium Division, %	19.2	32.4	41.4	40.7	33.9
Exports from Finland, EUR 1000	48 565	26 823	13 627	15 617	11 302
Exports' share of net turnover, %	9.9	9.5	5.4	6.0	5.0
Gross investments in non-current assets, EUR 1000	9 547	47 287	3 880	7 888	16 009
% of net turnover	1.9	16.7	1.5	3.0	7.1
R & D expenses, EUR 1000	3 216	1 713	1 522	1 428	1 450
% of net turnover	0.7	0.6	0.6	0.5	0.6
Average number of personnel	1 161	993	1 010	1 073	997
Net turnover/employee, EUR 1000	424	285	252	244	226
Financial income/expenses(-), net, EUR 1000	-3 326	-3 241	-861	-376	-127
Profitability					
Operating profit, EUR 1000	11 694	3 326	5 691	9 026	8 929
% of net turnover	2.4	1.2	2.2	3.4	4.0
Profit before extraordinary items, EUR 1000	8 368	-86	4 830	8 728	9 660
% of net turnover	1.7	0.0	1.9	3.3	4.3
Profit before taxes and minority interests, EUR 1000	8 368	-86	4 830	8 728	9 660
% of net turnover	1.7	0.0	1.9	3.3	4.3
Profit for the financial year, EUR 1000	6 731	2 415	5 067	8 181	8 288
% of net turnover	1.4	0.9	2.0	3.1	3.7
Return on equity, % (ROE)	6.0	0.5	3.4	7.2	8.2
Return on investment, % (ROI)	7.7	2.7	6.4	7.9	8.9
Financial and economic status					
Current ratio	1.4	1.6	2.2	1.9	2.3
Equity ratio, %	39.5	36.5	57.3	51.7	50.8
Net gearing, %	65.4	75.4	4.0	15.1	28.7
Non-current assets, EUR 1000	109 832	112 028	66 826	70 170	77 238
Current assets, EUR 1000	139 885	150 910	101 363	120 455	118 134
Capital and reserves, EUR 1000	95 052	91 243	92 500	92 710	93 287
Distributable funds, EUR 1000	47 498	47 357	47 981	48 315	43 536
Liabilities, EUR 1000	147 691	165 345	70 024	90 334	93 276
Interest-bearing liabilities, EUR 1000	73 650	83 888	24 887	45 626	54 607
Balance sheet total, EUR 1000	249 717	262 938	168 189	190 625	195 372

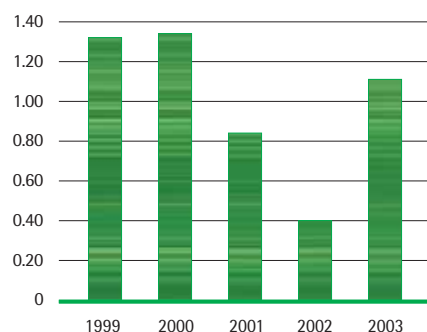
Key indicators

Share data

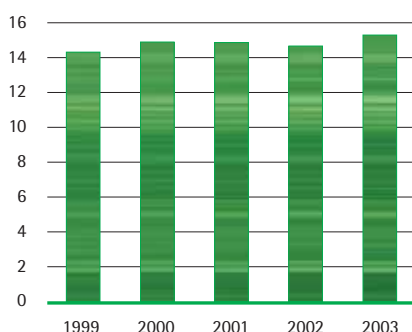
	2003	2002	2001	2000	1999
Earnings and dividend					
Earnings per share, EUR	1.11	0.40	0.84	1.34	1.32
Earnings per share, incl. warrant bond, EUR	1.07	0.38	0.81	1.29	1.27
Nominal dividend per share, EUR	0.65 ¹⁾	0.30	0.60	0.84	0.84
Adjusted dividend per share, EUR	0.65	0.30	0.60	0.84	0.84
Dividend per earnings, %	58.5	75.2	71.8	62.9	63.8
Effective dividend yield, %	5.5	2.9	5.1	6.6	8.2
P/E ratio	10.6	25.6	14.0	7.2	7.8
Shareholders' equity per share, EUR	15.29	14.66	14.86	14.89	14.31
Share performance, EUR					
Adjusted closing price	11.75	10.20	11.70	12.80	10.22
Lowest price during the year	8.20	8.60	9.66	10.22	8.90
Highest price during the year	12.14	11.90	12.50	13.50	13.20
Average price during the year	10.18	10.54	10.61	11.93	10.64
Share turnover					
Share turnover, 1000 pcs	345	340	381	347	2 749
Turnover ratio, %	5.6	5.6	6.2	5.4	42.7
Share capital, EUR 1000	12 245	12 245	12 245	10 297	10 839
Market capitalization, EUR 1000	71 940	62 450	71 634	78 374	65 860
Dividends, EUR 1000	3 937¹⁾	1 817	3 635	5 113	5 149
Number of shares					
Number of shares	6 122 576	6 122 576	6 122 576	6 122 576	6 444 776
Average adjusted number of shares	6 057 576	6 057 576	6 061 711	6 121 061	6 288 062
Adjusted number of shares at the end of the year	6 057 576	6 057 576	6 057 576	6 079 976	6 228 776

