



The year 1995 was one of strengthening the financial base. Partek is equipped to meet the challenges of future growth.

Partek is an industrial group  
operating in minerals,  
cargo-handling equipment  
for vehicles, insulation and  
precast concrete.

## Partek 1995

Partek's business areas are Minerals, Cargotec, Insulation and Precast Concrete.

Partek's roots are in Finland. The company was established in 1898 at Pargas. Today Partek has operations in more than 20 countries. The Group employs 8,600 people, 70 percent of whom are abroad. The Group's net sales are FIM 6.5 billion, 80 percent of which is generated outside Finland.

Partek's shares have been quoted on the Helsinki Stock Exchange since 1915. At the end of 1995 there were over 11,500 shareholders. Foreign investors accounted for 34 percent of the share capital and voting rights.

### Minerals

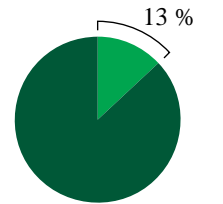


Partek is the leading producer of limestone-based minerals, wollastonite, quartz and feldspar in Scandinavia. The main market area for the products is the Baltic region. Wollastonite, quartz and feldspar are also exported to Central Europe.

The major customers for the products are the steel, paper, pulp, glass and building materials industries and the chemical industry. Limestone is also used in great quantities in agriculture and environmental conservation.

The Minerals business area exploits Partek's limestone deposits, processes carbonate products and supplies the process industry with minerals in raw-material form.

### Minerals Share of Group's Net Sales



### Cargotec

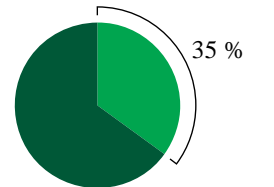


Partek is the world's primary producer of cargo-handling equipment for vehicles.

HIAB general cargo cranes hold a clear lead on the world market. Loglift and Jonsered timber cranes have a very strong position in the European market. Multilift and LeeBur are among the market leaders in the demountable load-handling systems market in Europe. Other Partek Cargotec trademarks are Norba refuse-collection vehicles, Nummi tipping hydraulics, Focolift tail-lift equipment and FMV timber cranes.

The customers consist of private truck owners, transportation companies, forestry machine contractors, refuse-collection companies, municipalities, authorities and defense ministries in various countries. The products are sold through Cargotec's own sales companies or independent retailers.

### Cargotec Share of Group's Net Sales



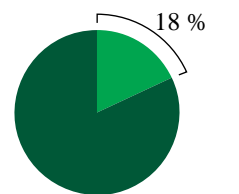
### Insulation



Partek is the foremost producer of rock wool-based insulation in Finland and Sweden. The company produces building insulation, technical insulation and special products. The products are used for heat and sound insulation and fire-protection. The trademarks for building and industrial insulation and HPV (heating, plumbing and ventilation) insulation are Paroc and, in Sweden, Rockwool.

The market area for building insulation is the Baltic region; technical insulation is also exported to Europe, and insulation technology and Paroc Fire Proof Panels are sold on a worldwide scale. New construction accounts for 40 percent of net sales. The customers comprise building firms, contractors and installation firms, industry, small-scale builders, and the wholesale and hardware trades.

### Insulation Share of Group's Net Sales



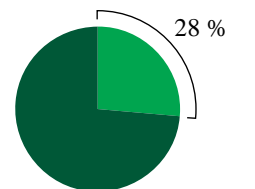
### Precast Concrete



Partek is one of the world's principal producers of precast concrete. The main product is the hollow-core slab, an industrially produced floor element. Other products used in residential and commercial construction are columns, pillars, wall and facade elements. Products used in infrastructure development include bridge beams, tunnel elements and railway sleepers. Because of transportation costs the production of precast elements is a regional activity. The main markets are the Benelux countries, Norway and Finland. Precast concrete technology is sold worldwide.

The customers consist of building firms, contractors, the public sector and, in Holland in particular, constructors of low-rise buildings.

### Precast Concrete Share of Group's Net Sales



## Annual General Meeting

The annual general meeting of Partek Corporation will be held on Thursday April 18, 1996 at 5 p.m. at the company's Development Centre in Pargas. Shareholders whose names are registered on Monday April 8, 1996 at the latest with the Partek register kept by the Central Share Register of Finland Cooperative are entitled to take part in the annual general meeting.

All shareholders wishing to attend must notify the head office in Pargas by 4 p.m. on Tuesday April 16, 1996 at the latest, either by telephone (+358-21-742 6056) or in writing at the address Partek Corporation, FIN-21600 Pargas. Possible proxies must be notified at the same time.

## Dividend

The Board of Directors proposes that a dividend of FIM 1.50 per share i.e. a total of FIM 57.8 million be distributed for 1995. Shareholders whose names are registered on April 23, 1996 with the Partek register kept by the Central Share Register of Finland Cooperative are entitled to a dividend.

The dividend can be drawn from shareholders' bank accounts on April 26, 1996. If a shareholder has not registered information about his bankers to the book-entry register, the dividend will be paid to the shareholder in the form of a postal order. Dividends paid as postal orders will be in the Post Office on the day the dividend is paid in order that they may be delivered to the payee. Shareholders who have not transferred their shares to the book-entry securities system by the record date will be paid the dividend after the shares have been transferred to the system.

The dividend for 1995 falls within the sphere of the corporation tax avoik fiscal system. Withholding tax will be deducted from dividends paid overseas.

## CONTENTS

Partek in figures .....	2
1995 in brief .....	3
Shares and shareholders .....	4
From the President .....	8
Board of Directors, Executive Board and Auditors .....	10
Minerals .....	12
Cargotec .....	16
Insulation .....	20
Precast Concrete .....	24
Other Business Activities .....	28
Partek and the environment .....	29
Annual report of the Board of Directors .....	30
Consolidated income statement .....	37
Consolidated balance sheet .....	38
Group source and application of funds .....	40
Income statement and source and application of funds, Parent Company .....	41
Balance sheet, Parent Company .....	42
Accounting Principles .....	43
Definitions .....	44
Appendices .....	45
Auditors' Report .....	57
Five-year review .....	58
Stock Exchange release summary 1995 .....	59
Address Directory .....	60

## Financial information

Partek will publish the following financial reports in 1996

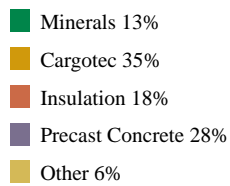
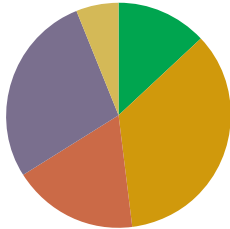
March 7	Financial results released 1995
April 11	Annual report 1995
June 14	Interim report January - April
October 21	Interim report January - August

Partek's annual report and interim reports are published in Finnish, Swedish and English. The above reports can be ordered from:

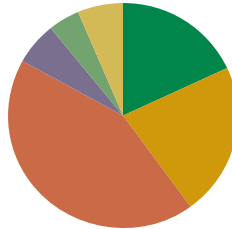
Partek Corporation  
Annual Reports  
P.O.Box 61, FIN-00501 Helsinki  
tel. +358-0-394 41, fax +358-0-394 4844, internet <http://www.partek.fi>

# Partek in figures

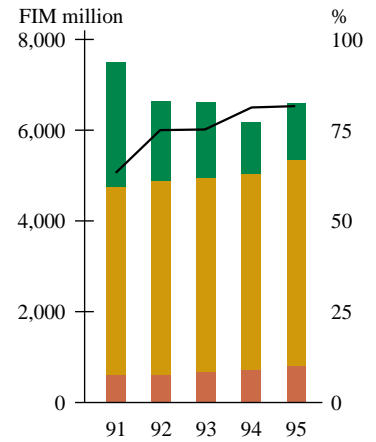
**Net sales by business area**



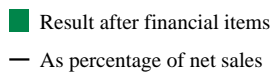
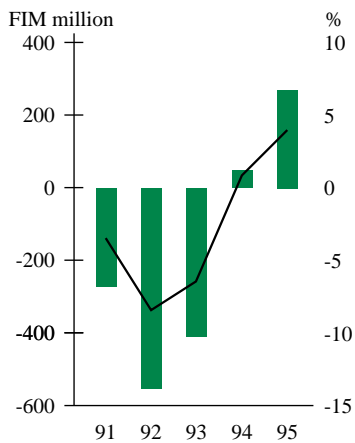
**Net sales by market**



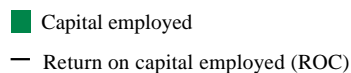
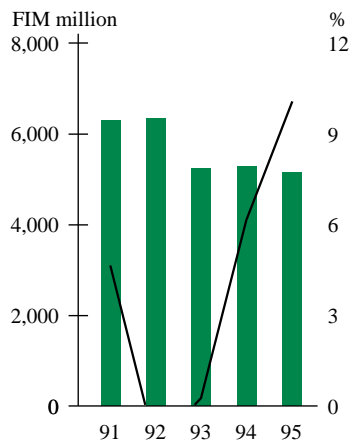
**Net sales**



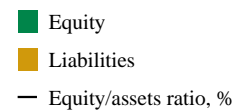
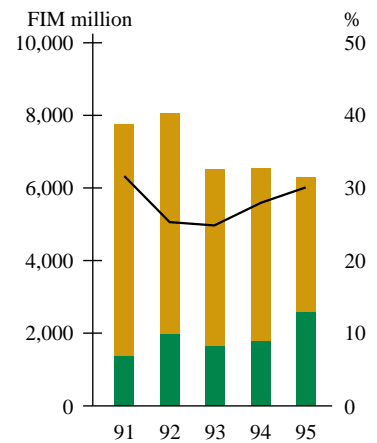
**Result after financial items**



**Capital employed and ROC**



**Capital structure and equity/assets ratio**



## 1995 in brief

- The earnings per share rose to FIM 5.04 (1994: 1.43).
- The Board of Directors proposes a dividend of FIM 1.50 (0.60).
- The profit after financial items improved by FIM 229 million and was FIM 270 (41) million. The return on equity rose to 11.0 (3.7) percent and the return on capital employed to 10.1 (6.1) percent.
- Partek withdrew from the cement industry following the completion of that sector's restructuring in Scandinavia. Partek agreed to sell its stake in Euroc to Aker. Partek will make a profit of about FIM 500 million out of the transaction, and 1.4 billion marks of capital will be released. As official confirmation is still required before the arrangement can be finalized, it has not been included in the 1995 annual accounts.
- As a result of the transaction Partek's equity/total assets ratio will exceed 40 percent i.e. above the long-term target. This will create good conditions for growth and development in the company's core activities.
- The business operations of United Tiles, which Partek jointly owns with the Swedish investment company Proventus, were sold, and the ownership and liabilities of A-Rakennusmies were reorganized.

	1995	1994	Change %
<b>Results</b>			
Net sales, MFIM	<b>6 556</b>	6 166	6
Profit after financial items MFIM	<b>270</b>	41	559
Profit/loss after extraordinary items MFIM	<b>225</b>	- 203	
Net profit/loss for the period MFIM	<b>149</b>	- 194	
Earnings/share FIM	<b>5.04</b>	1.43	252
<b>Profitability</b>			
Return on equity after taxation, %	<b>11.0</b>	3.7	
Return on capital employed before taxation, %	<b>10.1</b>	6.1	
<b>Solidity</b>			
Equity/total assets incl. conv.sub.bonds %	<b>29.7</b>	28.0	
Equity/share after conversion FIM	<b>47.40</b>	44.10	7
<b>Resources</b>			
Investments, MFIM	<b>292</b>	581	- 50
Final balance sheet total MFIM	<b>6 650</b>	6 590	1
Capital employed Dec. 31 MFIM	<b>5 132</b>	5 222	- 2
Average number of staff	<b>8 638</b>	8 128	5

Key ratio definitions p. 44

# Shares and shareholders

## Shares and share capital

Partek shares are quoted on the Helsinki Stock Exchange. The company has one share series, and all the shares have identical voting rights and the right to a dividend. The nominal value of the shares is FIM 10.

The number of shares entered in the Partek trade register was 38.5 million and the share capital totalled FIM 385 million. The company's minimum share capital is FIM 175 million and the maximum FIM 700 million. The share capital can be increased or reduced within these limits without altering the Articles of Association.

## Market capitalization

Partek shares fell in value from FIM 60 during the year to FIM 49.90 i.e 17 percent. The Helsinki Stock Exchange general HEX index fell at the same time by 8 percent. The highest price at which the shares were quoted was FIM 69 and the lowest FIM 45.

Partek's market capitalization at the end of 1995 was FIM 1.9 billion, which was 1 percent of the whole stock exchange's market capitalization. The peak market capitalization during the year was FIM 2.7 billion.

During 1995, 7.5 million of the company's shares were traded on the Helsinki Stock Exchange i.e 20 percent more than in 1994. The percentage of the total number of shares outstanding (velocity) was 20. In value, the turnover of the shares amounted to FIM 461 million, which was 0.6 percent of the exchange's total turnover of FIM 83 billion.

## Convertible subordinated bonds

In 1994 the company issued to the general public convertible subordinated bonds with a nominal value of

FIM 167,820,000. The bonds are considered as equity. They have no maturity date, and they are not covered by a guarantee or other collateral. The principal of the bonds will rank below other company obligations. It is possible to pay interest on the bonds only from distributable funds before the dividend. The nominal interest on the bonds is 9.02 percent. The company can pay a dividend only if there are sufficient distributable funds remaining after payment of the full interest.

Each bond can be converted into one share. The conversion price of the bonds, adjusted for share issues, is FIM 79.75 per share. The bonds can be converted between January 2 and November 30 every year. If all the bonds are converted into shares, the company's share capital will increase by FIM 21,043,260 and the number of shares by 2,104,326, which is the equivalent of 5.5 percent of all the shares and voting rights. No bonds had been converted into shares by December 31, 1995. Convertible bonds are quoted on the Helsinki Stock Exchange.

## Bonds with warrants

In 1994 the company directed an issue of bonds with warrants at the management as an incentive to the latter. The nominal value of the bonds is FIM 1,500,000. Altogether, 23 people holding a leading position in the Group, including the president, subscribed for the bonds. They will mature on June 20, 1998, and they pay a variable interest of 1 percentage point under the 12-month Helibor rate.

It is possible to use the option certificates with the bonds to subscribe for Partek shares at a price adjusted for share issues of FIM 77.07. If all the options are converted into

shares, the company's share capital will increase by FIM 3,156,520 and the number of shares by 315,652, which is 0.82 percent of all the share and voting rights. No conversion into shares had taken place by December 31, 1995.

## Board authorized to increase share capital

An extraordinary general meeting of Partek shareholders on November 21, 1994 gave the Board of Directors the authorization to increase the share capital by means of a rights issue and to launch convertible subordinated bonds or bonds with warrants denominated in Finnish marks in one or several instalments. The share capital could have been increased on the basis of the authorization by a maximum of FIM 38 million. The authorization was operative for one year from the meeting, but it was not used. There is no other authorization for increasing the share capital in force.

## Shareholders

At the end of 1995 Partek had 11,589 shareholders, four-fifths of whom held under 1,000 shares. The ten biggest owner-groupings own 60% of the shares. Private individuals account for more than a fifth of the share ownership. Foreign investors account for 34 percent of the share ownership. Of this 3.4 percentage points are shares registered in a nominee's name. Entries registered in a nominee's name give foreign owners only financial rights, such as the right to a dividend and to take part in share issues, but if the shareholder does not register his shares in his own name, he cannot use the votes represented by the shares to take part in company meetings or use their right to vote.

### Shareholders' agreement

In May 1994 Aker, Åbo Akademi University Foundation, the Sampo Insurance Group and Pension-Varma mutual insurance company, made a shareholders' agreement concerning the right of pre-emption for Partek shares and representation on the board of directors. The agreement is valid until December 31, 1997 and will continue subsequently for a period of notice lasting six months. Partek's agreement with Aker about the sale of Euroc shares led to the shareholders' agreement being amended. The most important part of the amendment is that the shareholders will endeavour to ensure that no shareholder will own more than 20 percent of Partek shares. If this situation is not achieved, the agreement will expire and all restrictions and obligations will no longer be in force. In any possible sale the shares must be sold at a price of at least FIM 82.50 per share, the price which Aker paid.

An option agreement was also made by the shareholders giving the Finnish shareholders the right to themselves buy or to point out a buyer for 3.5 million shares out of Aker's 11.5 million shares in Partek at a price of FIM 82.50 marks per share. The agreement terminates on June 30, 1997.

### Management shareholdings

At the end of 1995 the members of the Board of Directors and Executive Board held 11,300 shares, which was 0.03 percent of the company's total share capital and voting rights. The members of the Executive Board also owned bonds with warrants issued by the company. Altogether, these bonds entitle the holders to subscribe for 117,633 shares, which is 0.3 percent of the company's share capital and voting rights.

### Investor relations

Partek started to place specific emphasis on investor relations in 1995. The aim of investor relations is for the company's market capitalization to reflect as well as possible the value of the company's assets and its future earning ability. The company wants to offer investors both at home and abroad an investment that is interesting and liquid.

Partek's intent is that its shareholders will receive an attractive return on the capital they have invested. The return on an investment consists of the increase in the value of a share and the dividends paid. A good return increases the shareholders' desire to invest new capital in a company when it is needed to finance growth.

The aim of Partek's investor relations is to produce regularly for shareholders and capital markets open and reliable information about the company's development and so increase the shares' liquidity and expand the ownership base.

In 1995 the Partek Today magazine was posted twice to shareholders. When the company's annual and interim results were published, information briefings were arranged for investors and investment analysts. In all, seven sessions were arranged in Finland, in which shareholders, analysts, investors and media representatives took part. The number of analysts regularly monitoring Partek's progress went up during the year from three to ten. During the year 36 Finnish or foreign investors and analysts visited Partek. The sessions in Finland were attended by 35 portfolio managers and over 500 private investors.

In the fall of 1995 Partek presented itself for the first time to international investors. At 17 different sessions in London, Stockholm and Oslo the Partek management met with a total of 51 analysts, investors and portfolio managers in small groups or in one-to-one meetings.

### Share issues since 1990

Type of issue	Subscription period	Subscription ratio	Price/share, FIM	Number of new shares	New share capital, FIM
Share issue	Nov. 30–Dec. 30, 1994	6:1	46.00	5 500 000	385 000 000
Convertible subordinated bonds	May 6–May 13, 1994	Public issue	83.91	max. 2 000 000	
Change from Nov. 30, 1994			79.75	2 104 326	
Bonds with warrants	June 20–July 1, 1994	Issue to management	81.09	max. 300 000	
Change from Nov. 30, 1994			77.07	315 652	

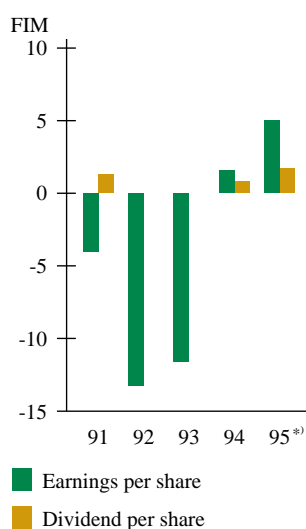


	1995	1994	1993	1992	1991
<b>Share capital and shares</b>					
Share capital, FIM million	385.0	385.0	330.0	330.0	330.0
Market value, FIM million	1 921.2	2 310.0	1 653.3	1 092.3	1 386.0
No. of shares, adjusted, 1000's					
Total at the end of the year	38 500	38 500	34 700	34 700	34 700
After conversion and subscription	40 920	40 920			
Average number of shares	38 500	34 710	34 700	34 700	34 700 <sup>2)</sup>
After conversion and subscription	40 920	36 262			
<b>Earnings per share, adjusted, FIM</b>					
2)					
After financial items, taxation and the change in deferred taxes	5.04	1.43	- 11.09	- 13.15	- 4.20
After conversion and subscription	5.12	1.65			
After financial items, standard tax rates and minority interest	4.84	0.46	neg.	neg.	neg.
P/E ratio	9.9	42.0	neg.	neg.	neg.
<b>Dividend</b>					
Total, FIM million	57.8 <sup>1)</sup>	23.1	-	-	36.3 <sup>2)</sup>
Dividend per share, adjusted, FIM	1.50 <sup>1)</sup>	0.60	-	-	1.05 <sup>2)</sup>
Yield, %	3.0	1.0	-	-	2.6
Dividend/profit, %	29.7	42.8	-	-	neg.
<b>Share value (FIM per share) at year-end</b>					
Nominal value	10.00	10.00	10.00	10.00	10.00
Value adjusted for issues					
Equity excluding convertible subordinated	45.39	42.74	46.12	58.11	68.95
Equity after conversion and subscription	47.40	45.16			
Market price, Helsinki Stock Exchange					
at the end of the period	49.90	60.00	47.65	31.48	39.94
as an average during the period	61.10	65.80	39.01	35.63	70.11
highest	69.00	81.79	48.50	58.96	86.45
lowest	45.00	47.55	23.87	19.97	40.04
<b>Shares traded</b>					
2)					
Total, FIM million	460.6	414.8	236.6	76.5	87.5
No. of shares, adjusted for issues, 1000's	7 539	6 304	6 066	2 146	1 248
Shares traded as % of total number of shares	19.6	18.2	17.5	6.2	3.6
<b>Number of shareholders</b>					
	11 589	12 060	11 958	13 744	13 700

<sup>1)</sup> Board's proposal

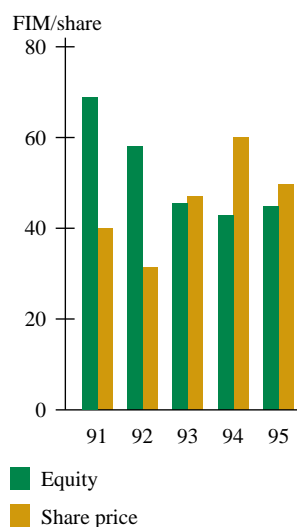
<sup>2)</sup> March 1 - Dec. 31, 1991, previous periods March 1 - Feb. 28  
Key ratio definitions p. 44

### Earnings per share

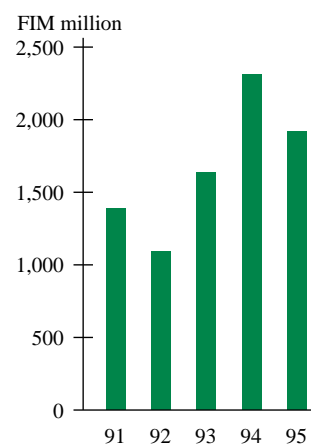


<sup>\*)</sup> Proposed by the Board of Directors

### Equity and share price



### Market capitalization



## Largest shareholders

	Dec. 31, 1995		Dec. 31, 1994	
	No.	% <sup>1)</sup>	No.	% <sup>1)</sup>
Aker a.s	11 519 300	29.9		27.2
Foundation of Åbo Akademi	4 061 998	10.6		10.5
Sampo-Group				
Industrial Insurance Company Ltd	2 550 640			
Sampo Pension Group	601 913			
Sampo Insurance Company Ltd	270 100			
Otso Loss of Profits Insurance Co. Ltd	118 363			
Kaleva Mutual Insurance Company	94 442			
Insurance Company of Finland Ltd	46 304	3 681 762	9.6	9.6
Pension-Varma				
Pension-Varma				
Mutual Insurance Company	1 401 231			
Nova Life Insurance Company Ltd	175 661	1 576 892	4.1	4.0
Polaris Pension Fund		466 666	1.2	1.2
The Local Government Pension Institution		460 034	1.2	0.6
Stiftelsen Martha och Albin Löfgrens Understödsfond r.s.		438 242	1.1	1.1
Alfred Berg Finland mutual fund		377 483	1.0	1.0
The Public Association Folkhälsan		334 487	0.9	0.9
Federation of Finnish Metal Engineering & Electrotechnical Industries		278 850	0.7	0.7
Total		23 195 714	60.2	56.8

<sup>1)</sup> Percentage of total number of shares and voting rights.

