

# ATRIA OYJ

Annual Report 2002



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## ANNUAL GENERAL MEETING

Atria Oyj's Annual General Meeting will be held at 14:00 on Wednesday, 7 May 2003 in Kuopio on the company's premises at the address Ankkuritie 2, 70460 Kuopio, Finland.

### The following matters will be dealt with at the Annual General Meeting:

#### 1. The matters specified as being the business of Annual General Meetings in Article 16 of the Articles of Association

The Board of Directors' proposed dividends, which will be decided upon by the Annual General Meeting, amount to 25% of the nominal value of shares, that is, EUR 0.425 per share. According to the proposal, the dividends decided upon by the Annual General Meeting can be withdrawn from a bank account registered as a book-entry securities account from 20 May 2003 onwards by shareholders recorded on 13 May 2003 in the share register maintained by Finnish Central Securities Depository Ltd. Payment of dividends to shareholders who have not transferred their shares into the book-entry securities system will be made after they have done so.

#### 2. Board of Directors' proposal to amend Articles 1 and 2 of the Articles of Association

The Board of Directors proposes that Article 1 of the Articles of Association, concerning the business name and domicile of the company, and Article 2, concerning its field of business, be amended as follows:

##### Article 1: The company's business name and domicile

The company's business name is Atria Yhtymä Oyj in Finnish, Atria Koncern Abp in Swedish and Atria Group plc in English. The company is domiciled in Kuopio.

##### Article 2: The company's field of business

The company's field of business comprises slaughtering, meat-processing and convenience foods as well as related industrial and business operations. The company shall engage in these operations either on its own or through subsidiaries.

The right to attend the Annual General Meeting rests with shareholders who have been recorded as shareholders by 25 April 2003 in the company's shareholder register maintained by Finnish

Central Securities Depository Ltd, unless otherwise stated in law.

### Registration

In order to have the right to attend the Annual General Meeting, shareholders must notify the company of their intention to do so by 16:00 on Friday, 2 May 2003 at the latest. Shareholders may register by mailing or telephoning the company's office (P.O. Box 900, FIN-60060 ATRIA, +358 6 4168 306 / Liisa Liukku) or by mailing or telephoning the company's office in Kuopio (P.O. Box 147, FIN-70101 Kuopio, tel. +358 17 156 230 / Eija Vuorinne). The letter must be received before the end of the registration deadline. Any proxies should be submitted to the place of registration within the registration period.

### Shareholder register

Atria Oyj joined the book-entry securities system on 10 June 1994. The company's shareholder register is maintained by Finnish Central Securities Depository Ltd.

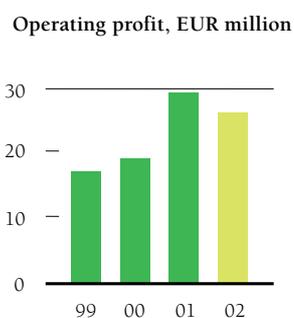
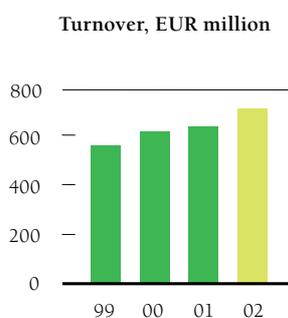
### Financial information

Atria Oyj's Annual Report is published in April and its Interim Reports will be published on a quarterly basis on 7 May, 18 August and 10 November 2003.

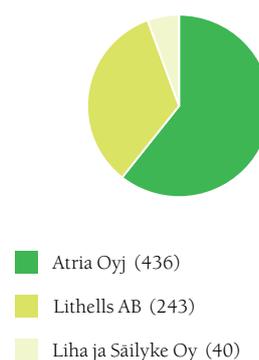
## 2002 IN BRIEF

- Atria expanded its operations in Sweden by acquiring the business functions of Samfood AB.
- Following the acquisition of Samfood, Atria became the largest Nordic manufacturer of retail and catering products in its field.
- The construction stage of the Chick 2003 investment was completed at the Nurmo poultry unit.
- Cold cut packaging was redesigned very successfully.
- Atria strengthened its position on the market, especially in cold cuts and during the summertime grilling season.
- An incidence of BSE impacted on the costs of the slaughtering and meat-cutting industry.
- It was decided that Atria Oyj's industrial operations would be transferred to the fully-owned subsidiary Atria Trade Oy as from the beginning of 2003.
- Best-In Oy, Atria Oyj's and HK Ruokatalo Oyj's joint company, went into business. The company specialises in pet food manufacture and marketing.