1) Board of Directors' proposal

Earnings per share, EUR



Shareholders' equity per share, EUR



Calculation of financial ratios

Financial indicators

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

Share data

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

Shares and shareholders

Shares and voting rights

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

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

Own shares

At the end of the financial period the company held 65,000 company shares acquired in 2000-2001, representing 1.1% of total share capital and votes. Their acquisition cost in the Lännen Tehtaat plc balance sheet is EUR 778,475, i.e. EUR 11.98 per share. These shares carry no voting rights and no dividend is paid on them.

Lännen Tehtaat plc's Annual General Meeting on April 3, 2003, authorized the Board to decide to surrender these shares, which number 65,000 in all. This can be done in connection with corporate acquisitions or other arrangements, or for some other similar purpose, or they can be sold in public trading on Helsinki Exchanges. The authorization is valid for one year as of the AGM.

The authorization to surrender the company's own shares had not been exercised by February 23, 2004.

Registration and share quotation

Lännen Tehtaat plc's shares are in the book-entry system and have been quoted on Helsinki Exchanges since 1989. The symbol for the shares is LTEIS and trading lot is 50 shares.

Lännen Tehtaat plc's share options

A non-interest-bearing warrant bond totalling EUR 7,400.27 was issued to corporate and unit management in May 1997 and repaid in full on April 30, 2002. Each EUR 168 bond carried 1,000 warrants, each of which entitles its holder to subscribe a maximum of five Lännen Tehtaat plc shares during the period 1998-2004 as follows: one share on or after May 1, 1998, and one additional share on or after May 1 in subsequent years, up to the maximum of five. The subscription price in 1998 was EUR 11.77, and this was subject to an increase of 4% in each subsequent year. The subscription price in 2004 will thus be EUR 14.90. For all warrants, the subscription rights will terminate on October 31, 2004. Twenty-four people are covered by the warrant bond programme.

The maximum number of shares to be subscribed is 220,000, and subscriptions must not raise the share capital by more than EUR 440,000. If these full amounts are reached, the warrant subscriptions would account for 3.5% of the share capital and votes.

Dividend policy

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

Shareholders on February 13, 2004

Major shareholders	Number of shares	%	Number of votes	%
Tapiola General Mutual Insurance Company	604 000	9.9	604 000	10.0
Sampo Life Insurance Company Ltd	491 250	8.0	491 250	8.1
Raisio Group plc	477 500	7.8	477 500	7.9
Esko Eela	387 348	6.3	387 348	6.4
Valio Ltd	327 912	5.4	327 912	5.4
Tapiola Mutual Life Assurance Company	204 600	3.3	204 600	3.4
Ilmarinen Mutual Pension Insurance Company	153 800	2.5	153 800	2.5
Pohjola Finland Value	139 050	2.3	139 050	2.3
Central Union of Agricultural Producers and Forest Owners (MTK)	125 485	2.0	125 485	2.1
Pohjola Non-Life Insurance Company	116 000	1.9	116 000	1.9
Nominee-registered shares	16 430	0.3	16 430	0.3
Other shareholders	3 014 201	49.2	3 014 201	49.7
External ownership total	6 057 576	98.9	6 057 576	100.0
Owned by the company	65 000	1.1		
	6 122 576	100.0	6 057 576	100.0

Shares owned by corporate management

Regular and deputy members of the Supervisory Board and members of the Board of Directors, the President and the Deputy President owned a total of 21,663 shares on February 13, 2004. This corresponds to 0.4% of share capital and voting rights.