## Distribution of shares

By size of holding, December 31, 1995

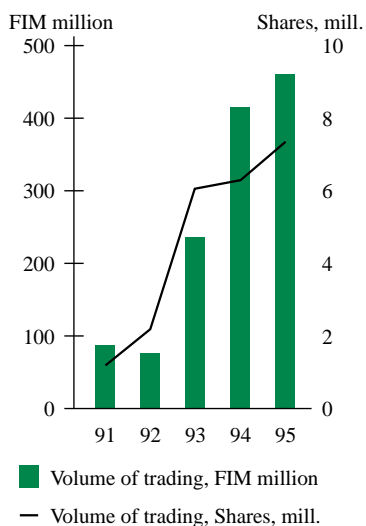
Shares per holder	Shareholders		Shares	
	No.	%	No.	% <sup>1)</sup>
1-1000	9 319	80.4	2 665 388	6.9
1001-5000	1 867	16.1	3 803 883	9.9
5001-10000	216	1.9	1 469 674	3.8
10001-50000	139	1.2	2 883 567	7.5
50001-	48	0.4	26 370 307	68.5
Other			1 307 181	3.4
Total	11 589	100.0	38 500 000	100.0

<sup>1)</sup> Percentage of total number of shares and voting rights.

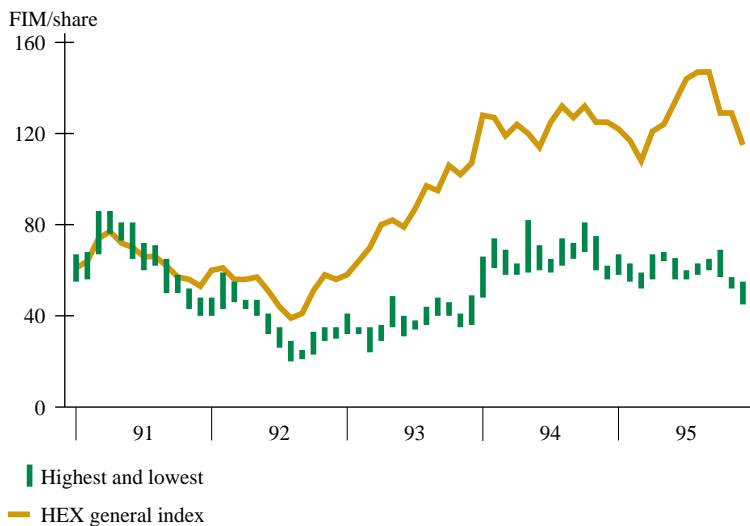
## By shareholding, %

	Dec. 31, 1995	Dec. 31, 1994
Private individuals	19.9	21.0
Associations and trusts	19.9	20.2
Companies	34.7	32.7
Insurance companies	18.0	17.0
Investment funds	2.7	4.3
Banks, financial institutions	0.3	0.2
State, local authorities and religious communities	1.0	1.4
Others	3.4	3.1
Total	100.0	100.0

## Volume of trading



## Share price development



## From the President



Partek began the year 1995 with relatively good prospects in most markets. By the end of the year we had achieved a result and an equity/assets ratio that put the Group once more on an acceptable level at the same time as economic trends generally showed clear signs of weakening.

\*

In early October Partek concluded an agreement for the sale of its 25 percent holding in Euroc. This meant that we brought to a close our role in restructuring first the Finnish and then the Nordic building materials industry. This we have taken an active part in since the beginning of the 1990's. At the same time this sale is an important strategic decision. With it Partek has departed from the field of cement operations, a field which has formed a key part of our activities for many decades.

\*

I am convinced that this is the right step. The likelihood of Partek being able to play a leading role in the North European cement operations just did not exist.

The capital released by the sale of the Euroc shares and the gain that it generates will be used to enable Partek to grow and to further strengthen the Group on the principle that we shall be leading where present: in our core operations and core markets.

\*

For all our business areas it is a

question of having an industrially correct and sufficiently strong structure. This will provide the best road to value added.

Different measures are intended to bring this about.

During the 1990's Partek has invested strongly in growth of its mineral operations to give it a stronger structure. Within the framework of our strategy to be a leader in the Baltic Sea region we intend to proceed further along this path. This will be done partly by increasing our capacity and partly by striving for better geographical coverage.

\*

Cargotec has good possibilities for expansion. In Asia we have reinforced our position during the past year. Now we are in the process of building a wider network from our new regional office in Singapore. In North America our sales have to date been relatively small but have expanded strongly. There is promising potential, especially for forestry cranes, but also for other new equipment applications.

—At the same time we are continually on the lookout at Cargotec for new acquisitions, both within our existing segments and in related fields.

Investment in an insulation plant in Lithuania is an example of our efforts to create a strong presence in insulation materials around the Baltic Region. We are well on the way.

Precast Concrete continues to focus on industrial products and those countries where precast elements already have a strong footing in building. Our own technological operations function as an independent company with a broad geographical presence. It supports our precast concrete activities which are at the same time an important base for technological development.

\*

All our business areas improved their profitability during the year. With the exception of Precast Concrete, they have exceeded the Group target of a 15 percent return on capital employed. However, to reach this target over a business cycle means that profitability in the different business areas must be improved still further.

During the year a number of measures were taken to divest ourselves of operations and assets that do not form part of Partek's core activities. The area Other Business Activities is now less of a burden on our profitability. These measures will continue.

\*

In step with the improvements in the Group's profit and Balance Sheet there seems to be a growing interest in Partek's shares. This is reflected in the increasing attention on the part of analysts and investors. During the last year we have increased our efforts to attract investors, both in Finland and abroad. Our

aim is to present a clearer picture of the Group and its development.

Partek's portfolio is today a result partly of historical developments and partly of a long-term and committed policy of restructuring. For those of us who have lived the major changes in Partek in recent years, the picture of the Group may seem simple and straightforward. We have become aware, however, that this may not be the case for outsiders who analyse the values and potential that the Group as a whole and its different parts represent.

When we work to increase the value of Partek's shares, we do so primarily by trying to increase our efficiency and profitability and establishing a strong structure. But it is also clear that we are moving towards further focusing and concentration, not least in order to present a clear picture of the Group. – Partek's Board of Directors has laid down a clear dividend policy. I hope that it will have a positive effect on how our shares are valued on the market.

\*

The early part of this year has been characterised by weaker economic growth in Europe, our largest market. It is not impossible, however, that we shall see a recovery towards the end of the year. Smaller volume will have a negative effect on our profitability. However, the Group structure and its financial base have been strengthened and our efficiency

has been improved. – The outlook for the whole of 1996 remains, nonetheless, very uncertain.

\*

How the company will develop is a combination of many factors. A basic necessity, however, is that our customers receive what we have promised them and also regard us as competent to solve their problems. In this way a firm customer relationship, or what we prefer to see as a mutual partnership, can be established. I wish to thank all our customers who have shared our efforts to progress along this path.

\*

Partek's image and the Group's result are the product of joint efforts by everyone within the Group, regardless of position or job. I would like to thank everybody for their contribution in 1995.

\*

There is a strong awareness in the Partek Group that the goal for all our activities is to help raise Partek's value for its shareholders. Our efforts are directed towards exploiting the potential within the Group and its different operations. Our success is reflected in the Group's result, in the ratio of equity to assets and in the dividend as well as how the market perceives us.

Christoffer Taxell

# Board of Directors



**C.O. Tallgren**

**Björn Mattsson**



**Paavo Pitkänen**



**Jouko K. Leskinen**



**Tom Ruud**



**Cato A. Holmsen**



**Christoffer Taxell**



**Jan Ekberg**

**Carl Olof Tallgren** b. 1927

Chairman

M.Sc.(Pol.), Ph.D.(h.c.)

Chairman of the Board of  
Åbo Akademi University Foundation

Elected to Partek's Board: 1979

Now elected for the period: 1994–1997

Shareholding in Partek: 1,228

**Cato A. Holmsen** b. 1940

M. Sc. (Tech.)

President of Aker a.s, Cement and  
Building Materials division

Elected to Partek's Board: 1994

Now elected for the period: 1995–1998

Shareholding in Partek: –

**Paavo Pitkänen** b. 1942

M.Sc. (Phil.)

Managing Director, Pension-Varma  
mutual insurance company

Elected to Partek's Board: 1994

Now elected for the period: 1995–1998

Shareholding in Partek: 11

**Tom Ruud** b. 1950

Vice Chairman

M. Sc. (Tech.)

President and C.E.O., Aker a.s

Elected to Partek's Board: 1994

Now elected for the period: 1994–1997

Shareholding in Partek: –

**Jouko K. Leskinen** b. 1943

L.I.M.

C.E.O., Sampo Group

Elected to Partek's Board: 1994

Now elected for the period: 1994–1997

Shareholding in Partek: –

**Christoffer Taxell** b. 1948

L.I.M.

President and C.E.O. of Partek

Elected to Partek's Board: 1984

Now elected for the period: 1993–1996

Shareholding in Partek: 4,055

**Jan Ekberg** b. 1936

Chairman of Pharmacia & Upjohn, Inc

Elected to Partek's Board: 1994

Now elected for the period: 1995–1998

Shareholding in Partek: 1

**Björn Mattsson** b. 1941

Lic. Phil., Honorary Councillor

Managing Director, Cultor Oy

Elected to Partek's Board: 1993

Now elected for the period: 1993–1996

Shareholding in Partek: 1,160

# Executive Board



**Christoffer Taxell**



**Carl-Gustaf Bergström**

**Christoffer Taxell** b. 1948  
President and C.E.O.,  
LL.M.  
Employed at Partek since 1990  
Number of Partek shares: 4,055

**Carl-Gustaf Bergström** b. 1945  
Senior Executive Vice President,  
B.Sc. (Econ.)  
Employed at Partek since 1970  
Number of Partek shares: 2,710



**Patrick Enckell**

**Patrick Enckell** b. 1937  
Senior Executive Vice President,  
Lic. Tech.  
Employed at Partek since 1964  
Number of Partek shares: 1,750



**Kari Heinistö**

**Kari Heinistö** b. 1958  
Chief Financial Officer,  
M.Sc. (Econ.)  
Employed at Partek since 1983  
Number of Partek shares: 385

Senior Executive Vice President, Raimo Taivalkoski was appointed acting President of Amer Group, a publicly quoted company, at the end of the year. For this reason he is on leave of absence from Partek.

## Auditors

### Auditors

Eric Haglund, B.Sc.(Econ.), A.P.A.  
Juhani Kolehmainen, M.A.  
Thor Nyroos, B.Sc.(Econ.), A.P.A.

### Deputy auditors

KPMG Wideri Oy Ab, Firm of Authorized Public Accountants  
Antti Lehtinen, M.Sc. (Econ.), Managing Director  
Alf-Erik Lerviks, D.Sc. (Econ.), professor

# Minerals



**Jorma Tsubari**  
Managing Director  
City of Helsinki Waterworks

“ We have teamed up very successfully with Partek to produce high quality drinking water and to experiment with the denitration of waste water. In the near future, lime will be used to remove nitrogen from waste water.”

**Erja Kilpinen**  
Sales Manager  
Nordkalk Oy Ab

“Helsinki Waterworks is both a significant client and business partner to us. Together we have a great deal of customers to satisfy. Every day, the 750,000 people living in the Helsinki metropolitan area use 200 million litres of pure water that have been alkalized with quick lime. Likewise, 250 million litres of waste water are purified daily using hydrated lime and then emptied safely into the ecologically sensitive Baltic Sea.”



Partek is the main producer of limestone-based minerals, wollastonite, quartz and feldspar in Scandinavia. Partek owns all the deposits it is now using in Finland and Sweden, which guarantees continuity of operations in the long term. The company is investing heavily in customer-responsive development activities and optimizing the production processes. These factors will create the conditions for expanding operations in the Baltic region.

The most important customers are the following industries: iron and steel, pulp and paper, metallurgy, glass and ceramics, chemicals and building materials in addition to environmental conservation and agriculture. The principal market area for the products is the Baltic region. Wollastonite, quartz and feldspar are also exported to Central Europe.

The Minerals business area consists of two divisions: Nordkalk and Partek Industrial Minerals. Nordkalk exploits limestone deposits in Finland, Sweden and Norway. The quarried limestone is crushed and processed into carbonate products and quick and hydrated lime. Industrial Minerals' main product is calcite, which Suomen Karbonaatti Oy, a company owned jointly by Partek and the Swiss Plüss-Staufer AG, converts into a ground-micronized paper pigment. Industrial Minerals also quarries and processes wollastonite, quartz and feldspar in Finland and imports certain other industrial minerals.

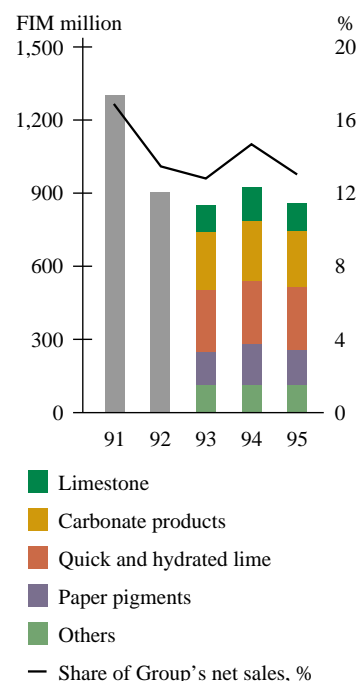
Partek's biggest quarries are situated at Pargas and Lappeenranta in Finland and Gotland in Sweden. In all, there are mines and production plants in 19 localities in Finland and Sweden. Nordkalk also has a 10 percent minority interest in the Norwegian Verdalskalk, from where limestone is imported into Finland and Sweden for processing.

Key figures	1995	1994	Change %
Net sales MFIM	867	917	- 5
Operating profit MFIM	138	132	5
- % of net sales	16	14	
Capital employed avg. MFIM	813	793	3
- return on capital employed, %	17	17	
Investment MFIM	91	45	100
Depreciation MFIM	72	63	14
Staff, Dec. 31	924	942	- 2
R&D expenses, MFIM	11	8	38
R&D staff	38	36	

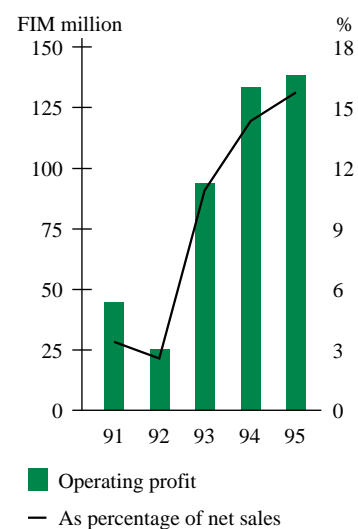
Divisions	Net sales, MFIM		Staff, average	
	1995	1994	1995	1994
Nordkalk	638	681	688	685
Industrial Minerals	257	259	293	316
- inter-divisional	- 28	- 23		
Total	867	917	981	1 001

Net sales by market area, MFIM	1995	%
	Finland	582
Other Scandinavian countries	239	28
Other EU countries	29	3
Other European countries	12	2
Other countries	5	1
Total	867	100

## Net sales



## Operating profit



## Quality certificates

ISO 9001  
Industrial Minerals,  
Quartz-feldspar production line;  
Haapaluoma, Kimito, Nilsjä, Virkkala

ISO 9002  
Nordkalk,  
Technical lime (quick and hydrated lime):  
Pargas, Louhi, Lohja, Lappeenranta

Industrial Minerals; Lappeenranta  
Suomen Karbonaatti; Lappeenranta  
Nordkalk Calcium AB; Malmö, Köping



- Minerals still produced a good result even though overall sales fell slightly from the previous year
- Attempts will be made to strengthen the positions around the Baltic Sea
- Demand is expected to increase in 1996



The pH value of acidified waterways is raised by liming. In Sweden, where Nordkalk's lake-liming is marketed through Movab, more than 220,000 tonnes of ground limestone are spread on freshwater lakes and waterways.

#### Net sales and results

Net sales in the Minerals business area came to FIM 867 million, a reduction of FIM 50 million from the previous year, reflecting mainly the fall in demand in the construction industry and soil-improving products and stoppages in the Finnish paper industry in the autumn. The low exchange rate of the Swedish crown also reduced sales in terms of Finnish marks.

The operating profit, however, remained at the good level of the previous year and amounted to FIM 138 million. The return on capital employed was good at 17 (17) percent. The continual upgrading of production has had a positive effect on profitability. The large-scale investment of FIM 91 (45) million spent on increasing production of the calcite-based paper pigment will have a negative effect on the profit temporarily, but it will create conditions for growth in the future. Investment in the environment totalled FIM 7 million.

The targets for Nordkalk in 1996 include improving return on capital employed and cash flow through increasing efficiency and for Industrial Minerals, obtaining ISO 14000 quality certification. Most of

Nordkalk's and Industrial Minerals' operations have already been granted ISO 9001 or ISO 9002 quality certificates. The staff's awareness of quality will be continually promoted and productivity and profitability increased by quality-improvement processes, quality systems and an exchange of experiences among the units.

#### Prospects

The demand for minerals is expected to show a small increase in 1996. Markets that are relatively stable or growing are to be found, in particular, in environmental conservation, the iron and steel industries, and pulp and paper industry.

#### Limestone

Partek is the leading producer of limestone in Scandinavia. The limestone is used in industrial processes both as a raw material and for removing impurities. The Group delivers limestone to the iron and steel, chemicals and sugar industries in Finland and Sweden. There are also sugar-industry customers in Denmark, the Baltic countries and Germany. The Finnish cement industry uses a considerable amount of limestone.

No significant changes took place in the demand for limestone compared with the previous years. Deliveries to the sugar industry went up because of the good sugar beet crop. Building production contracted further in Finland, a development that was reflected in the reduction in cement production.

Partek strengthened its position on the Baltic market as a supplier to the sugar industry.

#### Carbonate products

Partek is the foremost producer of carbonate products, i.e. crushed and ground limestone, in Finland and Sweden. Carbonate products are used in agriculture for soil improvement, in environmental conservation for removing sulphur emissions from power plants and reducing acidity in waterways and forests, and by the construction industry as a raw material for building products such as bricks and mortar, and as a filling agent for asphalt. Carbonate products are sold directly to the end-user except for soil-improving products, for which centralized distributors are used.

Finland's membership of the EU at the beginning of 1995 caused uncertainty about the continuity of



Finland's biggest steel producer, Rautaruukki, acquires more than 500,000 tonnes of limestone and 15,000 tonnes of quick lime developed especially for removing sulphur from crude iron. In the steel process pictured here the lime reacts chemically with the impurities in the iron, forming slag.

the agricultural policy that had been in operation up to that point. This had a harmful effect on the demand for soil-improving products. In Sweden, on the other hand, agricultural production grew and the price of soil-improving lime went up. Lake-liming in Sweden remained at the level of the previous year. The lack of building production also took its toll on the demand for carbonate products in both Finland and Sweden.

Sales of carbonate products went down compared with the previous year mainly because of the reduction in demand in agriculture and the building industry.

#### Quick and hydrated lime

Partek is the leading producer of quick and hydrated lime in Scandinavia. Quick and hydrated lime are used by the processing industry both as a raw material and for removing impurities, by coal-fired power plants for removing sulphur from flue gases and by water-treatment plants for alkalizing and treating drinking and waste water. Quick lime is also used for soil stabilization.

In agriculture the phosphorus in runoffs from fields is removed by the FOSTOP lime filter drain. This method, developed by Nord-kalk, can also be adapted to prevent the acidification of soil that contains sulphates. In Finland FOSTOP won first prize in the Water Systems category of the Blue Globe Environmental Invention Competition, which is part of the European Environmental Conservation Year 1995. FOSTOP has been patented in several European countries.

The fall in production in the pulp and paper industry at the end of the year was partly reflected in the drop in demand for quick lime as



The Kaukas paper mill at Lappeenranta is one of the most important customers of Suomen Karbonaatti, a Partek subsidiary. The mill produces single and double coated paper that is used for top-grade magazines, advertising and sales catalogues.

well. On the other hand, there has been a rapid growth in the demand for PCC, or precipitated calcium carbonate, which is used as a filling and coating pigment by the paper industry. The raw material for PCC is quick lime, which is supplied by Partek and then processed in Finland by NordCarb Oy, a Finnish associated company of Nordkalk, and the Danish company Faxe Kalk A/S.

Sales of quick and hydrated lime increased over the previous year, particularly to the iron and steel, pulp and chemical industries.

#### Paper pigments

Partek produces calcite concentrate, from which Suomen Karbonaatti Oy, a subsidiary in Lappeenranta, produces a paper coating pigment, i.e. ground-micronized calcium carbonate, for the Finnish paper industry. Suomen Karbonaatti Oy's other shareholder and the owner of the Hydrocarb trademark is the Swiss company Plüss-Staufner AG.

The demand for paper pigments remained strong in Finland up to the latter part of the year, when, because of stoppages in paper production, it started to fall appreciably.

Sales were slightly down on the previous year.

#### Quartz, feldspar and wollastonite

Partek is Finland's primary producer of quartz and feldspar and supplier of wollastonite for the European ceramics industry. The German and Italian metallurgical industries are also important customers. Feldspar is exported mainly to Europe, particularly to the Baltic Sea region, where Partek's market position is strong. Quartz and feldspar are important raw materials for the glass and ceramics industries, whose end products include sheet and container glass, tiles and porcelain products. Fire-resistant lining compounds made from quartz are delivered to foundries all over the world. Quartz is also used as a raw material by the building products industry. Wollastonite is mainly used as a raw material in glazing and to a certain extent in the production of ceramic tiles. Wollastonite is used as a casting agent in steel production.

In Finland, Partek sells the products directly to customers; abroad, agents are used for selling.

The increase in the production capacity of the Finnish glass industry lifted the demand for quartz and feldspar in 1995. Demand in Poland also showed a clear increase.