Key figures	2002	2001	2000	1999	1998
Turnover, EUR million	707	637	616	558	519
Operating profit, EUR million	26	29	19	17	14
% of turnover	3.6	4.5	3.1	3.0	2.8
Profit before extraordinary items, EUR million	20	24	14	12	10
% of turnover	2.9	3.8	2.2	2.3	1.9
Balance sheet total, EUR million	439	372	363	359	303
Earnings per share (EPS), EUR	0.89	1.00	0.52	0.54	0.39
Dividend/profit, %	47.8	42.3	48.5	46.4	65.2
Return on investment (ROI), %	7.9	10.0	6.8	6.6	5.8
Return on equity (ROE), %	7.7	9.2	4.9	5.3	3.8
Equity ratio, %	43.3	48.7	46.7	46.3	52.6



Turnover by company, EUR million



# ATRIA OYJ IN BRIEF

Atria Oyj is a Finnish meat processing company with a wide shareholder base. The company's core business concept is to develop, manufacture and market mainly meat, meat products and foods and to provide related services to meet the needs of customers and consumers while relying on Finnish meat production.

The Atria Group's goal is to be the leading marketer of meat products, meat and convenience foods in the Nordic countries. Its objective is to further increase the degree of raw material processing and to be even better capable of meeting the expectations of customers and consumers in its home markets, Finland and Sweden, as well as those of export customers. Products sold under Atria Oyj's Atria brand in Finland are made of 100% Finnish meat.

Atria Oyj's operations have gone international during Finland's membership of the EU. Sweden has become the company's second home market through acquisitions. In 2002, Atria strengthened its position further in Sweden by acquiring the business functions of Samfood AB from LRF, the Federation of Swedish Farmers. Samfood AB's business operations will be organised under the aegis of Lithells AB, Atria's Swedish subsidiary which was acquired in 1997. At present, synergy benefits between Lithells and Samfood are being sought.

In Finland, the Atria Group also includes the subsidiary Liha ja Säilyke Oy,

which has been part of the Group since 1999.

Atria's operations were developed vigorously during all of the 90s, with the company making great investments in production and logistics. These investments have enabled the company to carry out cost-efficient and competitive production, ensured the high quality of its products and a high degree of raw material processing.

One of the current key development focuses is to upgrade Atria's customer-centred operations and to understand the expectations of consumers better. Atria aims to be the best and most development-oriented partner to its customers.

## ATRIA'S VALUES

### Customer focus

– Atria's operations facilitate the business operations of its customers, which is why customers choose Atria as their partner. Customers are satisfied with Atria's operations and retain Atria as their partner.

### Profitability

– A good financial result both now and in the future. Good performance on the job lays the foundation for good products and service.

### Cost-efficiency

– Atria's good success in spite of tight competition has been and remains possible only because Atria is the most cost-efficient company in its field.