Distribution of shareholdings on February 13, 2004

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	3 907	45.8	175 329	2.9
101 - 1 000	4 172	48.9	1 368 419	22.3
1 001 - 10 000	423	4.9	909 463	14.9
10 001 - 40 000	16	0.2	273 190	4.5
40 001 -	15	0.2	3 332 738	54.4
Joint account			63 437	1.0
Total	8 533	100.0	6 122 576	100.0

Distribution of ownership on February 13, 2004

	% of shareholders	% of shares
Companies	1.7	18.8
Financial and insurance institutions	0.3	26.9
Public organizations	0.6	7.4
Non-profit organizations	1.3	4.9
Private households	96.1	40.7
Foreign and nominee-registered		0.3
Joint account		1.0
Total	100.0	100.0

Proposal of the Board for the distribution of profit

The Group's distributable funds totalled EUR 47,498,184.35 on December 31, 2003.
The Parent company's distributable funds were EUR 42,920,919.75.

The Board of Directors proposes that Lännen Tehtaat plc pay a dividend of EUR 0.65 per share,
a total of EUR 3,937,424.40.

Helsinki, February 23, 2004

Tom v. Weymarn

Hannu Simula

Matti Kavetvuo

Matti Lappalainen

Soili Suonoja

Erkki Lepistö

Auditors' report / Supervisory Board statement

Auditors' report

To the shareholders of Lännen Tehtaat plc

We have audited the accounting records, financial statements and administration of Lännen Tehtaat plc for the financial year 1 January - 31 December 2003. The financial statements prepared by the Board of Directors and the President, contain the Board's report, and the consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements. Based on our audit we express an opinion on these financial statements and administration.

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

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

Säkylä, February 26, 2004

PricewaterhouseCoopers Oy
Authorized Public
Accountants

Kauko Lehtonen
Authorized Public
Accountant

Hannu Pellinen
Authorized Public
Accountant

Supervisory Board statement

The Supervisory Board of Lännen Tehtaat plc has today examined the parent company and consolidated financial statements for 2003 and studied the Auditors' report. The Supervisory Board has no comments on the financial statements for 2003.

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

Säkylä, March 1, 2004

For the Supervisory Board

Tom Liljesteröm
Chairman

Asmo Ritala
Secretary

Corporate governance

Shareholders' meeting

The shareholders' meeting is the company's highest decision-making organ. The Annual General Meeting is held by the end of May each year. Shareholders' meetings are convened at the invitation of the company's Supervisory Board.

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

Supervisory Board

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

The function of the Supervisory Board is

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

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

Usually the Supervisory Board meets three times a year. In 2003, the Supervisory Board met three times.

Board of Directors

The Board of Directors bears the general responsibility for corporate management in keeping with the law and the Lännen Tehtaat plc Articles of Association. In accordance with a decision made by the Supervisory Board, the Board of Directors comprises a minimum of four and a maximum of seven members, one of them the President. A member must not be 65 or older at the time of election. The current Board has six members.

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

The Board usually meets monthly. In 2003, the Board met 11 times. The average attendance rate of members was 98%.

President and Deputy President

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

Erkki Lepistö has been President from April 1, 2001. The key conditions of the President's terms of service are defined in his contract. The agreed retirement age for the President is 60 and the period of notice is six months. Should the President be given notice by the company, he will be entitled to a severance package equivalent to 12 months' pay. The President was paid a total of EUR 190,657 in 2003 in the form of salary and other remuneration.

Hannu Pelttari has served as Senior Executive Vice President and Deputy President since November 2002.