The production of quartz and feldspar rose slightly over the previous year. The production of wollastonite, however, remained at the previous year's level, but sales fell because of the drop in market prices and the strong Finnish mark.

# Cargotec



**François-Noël Boyer**  
Managing Director  
F.V.S. Agency at Pantins

“For a new waste collecting system to be established in Paris, we needed a heavy duty crane with a long boom system able to lift containers weighing 2 to 4 tons. These would be placed in the streets for collection of heavy, cumbersome rubbish and be collected by a vehicle with a crane that could manage the narrow, congested streets of Paris. Sté. Normande De Nettoyement found the perfect solution for us using a semi-trailer with a big volume container with hinged lids and a Jonsered crane fitted with a special container lifting device.”

**Jacques Treillet**  
Marketing Manager, France  
Hiab Forest AB

“The design and the large number of Jonsered heavy duty cranes sold in France over the past 30 years which operate under demanding conditions handling timber and scrap. This is what convinced Mr. Roussel of Sté. Normande De Nettoyement to choose our Jonsered cranes for this new waste collection system. Our dealer Carrosserie Cornu, who installed the crane, also played a key role in this team effort.”

Cargotec is the world's principal producer of cargo-handling equipment for vehicles. All the products are based on hydraulics, chassis-mounted and used for loading and unloading goods. Cargotec operates on global markets. Asia and America are the geographical growth areas.

HIAB general cargo cranes hold a clear lead on the world market. Loglift and Jonsered timber cranes have a very strong position in the European market. LeeBur and Multilift demountable load-handling systems are also among the market leaders in Europe. Other recognized products are Norba refuse-collection vehicles, Nummi tipping hydraulics, Focolift tail-lift equipment and FMV timber cranes.

The customers mostly consist of private truck owners, transportation companies, forestry machine producers and contractors, waste-handling companies, municipalities, authorities and the defense ministries in several countries. The products are used for ie. transporting building materials, equipment and timber handling, collecting and transporting waste and for delivering goods.

HIAB's production units are located in Sweden, Denmark, Holland and Spain. Loglift Jonsered's production units are in Finland and Sweden. Demountable load-handling systems and waste-handling systems are produced in Finland, Sweden, Holland and the UK. Cargotec has its own sales companies in the following countries: Finland, Sweden, Norway, Denmark, the UK, Germany, Holland, Belgium, France, Spain, Poland, the USA, Singapore, Malaysia, Korea and Japan. There is an associated company in Mexico. A sales company was opened in Chile at the beginning of 1996. There are also independent importers and retailers in several countries.

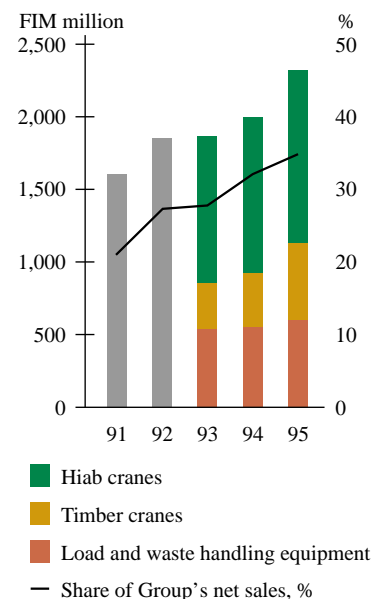
Key figures	1995	1994	Change %
Net sales, MFIM	2 308	1 977	17
Operating profit MFIM	151	137	10
- % of net sales	7	7	
Capital employed avge. MFIM	961	903	6
- return on capital employed, %	17	16	
Investment MFIM	64	28	129
Depreciation MFIM	47	50	- 6
Staff, Dec. 31	2 804	2 323	21
R&D expenses, MFIM	62	57	9
R&D staff	107	96	

Divisions	Net sales, MFIM		Staff, average	
	1995	1994	1995	1994
HIAB	1 184	1 065	932	865
Loglift Jonsered	530	370	463	270
Load & Waste Handling	594	542	581	545
Sales companies			777	598
Total	2 308	1 977	2 753	2 278

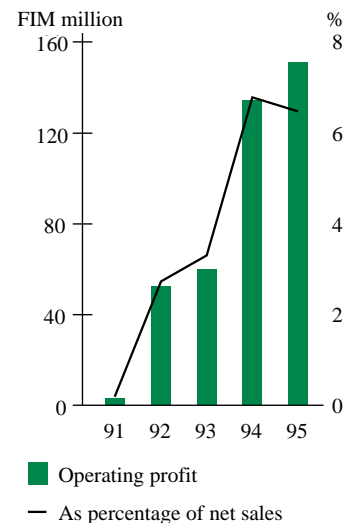
#### Net sales by market area, MFIM

	1995	%
Finland	210	9
Other Scandinavian countries	368	16
Other EU countries	1 120	49
Other European countries	71	3
USA and Canada	174	8
Asia	311	14
Other countries	55	2
Total	2 308	100

#### Net sales



#### Operating profit

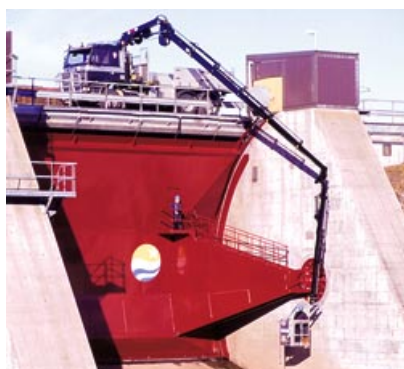


#### Quality certificates

##### ISO 9001

HIAB AB Hudiksvall, Sweden  
 HIAB Export A/S Lem, Denmark  
 Loglift Oy Ab Salo, Finland  
 Cargotec (UK) Ltd, GBO, Shrewsbury, UK  
 HIAB Accessories B.V. Meppel, Holland  
 HIAB-Valman S.A. Zaragoza, Spain  
 Multilift Oy Raisio, Finland  
 Focolift Oy Ab Perniö, Finland  
 Nummi Oy Ab Perniö, Finland

- The net sales and profit showed a marked increase. Investment was targeted at the Asian market
- Sales of timber cranes reached record levels
- Asia and America are the growth areas
- The peak of the business cycle is over. Prospects for 1996 on European markets are uncertain



At Vuollerim, west of Luleå, a HIAB 195 with its crew checks the sealing jointing on the sluice-gates of a dam belonging to Vattenfall, the biggest electricity-generating company in Sweden. Earlier, construction equipment was needed for the work, and erecting it was time-consuming. The waste gathered by divers from the power plant's water intake apertures is also removed by using the crane's hoist.

#### Net sales and results

Cargotec's net sales went up to FIM 2,308 (1,977) million, a rise of 17 percent over the previous year. The growth slowed at the end of the year. Loglift Jonsered's sales recorded the biggest increase. Asia's share of the sales went up to 14 percent. Fluctuations in exchange rates reduced the net sales in terms of Finnish marks. Orders in hand at the end of the year were six percent higher than a year earlier.

The operating profit was FIM 151 (137) million. The return on capital employed was good, 17 (16) percent.

In 1995 Cargotec strengthened its own importer and distribution network and invested, in particular, in the Asian markets. Cargotec's strategy is to handle itself the import and sales of its products on all the main markets. During the year the company acquired the business operations of importers in the UK, Singapore, Malaysia and Korea. The acquisitions increased sales by about FIM 120 million. A regional Asian office was set up in Singapore.

A spare-parts centre opened at Metz in northern France for the distribution of spare parts for all HIAB cranes in central and western European countries. Loglift's new service and spare-parts centre was completed at Salo in Finland. The operations of Toijala Works were merged with Cargotec at the beginning of 1995. Investments for the business area amounted to FIM 64 million.

Cargotec will apply the ISO 9000 quality system. The aim is for all the production units to have the ISO 9001 quality certificate by the end of 1996. Most of the units achieved this objective during 1995. Priorities for 1996 are reliability in deliveries, customer satisfaction and shortening delivery times.

#### Prospects

Demand during this business cycle in Cargotec's main market area, Europe, has reached its peak. This can be seen in all product groups, but particularly in the timber cranes. The fall in demand will be met by increased investment in marketing in Europe and the growth areas of Asia and America.

#### HIAB

HIAB cranes are general cargo cranes mounted on vehicles and used for handling heavy goods. Small HIAB cranes are mounted on service and delivery vehicles. HIAB is the clear market leader in its segment throughout the world. The cranes are used mainly for building and construction transportation. The products' home markets are in Europe, whereas Asia and America are the growth areas.

There was a big increase in the registration of heavy trucks in 1995. The growth was particularly strong in





**Loglift Jonsered is the leading producer of timber cranes in Europe. Markets have expanded to include Japan as well as North and South America.**

Scandinavia and central Europe. From the autumn onwards, however, the growth in construction and the whole economy slowed, which has started to be reflected in the demand for vehicle cranes.

The biggest growth in HIAB's sales came in the EU countries and Asia. Net sales were FIM 1,184 (1,065) million. Competition continued to be fierce in some European countries. The capacity was utilized to a high degree.

The cranes are becoming increasingly longer in their reach and have greater lifting capacity. HIAB has concentrated on developing electronic control and safety systems for its cranes. The electronics improve the operability of cranes considerably. HIAB products sold in Europe are equipped with the CE safety standard found in the EU machine directive.

### **Loglift Jonsered**

Loglift Jonsered's hydraulic cranes are used primarily for handling timber, but also to an increasing extent for other purposes such as the handling of recycling materials. Timber cranes are grouped under the Loglift, Jonsered and FMV trademarks. They are very firmly established on the European market. There are, in all, 40

basic models in the product range and also numerous extension options. The most important market areas are Scandinavia and the rest of Europe. The growth markets are America and Asia.

Cranes meant to be used for timber trucks are sold mainly on European markets. Cranes designed for forestry machines are sold to the producers of forestry machines. Loglift has a cooperation agreement with the Timberjack Group, the world's foremost producer of forestry machines, which installs Loglift cranes on its own products. The small FMV timber cranes are meant to be installed on big agricultural tractors. Sales of cranes fitted with a cabin are growing rapidly.

The demand for timber cranes reached unprecedented levels in 1995. The growth was strongest in the EU countries. Net sales were FIM 530 (370) million. The number of cranes produced by the Loglift Jonsered Group has doubled in two years. At the same time the division has been able to make a big improvement in the reliability of its deliveries. Profitability was good. The division won the Partek prize for being the best division of 1995.



**A combination truck-trailer equipped with the Multilift HLZ 26 is able to transport three fully-packed waste containers at one time from the transfer depot to the dumping site. The containers are emptied with the hooklift by tipping.**

### **Load & Waste Handling Systems**

The Load & Waste Handling Systems division manufactures products and systems that are particularly well suited to the recycling and transportation of waste and to the transportation needs of armed services. The products include LeeBur and Multilift demountable load-handling systems, Norba refuse-collection vehicles, Nummi tipping hydraulics, and Focolift tail-lift equipment meant mainly for loading and unloading. The customers are principally waste-treatment companies, truck owners, municipalities, authorities and defense ministries. Cargotec is Europe's leading producer of demountable load-handling systems. The main markets for the products are Scandinavia and other EU countries.

The growth in truck sales boosted the demand for demountable load-handling systems and tail-lift equipment in 1995. Net sales were FIM 594 (542) million. Multilift's, LeeBur's and Focolift's sales went up by more than a quarter. Multilift cargo-handling equipment for armed services strengthened its market position. UN and Nato troops in Bosnia are using some 300 Multilift cargo- and container-handling demountables.

Europe's waste-collection and transportation equipment markets are in the midst of major reconstruction. The classification and recycling of waste requires more efficient equipment. In its aim to become a leading European supplier of waste collection and transportation systems, Cargotec is active in its development. In Europe the sector is dispersed, which offers opportunities for restructuring. Cargotec wants to actively participate in this restructuring.

# Insulation



**Ulf Frisk**  
Director, Building Insulation  
Rockwool AB

“ If we want to develop profitably then we must combine the competence existing across various companies in areas like administrative contacts, material flows and business development. That is the strength of our joint effort with Skanska. Those who wish to succeed in the 90's must create cooperation alliances.”

**Christer Cederblad**  
Purchasing Director  
Skanska AB

“The close cooperation formed between Skanska and Rockwool has introduced a whole new way of working together in the building industry.”

Partek is the leading producer of rock wool-based insulation in Finland and Sweden. The products are sold mainly in the Baltic Sea region. The strong market position is based on customer-responsiveness, the business area's own production technology and special know-how in insulation techniques. The focus is on expansion and new product applications.

Partek Insulation produces rock wool building insulation, acoustic products, technical insulation and building elements that are used for heat and sound insulation and fire-protection. The trademarks for building and industrial insulation and HPV (heating, plumbing and ventilation) insulation are Paroc and, in Sweden, Rockwool. Growth will be sought from technical insulation, Paroc Fire Proof Panels and new product innovations and applications. Roctex non-woven insulation mats and Green Rock waste-water filters are new applications still at the development stage. The customer is closely involved in product development. New construction brings 40 percent of the business area's net sales, while renovation and technical insulation both bring just under one-third.

The market area for building insulation is the Baltic region; technical insulation is also exported to Europe, and insulation technology and Paroc Panels are sold on a worldwide scale. The customers comprise building firms, contractors and installation firms, industry (construction and ship building), small-scale builders, and the wholesale and hardware trades.

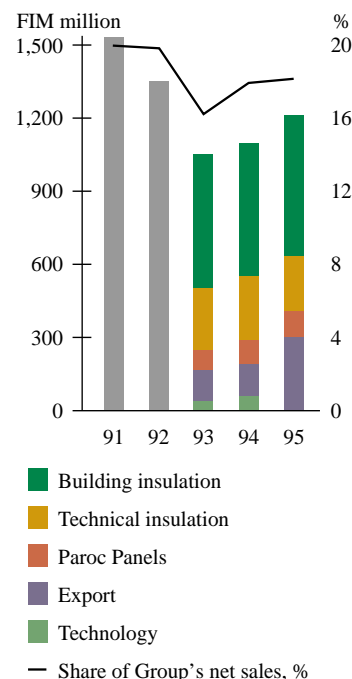
The business area's parent company is Partek Insulation in Sweden. Its biggest subsidiaries are Rockwool in Sweden and Paroc in Finland. Production plants are located in four localities in Sweden and three in Finland. There are sales companies in Germany, Norway, Denmark, Belgium, Estonia, Lithuania, Latvia and Russia. In addition, Partek also has the following associated companies: Paroc Silikatas in Lithuania, Steinullaverksmidjan in Iceland, Ecoprime in Sweden and Paroc Panel System in the UK. The North American insulation production is classified under Other Business Activities.

Key figures	1995	1994	Change %
Net sales MFIM	1 204	1 100	9
Operating profit MFIM	68	71	- 4
- % of net sales	6	6	
Capital employed avg. MFIM	425	450	- 6
- return on capital, %	17	16	
Investment MFIM	46	21	119
Depreciation MFIM	40	45	- 11
Staff, Dec. 31	1 614	1 538	5
R&D expenses, MFIM	38	39	- 3
R&D staff	111	114	

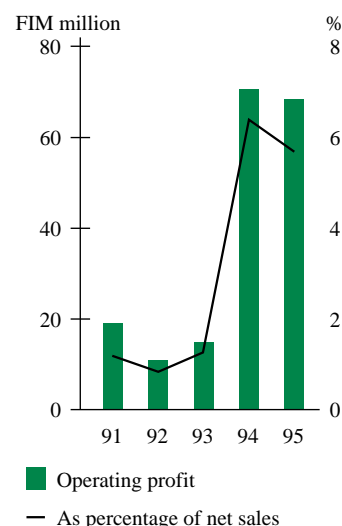
Divisions	Net sales, MFIM		Staff, average	
	1995	1994	1995	1994
Building insulation	681	671	871	835
Technical insulation	291	268	424	416
Paroc panels	133	119	112	97
Technology	74	14	119	122
Other	25	28	108	84
Total	1 204	1 100	1 634	1 554

Net sales by market area, MFIM	1995	%
Finland	362	30
Other Scandinavian countries	475	39
Other EU countries	283	24
Other European countries	73	6
USA and Canada	2	0
Asia	6	1
Other countries	3	0
Total	1 204	100

## Net sales



## Operating profit



## Quality certificates

ISO 9002  
 Paroc Oy Ab;  
 Building insulation, Finland  
 Technical insulation, Finland



- Sales increased, the result, denominated in Finnish marks, was somewhat poorer
- The recession in residential and commercial construction continued in Finland and Sweden. Industrial construction revived. Sales of technical insulation and Paroc Panels increased substantially
- The market position in the Baltic region will be further strengthened
- Profitability is expected to improve in 1996

#### Net sales and results

Insulation's net sales went up by 9 percent over the previous year to FIM 1,204 (1,100) million. Sales in all product groups increased, but the biggest growth was in technical insulation and Paroc Fire Proof Panels. Exports rose by 22 percent. During the year an insulation plant and machinery were delivered to the state-owned Sardinian company Lana di Roccia. Production will start during 1996.

The operating profit, denominated in Finnish marks, fell slightly and was FIM 68 (71) million. Return on capital employed was good, 17 (16) percent. The fall in building production and overcapacity in building insulation production put pressure on prices, particularly in Sweden. In the latter half of 1995 a number of measures aimed at improving profitability were started, and their effect should be seen in part in the results for 1996. Overall investment came to FIM 46



The "Arcitect" acoustic ceiling panels of Rockwool, a Partek subsidiary in Sweden, provide the finishing touches to the interior of a Stockholm restaurant. The panels, which are manufactured at a plant in Skövde, are favoured for public premises given their wide range of shapes and colours.

(21) million. Investment in the environment totalled FIM 3 million.

The Insulation business area's strategy is to strengthen the company's market position in the Baltic region. Last year almost FIM 100 million was invested in a plant in Lithuania. Partek Insulation is the main shareholder in UAB Paroc Silikatas, a company that is building a rock-wool plant in Vilnius. The other shareholders are Silikatas, a Lithuanian building materials producer, Finnfund and Nefco. The main financier is the EBRD. The plant will be producing more than 20,000 tonnes of rock wool a year, which will be sold mainly on the Baltic market. There is a great need in the Baltic countries to save energy and improve the heating insulation in buildings and industrial processes. The company will be employing 150 people. Production will start at the end of 1996.

In the past three years, Insulation has been investing in quality-improvement systems, the aim being cost-savings and the freeing of capital tied up in the operations. Group work is one the most important tools used for developing overall quality. Paroc's

Building Insulation and Technical Insulation received the ISO 9002 quality certificates in March 1995. Paroc Building Insulation received Russian quality certificates in the autumn. It was the first Finnish producer of building materials to do so.

The possible health effects of mineral wool have been widely scrutinized since the beginning of the 1970's. No significant harmful effects have been noticed in the insulation wool fibres when used according to instructions. Partek Insulation follows the progress of the studies in detail.

In 1987 the IARC institute, which specializes in the classification of different materials and is subordinate to the World Health Organization, classified rock wool on the basis of its risk to health. This is a topical matter in the EU as well, and its forthcoming decision on the classification of rock wool will be adhered to by Partek Insulation.

#### Prospects

The recession in residential construction is expected to continue in Finland and Sweden during 1996. The growth in industrial production is thought likely to continue. It is not felt that there will be any major changes in the demand for building insulation in Finland and Sweden. Demand will increase further in the Baltic region. Investment in the processing industry may keep sales of technical insulation and Paroc Panels strong. Strengthening the market position in the Baltic region will continue. The overriding aim for 1996 is to retain good competitiveness by continuing to develop operations with the customer in mind and improving productivity.

#### Building Insulation

Partek is Finland's leading producer of



**Paroc's biggest delivery of technical insulation in 1995 went to Metsä-Rauma's new pulp mill. More than 10,000 m<sup>3</sup>, i.e. over 100 truckloads, of panel, mat and section insulation were delivered to the plant. Prefabricated insulation segments, a recent innovation at the Lappeenranta plant, made it quicker to insulate the curved pipes.**

building insulation and Sweden's second-biggest. The product range includes Paroc's Punaraita rock wool products, Rockwool building insulation in Sweden and acoustic products for dampening sound and noise. Customers include building firms, contractors, the precast concrete and prefabricated housing industries, and small-scale builders. The building insulation is exported to other Scandinavian countries, the Baltic countries and Russia as well as to central and western Europe, particularly Germany.

There was a further fall in residential and commercial construction in Finland in 1995 to about half of the level at the turn of the decade. In Sweden, too, building production is at its lowest level for decades. The demand for building insulation continued to be weak, and capacity was under-used.

Sales of Partek's building insulation rose slightly compared with the previous year. Net sales amounted to FIM 681 (671) million. Increased industrial construction boosted the demand for roof insulation at the end of the year. The biggest deliveries were for Metsä-Serla's paper mill being built at Kirkniemi, Finland and a store being built at Espoo, Finland for the furniture company Ikea. Sales of acoustic products also showed a sub-

stantial increase over the previous year.

A large-scale modernization programme was started at the rock wool plant in Lappeenranta. Once it has been completed, there will be a fundamental improvement in the plant's competitiveness, and the impact on the environment will be reduced.

### Technical Insulation

The product range consists of Rockwool and Paroc industrial and HPV insulation. The products are used in the processing industry, as HPV insulation in construction, in the shipbuilding industry - mainly for fire protection - and in the products of equipment manufacturers. The market area is Scandinavia and Germany.

Thanks to the growth in industrial construction and shipbuilding the demand for technical insulation continued to be brisk for the entire year. Exports to Germany went particularly well. Net sales were FIM 291 (268) million. The production capacity was in full use. The biggest investment was a new section machine at Lappeenranta, which will satisfy growing demand. An order for insulation at the



**Lightweight but portable Paroc Fire Proof Panels are extremely well suited to constructing industrial and public buildings and sporting premises. Paroc has supplied facades for several indoor football halls in Norway and elsewhere. The one in the picture is situated in the municipality of Bô near Oslo.**

Metsä-Rauma pulp mill was the biggest single delivery in 1995.

Rockwool technical insulation in Sweden won Partek's 1995 prize for improving quality. The capacity of one production line has been increased by a quarter and the quality level of the other has improved considerably without additional investment.

### Paroc Panels

The product range consists of, lightweight Paroc Fire Proof Panels that are used on exterior and partitioning walls and ceilings. The most important customer segments are the food and wood processing industries as well as other industrial enterprises. Paroc Panels are being used increasingly in public and commercial buildings.

The most important market areas are Scandinavia, Germany, the UK and the Benelux countries as well as the Baltic countries and Russia. Significant investment has been carried out in these countries to develop local sales organizations.