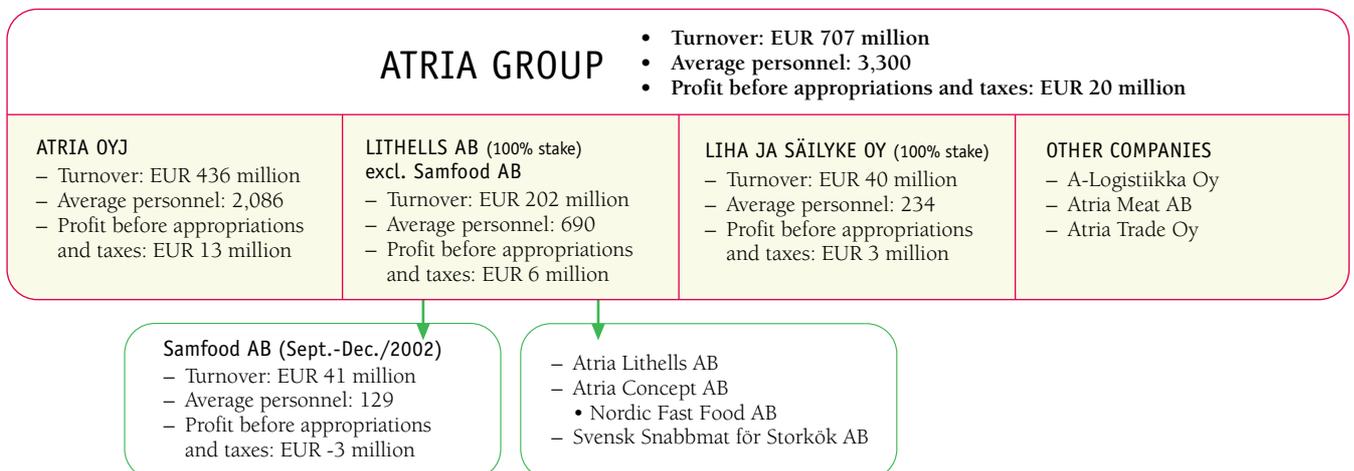
### Continuous improvement

– Atria can develop its operations at a faster rate than its competitors. The major key indicators describing the level of Atria's operations are improving continuously.

### Professionalism

– Atria's competence level is rising constantly and personnel are trained systematically. As individuals, Atria employees are prepared to make an effort to maintain and improve their own skills and occupational alertness.

## GROUP STRUCTURE





## ATRIA GROUP OYJ'S FUNCTIONS BY BUSINESS AREA

### • Business areas

#### MEAT INDUSTRIES DIVISION

- slaughtering and meat-cutting

#### MEAT PRODUCT INDUSTRIES

- further processing of meat raw materials: sausages, grilling and ring sausages, frankfurters (skinless and with casing), cold cuts and whole meat products

#### CONVENIENCE FOODS

- pre-made meals, cooked minced meat products, casseroles and jellies, bakery products, pancakes, pizzas and premixed salads
- manufacture of sous vide products for institutional catering

#### RETAIL-PACKED MEAT

- retail-packed beef and pork products, marinated products, ready-to-cook steaks

#### CHICK POULTRY

- Chick broiler and turkey products

### • Subsidiaries

#### LITHELLS AB

- The Lithells Group includes Atria Lithells AB, Atria Concept AB, Svensk Snabbmat AB and Samfood AB. Atria Lithells AB is responsible for the manufacture of food products, Atria Concept AB is specialised in the fast food business, Svensk Snabbmat AB is engaged in the local wholesale business and Samfood AB produces meat products, retail-packed meat and convenience foods.

#### ATRIA MEAT AB

- a company specialising in meat exports

#### LIHA JA SÄILYKE OY

- The product range marketed under the Forssan brand includes meat products, pre-mixed salads and pies. The company's business concept hinges on the good quality and taste of the products and efficient production. Liha ja Säilyke Oy has achieved a good market share in the convenience food market in the retail sector.

### • Concept companies

#### ATRIA CONCEPT OY

#### ATRIA CONCEPT AB

#### FAST FOOD AND HMR (HOME MEAL REPLACEMENT) CONCEPT BUSINESS

- brands: Sibylla, Grab'n Go, Fyrkanten and Sammy's

## ATRIA GROWS VIGOROUSLY IN SWEDEN

**A**tria Oyj commemorated its 100<sup>th</sup> year on 15 January. The company is considered to have gone into business on the date when the present Lihakunta was established in Kuopio in 1903. There are few food companies with such a long history in Finland. Although operations have been very difficult at many stages of the company's history – even threatening business continuity – the company has, in the face of adversity, been able to adapt itself to the situation at hand.

Atria in its present form was established in 1991, when Itikka Lihabotnia Oy and Lihapolar Oy merged and the business operations of Pohjanmaan Liha were acquired. However, the company has undergone strong structural and operational changes after that time. The centralisation of functions, strong investments in production efficiency and outlays on both marketing and the Atria brand have been key goals for our domestic functions.

Internationalisation in the meat market emerged as a goal soon after Finland joined the EU. Over 40 per cent of Atria's present business functions are situated in Sweden. It is more than likely that in the near future our foreign business functions will continue to grow faster than those in Finland. It is to be expected that over half of turnover will soon be generated outside Finland's borders.