Auditors

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

Lännen Tehtaat's 2003 Annual General Meeting decided to elect two auditors for the company. The auditors chosen were Kauko Lehtonen, APA, and PricewaterhouseCoopers Oy Authorized Public Accountants, with Hannu Pellinen APA as the auditor with principal responsibility. Auditors for the Lännen Tehtaat Group's subsidiaries are normally member firms of PricewaterhouseCoopers or auditors working for such firms.

The auditors report their observations to the Board of Directors at least once a year and issue an auditors' report to the company's shareholders in conjunction with the annual financial statements.

Corporate governance

Salaries and remuneration

The Annual General Meeting decides on the fees paid to the Supervisory Board. The monthly fee paid to the Supervisory Board's chairman is EUR 350, and to the deputy chairman EUR 300. The meeting allowance paid to the chairman and members of the Supervisory Board is EUR 200.

The Supervisory Board decides on the fees for Board meetings and any other remuneration, including the President's salary and other benefits. As decided by the Supervisory Board, the monthly fee paid to the chairman of the Board of Directors is EUR 1,300, and to the Board members EUR 800. The meeting allowance is EUR 200. In 2003, the members of the Board of Directors received a total of EUR 40,878 in allowances.

Corporate Management

The Lännen Tehtaat plc Board of Directors appoints the members of the Corporate Management and also approves the main terms of the employment contracts of the Corporate Management members. The Corporate Management members are responsible for drawing up strategy options and for implementing the strategies chosen by the Board of Directors. The Corporate Management members are also responsible for the operational planning of Lännen Tehtaat's business units and Group companies within the framework of the targets set by the President, and for implementation of the operational plans.

Insider issues

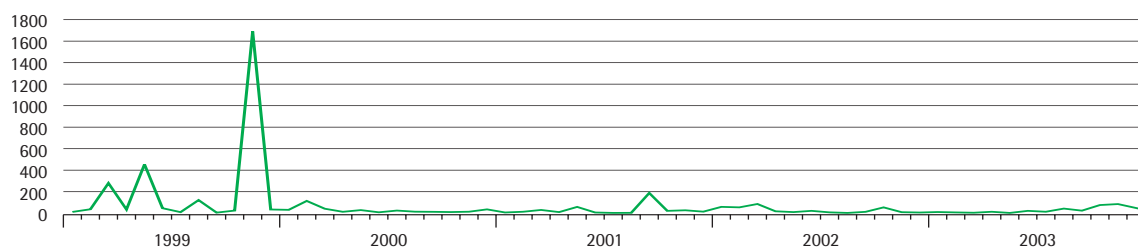
The members and deputy members of the company's Board of Directors and Supervisory Board, the president, deputy president and auditors, including the auditing firm's auditor with principal responsibility for Lännen Tehtaat, are all categorized as permanent insiders of Lännen Tehtaat plc by virtue of the Securities Markets Act. In accordance with the decision of the company, those persons categorized as insiders on the basis of their duties are the Corporate Management members, personnel manager, lawyer, financial manager and executive secretaries. In all, the company has about 50 permanent insiders.

Lännen Tehtaat plc's insider trading regulations approved by the Board of Directors came into effect on September 25, 2001. They are based on the Guidelines for Insider Trading approved on October 28, 1999 by the Board of Directors of Helsinki Exchanges. The regulations include guidance for permanent and project-specific insiders and on the organization and procedures concerning insider administration.

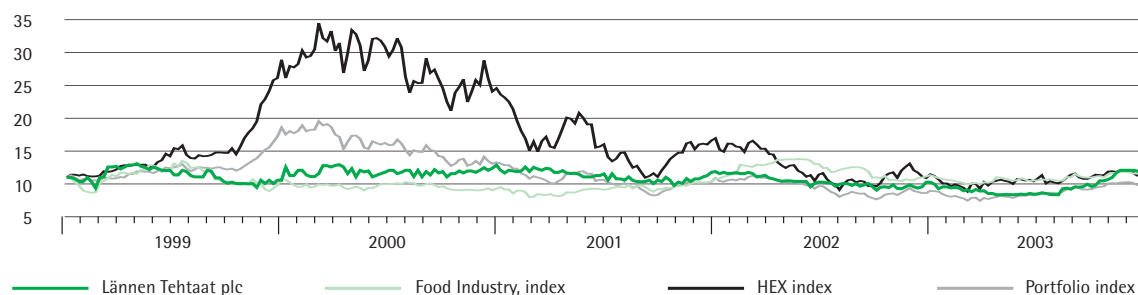
A trading restriction is in force within the company, which forbids the company's permanent insiders to trade in Lännen shares 21 days prior to publication of Lännen Tehtaat's interim reports and its financial statements release.