In spite of the weak trend in the construction business, sales of Paroc Panels increased sharply in all market areas. Net sales amounted to FIM 133 (119) million, exports accounting for three-quarters of this. The investment in improving efficiency has produced results, and the profitability of the product line was very good. The biggest deliveries were made to a Mercedes-Benz motor plant in Germany, to SAAB car plants in Sweden, to Nokia Mobile Phones in Finland and Germany, and to Coca-Cola in eastern European countries.

The continuing strong growth in sales has required an increase in the production capacity, which has so far been achieved by making the production line at Pargas more efficient.

# Precast Concrete



**Hans De keersmaecker**  
Project manager  
Partek Ergon

“ We’ve demonstrated to the European Union community that Partek Ergon is an expert in high strength concrete. The contractor turned to us for this job because this type and quality of concrete cannot be produced on site - it must be precast.”

**Nico De Wilde**  
Site manager  
Pieters De Gelder N.V.

“Partek Ergon was chosen to supply railway elements for the TGV in Belgium given its ability to manufacture these giant precast concrete beams at a high frequency and deliver them quickly and safely. ”

Partek is one of the world's foremost producers of precast concrete. The company's strength is based in part on the extensive development of product and production technology, and in part on adding value to the customers' total construction process. The transfer of know-how inside Partek's international plant network and the concentration on industrially manufactured products increases competitiveness.

Partek's principal product is the hollow-core slab, a pre-stressed floor slab made lighter by a series of hollow canals running through it. Other important products include pillars, beams and facade elements used in residential and commercial construction, and bridge and tunnel elements and railway sleepers for the infrastructure. The most important customers are building contractors, developers, industrial companies and wholesalers.

Because of the local nature of the precast concrete market, Partek's strategy is to achieve the leading market position in chosen geographical areas. The main market areas are the Benelux countries, Norway and Finland. The production plants are located in Holland (Partek Beton NL with its companies, VBI, Spanbeton and Schokbeton), Belgium (Partek Ergon), Germany (Partek Brespa), France (Partek Morin) and Norway (Spenn-Gruppen). Operations in Finland are centred on two jointly owned companies, Partek Betonila and Parma, which have subsidiaries in Estonia (E-Betoon-element) and Russia (Parastek). Partek operates through an associated company, Eastern Partek, in Singapore and Malaysia. The operations in France are classified under Other Business Activities.

Partek Concrete Engineering is one of the leading companies in the world for precast concrete technology. The company sells on a worldwide scale the technology that it has developed and tested at Partek production plants primarily in the form of turn-key production lines and equipment.

Key figures	1995	1994	Change %
Net sales MFIM	1 856	1 821	2
Operating profit MFIM	105	100	5
- % of net sales	6	5	
Capital employed avg. MFIM	991	1 208	- 16
- return on capital employed, %	12	10	
Investment MFIM	63	52	21
Depreciation MFIM	91	109	- 17
Staff, Dec. 31	2 416	2 472	- 2
R&D investment, MFIM	15	18	- 17
R&D staff	40	40	

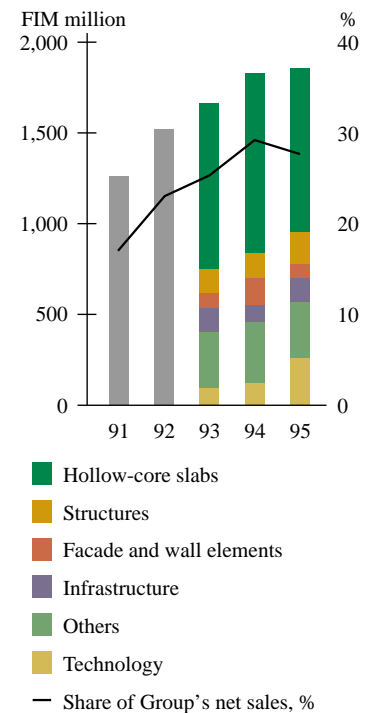
Divisions	Net sales, MFIM		Staff, average	
	1995	1994	1995	1994
Benelux, Germany	1 128	1 240	1 604	1 618
Norway	429	321	547	500
Russia	52	126	34	27
Technology sales	288	168	152	284
- inter-divisional	41	- 34		
<b>Total</b>	<b>1 856</b>	<b>1 821</b>	<b>2 337</b>	<b>2 429</b>
Finland*	726	602		
Asia*	289	258		

\* associated company

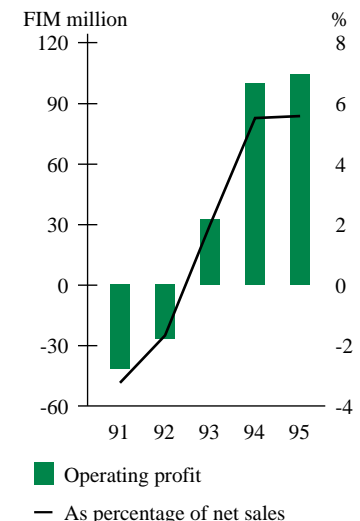
#### Net sales by market area, MFIM

	1995	%
Finland	15	1
Other Scandinavian countries	432	23
Other EU countries	1 143	61
Other European countries	224	12
USA and Canada	1	0
Asia	27	1
Other countries	14	1
<b>Total</b>	<b>1 856</b>	<b>100</b>

#### Net sales



#### Operating profit



#### Quality certificates

##### ISO 9001

Partek Ergon, Lier, Belgium  
 Partek Norspenn A.S., Trondheim, Norway  
 Spanbeton B.V., Koudekerk, Holland  
 Partek Concrete Engineering PCE, Toijala, Finland  
 Partek Betonila, Hyrylä, Finland  
 Parma, Forssa, Finland



## Precast Concrete

- The result remained at the level of the previous year
- Construction in Norway increased, in Finland the market development was weaker than predicted
- The direction is towards industrial products on chosen markets
- In 1996 growth in building production is expected to be, at best, similar to last year in most of our markets



Infrastructure building, i.e. bridges, tunnels and railway sleepers, forms a considerable part of Partek's precast concrete production. In the picture, beams for the Pont de la Résistance bridge made by Partek's Belgian subsidiary are installed in the city of Charleroi in Belgium.

number of the staff have been involved in enhancing quality at a practical level. In 1996 investment will continue to focus on improving the flow of information and increasing quality awareness.

### Prospects

Demand is expected to fluctuate greatly from country to country during 1996. In Holland the volume of construction is expected to remain at the 1995 level. In Norway the belief is that the good market situation will continue. In Finland the volume will fall further, and the underpricing caused by overcapacity will continue on the market. Prospects on the Estonian, Singapore and Malaysian markets are brighter. Sales of technology are expected to go up even though the final invoicing will be smaller as the large-scale Sertolovo project will have been completed.

### Holland, Belgium and Germany

Well over a half of Precast Concrete's net sales are generated in the Benelux countries. The biggest single market is Holland. Partek Beton NL and its companies, VBI, Spanbeton and Schokbeton are among the market leaders in hollow-core slabs and infrastructure products in Holland.

Partek Ergon is the biggest producer of prestressed elements and the second-biggest company in the precast concrete sector in Belgium. Partek Brespa produces hollow-core slabs for the North German market. The construction market in Germany is the biggest in Europe, but industrial precast concrete production accounts for a very small portion of the market.

In Holland the market was weaker than expected, reflecting the spring floods and a five-week building strike. In addition to the temporary fall in demand, the entry of new competitors onto the market made the situation more taxing. In Belgium building production and prices remained low. New producers are forcing their way onto the market which will increase competition and reduce prices. In Germany the growth in building production levelled off. New precast concrete plants were opened, which created a considerable increase in production capacity.

In Holland net sales were down somewhat on the previous year, totalling FIM 845 (970) million. The profit also dropped, but it was still good. Investment was targeted mainly at improving the plants' internal logistics and casting process. The biggest deliveries were the 95,000 m<sup>2</sup> of insulated hollow-core slabs for the seven distribution centres being built for the Dutch telecommunications company PTT, and the large-scale hollow-core slab deliveries for the Hanze School of Economics (29,000m<sup>2</sup>) being built in Groningen. In addition, several large residential building projects were contracted throughout the country. VBI alone handled over 20,000 orders during the year.

In Holland Partek has invested in reducing the impact of building on the environment. The hollow-core slab reduces the consumption of steel by a half and the consumption of concrete by 30 percent compared with the traditional products. The product has a long life. At VBI all the waste is reused. The residual concrete and hol-

### Net Sales and results

Precast Concrete's net sales were slightly better than in the previous year, amounting to FIM 1,856 (1,821) million. The growth came mainly from the Norwegian market and sale of technology. In Western Europe demand dropped from the previous year. The increase in the development of the infrastructure and industrial construction in Finland was unable to compensate for the collapse in residential construction. Altogether, 6 million m<sup>2</sup> of hollow-core slabs and flooring were produced. Orders in hand at the end of the year totalled FIM 544 (769) million.

The operating profit at FIM 105 (100) million was slightly better than in the previous year. The return on capital employed was satisfactory at 12 (10) percent. There was more investment, FIM 65 (63) million, than in the previous year. During the year, the search for opportunities to make improvements continued. Efficiency has been clearly increased by transferring know-how among the units (Transfer of Best Practices). A large

low-core slabs rejected in the production process are crushed and used again. This re-used material accounts for 6 percent of the total raw material.

In spite of the poor market situation in Belgium, net sales increased to FIM 174 (145) million. The profit went up substantially thanks to internal methods of improving efficiency. The supply of bridge structures for the TGV express railway track was an important project. It included the delivery of 18 beams, each one weighing 212 tonnes. In Germany sales remained at the previous year's level and were FIM 108 (126) million, but the profit improved.

### Norway

Partek has a share of around 50 percent in the Norwegian precast concrete market. The Spenn-Gruppen subsidiary in Norway has six plants in various parts of the country. The main products are hollow-core slabs, structural elements and railway sleepers. Spenn-Gruppen, itself, generally installs the products it delivers.

Building production in Norway continued its strong growth. Sales went up to FIM 429 (321) million and a very good profit was recorded. Spenn-Gruppen won the Partek prize for making the best improvement in the profit during the year. The most important projects in 1995 included a new central hospital in Oslo, the terminal for Oslo's new Gardermoen airport and the railway sleepers for the express train rail track being built between Gardermoen and Oslo as well as the Sunnmore department store, which is an all-inclusive



Partek Concrete Engineering's new EL 900 E extruder is an industrially designed and efficient producer of hollow-core slabs. The machine pictured here is being used by a Partek subsidiary at Blomsterdalen in Norway.

project in Samvirkelag in western Norway. The production capacity for railway sleepers was increased.

### Finland

In Finland Partek is the joint owner of two leading precast concrete companies, Partek Betonila and Parma. The companies are consolidated in the Partek balance sheet under the equity method. Betonila's main products are hollow-core slabs, structure elements and walls; Parma's are wall elements, hollow-core slabs and railway sleepers as well as steel cabin and bathroom modules. Partek Betonila's Estonian subsidiary, E-Betonelement, has consolidated its position as the country's foremost supplier of precast concrete. Partek's subsidiary, Parastek, which at the beginning of 1996 became a subsidiary of Parma, has two joint venture companies that produce precast concrete in Moscow and two ready-mix concrete batching plants of its own.

The amount of residential and commercial construction in Finland suffered a further fall in 1995. The entire level of building construction was half of that in 1990. Overcapacity in the sector has not been removed from the market.

The combined net sales for the Finnish companies amounted to FIM 726 (602) million. The most important projects were associated with the investment by the paper industry in extensions at Rauma, Kaukas and Valkeakoski. Capacity was underused and the result was poor. Net sales for the Russian operations totalled FIM 52 (126) million. The result was unsatisfactory.

### Singapore and Malaysia

Partek shares an associated company (45%) with the NatSteel Group in Singapore on the rapidly expanding East Asian market. The company, which is called Eastern Partek, operates in Singapore and Malaysia, and is engaged in the production of precast concrete, ready-mix concrete, plasters and mortars. Net sales for



During 1994 and 1995 Partek Betonila delivered the concrete frames for the pulping line, drying section, bale storage facilities and wood room, and part of the wall elements for Metsä-Rauma's new pulp mill. This was the first time precast floor planks were used for casting the floors on which the machinery is installed, which speeded up the work and shortened the construction time.

1995 were FIM 289 (258) million.

During 1995 Eastern Partek's products became better known in the area, and their share of the construction market grew. A profit was made and orders in hand increased.

### Sale of technology

Partek Concrete Engineering (PCE) sells the precast concrete technology it develops worldwide and designs, plans and installs precast machinery, production lines and turn-key plants. PCE holds the leading position in the world market. The company has delivered over 100 production plants or lines to more than 50 countries. The company's main markets and growth areas are in Asia and northern, southern and eastern Europe.

PCE's net sales in 1995 went up to FIM 288 (168) million. A large slice of this came from the Sertolovo project in Russia, where PCE is supplying technology for a precast concrete plant being built near St Petersburg. The reconstruction of Universalbeton's old concrete batching plant in eastern Germany and the construction of a new slab factory was also a significant delivery. PCE delivered its seventh precast concrete plant to South Korea. The purchaser was Hansung, a state-owned building company. In 1995 the Myojo Cement hollow-core slab plant was started. It was PCE's first big delivery to Japan.

## Other Business Activities

Other Business Activities consist of those activities that in operational or geographical terms lie outside Partek's strategic direction. Net sales for 1995 were FIM 338 (322) million and the operating profit, FIM -55 (-104) million.

In December 1995 Partek and the Swedish investment company Proventus sold all the operating subsidiaries of their associated company United Tiles AB, which the former two owned jointly. United Tiles, which produces ceramic tiles and has net sales of FIM 900 million, was the biggest company in Other Business Activities.

The company recorded a positive result for 1995. The purpose of the corporate restructuring in 1991 was to strengthen the ceramics industry in the Nordic countries by creating a structurally, technologically and financially competitive European ceramics group. Partek-owned Pukkila of Finland and Partek Höganäs of Sweden were combined with Klingenberg of Germany and Ricchetti of Italy. The disposal had a favourable effect on the profit and about FIM 115 million of capital was released as a result of the transaction.

The associated company A-Rakennusmies Oy, which was part of Other Business Activities, is Finland's foremost company for leasing building machinery and equipment. The company's net sales in 1995, including its subsidiaries, was FIM 135 (124) million and it recorded a profit.

Under an agreement signed in December the company's business operations were transferred to a new company that will continue to operate under the name of A-Rakennusmies Oy. Key personnel in A-Rakennusmies and funds controlled by Capman and MB Corporate Finance became the company's new owners.

Under the new arrangement Partek increased its holding in A-Rakennusmies from 27 to 33 percent, but

the liabilities were reduced substantially. The holding will in the future be a financial investment for Partek.

### **Insulation industry in North America**

Partek North America produces rock wool-based insulation panels and sections for industry and construction. The main products are heat-insulation sections that are installed around pipes, in particular for high-temperature applications. One of the production plants is located in Ontario, Canada and the other, which has a bigger capacity, in Alabama, USA. The products are marketed through distributors, but for big projects they are sold directly to the end customer.

There was an increase in the demand for technical insulation in North America. The company increased market share. Sales in dollars rose noticeably, and sales of sections, in particular, were better than predicted. The growth in sales of insulation panels was slowed by price competition. Production was concentrated on the main products and unprofitable product lines were terminated. The net sales of the company totalled FIM 116 (118) million and the number of staff was 220.

Thanks to the growth in sales and the shutdown of unprofitable production lines, there was a considerable reduction in losses from the previous year. Measures to upgrade operations will be continued in line with the development plan. At the same time active attempts will be made to find a structural solution that will provide the company's products with a stronger position on the North American market.

### **Precast concrete production in France**

Partek Morin is a major producer of precast concrete in France. At the beginning of 1996 the company was

split into two independent companies. Partek Morin will produce hollow-core slabs and tunnel and structure elements at the factory in Boran. The two factories of Morin S.A. will concentrate on stairway elements and high-quality facade elements.

Housing production in France still remained at a low level, but industrial construction increased. There is a great deal of overcapacity on the construction market and the price level is unsatisfactory, even though prices did rise slightly during 1995. There was a faint revival in the market for facade products. Overcapacity has to be reduced if the market for so-called industrial products is to be put on a sound footing.

Partek Morin's net sales for 1995 came to FIM 194 (168) million. The company was still recording a loss, even though it was reduced considerably as a result of the rise in productivity and improvement in efficiency. The company employed 450 people.

The development of operations will continue, and at the same time there will be a search for structural solutions that will have a positive effect on the sector's entire future in France.

### **Real Estate Administration**

Real Estate Administration sells off, leases and manages both real estate that is not part of Partek's industrial operations and production plants and machines that are no longer needed. Real Estate Administration also helps the business units in their real estate and construction management matters.

The value of real estate outside the core business operations was approx. FIM 500 million at the end of 1995. Attempts will be made to improve the return on the real estate by developing, leasing and selling the properties.

Real Estate Administration recorded a loss.

# Partek and the environment

Responsibility for the environment is an important part of Partek's business operations. The principles for environmental conservation were presented in the Group's environmental policy in 1991. The main objective is to minimize the impact on the environment by following the principle of continuous improvement and taking into account a product's effect on the environment during its entire life cycle. Partek's environmental policy lays the responsibility for environmental matters with the line management. Most units have appointed an individual responsible for coordinating environmental matters. During 1995 the units continued to develop their own environmental management systems.

## Minerals

The most important environmental measures in the Minerals business area are directed at reducing mineral by-products created in the mining and concentration operations. Most of the concentration processes have started using closed water cycles.

When burnt, limestone emits carbon dioxide, the amount of which cannot be reduced. Overall carbon dioxide emissions by the limestone industry can, however, be reduced through energy saving measures.

In 1995 the Minerals business area carried out environmental surveys in its production localities in Finland. The surveys examined how environmental matters are being handled at the moment and what changes might be needed. The units in Sweden publish detailed environmental reports to the extent required by legislation. Obligatory monitoring programmes and permits demand that information about discharges be followed up and reported to the authorities.

## Cargotec

Most of Cargotec's production is light engineering, which however, produces minimal amounts of various waste such as paints, solvents, scrap metal

and harmful gases. The waste is handled in accordance with the waste treatment legislation in the country concerned. Several Cargotec units have looked into and some have already switched to using environment-friendly plant-based hydraulic oils in testing and initial installations.

## Insulation

Improving the treatment of waste is one of the current objectives of the Insulation business area. Some of the waste created in production can now be returned to the process. Active steps are being taken to develop the recycling of scrap rock wool left at building sites. The aim is that within a few years the production of rock wool will change over to using briquetted raw materials and other recycling methods. These measures will reduce carbon dioxide emissions by some 20 percent. During 1995 successful tests were carried out on composting resin-containing filter waste with waste sludge. Landscaping is one of the uses to which the compost can be put.

## Precast Concrete

In the precast concrete operations it is possible to reduce the burden on the environment by recycling waste water, steel, concrete and moulds. Some of the production plants can recycle concrete and steel waste completely, and most of them can do so partially. If waste concrete cannot be re-used by a plant, it can be crushed and sold as a raw material for building roads. Partek's Dutch operations introduced their own environmental guidelines in March 1995.

Of the business areas, Minerals and Insulation are the most energy intensive. At present, the most important measures are the development of processes and combustion techniques to reduce energy consumption and, consequently, carbon dioxide emissions.

## Environmental products

Environmental care products are an

important part of Partek's business operations. Limestone has several uses in environmental care such as soil improvement and the liming of waterways and forests. Limestone is used to treat drinking and waste water and for desulphurization at coal-fired power stations. The FOSTOP lime filter drain is a new invention that substantially reduces harmful discharges of phosphorus into waterways. FOSTOP won the first prize in the Water Systems category of the Blue Globe Environmental Invention competition held in Finland. With clay-based bentonite it is possible to protect groundwater catchment areas, for example, runoffs from dump sites.

Insulation has a very positive effect on the environment because it reduces energy consumption and, consequently, the harmful emissions into the atmosphere caused by energy production. Both the amount of energy needed and the carbon dioxide emissions caused by the production of rock wool is minimal compared with the savings in energy achieved by using it. The miniature waste-water treatment facilities for sparsely populated areas, which use rock wool, are among the new uses of rock wool. They, too, were very successful in the Blue Globe competition, taking third prize.

The increased efficiency in waste management, classification of waste and expansion in recycling will create positive growth opportunities for Norba's refuse-collection trucks and for Multilift's and LeeBur's demountable load-handling systems.

Cement, aggregate and water are the raw materials used in precast concrete elements. The elements are long-lasting and save on materials. In addition, old elements can be crushed and re-used in raw-material form. The hollow-core slab technology developed by Partek is the most sparing on steel and concrete compared with other floor structure solutions.



# Annual Report of the Board of Directors

## General

Economic growth in the Group's principal markets was satisfactory but tailed off towards year-end. Demand for lime, limestone products and industrial minerals was of approximately the same volume as the preceding year. For most of the year demand for heavy vehicles was good; which was of great importance for sales of Cargotec's load-handling equipment. Building activity was sluggish in most countries, especially Finland and Sweden.

Group net sales increased by 6 percent compared with the previous year and reached FIM 6 556 million. Profit after financial items improved by FIM 229 million to FIM 270 million.

Sales by the business area Minerals decreased somewhat but its profit improved. Cargotec's sales increased as did its profit. Insulation's sales increased but its profit, denominated in Finnish marks, weakened somewhat. Precast Concrete raised its sales and also reported improved profit. The area Other Business Activities succeeded in improving its previous result markedly but still showed a loss.

Partek's holding in United Tiles, which produces ceramic tiles, was sold at the end of the year. The operations of Rakennusmies, a building machinery and equipment leasing company, were restructured which reduced the Group's liabilities. Partek has committed itself to sell its 25 per-

cent holding in Euroc AB to Aker a.s. This deal has not yet been completed and has not been included in the accounts.

## Net Sales and Result

Net sales by the whole Group amounted to FIM 6,556 (1994: 6,166) million, an increase of 6 percent over 1994. A number of steps have been taken in recent years to better adapt the Group's activities to the market, to cut costs and to increase productivity. Group structure has changed. During the year under review the encouraging trend in Group profit was strengthened.