### **Acquisition of Samfood business functions turns Atria into a heavyweight player in Sweden**

Last summer, Lithells AB acquired the business functions of Samfood from Lantbrukarnas Riksförbund, the Federation of Swedish Farmers. Under its former owner, Samfood's operations were in the red and its balance sheet was overburdened. For this reason, Atria only acquired its business functions, fixed assets, inventories and trademarks. At present, Samfood's functions are being dynamically meshed with those of Atria Lithells AB.

Atria Lithells AB's plant in Sköllersta will step up its output by about 30 per cent and will specialise in meat products, while Samfood AB's Malmö plant will specialise in convenience foods, cold cut products and bacon and its Stockholm plant in retail-packed meat. In the first half of the year, the adjustment of operations will cause additional expenses, but it is believed that Samfood AB's full-year earnings will be in the black.

The post-adjustment goal is to merge the business functions of Samfood AB and Atria Lithells AB. Even now, the companies have the same management handling production and marketing – and the same managing director at the helm.

Following the acquisition of the Samfood business functions, Lithells emerged as a challenger to market leadership, falling behind only a single local co-operative slaughtering company. The market share of the products our Group manufactures is already over 20 per cent. Because a large share of the market not held by these two companies is divided between small local companies, it is believed that Lithells is extremely well poised to claim an even larger market share as the consolidation trend continues in the retail sector.

At present Lithells AB comprises not only Atria Lithells AB and Samfood AB but also Atria Concept AB, which is engaged in the fast food business, and Svensk Snabbmat för Storkök AB, which is in the local wholesale business. The present (2003) size of the business functions, including Samfood AB, is SEK 3.3 billion, or EUR 360 million. The Group is now in an excellent stage of development, both in terms of its growth and profitability.

### **Meat market in trouble**

The BSE case found in Finland in December 2001 had a substantial impact on beef slaughtering and meat-cutting operations at the beginning of 2002.



The new BSE testing regulations and carcass-handling procedures were widely implemented. These procedures significantly complicated the entire beef production chain. Part of the costs involved have become permanent burdens in the chain. The situation improved, as far as testing procedures are concerned, when BSE testing picked up its pace and the National Veterinary and Food Research Institute EELA's unit in Kuopio began to perform such tests in the summer.

By the end of 2002, beef consumption had returned to the same level as in the previous year, having slipped by about six per cent during the first half of the year. Demand for beef recovered clearly towards the end of the year in the rest of the EU as well, although beef consumption had slumped far more dramatically in the other EU countries than in Finland following the outbreak of BSE in autumn 2001. In the case of beef, the dry-aged Atria Takuumurea meats continued to bolster their position during the report year as a high-quality range of beef products. Takuumurea products are in good demand in the institutional catering and retail markets.



100<sup>th</sup> Anniversary Food Seminar, 14 January 2003.

In the pork market, producer price levels declined in 2002 in the entire EU area when the market situation weakened. Pork production volumes have been on the rise. The amount of pork processed by Atria has also risen, especially in meat-cutting. In particular, the changes in the market situation have impacted on the export market, where the pork supply was at a higher level in the report year than in 2001. Atria has traditionally exported pork to the Far East – namely Japan and Korea – and to Russia, Sweden and the United States.

#### **Atria's processed meat production in Finland**

Atria is the Finnish market leader when it comes to products such as cold cuts and grilling sausages. These products successfully improved their positions last year and this trend is expected to continue. Poultry consumption is still rising and our capability of meeting demand will improve significantly once the extension to Atria's poultry unit is completed in early summer. At that time, we will also be able to lower costs. All in all, Atria has managed to raise its

degree of processing each year, but because meat production is now rising vigorously in Finland, the relative degree of processing cannot grow in the domestic market due to the increased meat production volume. For this reason, our subsidiaries and exports will assume greater significance in the future.

Liha ja Säilyke Oy pruned its product range last year, focusing on its core product areas: convenience foods and cold-cut production. Its profitability trend remained favourable. A plot has been acquired for the company with a view to the expansion of its business premises.

#### **Outlook for 2003**

The first half of the year is always weak for earnings. This year, we will post a loss during this period. It is the quietest part of the year for demand. Strong beef production at a time when domestic demand is at its lowest will put a damper on the Finnish market. At the same time, strong overproduction in Europe and the Russian purchase restrictions will hinder exports and lead to low price levels. However, it is now expected that

the European meat market as a whole will improve towards the end of the year, and the price levels will be rectified at that time.