The names of those persons listed as company insiders can be viewed on the company web pages at [www.lannen.fi/investor info](http://www.lannen.fi/investor%20info).

Share trading, 1000 shares



Share performance, EUR



Supervisory Board / Auditors

Supervisory Board

Members elected by the Shareholders' meeting:

Tom Liljeström, b. 1959
Group Director of The Tapiola Group
Member since 1994, Chairman since 1996

Vice Chairman of the Board: Tapiola Mutual Pension Insurance Company, Tapiola Mutual Life Assurance Company, Tapiola General Mutual Insurance Company, Tapiola Corporate Life Insurance Company Ltd
Member of the Board: Tapiola Asset Management Ltd, Tapiola Bank Ltd
Holding: -
In turn to resign

Juha Nevavuori, b. 1942
Member since 1973, Deputy Chairman since 2003
Holding: 646 shares

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

Harri Eela, b. 1960
Member since 2002

Heikki Ellilä, b. 1945
Member since 1996

Matti Eskola, b. 1950
Member since 1991

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

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

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

Pasi Jaakkola, b. 1941
Member since 1982

Jouni Kaitila, b. 1963
Member since 1991

Mari Kiviniemi, b. 1968
Member since 1996

Hannu Lamminen, b. 1951
Member since 1996

Markku Länninki, b. 1949
Member since 2003

Ilkka Markkula, b. 1960
Member since 2003

Paavo Mäkinen, b. 1955
Member since 2002

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

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

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

Helena Walldén, b. 1953
Member since 1996

Personnel representatives:

Aila Koivuniemi, b. 1944
Member since 2000
(personal deputy member Marja-Liisa Marttila)

Paula Paasonen, b. 1953
Member since 2003
(personal deputy member Timo Kaila)

Esa Paganus, b. 1963
Member since 1997
(personal deputy member Harri Ollonqvist)

Pekka Sihvonen, b. 1954
Member since 2000
(personal deputy member Marja Rusi)

Auditors

Kauko Lehtonen
Authorized Public Accountant

PricewaterhouseCoopers Oy
Authorized Public Accountants
Auditor with principal responsibility

Hannu Pellinen
Authorized Public Accountant

Board of Directors



► Standing, from left: Erkki Lepistö, Matti Kavetvuo and Matti Lappalainen.
Seated, from left: Hannu Simula, Tom v. Weymarn and Soili Suonoja.

Tom v. Weymarn, b. 1944

Member since 1999, Chairman since 2003

Member of the Board: CPS Color Group Oy, Oy Rettig Ab, Oy Sinebrychoff Ab, TeliaSonera AB, Telko Oy
Holding: 2,250 shares (change in 2003: -)

Hannu Simula, b. 1947

Farmer

Member since 1998, Vice Chairman since 2003

Member of the Board: Sucros Ltd, Sugarbeet Research Centre
Holding: 850 shares (change in 2003: -)

Matti Kavetvuo, b. 1944

Member since 2003

Member of the Supervisory Board: The Finnish Fair Corporation, Finland Post Corporation
Chairman of the Board: Suominen Corporation, Workidea Ltd, Metso Corporation

Member of the Board: Alma Media Corporation, KCI Konecranes International Plc, Kesko Corporation, Marimekko Corporation, Merivaara Corporation, Perlos Corporation, Fair Foundation
Holding: 1,000 shares (change in 2003: +1,000)