Operating profit for 1995 amounted to FIM 380 (232) million. The operating profit for the year in-

## Net sales January 1 – December 31, 1995

	1995		1994		Change %
	FIM million	Share %	FIM million	Share %	
<b>By business area</b>					
Minerals	866.6	13.0	917.0	14.7	- 5.5
Cargotec	2 308.0	34.7	1 976.6	31.8	16.8
Insulation	1 203.6	18.1	1 100.4	17.7	9.4
Precast Concrete	1 856.2	27.9	1 821.5	29.3	1.9
Other Business Activities	337.7	5.1	322.4	5.2	4.8
Other	82.9	1.3	81.3	1.3	1.9
Inter-Group sales	- 98.7		- 52.9		
<b>Total</b>	<b>6 556.4</b>	<b>100.0</b>	<b>6 166.3</b>	<b>100.0</b>	<b>6.3</b>
<b>By market</b>					
Finland	1 188.9	18.1	1 142.6	18.5	4.0
Other Nordic countries	1 433.8	21.9	1 326.3	21.5	8.1
Other EU countries	2 827.0	43.1	2 696.6	43.7	4.8
Other European countries	397.0	6.1	365.5	5.9	8.6
USA and Canada	291.0	4.4	285.0	4.6	2.1
Other	418.6	6.4	350.2	5.7	19.5
<b>Total</b>	<b>6 556.4</b>	<b>100.0</b>	<b>6 166.3</b>	<b>100.0</b>	<b>6.3</b>
of which:					
Finland	1 188.9	18.1	1 142.6	18.5	4.0
Export from Finland	805.0		791.0		1.8
Foreign invoicing	5 367.5	81.9	5 023.7	81.5	6.8

cludes net capital gains and losses amounting to FIM 55 million. These include, among other things, a further payment of some FIM 25 million by Euroc to Partek as a result of the merger of building material operations in Finland and Sweden carried out in 1993 with Euroc. Profit after financial items was FIM 270 (41) million, in other words 4.1 (0.4) percent of net sales.

Depreciation on the value of Partek's shares in the building company Polar Yhtymä Oy amounted to FIM 10 million and is included in extraordinary expenses for the year. They also include a provision of FIM 35 million for turnover tax; this is related to restructuring of the Group at the end of the 1980's and in the early

1990's. An appeal has been lodged with the Supreme Administrative Court against the high court's verdict which was handed down at the beginning of the year.

Net profit after allowance for extraordinary expenses and taxes amounted to FIM 149 (-193) million.

Return on capital employed improved and amounted to 10.1 percent (6.1) percent. Return on equity after taxes and after allowing for deferred tax liability was 11.0 (3.7) percent. Earnings per share after taxes and allowance for the deferred tax liability was FIM 5.04 (1.43). The price/earnings ratio was 10 (42).

Return on capital employed improved for all business areas. In the case of Minerals, Cargotec and Insu-

lation it amounted to 17 percent and for Precast Concrete to 12 percent. Nevertheless, return on capital employed for the Group as a whole still does not reach the targets set. The main reason for this is that Other Business Activities returned only poor or no profit.

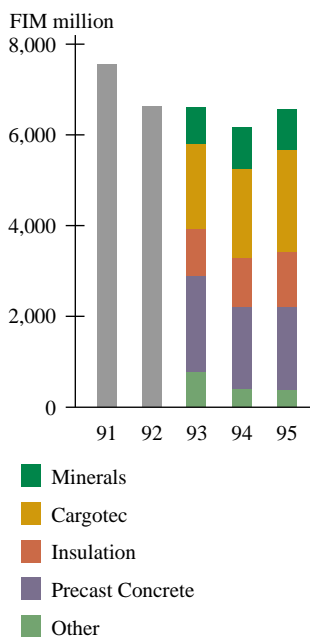
Because of exchange-rate fluctuations Group net sales and profit are slightly lower than if exchange rates had held steady. The effect on the Balance Sheet is insignificant.

### Business Areas

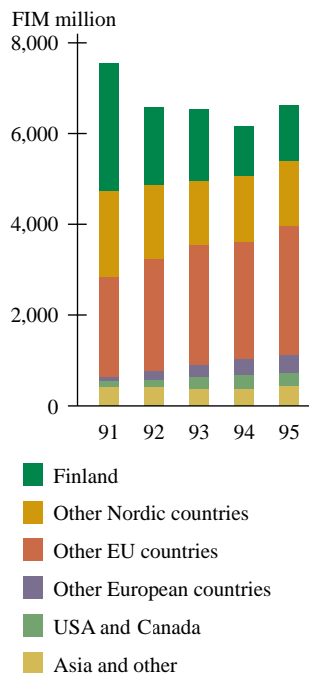
**Minerals:** This business area provides lime and mineral products for industry, the environment and agriculture.

Sales during 1995 amounted to

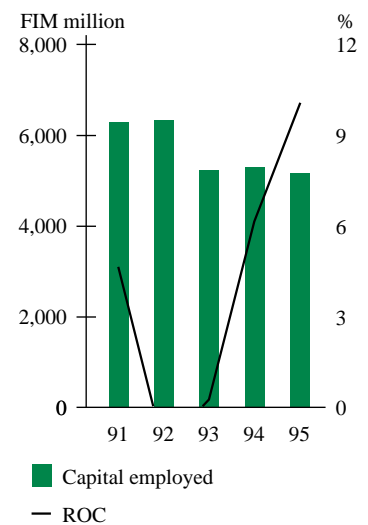
Net sales by business area



Net sales by market



Capital employed and ROC



FIM 867 (917) million, which was 5 percent lower than the previous year. The decline can be attributed primarily to exchange-rate fluctuations, falling agricultural demand and a shut-down in the forest industry during the autumn.

Operating profit was somewhat better than the preceding year and amounted to FIM 138 (132) million. This was due largely to efficiency measures.

**Cargotec:** The business area's main field of operations is the manufacture of load-handling equipment, for example general cargo cranes and forestry cranes together with interchangeable demountables and waste-collection vehicles. The products are marketed in part through Cargotec's own sales companies in a number of different countries, and in part via importers and independent agents.

Sales of heavy trucks in Europe increased by 28 percent. This was particularly important for sales of

HIAB's general cargo cranes. Sales of Loglift Jonsered's forestry cranes also grew sharply. Load & Waste's products were also able to report increased turnover.

Net sales amounted to FIM 2,308 (1,977) million, an increase of 17 percent compared with the preceding year. The inflow of orders reached a peak during the year and tailed off a little towards year-end. Order stocks at the end of the year were, however, still larger than a year earlier.

Operating profit improved compared with the previous year, reaching FIM 151 (137) million. This improvement came mainly from sales of general cargo and forestry cranes.

**Insulation:** The area manufactures rock wool products and technology for the manufacture of rock wool.

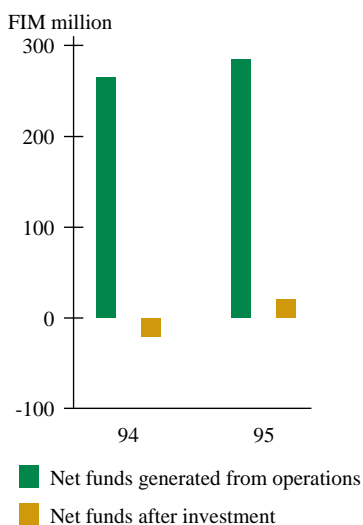
Net sales amounted to FIM 1,204 (1,100) million, up 9 percent on the previous year. Demand for in-

sulation materials by the building industry in Finland and Sweden which has dropped sharply in recent years, continued to be sluggish during the year. On the other hand, demand for technical insulation products and lightweight Paroc panels increased. Exports from the Nordic countries to Central Europe, Russia and the Baltic countries rose sharply.

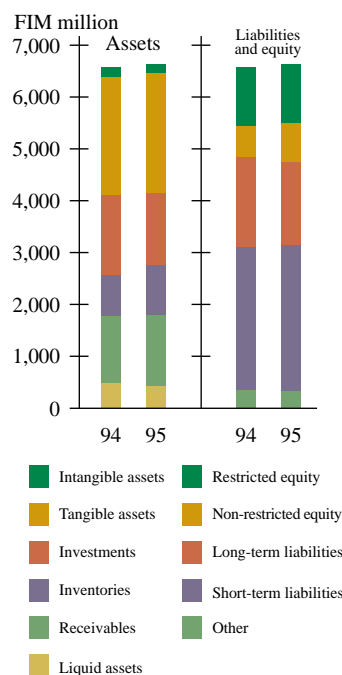
Operating profit decreased compared with a year earlier, amounting to FIM 68 (71) million. This can be attributed to exchange-rate fluctuations and falling demand for building insulation materials.

**Precast Concrete:** The business area engages in the industrial production of precast concrete and sells precast technology. Demand for our most important product, precast concrete flooring, varied in our principal markets. In Finland demand fell, in Norway it increased and in the Netherlands it continued to remain fairly buoyant.

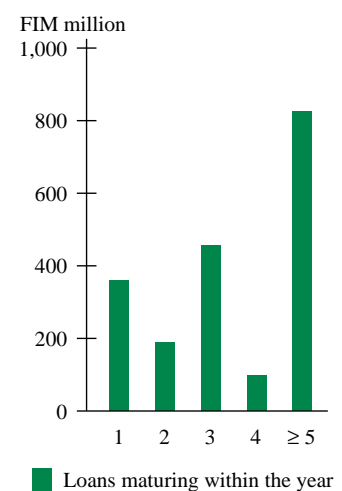
### Cash flow



### Balance sheet structure



### Debt structure



Net sales was FIM 1,856 (1,821) million, rising by 2 percent compared with the year before. Order stocks at year-end fell during the year.

Operating profit was FIM 105 (100) million. Profit improved in the case of Norway and technical sales but deteriorated in the Benelux countries and Germany.

**Other Business Activities** includes real estate activities, the subsidiaries Partek North America and Partek Morin and the associated companies A-Rakennusmies and United Tiles. Sales amounted to FIM 338 (322) million.

Operating result improved in the case of both Partek North America and Partek Morin. Both continued to show considerable losses, however. This was also the case with Partek's real estate activities. Operating loss for the area was to FIM – 55 (–104) million. Partek's interest in the associated company United Tiles was sold during the year. The ownership structure of A-Rakennusmies was changed, bringing with it a reduction in Partek's liability. In both cases the measures taken resulted in a capital gain.

**Euroc:** Partek's consolidated financial statements include Partek's interest in Euroc's profit, calculated in accordance with the equity method, for the first eleven months of the year. This share amounted, after tax, to FIM 102 million. Partek's holding in Euroc is included in the Balance Sheet with a value of FIM 972 million.

Partek and Aker reached agreement in the autumn on the sale of Partek's 25 percent holding in Euroc to Aker. At the same time the two parties agreed to amalgamate their building materials operations. At the beginning of the year, this move had yet been approved by all the authorities involved. The sale of the Euroc shares at an agreed price of FIM

1,400 million will give Partek a capital gain of approximately FIM 500 million. The deal has not been included in the financial statements for 1995 but will be entered when Aker and Euroc have received the necessary approval and the deal is finally concluded. Interest is payable on the share price paid in accordance with the agreement.

#### **Liquidity, equity/assets ratio and management of financial risks**

The Board did not avail itself of its authority to raise equity by a maximum of FIM 38 million, to issue convertible bonds or options on one or two occasions up to 21 November 1995. The Board has no other similar rights.

Because of the low level of investment and the reduction in capital employed, liquidity during the year was good. At the end of the year it was further strengthened by the sale of Partek's share of United Tiles. Payment on the sale of the Euroc shares will strengthen the Group's liquidity in 1996 by approximately FIM 1.4 billion.

The task of selling assets not directly associated with Partek's strategic core operations continued during the financial year and will also continue during the present year. Likewise, efforts will continue to reduce working capital.

The Partek Group pursues an active policy of identifying and minimising as far as possible the effects of financial risks. These include such risks as exchange-rate fluctuations, loan and interest risks and credit and liquidity risks.

Partek's operations comprise not only its activities in Finland but also exports and the major operations of its foreign subsidiaries. Exchange-rate fluctuations therefore have an impact on Partek's consolidated finances. These risks are of two kinds: transaction risks and translation risks.

Transaction risks can be minimised by each Group company ensuring its foreign currency flows by means of forward contracts according to fixed Group policy. In the case of intra-Group sales the risk is concentrated to the manufacturing companies by ensuring that they invoice in the purchasing company's currency. Translation risks arising from investment in the share capital of foreign subsidiaries can be insured against either by taking up loans in the same currency or by forward contracts. At year-end loans and forward contracts to insure against translation risks amounted to a total of FIM 1,389 million.

Loan risks, i.e. the possibility that financing may become difficult, are minimised by ensuring that agreed credit lines to cover future needs are always in place. In addition to cash reserves, which amounted to FIM 391 million, there were also credit facilities available but unused amounting to FIM 611 million at year-end.

Interest risks are the results of fluctuations in the rate of interest charged on interest-bearing assets and liabilities. At the end of 1995 the Group had open interest swap agreements amounting to FIM 113 million and forward contracts in respect of interest of FIM 150 million. Liquid assets are only invested externally in parties with very high creditworthiness. No credit losses of this kind have arisen.

Net interest-bearing debt excluding the convertible subordinated bonds decreased by FIM 142 million; at year-end it amounted to FIM 2,301 million. Long-term debts including repayments on loans made during the financial year amounted to FIM 1,933 (2,085) million at the end of the year. Of this sum FIM 1,260 (1,310) million was in local currency and FIM 673 (775) million was in different foreign currencies, taken primarily to reduce translation risks.

Net financial expenses including Partek's share in associated companies was FIM 109 (190) million. Net interest expenses amounted to 3.1 (3.5) percent of net sales.

At the end of the year the Group's equity to assets ratio including the convertible subordinated bonds was 29.7 (28.0) percent and excluding the loan 27.2 (25.4) percent.

### Shares and shareholders

Trading on the Helsinki Stock Exchange was lively during the year. The upward trend that characterised the years 1992-94 was broken and instead a slight fall was noted. The HEX index fell during the year by 8 percent.

The trend for Partek's shares trailed somewhat behind the general tendency. Partek's share price dropped from FIM 60.00 at the end of 1994 to FIM 49.90 at the end of 1995, in other words by 17 percent. The highest price during the year was recorded in October, when it was

FIM 69.00, and lowest in December, when it was FIM 45.00.

Trading in Partek's shares on the Helsinki Stock Exchange totalled FIM 460.6 (414.8) million. The number of shares that changed hands was 7.5 (6.3) million., representing 20 (18) percent of the total.

The number of shareholders at year-end was 11,589 (12,060).

### Dividend

Partek aims to ensure that its share is attractive to different kinds of investors and that the share provides a competitive return. In making its proposal for a dividend, the Board takes into account trends in the Group's profit development, its financial structure and expectations for growth.

The aim is to distribute at least 25 percent of Group profit, calculated as the result before extraordinary items less minority interest in Group profit and allowing for tax. The Board proposes that the dividend for 1995 be FIM 1.50 per share, a total of FIM 57.8 million, which represents

just over a third of the profit for 1995.

### Shareholders' agreement

In conjunction with the agreement to sell Partek's Euroc shares, certain revisions were made to the agreement concluded in 1994 between Aker, the Foundation for Åbo Akademi, the Sampo Insurance Group and the Pensions-Varma company. Further details concerning the agreement are to be found in the section Shares and shareholders p. 4.

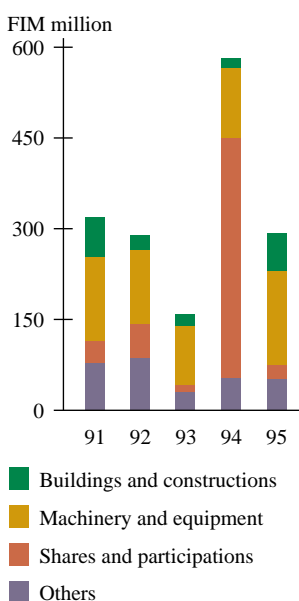
### Board of Directors

In the annual general meeting in April, Sakari T. Lehto, long-standing member of the Board and the Board's vice-chairman and former president of Partek, retired. He had been a board member since 1975 and became vice-chairman in 1987 when he retired from his position as President and CEO. The Board thanks him most warmly for the knowledge that he has brought to the Board's work and the interest and loyalty he has shown Partek over the years.

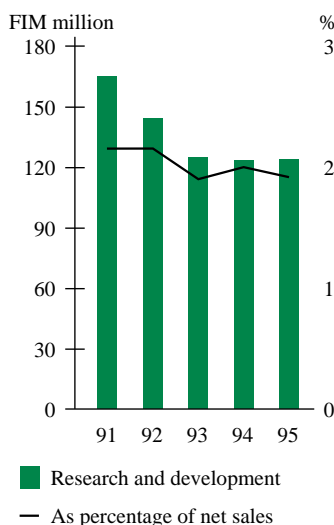
The number of Board members was reduced by one to eight and its present composition is:

- Carl Olof Tallgren, chairman
- Tom Ruud, vice-chairman
- Jan Ekberg
- Cato A. Holmsen
- Jouko K. Leskinen
- Björn Mattsson
- Paavo Pitkänen
- Christoffer Taxell

### Investments



### Research and development



### Structural changes

Changes in Group structure continued to be made during the year. Partek departed from the cement industry through the restructuring carried out in association with Euroc. When United Tiles was sold, Partek withdrew from the Scandinavian ceramics industry. Changes were made to the ownership structure of A-Rakennusmies Oy, which leases con-

struction equipment, clearly reducing Partek's liabilities as a consequence.

The agreement with Aker means that Partek will sell its 25 percent holding in the Swedish company, Euroc AB. Partek will receive approx. FIM 1.4 billion for the shares, a capital gain for the company of some FIM 500 million. At the same time Aker's and Euroc's production of building materials will be merged. This last measure still requires the approval of various authorities which, at the beginning of the year, had not been received.

The funds released by the sale of Euroc shares will strengthen the group's capital structure and improve the liquidity, which will create the preconditions for growth in the core business operations.

The Board of Directors is satisfied that a conclusion has been reached, as far as the group is concerned, in the restructuring of the mineral-based building materials industry in Scandinavia, a process in which Partek has been an active participant. This, together with the reduction in the interest in Other Business Activities, continues the clarification of the operational structure, which is being conducted in line with a confirmed strategy.

Mineral and insulation operations will be concentrated on the Baltic region, and precast concrete on the Benelux countries, Norway and Finland. Europe is Cargotec's home market; Asia and America are growth areas.

The objective is to strengthen the industrial structure of all the business areas, which will be achieved by internal growth, corporate acquisitions and the internal restructuring of the areas' own activities.

## Investment

Investment during the year amounted to FIM 292 million compared with FIM 581 million the previous year. Investment for 1994 includes the acquisition of Euroc shares for a sum of approx. FIM 393 million. Investment during 1995 was as follows:

FIM million	1995	1994
Buildings and constructions	56.3	15.6
Machinery and equipment	161.1	116.5
Share and participations	28.9	396.2
Other	45.8	52.3
Total	292.1	580.6

The majority of the year's investment was in replacement and environmental technology. Major investment projects included:

- the expansion of capacity for the production of ground micronized calcite at Suomen Karbonaatti Oy in Lappeenranta
- an increase in Partek's holding in the Korean company Hiab-Kanglim Ltd from 45 percent to 95 percent
- taking over the import and sales of Hiab's general cargo cranes in Great Britain, Singapore and Malaysia from the 600 Group

Decision has been made to rebuild and modernise the rock wool facilities in Lappeenranta, and work, to be completed in the next few years, has already begun. The investment will reduce the plant's impact on the environment. It has also been decided that the ground limestone plant at Ignaberga near Hässleholm in Sweden will be rebuilt and automated. It is expected to come on stream in early 1997.

## Personnel

The average number of Partek's employees during the year was 8,638 (8,128). At year-end they totalled 8,654 compared with 8,133 a year earlier. The number of personnel increased slightly because of greater use of capacity and a number of acquisitions of companies and operations.

## Prospects for 1996

Growth in the countries in which Partek operates is expected to be less buoyant than last year. Nonetheless, the export industry in Finland and Sweden will continue to provide a good market for mineral products. Heavy vehicle sales in 1996 are likely to tail off in Europe and North America. Cyclical trends in the forest industry and the low level of building activity will affect demand for Cargotec's products. In the building industry the outlook is expected to be, at best, the same as this year in most of our markets.

The process of strengthening the Group structure has made further profit improvement possible, however, uncertainty about the European economic development makes it difficult to assess the situation and could weaken the Group's growth and profits. Because of the considerable seasonal variations in operations, however, profits are not expected to be too good during the first four months of 1996.

# Proposal to the annual general meeting

Group non-restricted equity according to the Balance Sheet amounted to FIM 426.5 million on 31 December 1995. Of this net profit for the year is FIM 149.4 million. During 1996 FIM 5.0 million should be transferred from non-restricted equity to restricted reserves.

The Parent Company's non-restricted equity according to the Balance Sheet was FIM 620 821 618.66 on 31 December 1995. Of this

• undistributed profit from previous years	511 454 797.01
• net profit for the financial period	<u>- 38 288 164.03</u>
	<u>473 166 632.98</u>

The Board proposes that the above amount be distributed as follows:

• a dividend of FIM 1.50 per share be distributed for 1995	57 750 000.00
• to be carried forward	<u>415 416 632.98</u>
	<u>473 166 632.98</u>

Further details of the Partek Group's and the Parent Company's result and financial position are to be found in the Income Statements and Balance Sheets, Source and Application of Funds and Notes to the Accounts on pages 37-56.