Competition in the Finnish retail sector is continuing to heat up. The retail sector's willingness to pull industry into the price competition will make it more difficult to correct market price levels in step with the rise in costs. In such a situation, competition within the field also tends to increase.

At present, it is exceptionally difficult to predict full-year earnings in Finland. Regarding our subsidiaries, including those in Sweden, we believe that their total earnings will improve compared with their level in 2002. The earnings target for the entire Group's budget has been set at a higher level than the final result for 2002. The Group's turnover is expected to rise to EUR 850 million, of which Sweden will account for about EUR 360 million.

SEPPO PAATELAINEN  
Managing Director

# MEAT PRODUCTION AND CONSUMPTION STILL RISING

Meat production kept growing in 2002 as it had in the previous year. Consumption was also on the rise. All in all, meat production in Finland grew by 5.4% in 2002, and consumption by 1.4%. In particular, pork and poultry meat production saw vigorous growth. Meat imports also increased, although the share of total meat consumption accounted for by imported meat remained at the previous year's level.

**P**ork production has risen to a high level in the entire EU area. At the same time, the growth in pork consumption has levelled off and pork exports to outside the EU have encountered difficulties. In Finland, the trend is similar: pork production grew by 6.1% to 183.9 million kg in 2002. In 2003, the growth in pork production will begin to fall off, although the number of pigs will continue to rise. This is due to the decline in slaughtering weights.

Due to the abundant supply, the pork producer price in the EU area has been sliding slightly. However, prices have declined less than was forecast in the first half of 2002. In Finland, it has been possible to maintain the pork producer price above the EU average.

In 2002, pork consumption almost measured up to the previous year's level. Pork imports to Finland grew by 3.5% and exports of Finnish pork by 42.0%. As the pork production volume has risen and prices fallen, the profitability of exports has declined compared with the previous year's good level.

### Beef consumption rising slightly

In 2002, beef production grew by one per cent and amounted to 89.5 million kg. The slight increase in the production volume was due to the rise in slaughtering weights and cattle slaughtering pushed back from the end of 2001 to 2002. The tighter carcass handling and testing procedures introduced following the BSE case in Finland in December 2001 slowed down the cattle processing rate at the end of 2001 and

the beginning of 2002. However, cattle processing has picked up the pace since summer 2002; one reason is that testing capacity has increased in Finland.

Beef consumption declined slightly during the first half of the year, but recovered, growing by slightly under one percent in 2002. All in all, 91.7 million kg of beef was consumed in Finland last year.

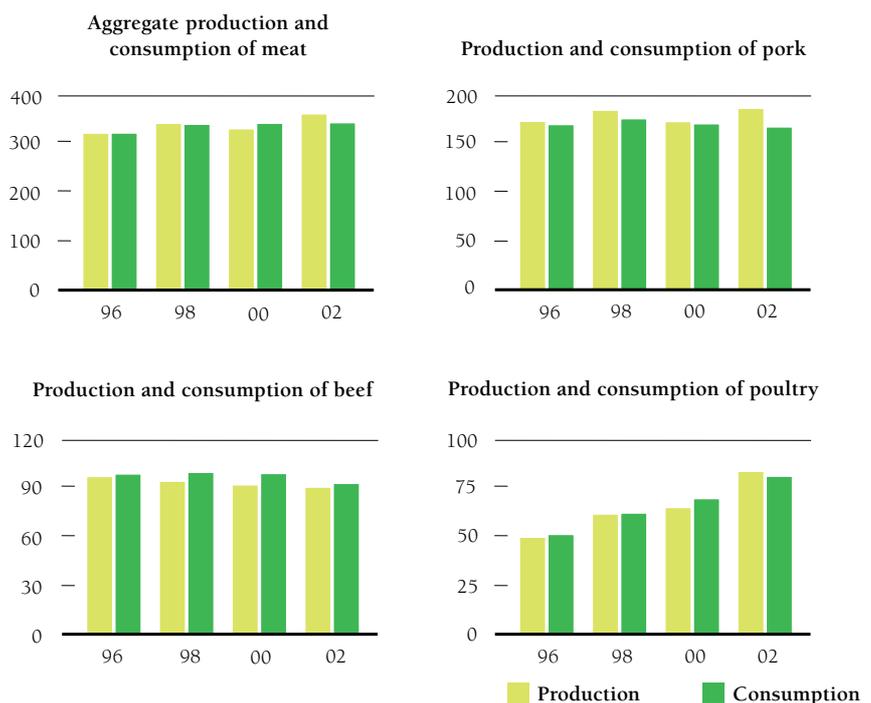
Beef imports to Finland were up 4.1% and exports by 42.0%. Export volumes swung into growth during the second quarter of 2002. In general, the profitability of exports of Finnish beef has been good.