Matti Lappalainen, b. 1948

Managing Director, Vaasan Et Vaasan Oy
Member since 2003

Member of the Board: Finnish Food and Drink Industries' Federation, Vaasan Et Vaasan Oy
Holding: 1,000 shares (change in 2003: +800)

Erkki Lepistö, b. 1955

President and CEO, Lännen Tehtaat plc
Member since 2001

Member of the Board: Finnish Food and Drink Industries' Federation, Finfood – Finnish Food Information Service, Pemamek Oy, Pyhäjärvi-instituuttisäätiö
Holding: 1,050 shares (change in 2003: +50)
5,000 warrants entitling the holder to subscribe 25,000 shares*

Soili Suonoja, b. 1944,

Member since 2003

Member of the Board: Altia Corporation, Keski-Uusimaa Oy, Lassila Et Tikanoja plc, Nurmijärven Linja Oy, Outokumpu Oyj, Finland Post Corporation, The Finnish Road Enterprise
Holding: 200 shares (change in 2003: +200)

* The subscription price is EUR 14.90 in 2004

Corporate Management



► Standing, from left: Timo Huttunen, Jukka Haikonen, Antti Kerttula and Ilkka Jaskari.
Seated, from left: Erkki Lepistö, Riitta Jaakkola, Kaija Viljanen and Hannu Pelttari.

Erkki Lepistö, b. 1955

President and CEO since 2001
Holding: 1,050 shares (change in 2003: +50)
5,000 warrants entitling the holder to subscribe
25,000 shares*

Hannu Pelttari, b. 1951

Senior Executive Vice President since 2002
Holding: 500 shares (change in 2003: -)
1,000 warrants entitling the holder to subscribe
5,000 shares*

Jukka Haikonen, b. 1955

Director since 1996, President of Suomen Rehu Ltd since 2002
Holding: 2,800 warrants entitling the holder to subscribe
14,000 shares*

Timo Huttunen, b. 1966

Managing Director of Machinium Ltd since 2002
Holding: 1,000 warrants entitling the holder to subscribe
5,000 shares*

Riitta Jaakkola, b. 1950

Director of Finance since 1998
Holding: 200 shares (change in 2003: +100)
2,800 warrants entitling the holder to subscribe
14,000 shares*

Ilkka Jaskari, b. 1947

Director of Lännen Sugar since 1988
Holding: 80 shares (change in 2003: -)
2,800 warrants entitling the holder to subscribe
14,000 shares*

Antti Kerttula, b. 1956

Director since 1994, Director of Apetit since 1997
Holding: 2,800 warrants entitling the holder to subscribe
14,000 shares*

Kaija Viljanen, b. 1952

Managing Director of Avena Nordic Grain Oy since 1995
Holding: 1,000 warrants entitling the holder to subscribe
5,000 shares*

* The subscription price is EUR 14.90 in 2004

Lännen Tehtaat plc

Head Office

Postal address:
P.O. Box 100, FI-27801 Säkyä, Finland
Visiting address:
Maakunnantie 4, 27820 Säkyä, Finland

Tel. +358 2 83971
Fax +358 2 8397 4022

Internet: www.lannen.fi
E-mail: firstname.surname@lannen.fi

Domicile: Säkyä
Business ID: 0197395-5

Lännen Tehtaat plc units:**Apetit Säkyä**

P.O. Box 130, FI-27801 Säkyä, Finland
Tel. +358 2 8397 4300
Fax +358 2 8397 4322
www.apetit.com

Apetit Vantaa

Juhanilantie 2, FI-01740 Vantaa,
Finland
Tel. +358 9 83971
Fax +358 9 5123 4422

Apetit Turku

Iso-Heikkiläntie 6
P.O. Box 32, FI-20201 Turku, Finland
Tel. +358 2 83971
Fax +358 2 338 8260

Apetit Pudasjärvi

Teollisuustie 3, FI-93100 Pudasjärvi,
Finland
Tel. +358 8 821 589
Fax +358 8 823 689

Apetit Cultivation

P.O. Box 160, FI-27801 Säkyä, Finland
Tel. +358 2 8397 4600
Fax +358 2 8397 4622
www.lannen.fi