Pargas, 7 March 1996

Carl Olof Tallgren  
Chairman

Tom Ruud  
Vice-chairman

Jan Ekberg

Cato A. Holmsen

Jouko K. Leskinen

Björn Mattsson

Paavo Pitkänen

Christoffer Taxell  
President & CEO

# Consolidated Income Statement

## January 1 – December 31, 1995

		1995		1994	
	Note	FIM million	%	FIM million	%
<b>Net sales</b>		<b>6 556.4</b>	<b>100.0</b>	6 166.3	100.0
Cost of goods sold		– 5 026.8	– 76.7	– 4 739.2	– 76.9
<b>Gross profit</b>		<b>1 529.6</b>	<b>23.3</b>	1 427.1	23.1
Selling and marketing costs		– 603.8		– 569.9	
Research and development costs		– 124.2		– 123.2	
Administration expenses		– 440.4		– 451.3	
Other operating expenses		– 81.6		– 115.4	
Other operating income		100.0		64.3	
		– 1 150.1	– 17.5	– 1 195.6	– 19.4
<b>Operating profit</b>	1,2,3	<b>379.5</b>	<b>5.8</b>	231.5	3.8
<b>Financial items</b>					
Share in associated companies	4	105.1		50.1	
Dividend income		2.0		0.2	
Interest income on long-term investments		2.7		8.0	
Other interest income		37.6		31.1	
Interest expenses		– 242.2		– 256.8	
Other financial expenses	5	– 9.5		– 19.8	
Value adjustment of investments		– 5.0		– 3.2	
		– 109.4	– 1.7	– 190.4	– 3.1
<b>Profit/loss after financial items</b>		<b>270.1</b>	<b>4.1</b>	41.1	0.7
<b>Extraordinary items</b>					
Expenses	6	– 44.8	– 0.7	– 243.7	– 4.0
<b>Profit/loss before taxation and minority interest</b>		<b>225.4</b>	<b>3.4</b>	– 202.6	– 3.3
Direct taxes for the year		– 39.9		– 46.5	
Change in deferred tax		– 20.0		69.6	
Minority interest		– 16.1		– 14.7	
<b>Net profit/loss for the period</b>		<b>149.4</b>	<b>2.3</b>	– 193.9	– 3.1



# Consolidated Balance Sheet

Assets	Note	Dec. 31, 1995		Dec. 31, 1994	
		FIM million	%	FIM million	%
<b>Fixed assets</b>					
Intangible assets	7				
Goodwill		104.8		117.5	
Other capitalised expenditure		39.4		40.4	
		144.2	2.2	157.9	2.4
Tangible assets	7				
Mineral deposits and land		591.7		598.8	
Buildings and constructions		813.0		816.8	
Machinery and equipment		871.7		877.1	
Other tangible assets		67.2		71.3	
Advance payments and construction in progress		28.1		11.0	
		2 371.6	35.7	2 375.1	36.0
Investments	8				
Shares in associated companies	9	1 208.5		1 146.8	
Other shares and participations		88.6		104.8	
Long-term receivables	10	79.9		203.7	
Other investments		29.0		29.7	
		1 406.0	21.1	1 485.1	22.5
<b>Fixed assets, total</b>		<b>3 921.8</b>	<b>59.0</b>	<b>4 018.1</b>	<b>61.0</b>
<b>Current assets</b>					
Inventories					
Materials and supplies		386.3		313.0	
Finished and semi-finished products		545.5		478.9	
Advance payments		16.9		3.5	
		948.7	14.3	795.4	12.1
Receivables	10				
Accounts receivable		1 117.9		981.9	
Loans receivable		92.4		137.1	
Prepayment and accrued income		134.0		128.4	
Other receivables		44.7		69.9	
		1 389.0	20.9	1 317.4	20.0
Liquid assets					
Shares, participations and other investments		9.0		5.0	
Cash on hand and in banks		381.8		454.3	
		390.8	5.9	459.2	7.0
<b>Current assets, total</b>		<b>2 728.5</b>	<b>41.0</b>	<b>2 572.0</b>	<b>39.0</b>
<b>Assets, total</b>		<b>6 650.3</b>	<b>100.0</b>	<b>6 590.1</b>	<b>100.0</b>
<b>Pledged assets</b>	19	<b>694.9</b>		<b>766.9</b>	

Liabilities and equity	Note	Dec. 31, 1995		Dec. 31, 1994	
		FIM million	%	FIM million	%
<b>Shareholders' equity</b>	11				
<b>Restricted equity</b>					
Ordinary share capital		385.0		330.0	
Share issue 1994		–		230.6	
Capital reserve		530.8		332.4	
Revaluation reserve		36.7		36.7	
Other restricted equity		128.6		27.5	
		<b>1 081.0</b>	<b>14.9</b>	957.2	14.5
Convertible subordinated bonds		167.8	2.5	167.8	2.5
<b>Non-restricted equity</b>					
Equity share of untaxed reserves	12	239.9		223.4	
Other non-restricted equity		277.1		636.2	
Net profit/loss for the financial year		149.4		– 193.9	
		<b>666.4</b>	<b>11.4</b>	665.7	10.1
<b>Shareholders' equity, total</b>		<b>1 915.2</b>	<b>28.8</b>	1 790.7	27.2
<b>Minority interest</b>					
Total		59.8	0.9	54.0	0.8
<b>Provisions</b>	13				
Provisions		253.0	3.8	273.7	4.2
<b>Liabilities</b>					
<b>Long-term</b>	14				
Debentures and bonds with warrants	15	101.5		101.5	
Loans from financial institutions		631.0		899.3	
Pension fund loans		549.2		581.2	
Other interest bearing debts		159.5		60.3	
Deferred tax liabilities		106.5		86.5	
Other interest-free debts		23.9		16.8	
		<b>1 571.6</b>	<b>23.6</b>	1 745.6	26.5
<b>Short-term</b>	16,17				
Loans from financial institutions		286.7		227.4	
Pension fund loans		30.1		35.7	
Other interest bearing debts		1 015.8		1 094.4	
Advances received		93.1		118.2	
Accounts payable		617.2		576.9	
Accrued expenses and prepaid income		469.2		441.4	
Other interest-free debts		338.5		231.9	
		<b>2 850.7</b>	<b>42.9</b>	2 726.0	41.4
<b>Liabilities, total</b>		<b>4 422.3</b>	<b>66.5</b>	4 471.6	67.9
<b>Liabilities and equity, total</b>		<b>6 650.3</b>	<b>100.0</b>	6 590.1	100.0
<b>Contingent liabilities</b>	19	347.0		586.9	

# Group Source and Applications of Funds

## January 1 – December 31, 1995

(FIM million)	1995	1994
<b>Funds generated from operations</b>		
Net sales	6 556.4	6 166.3
Operating expenses	– 6 176.9	– 5 934.8
<hr/>		
Operating profit before depreciation	379.5	231.5
Depreciations	350.5	480.7
Financial items	– 109.4	– 190.4
Extraordinary items	– 44.8	– 243.7
Less profit/loss on sale of assets and undistributed profit in associated co's	– 154.4 <sup>1)</sup>	– 23.9
Direct taxes for the year	– 39.9	– 46.5
Dividends	– 23.1	–
<hr/>		
Total	358.4	207.7
<b>Change in working capital</b>		
Inventories (– = increase)	– 153.4	120.2
Short-term receivables (– = increase)	– 71.6	– 73.4
Short-term payables (+ = increase)	149.4	11.5
<hr/>		
Total	– 75.6	58.3
<b>Net funds generated from operations</b>	<b>282.8</b>	<b>266.0</b>
<b>Net investment</b>		
Investment	– 292.1	– 580.6
Sale of fixed assets	139.2	55.7
Other changes	– 109.7	238.5
<hr/>		
Total	– 262.6	– 286.4
<b>Financial surplus/deficit</b>	<b>20.2</b>	<b>– 20.4</b>
<b>External financing</b>		
Equity:		
Share issue	22.7	230.6
Convertible subordinated bonds	–	167.8
Minority interest	– 10.4	3.9
Translation differences and other changes	– 26.7	– 15.2
Short- and long-term loans:		
New loans	303.0	364.8
Repayment on loans	– 426.0	– 342.0
Other changes	– 75.9	– 326.3
Other financing:		
Long-term receivables (+ = decrease)	124.8	13.5
<hr/>		
Total	– 88.6	97.1
<b>Change in liquid assets</b>	<b>– 68.4</b>	<b>76.6</b>

<sup>1)</sup> Profit/loss on realisations FIM – 55.4 million; undistributed profit/loss in associated companies FIM – 99.0 million. Loans, fixed assets and working capital belonging to subsidiaries acquired or sold during the year are included in the change of each item.

## Income Statement, Parent Company Jan. 1 - Dec. 31, 1995

(FIM million)	Note	1995	1994
<b>Net sales</b>		<b>77.1</b>	73.6
Costs of goods sold		<b>-17.7</b>	-17.8
<b>Gross profit</b>		<b>59.4</b>	55.8
Selling and marketing costs		<b>-8.5</b>	-7.4
Research and development costs		<b>-2.4</b>	-2.2
Administration expenses		<b>-95.6</b>	-89.2
Other operating expenses		<b>-16.0</b>	-35.4
Other operating income		<b>19.1</b>	24.4
		<b>-103.4</b>	-109.7
<b>Operating profit/loss</b>	1,2,3	<b>-44.0</b>	-53.9
<b>Financial items</b>	18		
Dividend income		<b>122.9</b>	51.1
Interest income on long-term investments		<b>11.5</b>	21.8
Other interest income		<b>45.4</b>	29.8
Interest expenses		<b>-181.6</b>	-159.9
Other financial expenses	5	<b>-26.3</b>	84.4
Value adjustment of investments		<b>-6.6</b>	-2.6
		<b>-34.7</b>	24.6
<b>Profit/loss after financial items</b>		<b>-78.7</b>	-29.3
<b>Extraordinary items</b>			
Expenses	6	<b>-79.4</b>	-444.9
Received Group contribution	4	<b>122.4</b>	116.0
		<b>43.0</b>	-328.9
<b>Profit/loss before appropriations and taxation</b>		<b>-35.7</b>	-358.2
Appropriations			
Depreciation less than plan		<b>7.3</b>	41.8
Transfers from untaxed reserves		<b>1.0</b>	200.1
Direct taxes		<b>-11.0</b>	3.2
<b>Net profit/loss for the period</b>		<b>-38.3</b>	-113.1

## Source and Application of Funds Parent Company Jan. 1 - Dec. 31, 1995

((FIM million)	1995	1994
<b>Funds generated from operations</b>		
Net sales	<b>77.1</b>	73.6
Operating expenses	<b>-121.1</b>	-127.5
Operating profit/loss	<b>-44.0</b>	-53.9
Depreciation and value adjustments	<b>73.0</b>	417.5
Financial income and expenses	<b>-34.7</b>	24.6
Extraordinary income and expenses	<b>43.0</b>	-328.9
Taxes	<b>-11.0</b>	3.2
Profit on sale of fixed assets	<b>-7.3</b>	35.2
Dividends to shareholders	<b>-23.1</b>	-
	<b>-4.0</b>	97.8
<b>Change in working capital</b>		
Inventories (+ = decrease)	<b>0.7</b>	-5.1
Short-term receivables (+ = decrease)	<b>50.8</b>	-32.4
Short-term interest-free debts (- = decrease)	<b>-19.9</b>	-40.1
	<b>31.6</b>	-77.5
<b>Net funds generated from operations</b>	<b>27.7</b>	20.3
<b>Net investment</b>		
Investment in other fixed assets	<b>-161.7</b>	-738.6
Sale of other fixed assets	<b>27.8</b>	163.3
	<b>-133.9</b>	-575.3
<b>Financial deficit/surplus</b>	<b>-106.2</b>	-555.0
<b>External financing</b>		
Equity:		
Share issue	<b>22.7</b>	230.6
Convertible subordinated bonds	<b>-</b>	167.8
Short- and long-term liabilities:		
New loans	<b>284.3</b>	438.5
Repayment on loans	<b>-376.7</b>	-380.9
Other financing:		
Long-term receivables	<b>126.2</b>	162.8
	<b>56.6</b>	618.8
<b>Change in liquid assets</b>	<b>-49.6</b>	63.8

# Balance Sheet, Parent Company Dec. 31, 1995

Assets	Note	1995		1994		Liabilities and equity	Note	1995		1994	
		MFIM	%	MFIM	%			MFIM	%	MFIM	%
<b>Fixed assets</b>						<b>Shareholders' equity</b>	12				
Intangible assets	7					Restricted equity					
Other capitalised expenditure		<b>17.3</b>		21.3		Ordinary share capital		<b>385.0</b>		330.0	
		<b>17.3</b>	<b>0.4</b>	21.3	0.5	Share issue 1994		–		230.6	
						Capital reserve		<b>530.8</b>		332.4	
						Revaluation reserve		<b>36.3</b>		36.3	
								<b>952.1</b>	<b>22.3</b>	929.4	21.0
Tangible assets	7					Convertible subordinated bonds		<b>167.8</b>	<b>3.9</b>	167.8	3.8
Mineral deposits and land		<b>258.5</b>		261.4		Non-restricted equity					
Buildings and constructions		<b>246.5</b>		258.5		Contingency reserve		<b>147.7</b>		147.7	
Machinery and equipment		<b>13.0</b>		10.1		Other non-restricted equity		<b>511.5</b>		647.6	
Other tangible assets		<b>2.6</b>		3.5		Net result for the financial year		<b>– 38.3</b>		– 113.1	
		<b>520.6</b>	<b>12.2</b>	533.5	12.1			<b>620.8</b>	<b>14.5</b>	682.2	15.4
						<b>Shareholders' equity, total</b>		<b>1 740.7</b>	<b>40.8</b>	1 779.4	40.2
Investments						<b>Untaxed reserves and provisions</b>					
Shares and participations	8					Accumulated excess depreciation	12	<b>133.8</b>		141.1	
Subsidiaries		<b>2 545.6</b>		2 452.3		Reserves	12				
Associated companies	9	<b>71.4</b>		66.6		Other reserves		–		1.0	
Other shares and participations		<b>75.5</b>		88.6		Provisions	13	<b>20.1</b>		45.3	
Long-term receivables	10	<b>283.4</b>		409.6				<b>153.9</b>	<b>3.6</b>	187.5	4.2
Other investments		<b>23.4</b>		23.4							
		<b>2 999.2</b>	<b>70.3</b>	3 040.5	68.7	<b>Liabilities</b>					
						Long-term	14				
<b>Fixed assets, total</b>		<b>3 537.1</b>	<b>82.9</b>	3 595.3	81.2	Debentures and bonds with warrants	15	<b>101.5</b>		101.5	
<b>Current assets</b>						Loans from financial institutions		<b>320.5</b>		512.9	
Inventories						Pension fund loans		<b>355.4</b>		372.3	
Finished and semi-finished products		<b>4.4</b>	<b>0.1</b>	5.1	0.1	Other interest-bearing debts		<b>1.8</b>		3.3	
Receivables	10					Interest-free debts		<b>2.4</b>		2.7	
Accounts receivable		<b>19.7</b>		25.0				<b>781.7</b>	<b>18.3</b>	992.6	22.4
Loans receivable		<b>452.2</b>		411.0		Short-term	16,17				
Prepayments and accrued income		<b>64.5</b>		81.5		Loans from financial institutions		<b>663.0</b>		466.5	
Other receivables		<b>132.9</b>		202.7		Pension fund loans		<b>26.8</b>		28.1	
		<b>669.3</b>	<b>15.7</b>	720.2	16.3	Other interest-bearing debts		<b>770.3</b>		846.8	
						Accounts payable		<b>10.4</b>		9.6	
Liquid assets						Accrued expenses and prepaid income		<b>68.9</b>		82.4	
Shares and participations		–		4.8		Other interest-free debts		<b>52.5</b>		34.4	
Cash on hand and in banks		<b>57.3</b>		102.1				<b>1 591.8</b>	<b>37.3</b>	1 467.8	33.2
		<b>57.3</b>	<b>1.3</b>	106.8	2.4	<b>Liabilities, total</b>		<b>2 373.5</b>	<b>55.6</b>	2 460.4	55.6
<b>Current assets, total</b>		<b>731.0</b>	<b>17.1</b>	832.1	18.8	<b>Liabilities and equity, total</b>		<b>4 268.1</b>	<b>100.0</b>	4 427.3	100.0
<b>Assets, total</b>		<b>4 268.1</b>	<b>100.0</b>	4 427.3	100.0	<b>Contingent liabilities</b>	19	<b>1 359.6</b>		1 540.6	
<b>Pledged assets</b>	19	<b>16.6</b>		19.9							

# Accounting Principles

The year reviewed covers the months January–December. The year 1991 covered the months March–December and earlier years the months March–February.

## (a) Basis of accounts

The Consolidated Financial Statements, the Parent Company's accounts and the accounts of Finnish subsidiaries have been drawn up in accordance with legislation and current regulations in Finland. Foreign subsidiaries' accounts have been adjusted to conform to accounting practice in Finland.

## (b) Consolidation principles

The Consolidated Financial Statements cover the parent company Partek Oy Ab and all companies in Finland and abroad in which the parent company controlled, directly or indirectly, more than fifty percent of the shares or participations at the end of the financial year. The Consolidated Balance Sheet has been drawn up in accordance with the direct acquisition method.

Companies acquired during the year have been included in the Group Income Statement from the date of their acquisition. Companies sold during the year are included in the Consolidated Income Statement up to the date of their sale.

Associated companies have been consolidated in accordance with the equity method.

In drawing up the Consolidated Financial Statements internal transactions have been eliminated.

## (c) Goodwill

Goodwill, i.e. the difference between the acquisition value of shares and the current value of net assets in the acquired company, is entered as a fixed asset in the Consolidated Balance Sheet and is written off systematically on the basis of its economic life. In no case has this life exceeded ten years.

Possible untaxed reserves in the acquired company at the time of acquisition are divided in accordance with earlier practice between an equity share and deferred taxes according to current tax rates.

## (d) Investments Evaluation

Investments classified as fixed assets have been entered at their acquisition value less possible depreciation to take into account the actual decrease in worth.

Investments in securities classified as current assets are valued at the lowest of either their acquisition or market value.

## Sales

When an investment has been sold, the

difference between the net sales price and the book value is entered in the Income Statement.

## Subsidiaries

Investments in subsidiary companies are recorded in the Parent Company's accounts in accordance with the above policy for the evaluation of long-term assets. For Consolidated Financial Statements the principles of consolidation in paragraph B are applied.

A list of the most important subsidiary companies is included in Note 9.

## Associated companies

Investments in associated companies are shown in the Parent Company's Balance Sheet in accordance with the above principles for long-term fixed assets. In the Consolidated Financial Statements associated companies are recorded in accordance with the equity method.

A list of the most important associated companies are shown in Note 9.

## (e) Foreign currencies Transactions

Transactions in foreign currencies are translated in the currency used in the Financial Statements on the basis of the exchange rate applying on the day of the transaction. Liquid assets and debts in foreign currencies have been translated into the currency used in the Financial Statements according to the central bank's exchange rate on the last day of the financial period.

## Translation of financial statements

Foreign subsidiaries are considered to operate independently and do not therefore constitute an integrated part of the Parent Company's operations. As a direct result of this foreign subsidiaries' assets and liabilities are translated at the central bank's exchange rates on the last day of the financial period while income and expenditure are translated at an average exchange rate for the whole of the period under review. Differences arising from this translation are entered under equity.

## Equity hedging

In order to minimise the effects of translation in the Consolidated Financial Statements loans are taken in the same currency as the foreign subsidiaries' equity and/or forward agreements are used. Exchange-rate differences resulting from these loans are offset against translation differences resulting from translating the foreign subsidiaries' balance sheets.

## (f) Taxes

Tax liabilities are calculated on the profit before tax and permanent differences be-

tween taxable and recorded profit are taken into account. Tax on differences because items have been recorded and taxed in different periods are included in the Balance Sheet as deferred taxes. Tax claims that may be offset against possible future approved losses are not taken into account until realised.

Deferred taxes are calculated on the basis of tax rates for the following year or, in cases where these are not known, for the the financial period.

## (g) Inventory

Inventory has been valued at either the direct acquisition value or net realisable value, whichever is lowest. The first-in first-out principle has been used in valuing inventory. When calculating the value of semi-finished and finished goods account has also been taken not only of the direct acquisition cost but also a reasonable portion of indirect costs and depreciation associated with production.

## (h) Tangible fixed assets

Land, mineral deposits, factories, machinery and other equipment are entered according to their historic acquisition cost with the exception of certain land in Finland, the value of which has been appreciated in certain Group companies, especially the Parent Company. An economic life has been estimated for assets and on the basis of this linear depreciation according to plan has been carried out. In the case of mineral deposits, however, net worth depreciation has been applied.

The amount of depreciation is based on the following economic life of assets:

- Goodwill 5 - 10 years
- Other capitalised expenditure 3 - 17 years
- Buildings and constructions 15 - 40 years
- Machinery and inventory 3 - 25 years
- Other material assets 5 - 10 years

## Leasing

Fixed assets - especially transport vehicles - are to a limited extent leased. In accordance with accounting practice in Finland these fall outside the scope of the Balance Sheet while leasing fees are charged against the Income Statement. Leasing charges on the basis of existing leasing agreements are shown in Note 20.

## (i) Income recognition

Net sales include invoiced sums after allowing for indirect taxes and discounts given. Income from long-term project deliveries is recognised on the basis of the degree of completion while for other projects it is recorded on final delivery.



### (j) Research and development

The costs of research and development are entered during the year in which they are incurred.

### (k) Contributions and support

Contributions and support are recorded only when there is great possibility of their being received. They are entered so that they match the costs they are designed to compensate.

### (l) Pension arrangements

Pension costs are recorded as pensions are earned. In the Parent Company and Finnish subsidiaries responsibility for pensions is covered by means of insurance.

### (m) Minority interests

Minority interests in profits are entered as their share of the profit after tax. In the Balance Sheet minority interest is recorded together with any possible capital portion of untaxed reserves.

### (n) Reserves

Legislation in Finland and certain other countries permits companies to set aside a part of their untaxed profits in different reserves to cover future costs and losses. Both in Finland and Sweden these have to be shown separately in the company's accounts as a separate item in the Balance Sheet, Reserves and Untaxed Reserves. In Finland these are divided into two categories: "provisions" and "reserves".

Changes during the year in provisions are included in the Income Statement as an adjustment to operating costs while changes in voluntary reserves are entered as appropriations.

The provisions remain in the Consolidated Financial Statements as a separate item while reserves are divided into components:

- deferred taxes, included under long-term liabilities
- equity share, included under non-restricted equity

### (o) Profitability

The business area reviews report the results of operations in the form of operating profit after depreciation and profitability in the form of return on capital employed. These are based on the business areas' individual results and the capital they have employed. Consequently, they differ somewhat from the results and key ratios that could have been achieved by a complete distribution and debiting of common costs and common capital.

## DEFINITIONS

Unless indicated otherwise, the following definitions have been used to calculate profitability and other key ratios:

### Capital employed

Balance Sheet total less interest-free short-term liabilities.

### Adjusted equity

Shareholders' equity as shown in the Balance Sheet, minority interests in subsidiaries' equity.

### Return on capital employed

Profit after financial items plus financial expenses and net exchange-rate losses as a percentage of average capital employed.

### Return on total capital before taxes

Profit after financial items plus financial expenses and net exchange-rate losses as a percentage of average total capital.

### Return on equity after taxes

Profit after financial items and taxes plus the change in deferred taxes as a percentage of average total equity.

### Interest cover

Operating profit plus financial income divided by interest expenses.

### Quick ratio

Liquid assets less advances paid divided by short-term liabilities less advances received.

### Current ratio

Total current assets divided by short-term liabilities.

### Equity to total assets ratio

Adjusted equity as a percentage of total assets.

### Internal financing ratio

Funds from operations as shown in the Source and Application of Funds as a percentage of net investment.

### Dividend/profit

Dividend paid as a percentage of profit after financial items, taxes and minority interests.

### Balance Sheet share value

Shareholders' equity divided by the number of shares at the end of the financial period.

### Earnings per share

Profit after financial items less minority interests and taxes divided by the average number of shares.

### P/E ratio

Market price per share at the end of the financial period divided by earnings per share.

### Yield

Proposed dividend per share as a percentage of the market price at the end of the financial period.

### Exchange rates

Country	Currency	Year end rates		Average rates	
		Dec. 31, 1995	Dec 31, 1994	1995	1994
Belgium	BEF	<b>0.1482</b>	0.1490	<b>0.1481</b>	0.1561
Canada	CAD	<b>3.1960</b>	3.3780	<b>3.1807</b>	3.8277
Denmark	DKK	<b>0.7862</b>	0.7794	<b>0.7792</b>	0.8207
France	FRF	<b>0.8906</b>	0.8873	<b>0.8751</b>	0.9404
Germany	DEM	<b>3.0435</b>	3.0615	<b>3.0477</b>	3.2162
Great Britain	GBP	<b>6.7410</b>	7.4090	<b>6.8912</b>	7.9859
Italy	ITL	<b>0.0028</b>	0.0029	<b>0.0027</b>	0.0032
Japan	JPY	<b>0.0423</b>	0.0476	<b>0.0467</b>	0.0511
Netherlands	NLG	<b>2.7185</b>	2.7337	<b>2.7208</b>	2.8681
Norway	NOK	<b>0.6899</b>	0.7014	<b>0.6890</b>	0.7393
Spain	ESP	<b>0.0359</b>	0.0360	<b>0.0350</b>	0.0390
Sweden	SEK	<b>0.6546</b>	0.6358	<b>0.6125</b>	0.6761
USA	USD	<b>4.3586</b>	4.7432	<b>4.3666</b>	5.2240

# Notes for Income Statements and Balance Sheets

1. Wages and salaries .....	45	11. Change in shareholders' equity .....	53
2. Depreciation .....	45	12. Untaxed reserves .....	53
3. Other operating items .....	46	13. Provisions .....	53
4. Share in profit/loss of associated companies .....	46	14. Long-term liabilities .....	54
5. Other financial items .....	47	15. Debentures and bonds with warrants .....	54
6. Extraordinary items .....	47	16. Short-term interest-bearing liabilities .....	54
7. Fixed assets .....	47	17. Short-term interest-free liabilities .....	55
8. Shares and participations .....	50	18. Internal dividends, interest income and expenses .....	55
9. Share of equity in associated companies .....	51	19. Pledged assets, contingent liabilities and leasing agreements .....	55
10. Long- and short-term receivables .....	52	20. Segment data .....	56

## 1. Wages and salaries

(FIM million)

	Group		Parent Company	
	1995	1994	1995	1994
<b>Wages and salaries</b>				
Salaries, wages and fringe benefits				
Salaries and payments to Board Members and Managing Directors	31.7	34.3	1.8	1.7
To others	1 338.7	1 266.6	31.9	29.9
Bonus to Board Members and Managing Directors	2.3	2.5	0.2	–
<b>Total</b>	<b>1 372.7</b>	<b>1 303.3</b>	<b>33.9</b>	<b>31.6</b>
<b>Other payroll costs</b>				
Pensions and pension premiums	115.6	120.8	6.3	6.9
Other payroll costs	213.3	181.7	3.9	4.7
<b>Total</b>	<b>328.9</b>	<b>302.4</b>	<b>10.1</b>	<b>11.6</b>
<b>Total</b>	<b>1 701.6</b>	<b>1 605.8</b>	<b>44.1</b>	<b>43.1</b>

The President of the Parent Company and other members of the Executive Board are entitled to retire at the age of 60 while heads of divisions and persons in similar posts are entitled to retire at the age of 62.

## 2. Depreciations

(FIM million)

	Group		Parent Company	
	1995	1994	1995	1994
<b>Depreciation by function</b>				
Production	213.2	246.2	10.2	11.0
Distribution and marketing	16.7	17.0	0.1	0.1
Research and development	3.3	4.1	–	–
Administration	25.5	29.6	12.1	11.6
Other operating expenses				
Goodwill	22.6	31.7	–	–
Depreciation according to plan	281.4	328.7	22.5	22.8
Extra depreciation	69.1	152.0	50.5	394.7
<b>Total</b>	<b>350.5</b>	<b>480.7</b>	<b>73.0</b>	<b>417.4</b>
<b>Depreciation according to plan</b>				
Goodwill	22.6	31.7	–	–
Other long-term expenditure	9.8	11.7	3.0	3.4
Land and mineral deposits	7.3	7.7	–	–
Building and construction	60.4	64.8	15.0	15.5
Machinery and equipment	164.2	190.9	3.5	2.8
Other tangible assets	17.1	21.9	1.0	1.1
<b>Total</b>	<b>281.4</b>	<b>328.7</b>	<b>22.5</b>	<b>22.8</b>

(FIM million)	Group	Parent Company
	1994	1994
	1995	1995
<b>Book depreciation</b> (incl. reduction in investment and Acquisition Reserves)		
Goodwill	31.7	–
Other long-term expenditure	13.6	1.2
Land and mineral deposits	11.7	–
Building and construction	39.1	5.9
Machinery and equipment	290.5	7.1
Other tangible assets	22.3	0.9
Securities and investments	34.0	50.5
<b>Total</b>	<b>442.9</b>	<b>65.6</b>
<b>Depreciation more/less than plan</b>	<b>37.8</b>	<b>7.3</b>

### 3. Other operating items

(FIM million)	Group	Parent Company
	1994	1994
	1995	1995
<b>Income</b>		
Rents	8.1	3.7
Profit on sale of fixed assets	35.9	9.5
Other income	20.3	6.0
<b>Total</b>	<b>64.3</b>	<b>19.1</b>
<b>Expenses</b>		
Taxes on real estate	2.8	1.8
Depreciation on goodwill	31.7	–
Depreciation of shares	–	4.2
Depreciation on receivables	–	4.7
Loss on sale of fixed assets	12.0	1.0
Redundancy pay	0.5	–
Depreciation on fixed assets	13.0	–
Other restructuring costs	29.9	–10.7
Other expenses	25.5	14.9
<b>Total</b>	<b>115.4</b>	<b>16.0</b>

### 4. Share in profit/loss of associated companies

(FIM million)	Share of equity %	Profit after tax	Share of profit after tax 1995	Share of profit after tax 1994
A-Rakennusmies Oy <sup>*)</sup>	33.6	0.7	0.2	–
NordCarb Oy	30.0	–4.7	–1.1	0.3
Par-Arm Oy	27.0	27.3	7.4	–0.0
Parma Oy <sup>*)</sup>	50.0	–2.4	–1.2	1.7
Partek Betonila Oy Ab	50.0	–22.6	–11.3	–4.9
Partek Metra Oy Ab <sup>*)</sup> , Sept. 1–Oct. 31, 1994	50.0	–	–	34.7
Roctex Oy Ab	50.0	–7.4	–3.7	–3.7
Other associated companies in Finland			–0.2	0.6
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	46.0	1.0	0.5	0.5
Eastern Partek Pte Ltd, Singapore	45.0	24.3	10.9	7.4
Euroc AB, Sweden, Nov. 1, 1994–Nov. 30, 1995	25.0	447.2	102.0	28.5
Hiab Kanglim Co Ltd, Republic of Korea, –Jan. 31, 1995	45.0	–2.9	–1.3	–2.9
Paroc Silikatas, Lithuania	48.0	–	–	–
Rockwool Ecoprim AB, Sweden	50.0	1.1	0.6	0.7
Steinullarverksmidjan H/F, Iceland	27.7	2.4	0.7	0.1
United Tiles AB, Sweden, –Nov. 30, 1995	50.0	4.6	2.3	–13.2
Other associated companies			–0.6	0.2
<b>Total</b>			<b>105.1</b>	<b>50.1</b>

<sup>\*)</sup> Owned by the Parent Company

## 5. Other financial items

(FIM million)	1995	Group	1994	1995	Parent Company	1994
<b>Exchange rate differences on loans</b>						
Exchange rate gains	317.2		266.9	311.6		274.5
Exchange rate losses	- 313.2		- 270.4	- 337.8		- 180.8
Total	4.1		- 3.5	- 26.3		93.8
<b>Other financial income and expenses</b>						
Other financial income	1.8		4.1	-		-
Other financial expenses	- 15.3		- 20.4	-		- 9.4
Total	- 9.5		- 19.8	- 26.3		84.4

## 6. Extraordinary items

(FIM million)	1995	Group	1994	1995	Parent Company	1994
<b>Expenses</b>						
Depreciation of shares in subsidiaries				34.6		360.2
Depreciation of other shares	9.6		28.9	9.6		28.9
Merger loss				-		49.4
Other restructuring costs	-		200.0	-		3.0
Other expenses	35.1		14.9	35.1		3.4
Total	44.8		243.8	79.4		444.9

## 7. Fixed assets

(FIM million)	Dec. 31, 1995	Group	Dec. 31, 1994
<b>Goodwill</b>			
Acquisition value Jan. 1	404.9		424.3
+ Increase during the year	10.9		6.9
- Decrease during the year	- 140.2		- 26.3
Acquisition value Dec. 31	275.5		404.9
- Accumulated depreciation	- 170.7		- 287.4
Residual value Dec. 31	104.8		117.5

(FIM million)	Dec. 31, 1995	Group Dec. 31, 1994	Dec. 31, 1995	Parent company Dec. 31, 1994
<b>Other capitalized expenditure</b>				
Acquisition value Jan. 1	115.2	122.8	41.9	46.0
+ Investment	8.7	5.6	0.6	2.3
+ Other increase	0.6	0.4	–	0.1
– Decrease	– 3.6	– 13.7	– 3.7	– 6.4
Acquisition value Dec. 31	120.8	115.2	38.8	41.9
– Accumulated depreciation according to plan	– 81.5	– 74.9	– 21.5	– 20.6
Residual value Dec. 31	39.4	40.3	17.3	21.3
Accumulated depreciation in excess of plan				
– Partek's interest	– 10.7	– 11.0	– 10.5	– 12.3
Net book value Dec. 31	28.6	29.3	6.8	9.0
<b>Land and mineral deposits</b>				
Acquisition value Jan. 1	405.6	407.6	33.4	21.2
+ Investment	4.0	25.2	–	13.4
+ Other increase	4.3	4.1	–	– 1.1
– Decrease	– 6.8	– 31.4	– 2.4	0.0
Acquisition value Dec. 31	407.0	405.6	31.0	33.4
+ Appreciation	228.4	228.9	228.1	228.6
– Accumulated depreciation according to plan	– 43.8	– 35.7	– 0.6	– 0.6
Residual value Dec. 31	591.7	598.8	258.5	261.4
In Finland:				
Taxable value	105.5	109.4	67.9	74.3
Residual value	290.8	289.4	258.5	261.4
<b>Buildings and constructions</b>				
Acquisition value Jan. 1	1 429.5	1 549.4	365.7	384.0
+ Investment	56.3	15.6	6.3	8.1
+ Other increase	8.3	3.9	–	0.2
– Decrease	– 23.3	– 139.5	– 16.1	– 26.5
Acquisition value Dec. 31	1 470.9	1 429.5	355.9	365.7
+ Appreciation	–	–	–	–
– Accumulated depreciation according to plan	– 657.9	– 612.7	– 109.4	– 107.3
Residual value Dec. 31	813.0	816.8	246.5	258.5
Accumulated depreciation in excess of plan				
– Partek's interest	– 132.5	– 139.6	– 115.9	– 125.0
– Minority interest	– 4.7	– 3.7	–	–
– Eliminated on company acquisition	– 4.1	– 6.5	–	–
Net book value Dec. 31	671.6	667.0	130.6	133.5
In Finland:				
Taxable value	366.3	353.3	245.8	240.4
Residual value	375.4	378.7	246.5	258.5
<b>Machinery and equipment</b>				
Acquisition value Jan. 1	2 564.3	2 665.8	25.2	23.4
+ Investment	161.1	116.5	6.7	1.7
+ Other increase	2.9	10.2	–	5.8
– Decrease	– 42.5	– 228.3	– 8.2	– 5.8
Acquisition value Dec. 31	2 685.8	2 564.3	23.7	25.2
– Accumulated depreciation according to plan	– 1 814.1	– 1 687.1	– 10.7	– 15.1
Residual value Dec. 31	871.7	877.1	13.0	10.1
Accumulated depreciation in excess of plan				
– Partek's interest	– 176.1	– 130.6	– 7.4	– 3.8
– Minority interest	– 5.5	– 2.4	–	–
– Eliminated on company acquisition	– 4.0	– 0.5	–	–
Net book value Dec. 31	686.0	743.6	5.6	6.3

(FIM million)	Dec. 31, 1995	Group Dec. 31, 1994	Dec. 31, 1995	Parent company Dec. 31, 1994
<b>Other tangible assets</b>				
Acquisition value Jan. 1	203.5	219.4	17.3	24.8
+ Investment	14.2	7.2	0.0	0.1
+ Other increase	2.0	3.6	–	0.0
– Decrease	– 4.0	– 26.6	– 1.5	– 7.7
Acquisition value Dec. 31	215.7	203.5	15.8	17.3
– Accumulated depreciation according to plan	– 148.6	– 132.2	– 13.3	– 13.7
Residual value Dec. 31	67.2	71.3	2.6	3.5
Accumulated depreciation in excess of plan				
– Partek's interest	– 0.4	– 0.1	– 0.0	– 0.1
Net book value Dec. 31	66.8	71.1	2.6	3.5
<b>Construction in progress</b>				
Acquisition value Jan. 1	8.1	22.0	0.0	0.0
+ Investment	18.9	7.4	0.0	0.0
+ Other increase	0.0	0.0	–	–
– Decrease	– 4.2	– 21.2	0.0	0.0
Acquisition value Dec. 31	22.8	8.1	0.0	0.0
<b>Shares and participations, subsidiaries</b>				
Acquisition value Jan. 1			3 076.9	2 207.1
+ Investment			7.1	397.8
+ Other increase			130.5	634.5
– Decrease			– 5.9	– 162.6
Acquisition value Dec. 31			3 208.6	3 076.9
– Accumulated extraordinary depreciation			– 662.9	– 624.6
Residual value Dec. 31			2 545.6	2 452.3
In Finland:				
Taxable value			2 843.2	2 174.1
Residual value			2 545.6	2 452.3
<b>Shares and participations, associated companies</b>				
Acquisition value Jan. 1	1 276.6	782.5	68.2	416.0
+ Investment	23.5	392.9	7.3	0.0
+ Other increase	18.1	112.0	0.0	2.3
– Decrease	– 160.4	– 10.8	–	– 350.1
Acquisition value Dec. 31	1 157.6	1 276.6	75.5	68.2
– Accumulated extraordinary depreciation	50.9	– 129.7	– 4.1	– 1.6
Residual value Dec. 31	1 208.5	1 146.8	71.4	66.6
In Finland:				
Taxable value	954.0	936.3	34.9	20.5
Residual value	1 022.1	1 073.9	71.4	68.2
<b>Shares and participations, others</b>				
Acquisition value Jan. 1	186.5	168.0	169.5	151.6
+ Investment	5.5	3.3	3.2	0.0
+ Other increase	0.1	26.8	0.0	22.4
– Decrease	– 12.3	– 11.5	– 6.6	– 4.5
Acquisition value Dec. 31	179.9	186.5	166.1	169.5
– Accumulated extraordinary depreciation	– 91.3	– 81.7	– 90.6	– 81.0
Residual value Dec. 31	88.6	104.8	75.5	88.6
In Finland:				
Taxable value	27.8	48.3	23.1	44.0
Residual value	80.3	93.7	75.5	88.6



## 8. Shares and participations as per December 31, 1995\*

	Group holdings No. of shares	%	Nominal value Currency	Book value		
				Group FIM 1 000	Parent Co. FIM 1 000	
<b>Associated companies:</b>						
In Finland						
A-Rakennusmies Oy, Helsinki	5 740	33.6	FIM	5 740	5 740	5 740
NordCarb Oy Ab, Helsinki	5 400	30.0	FIM	5 400	2 513	
Par-Arm Oy, Helsinki	5 000	27.0	FIM	5 000	43 788	
Parma Oy, Forssa	12 000	50.0	FIM	12 000	60 000	60 000
Partek Betonila Oy Ab, Pargas	100 000	50.0	FIM	100 000	43 000	
Roctex Oy Ab, Pargas	2 000	50.0	FIM	2 000	725	
Other associated companies (7)					5 690	5 677
In other countries						
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	460	46.0	MXP	4 483	1 624	
Eastern Partek Pte Ltd, Singapore	12 973 905	45.0	SGD	12 974	17 064	
Euroc AB, Sweden	11 834 126	25.0	SEK	295 853	853 240	
Paroc Silikatas, Lithuania	13 750	48.0	LIT	13 750	16 184	
Rockwool Ecoprim AB, Sweden	25 000	50.0	SEK	2 500	3 273	
Steinullarverksmidjan H/F, Iceland	587 522	27.7	ISK	58 752	2 920	
Other associated companies (7)					5 291	
Adjusted share of equity					147 477	
<b>Associated companies, total</b>					<b>1 208 530</b>	<b>71 417</b>
<b>Other companies:</b>						
In Finland						
Investa Bond Fund	59 559		FIM		2 557	2 557
Polar-Yhtymä Oy, Helsinki	4 811 527	9.4	FIM	48 115	57 738	57 738
Sampo Insurance Company Ltd, Helsinki	52 423	0.0	FIM	1 048	12 151	10 207
Viljavuuspalvelu Oy, Helsinki	6 490	13.0	FIM	649	605	
Real estate companies (7)					1 097	1 097
Telephone share and participations (19)					1 673	1 355
Other domestic companies (52)					2 714	2 526
In other companies						
Lana di Roccia S.P.A., Italy	255 872	19.9	ITL	2 558 720	6 119	
Verdalskalk A/S, Norway	30	10.0	NOK	3 000	2 717	
Other foreign companies (24)					1 209	
<b>Other companies, total</b>					<b>88 580</b>	<b>75 480</b>
<b>Holdings in subsidiaries</b>						
In Finland						
Focolift Oy Ab, Perniö	3 000	100.0	FIM	3 000	3 000	
Oy Green Arrow Securities Ltd, Pargas	1 020 000	100.0	FIM	51 000	55 617	55 617
Loglift Oy Ab, Salo	1 711 900	90.1	FIM	17 119	32 454	
Multilift Oy, Raisio	1 080	100.0	FIM	10 800	28 550	
Nordkalk Oy Ab, Pargas	118 000	100.0	FIM	118 000	118 000	118 000
Nummi Oy Ab, Perniö	6 000	100.0	FIM	6 000	6 000	
Parastek Oy Ab, Pargas	100 000	100.0	FIM	10 000	8 099	8 099
Parcomp Oy Ab, Pargas	10	100.0	FIM	1 000	1 008	1 008
Parlease Oy Ab, Pargas	5 000	100.0	FIM	5 000	5 000	5 000
Paroc Oy Ab, Pargas	100 000	100.0	FIM	100 000	90 335	
Partek Byggprodukter Ab, Pargas	300 000	100.0	FIM	300 000	742 710	742 710
Partek Cargotec Oy, Pargas	65 000	100.0	FIM	65 000	59 224	
Partek Concrete Oy Ab, Helsinki	550 000	100.0	FIM	550 000	400 000	400 000
Partek Concrete Development Oy Ab, Pargas	3 000	100.0	FIM	3 000	3 000	
Partek Concrete Engineering Oy Ab, Toijala	27 000	100.0	FIM	27 000	27 000	
Partek Industrial Minerals Ltd, Pargas	50 000	100.0	FIM	50 000	50 000	50 000
Suomen Karbonaatti Oy, Lappeenranta	12 495	51.0	FIM	12 495	21 278	
Real estate companies (15)					24 359	17 148
Other domestic companies (19)					34 401	16 039

	Group holdings		Nominal value		Book value	
	No. of shares	%	Currency	1 000	Group FIM 1 000	Parent Co. FIM 1 000
<b>In other countries</b>						
Burg Vastgoed en Marketing B.V, Netherlands	175 000	100.0	NLG	175 000	70 678	
Cargotec (Holdings) Ltd, Great Britain	1 360 000	100.0	GBP	1 360	30 158	
Green Arrow Insurance Ltd, Great Britain	500 000	100.0	USD	500	8 601	
Hiab AB, Sweden	2 140 000	100.0	SEK	107 000	100 365	
Jungers Verkstads AB, Sweden	28 000	100.0	SEK	14 000	6 546	
Norba AB, Sverige	104 000	100.0	SEK	13 000	8 720	
Partek Cargotec AB, Sweden	1 000 000	100.0	SEK	100 000	238 523	
Partek Concrete International B.V., Netherlands	67 000	100.0	NLG	67 000	167 194	
Partek Finance N.V., Belgium	240 252	100.0	BEF	2 402 520	474 226	474 216
Partek Insulation AB, Sweden	599 500	100.0	SEK	59 950	315 632	
Partek Insulations Ltd, Canada	22 595	100.0	CAD	45 190	13 645	13 645
Partek Morin S.A., France	270 000	100.0	FRF	27 000	23 451	
Partek North America Inc, USA		100.0	USD	115 559	86 748	86 748
Partek Sverige AB, Sweden	2 300 000	100.0	SEK	230 000	550 999	550 999
Rockwool AB, Sweden	500 000	100.0	SEK	50 000	88 371	
Spenn-Gruppen A.S, Norway	18 000	90.0	NOK	18 000	119 715	
Other foreign subsidiaries (102)					1 272 032	6 415
<b>Parent Company's total holdings in subsidiaries</b>						<b>2 545 644</b>

\* Full details of shares in subsidiaries and other companies are included in the Annual Accounts.