Räpi Experimental Farm

FI-27710 Köyliö, Finland
Tel. +358 2 554 1300

Lännen Sugar

P.O. Box 110, FI-27801 Säkyä, Finland
Tel. +358 2 8397 4660
Fax +358 2 8397 4666
www.lannen.fi

Lännen Plant Systems

P.O. Box 170, FI-27801 Säkyä, Finland
Tel. +358 2 8397 4700
Fax +358 2 8397 4722
www.lannenplantsystems.com

Subsidiaries:**Tresko Fish Ltd**

Vuosnaistentie 593 A,
FI-23360 Kustavi, Finland
Tel. +358 2 846 6700
Fax +358 2 846 6722

Suomen Rehu Ltd

Sörnäisten rantatie 23,
P.O. Box 75, FI-00501 Helsinki, Finland
Tel. +358 9 134 419
Fax +358 9 1344 1812
www.suomenrehu.com

Hiven Oy

P.O. Box 25, FI-21531 Paimio, Finland
Tel. +358 2 477 0211
Fax +358 2 477 0252
www.hiven.fi

SIA Baltic Feed

P.O. Box 70a, LV-3101 Tukums, Latvia
Tel. +371 3 181 127
Fax +371 3 181 132
www.suomenrehu.com

Rehu Eesti Oü

Kadaka tee 76 A, EE-12618 Tallinn,
Estonia
Tel. +372 504 2142
Fax +372 650 4795
www.suomenrehu.com

Lännen Rehu Oy

P.O. Box 120, FI-27801 Säkyä, Finland
Tel. +358 2 8397 4200
Fax +358 2 8397 4222
www.lannenrehu.com

Avena Nordic Grain Oy

Kansakoulukatu 1 B,
FI-00100 Helsinki, Finland
Tel. +358 9 348 844
Fax +358 9 3488 4500
www.avena.fi

ZAO Avena St. Petersburg

1 Artillerijskaja str., Europa House,
192204 St. Petersburg, Russia
Tel. + 7 812 279 3085
Fax +7 812 279 3086

Harviala Oy

Alikartano 9, FI-13330 Harviala,
Finland
Tel. +358 3 628 611
Fax +358 3 628 6122

Machinium Ltd

Juhanilantie 2, FI-01740 Vantaa,
Finland
Tel. +358 9 276 6050
Fax +358 9 2766 0566
www.machinium.com

Lännen Engineering Oy

Hirvikoskentie 242,
FI-32210 Loimaa kk, Finland
Tel. +358 2 760 721
Fax +358 2 7607 2346
www.lannenengineering.fi

Suomen Rakennuskone Oy

Juhanilantie 2, FI-01740 Vantaa,
Finland
Tel. +358 9 276 6050
Fax +358 9 2766 0566
www.suomenrakennuskone.fi

AS Balti Ehitusmasin-Baltem

Suur-Söjamäe 48 B, EE-11415 Tallinn,
Estonia
Tel. +372 606 0480
Fax +372 606 0488
www.baltem.ee

SIA BCM Baltijas Celtniecibas Masina

Krustpils iela 4, LV-1073 Riga,
Latvia
Tel. +371 724 1124
Fax +371 724 9852

UAB Baltijos Statybinės Masinos

Savanoriu av. 187, LT-2600 Vilnius,
Lithuania
Tel. +370 5232 2143
Fax +370 5232 2143

SMA Construction AB

Äggelundavägen 7, SE-175 62 Järfälla,
Sweden
Tel. +46 8 5622 2500
Fax +46 8 760 7281
www.smaconstruction.se

SMA Maskin AB

Äggelundavägen 7, SE-175 62 Järfälla,
Sweden
Tel. +46 8 5622 2500
Fax +46 8 760 7281
www.smamaskin.se

SMA Maskinuthyrning AB

Äggelundavägen 7, SE-175 62 Järfälla,
Sweden
Tel. +46 8 5622 2500
Fax +46 8 760 7281



Lännen Tehtaat plc

P.O. Box 100, FI-27801 Säkyli, Finland
Tel. +358 2 83971. Fax +358 2 8397 4022
lannen.tehtaat@lannen.fi
www.lannen.fi