## 9. Share of equity in associated companies

Group	Share of equity %	1995	1994
		FIM m	FIM m
A-Rakennusmies Oy <sup>*)</sup> , Helsinki	33.6	6.0	–
NordCarb Oy Ab, Helsinki	30.0	2.7	3.9
Par-Arm, Helsinki	27.0	46.3	5.1
Parma Oy, Forssa <sup>*)</sup>	50.0	57.2	58.7
Partek Betonila Oy Ab, Pargas	50.0	43.6	55.1
Roctex Oy Ab, Pargas	50.0	0.0	0.0
Other associated companies in Finland		4.8	0.9
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	46.0	3.0	5.5
Eastern Partek Pte Ltd, Singapore	45.0	48.1	42.0
Euroc AB, Sweden	25.0	972.3	865.8
Hiab-Kanglim Co Ltd, Republic of Korea	45.0	–	0.0
Paroc Silikatas, Lithuania	48.0	14.6	–
Rockwool Ecoprim AB, Sweden	50.0	5.1	4.2
Steinullarverksmidjan H/F, Iceland	27.7	3.7	3.0
United Tiles AB, Sweden	50.0	–	101.4
Other associated companies		1.1	1.3

<sup>\*)</sup> Owned by the Parent Company

## 10. Long- and short-term receivables

(FIM million)	Group		Parent Company	
	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1994
<b>Board of Directors and Executive Board</b>				
Long-term loans	0.3	0.3	0.3	0.3
Short-term loans	0.1	0.1	0.0	0.1
<b>Total</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
<b>Other personnel</b>				
Long-term loans	6.2	9.6	5.5	8.6
Short-term loans	3.5	3.7	3.2	3.5
<b>Total</b>	<b>9.7</b>	<b>13.3</b>	<b>8.7</b>	<b>12.1</b>
<b>Subsidiaries</b>				
Long-term loans			231.7	266.2
Short-term loans			436.4	303.8
Accounts receivable			16.1	19.8
Prepayments and accrued income			16.0	20.0
Other short-term receivables			127.2	196.8
<b>Total</b>			<b>827.4</b>	<b>806.6</b>
<b>Associated companies</b>				
Long-term loans	41.3	142.4	23.6	97.1
Short-term loans	3.4	111.1	3.0	103.5
Accounts receivable	12.0	15.6	2.8	3.9
Prepayments and accrued income	3.9	11.9	0.1	0.1
Other short-term receivables	0.8	4.4	0.3	3.2
<b>Total</b>	<b>61.5</b>	<b>285.4</b>	<b>29.8</b>	<b>207.9</b>
<b>Others</b>				
Long-term loans	32.0	51.3	22.3	37.4
Short-term loans	85.4	22.3	9.5	0.0
Accounts receivable	1 059.6	966.4	0.7	1.4
Prepayments and accrued income	130.1	116.4	48.5	61.4
Other short-term receivables	43.8	65.6	5.4	2.6
<b>Total</b>	<b>1 351.0</b>	<b>1 222.0</b>	<b>86.4</b>	<b>102.8</b>
<b>Long-term receivables</b>				
Board of Directors and Executive Board	0.3	0.3	0.3	0.3
Other personnel	6.2	9.6	5.5	8.6
Subsidiaries			231.7	266.2
Associated companies	41.3	142.4	23.6	97.1
Others	32.0	51.3	22.3	37.4
<b>Total</b>	<b>79.9</b>	<b>203.7</b>	<b>283.4</b>	<b>409.6</b>
<b>Short-term receivables</b>				
Board of Directors and Executive Board	0.1	0.1	0.0	0.1
Other personnel	3.5	3.7	3.2	3.5
Subsidiaries			595.7	540.4
Associated companies	20.2	142.9	6.2	110.8
Others	1 319.0	1 170.7	64.1	65.4
<b>Total</b>	<b>1 342.8</b>	<b>1 317.4</b>	<b>669.3</b>	<b>720.2</b>

## 11. Change in shareholders' equity

(FIM million)	Total	Restricted equity			Non-restricted equity		
		Share capital	Capital reserve	Revaluation reserve	Other restricted	Equity in untaxed reserves	Other non-restricted equity
<b>Group</b>							
January 1, 1995	1 790.7	330.0	332.4	36.7	426.0	223.4	442.2
Share issue 1994	22.7	55.0	198.3		- 230.6		
Translation differences	- 26.7				- 1.2	0.1	- 25.6
Transfer to restricted equity					3.7		- 3.7
Transfer of undistributed profit in the associated companies' profit					99.0		- 99.0
Transfer of change in equity share of change in untaxed reserves						16.4	- 16.4
Dividends paid	- 23.1						- 23.1
Other changes	2.2				- 0.4		2.6
Net result for the financial year	149.4						149.4
December 31, 1995	1 915.2	385.0	530.8	36.7	296.4	239.9	426.4

N.B. In accordance with current legislation for certain foreign subsidiaries FIM 5.0 million should be transferred from non-restricted equity to restricted equity.

### Parent company

January 1, 1995	1 779.4	330.0	332.4	36.3	398.4	-	682.2
Share issue 1994	22.7	55.0	198.3		- 230.6	-	-
Share dividends	- 23.1						- 23.1
Net result for the financial year	- 38.3						- 38.3
December 31, 1995	1 740.7	385.0	530.8	36.3	167.8	-	620.8

## 12. Untaxed reserves

(FIM million)	Dec. 31, 1995	Increases	Decreases	Dec. 31, 1994
<b>Group, Partek's share</b>				
Accumulated depreciation in excess of plan	319.8	58.1	- 19.5	281.1
Operating reserve	6.7	-	0.0	6.7
Other reserves	7.3	0.1	- 2.3	9.4
Total	333.7	58.2	- 21.7	297.4
of which				
Equity share	239.9	38.9	- 22.4	223.4
Deferred taxes	93.8	22.3	- 2.5	73.8

In the deferred taxes are also included:

Deferred taxes in respect of minority interest in untaxed reserves	3.3	1.2	0.0	2.2
Deferred taxes on untaxed reserves where the equity share has been eliminated	9.3	0.1	- 1.4	10.5
Deferred taxes total	106.5	23.6	- 3.9	86.5

### Parent Company

Accumulated depreciation in excess of plan	133.8	-	- 7.3	141.1
Other reserves	0.0	-	- 1.0	1.0
Total	133.8	-	- 8.3	142.1

## 13. Provisions

(FIM million)	1995	Group	1994	1995	Parent Company	1994
For project deliveries and claims	69.3		69.0	5.3		11.5
For reorganisation of operations in North America and France	89.0		93.6	2.3		3.0
For divestment of real estate business and reorganisation of other operations	82.6		94.6	6.5		23.8
Others	12.1		16.5	6.0		7.1
Total	253.0		273.7	20.1		45.3

#### 14. Long-term liabilities

(FIM million)	Dec. 31, 1995	Group	
		Dec. 31, 1994	
Local currencies of which FIM 713.5 (726.1) million.	<b>1 260.1</b>	1 309.9	
Other currencies			
Belgium	BEF <b>210.5</b>	67.8	
Germany	DEM <b>80.7</b>	85.4	
Netherlands	NLG <b>111.9</b>	236.8	
Sweden	SEK <b>117.0</b>	58.3	
USA	USD <b>101.5</b>	147.5	
ECU-loans	XEU <b>51.7</b>	53.7	
Other	–	–	
<b>Total</b>	<b>1 933.4</b>	2 085.4	
Loan repayments 1996	<b>– 361.8</b>	– 339.8	
<b>Long-term liabilities, total</b>	<b>1 571.6</b>	1 745.6	

Long-term liabilities are loans taken by individual Group companies in the corresponding country's currency and loans taken in some other currency. Most of the loans in other currencies have been taken to minimise the effects of exchange rate fluctuations on foreign subsidiaries' equity. The principal currencies in question are shown below.

Long-term liabilities to be repaid according to the following schedule:

	Year 1	Year 2	Year 3	Year 4	Year 5 or later	Total
<b>Group:</b>						
Debentures and bonds	–	–	101.5	–	–	101.5
Loans from financial institutions	286.7	143.3	246.1	29.9	211.7	917.7
Pension loans	30.1	30.8	28.5	26.3	463.6	579.3
Other interest-bearing loans	45.0	17.4	82.8	30.8	28.6	204.5
Deferred taxes	–	–	–	–	106.5	106.5
Other interest-free loans	–	2.3	2.5	1.8	17.2	23.9
<b>Total</b>	<b>361.8</b>	<b>193.8</b>	<b>461.3</b>	<b>88.9</b>	<b>827.6</b>	<b>1 933.4</b>
<b>Parent Company:</b>						
Debentures and bonds	–	–	101.5	–	–	101.5
Loans from financial institutions	272.0	27.0	197.2	27.0	69.4	592.6
Pension loans	26.8	24.9	23.1	21.5	285.9	382.2
Other interest-bearing loans	0.6	0.5	0.5	0.5	0.5	2.4
Interest-free loans	–	–	–	–	2.4	2.4
<b>Total</b>	<b>299.4</b>	<b>52.3</b>	<b>322.3</b>	<b>48.9</b>	<b>358.2</b>	<b>1 018.1</b>

#### 15. Debentures and bonds

Company/ Issue	Interest rate %	Term	Long-term liabilities FIMm
Partek Corporation			
Debentures, FIM 100 million, fixed rate	11.0	1993/1998	100.0
Bonds with warrants, FIM 1.5 million, floating rates	5.7	1994/1998	1.5
<b>Total on Dec. 31, 1995</b>			<b>101.5</b>

#### 16. Short-term interest-bearing liabilities

(FIM million)	Dec. 31, 1995	Group		Parent Company	
		Dec. 31, 1994		Dec. 31, 1995	Dec. 31, 1994
Repayment on long-term loans	<b>361.8</b>	339.8		<b>299.4</b>	145.0
Subsidiaries				<b>483.8</b>	568.8
Associated companies	<b>1.2</b>	6.0		–	0.8
Other short-term debts	<b>969.6</b>	1 011.9		<b>676.9</b>	626.9
<b>Total</b>	<b>1 332.7</b>	1 357.6		<b>1 460.0</b>	1 341.5

## 17. Short-term interest-free liabilities

(FIM million)	Group		Parent Company	
	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1994
<b>Subsidiaries</b>				
Accounts payable			3.9	3.4
Accrued expenses and prepaid income			2.8	21.6
Other interest-free debts			0.3	17.7
Total			7.0	42.7
<b>Associated companies</b>				
Accounts payable	3.8	3.1	1.8	0.2
Accrued expenses and prepaid income	10.0	15.7	1.4	0.0
Other interest-free debts	2.3	4.8	2.1	4.8
Total	16.0	23.6	5.2	5.0
<b>Others</b>				
Accounts payable	613.4	573.8	4.7	5.9
Advances received	93.1	118.2	–	–
Accrued expenses and prepaid income	459.1	425.7	64.7	60.9
Other interest-free debts	336.2	227.1	50.1	11.9
Total	1 502.0	1 344.9	119.5	78.7

## 18. Internal dividends, interest income and expenses

(FIM million)	Parent Company	
	1995	1994
Dividends from Group companies	102.6	51.1
Dividends from others	20.3	0.0
Interest income from Group companies	53.3	43.8
Interest income from others	3.7	7.9
Interest expenses to Group companies	32.9	37.7
Interest expenses to others	148.6	122.2

## 19. Pledged assets, contingent liabilities and leasing agreements

(FIM million)	Group		Parent Company	
	31.12.1995	31.12.1994	31.12.1995	31.12.1994
<b>Pledged assets</b>				
Security for own debts				
Real estate mortgages	435.8	472.6	16.6	19.6
Other mortgages	219.9	273.7	–	–
Other pledges	39.2	20.2	–	–
Security for others' debts				
Real estate mortgages	–	0.4	–	0.4
Total	694.9	766.9	16.6	19.9
<b>Contingent liabilities</b>				
Security for others' debts				
Guarantees				
for subsidiaries			1 189.4	1 230.2
for associated companies	169.7	331.1	164.1	306.7
for management	–	–	–	–
for others	9.5	66.9	6.1	3.8
Discounted bills	37.5	47.8	–	–
Other contingent liabilities	130.3	141.1	–	–
Total	347.0	586.9	1 359.6	1 540.6
<b>Leasing agreements</b>				
In accordance with current leasing agreements leasing charges during the coming five years will amount to:				
1996	46.2		1.3	
1997	37.7		0.8	
1998	27.7		0.2	
1999	16.8		0.0	
2000 or later	15.2		0.0	
Total	143.6		2.4	



## 20. Segment data

	Net sales		Operating profit	
	1995	1994	1995	1994
<b>By business area</b>				
Minerals	866.6	917.0	138.0	132.2
Cargotec	2 308.0	1 976.6	150.7	136.6
Insulation	1 203.6	1 100.4	68.4	70.6
Precast Concrete	1 856.2	1 821.5	104.7	99.6
Other Business Activities	337.7	322.4	- 55.4	- 103.6
Other	82.9	81.3	- 26.8	- 103.9
Inter-Group sales	- 98.7	- 53.0		
<b>Total</b>	<b>6 556.4</b>	<b>6 166.3</b>	<b>379.5</b>	<b>231.5</b>

### By geographical area

Finland	1 188.9	1 142.6	198.2	115.5
Other Scandinavian countries	1 433.8	1 326.3	126.1	85.8
Other EU countries	2 827.0	2 696.6	56.0	62.9
Other European countries	397.0	365.5	1.4	1.5
USA and Canada	291.0	285.0	- 16.4	- 44.0
Other countries	418.6	350.2	14.2	9.9
<b>Total</b>	<b>6 556.4</b>	<b>6 166.3</b>	<b>379.5</b>	<b>231.5</b>

	Average personnel		Payroll costs	
	1995	1994	1995	1994
<b>By business area</b>				
Minerals	981	1 001	171.4	173.3
Cargotec	2 753	2 278	530.6	459.7
Insulation	1 634	1 554	320.4	246.2
Precast Concrete	2 337	2 429	499.1	537.2
Other Business Activities	711	647	121.6	128.2
Other	222	219	58.4	61.2
<b>Total</b>	<b>8 638</b>	<b>8 128</b>	<b>1 701.6</b>	<b>1 605.8</b>

### By geographical area

Finland	2 630	2 510	502.5	464.9
Other Scandinavian countries	2 471	2 381	500.5	416.2
Other EU countries	3 089	2 895	618.6	645.2
USA and Canada	282	280	52.9	62.8
Other countries	166	62	27.0	16.7
<b>Total</b>	<b>8 638</b>	<b>8 128</b>	<b>1 701.6</b>	<b>1 605.8</b>

	Investments	
	1995	1994
<b>By business area</b>		
Minerals	90.5	45.3
Cargotec	63.9	27.7
Insulation	46.3	20.4
Precast Concrete	62.9	50.0
Other Business Activities	6.9	6.8
Other	21.6	430.4
<b>Total</b>	<b>292.1</b>	<b>580.6</b>

### By geographical area

Finland	143.4	86.0
Other Scandinavian countries	49.1	452.9
Other EU countries	62.4	37.2
Other European countries	16.5	0.5
USA and Canada	3.5	3.7
Other countries	17.2	0.2
<b>Total</b>	<b>292.1</b>	<b>580.6</b>

# Auditors' report

(Translation)

## To the shareholders of Partek Corporation

We have audited the accounts, the accounting records and the administration by the Board of Directors and the Managing Director of Partek Corporation for the year ended 31 December 1995. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the accounts. Based on our audit we express our opinion on these accounts and the company's administration.

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

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

We have acquainted ourselves with the interim reports made public by the company during the year. It is our understanding that the interim financial statements have been prepared in accordance with the rules and regulations governing the preparation of such statements in Finland.

Pargas, March 26, 1996

Eric Haglund  
Authorized Public Accountant

Thor Nyroos  
Authorized Public Accountant

Juhani Kolehmainen

# Five-year review

		1995	1994	1993	1992	1991*
<b>From income statement</b>						
Net sales	FIM m	<b>6 556.4</b>	6 166.3	6 609.8	6 627.5	7 547.5
change	%	<b>6.3</b>	- 6.7	-0.3	- 12.2	- 12.9
foreign sales	%	<b>81.9</b>	81.5	74.5	73.5	62.8
Operating profit	FIM m	<b>379.5</b>	231.5	4.1	- 132.4	14.5
% of net sales	%	<b>5.8</b>	3.8	0.1	- 2.0	0.2
Profit after financial items	FIM m	<b>270.1</b>	41.1	- 407.3	- 559.0	- 237.3
% of net sales	%	<b>4.1</b>	0.7	- 6.2	- 8.4	- 3.3
Profit before (appropriations and) tax	FIM m	<b>225.4</b>	- 202.6	- 433.9	- 567.6	- 212.3
Net profit for the financial year	FIM m	<b>149.4</b>	- 193.9	- 392.5	- 442.7	- 13.5 <sup>1)</sup>
<b>From balance sheet</b>						
Fixed assets	FIM m	<b>3 921.8</b>	4 018.1	3 998.7	5 027.9	4 506.2
Inventories	FIM m	<b>948.7</b>	795.4	915.6	1 129.3	1 175.9
Financial assets	FIM m	<b>1 779.8</b>	1 776.6	1 626.6	1 900.1	2 239.2
Restricted equity						
incl. conv. sub. bonds	FIM m	<b>1 248.8</b>	1 125.0	837.7	814.1	745.8
Non-restricted equity	FIM m	<b>666.4</b>	665.7	762.9	1 201.5	690.4
Minority interest	FIM m	<b>59.8</b>	54.0	35.4	29.8	55.4
Provisions and untaxed reserves	FIM m	<b>253.0</b>	273.7	144.2	66.5	1 378.8
Long-term liabilities	FIM m	<b>1 571.6</b>	1 745.6	2 383.0	3 120.2	2 418.3
Short-term liabilities	FIM m	<b>2 850.7</b>	2 726.0	2 377.8	2 825.2	2 632.6
Balance sheet total	FIM m	<b>6 650.3</b>	6 590.1	6 540.9	8 057.3	7 921.3
Capital employed	FIM m	<b>5 132.3</b>	5 221.6	5 186.4	6 290.4	6 267.8
<b>From statement of source and applications of funds</b>						
Funds generated from operations	FIM m	<b>358.4</b>	207.7	- 102.7	- 223.0	9.9
Change in working capital	FIM m	<b>- 75.6</b>	58.3	- 14.6	397.2	83.1
Net investment	FIM m	<b>- 262.6</b>	- 286.4	667.2	- 461.0	202.1
Loans less repayments	FIM m	<b>- 198.9</b>	- 303.5	- 772.0	554.6	241.7
Change in liquid assets	FIM m	<b>- 68.4</b>	76.6	- 89.1	2.4	153.3
<b>Profitability</b>						
Return on capital employed	%	<b>10.1</b>	6.1	0.2	- 1.7	4.7
Return on total capital	%	<b>7.9</b>	4.3	0.2	- 1.3	3.7
Return on equity						
after taxes paid and change in deferred taxes	%	<b>11.0</b>	3.7	- 19.8	- 20.0	- 6.8
after standard taxes	%	<b>10.6</b>	- 0.3	- 21.8	- 22.6	- 10.2
<b>Other ratios</b>						
Interest cover	times	<b>2.2</b>	1.2	0.2	0.1	0.8
Quick ratio	times	<b>0.65</b>	0.68	0.71	0.86	0.89
Current ratio	times	<b>0.96</b>	0.94	1.07	1.20	1.30
Equity to total assets	%	<b>29.7</b>	28.0	25.0	25.4	31.8
<b>Per employee</b>						
Net sales	FIM 1 000	<b>759</b>	759	701	600	550
Value added	FIM 1 000	<b>237</b>	285	234	216	194
Wages and salaries	FIM 1 000	<b>197</b>	198	194	179	159
Profit after financial items	FIM 1 000	<b>31</b>	5	-43	- 51	- 18
Dividend	FIM 1 000	<b>7</b>	3	-	-	3 <sup>1)</sup>

Note: The figures for 1992–1995 are based on the new accounting standards; the previous years have not been revised.

\*<sup>)</sup> Proforma Jan. 1 – Dec. 31. Previous financial periods March 1 – Feb. 28.

<sup>1)</sup> March 1 – Dec. 31, 1991

Key ratio definitions p. 44

# Stock Exchange Release summary 1995

## January 2

During the subscription period from November 30 to December 30, 1994 of Partek Corporation's rights issue, 5,475,949 new shares, or 99.5% of the total issue, were subscribed for.

## January 9

A subscriber in Partek's share issue who has made a subscription reservation not later than December 14 may subscribe for the reserved number of shares. Reservations made subsequently will be honoured up to 300 shares, and in addition a person who has made a reservation on December 15 may subscribe for 38.43% of the number of shares exceeding 300 shares. During the subscription period for Partek shares between November 30 and December 30, subscriptions were made for 5,475,949 new shares ie. 99.6 % of the maximum amount possible.

## March 2

Financial Result : Considerable improvement for Partek in 1994

Net sales during 1994 fell somewhat compared with 1993 and were FIM 6,166 (1993: 6,610) million. Profit after financial items improved by FIM 448 million and amounted to FIM 41 million. A dividend of 0.60 marks per share, amounting to a total of FIM 23.1 million, will be paid to shareholders. The Group attracted over FIM 420 million in new capital during the year. Partek acquired Metra's holding and now owns 25 percent of the Swedish company Euroc. The Norwegian Aker came in as an owner in Partek with a holding of 27 percent

## April 20

Partek's Annual General Meeting was held on April 20, 1995. In accordance with the board of director's proposal, it was decided to distribute a dividend of FIM 0.60/share ie. FIM 23.1 million and to keep the number of board members at eight. Cato A. Holmsen, Jan Ekberg and Paavo Pitkänen were re-elected to the board for the next three years. Other continuing board members are Carl Olof Tallgren, Jouko K. Leskinen, Björn Mattsson, Tom Ruud and Christoffer Taxell. The

annual general meeting approved the first hearing of the board's proposal concerning an amendment to article 11 of the articles of association.

## June 20

Interim results: Profit after financial items during the first four months was markedly better than the previous year, reaching FIM 11 (1994: -50) million. The inflow of orders rose and order stocks increased. Net sales of the Partek Group totalled FIM 1944 (1997) million. Operating profit grew and was FIM 78 (35) million. Despite improvements during 1994 and the first four months of 1995, profit after financial items is still not at a satisfactory level.

## August 23

Changes in Partek Management. Partek Corporation's Senior Vice President, Raimo Taivalkoski will take over as acting CEO of the Amer Group. The responsibilities of the Executive Board at Partek have been re-defined.

## October 2

FIM 500 million profit for Partek on sale of Euroc shares. Partek is selling, for SEK 2.3 billion, its 25 percent holding in the Swedish building materials company Euroc to Aker. The transaction will bring Partek a profit of close to FIM 500 million and strengthen its balance sheet considerably.

Aker will merge its entire cement and building materials operations with the Swedish Euroc. The transactions are part of the restructuring of the cement industry in the Nordic countries, which will result in Euroc becoming a strong Nordic presence in the cement industry both domestically and internationally.

The sale of the shares will bring to an end the long-term process that has been aiming to take Partek out of cement operations and restructure the industry in the Nordic countries.

## October 2

Advance notice of Partek's interim results January-August 1995.

## October 23

Interim Report: Partek improves its profit and gather its forces for growth

Partek's profit after financial items for the first eight months of the year improved FIM 142 million over last year and was FIM 115 million. Consolidated net sales for January to August totalled FIM 4,021 million. Of the net sales, 81 percent was generated abroad. The operating profit was FIM 208 million. The improvement in profitability and the profit of FIM 500 million on the sale of the shares in Euroc will strengthen the company's financial position, which, in turn, will make it possible to concentrate on the three core business areas and their development.

## December 1

Partek sells its shareholding in United Tiles Ab. Partek and the Swedish investment company Proventus will sell all the operating subsidiaries of their jointly owned United Tiles Ab. The buyer is Industrie Ceramiche CISA-CERDISA S.p.A. of Italy. The sale price is SEK 350 million. Partek's share of the sales revenue is 50%, i.e., SEK 175 million (FIM 115 million). The sale will have an immaterial effect on Partek's financial result for 1995. United Tiles manufactures and markets ceramic floor and wall tiles. The company was founded in 1991 by combining the Partek-owned Pukkila of Finland and Partek Höganäs of Sweden with Klingenberg of Germany and Ricchetti of Italy.

## December 18

Management acquires stake in A-Rakennusmies, Partek focuses on core businesses. The business operations of A-Rakennusmies will be sold to a new company that will continue under the A-Rakennusmies name. The operating management of A-Rakennusmies and the funds managed by Capman and MB Corporate Finance will enter as new shareholders. Partek, Tallberg and Starckjohann Tekniikka will remain as shareholders. Partek's shareholding in A-Rakennusmies is considered as a financial investment.

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\*\* Associated company 45%