The Finnish beef producer price was higher than the EU average in 2002. The cow producer price, however, fell short of the EU average. Calf trading and prices have been rising.

### Turkey meat production still growing

Poultry meat production and consumption grew significantly once again in 2002. Chicken production was lowered slightly in the autumn, whereas the growth in turkey meat production remained strong. The growth in chicken meat production was 6.1%, or 4.0 million kg. The turkey meat production volume rose to 12.2 million kg, up

MEAT PRODUCTION AND CONSUMPTION, MILLION KG





37.4%. All in all, poultry consumption grew by 9.2% to 82.6 million kg.

Growth in the consumption of poultry products by consumers remained strong in 2002. Over 6% more chicken and turkey products were eaten in Finland than in the previous year.

Chicken consumption grew by 3.8% and turkey by as much as 24.6% compared with 2001.

The total market for poultry in Finland was balanced in 2002. Production growth has been offset with exports.

#### MEAT VOLUMES PROCESSED BY ATRIA

(1,000 kg)	2002	2001
Pork	56,662.5	53,275.3
Beef	31,052.9	31,177.5
Poultry	28,192.3	26,346.3
Total	115,907.7	110,799.1

# ATRIA EXPANDS ITS OPERATIONS IN SWEDEN

In 2002, Atria strengthened its operations in Sweden by acquiring the business functions of Samfood AB from LRF, the Federation of Swedish Farmers.

The agreement to acquire the Samfood business operations that were then part of the Spira Group was made in June. Atria took over the business functions in September.

For the acquisition, Atria established a subsidiary named Samfood AB under the Lithells Group, which it owns. The subsidiary acquired the business operations. Thus the acquisition of Samfood operations was made by Lithells AB.

Samfood AB operates in Malmö and Stockholm and it engages in the production of meat products, convenience foods and retail-packed meat. The deal includes not only fixed assets and inventories, but also numerous brands, such as Goman, Lars Jönsson, Skåne-Erik and Samfood, as well as the fast food stand chains Fyrkanten and Sammy's.

Under its previous owner, Samfood's operations were in the red. Atria's goal is to pull its result into the black rapidly by integrating its business operations into the Lithells Group, developing product marketing and sales, rationalising operations and boosting production efficiency.

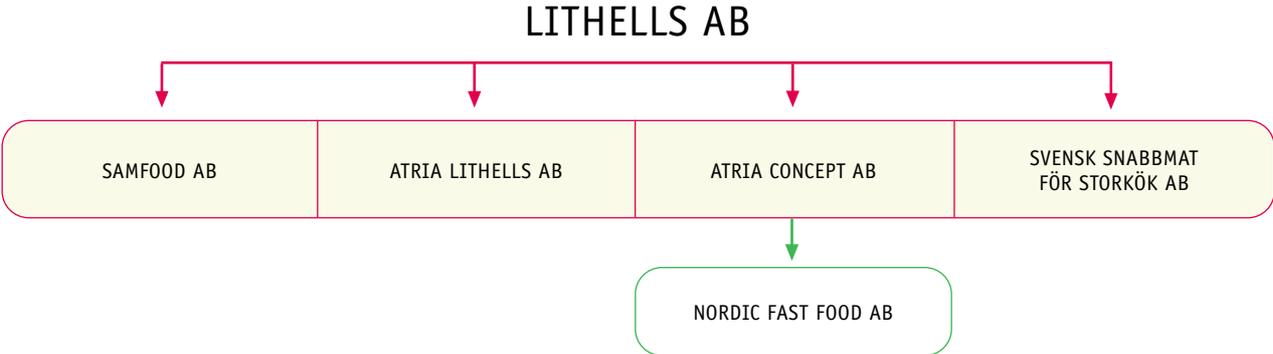
Through the acquisition of the Samfood business, Atria grew and achieved a strong market position in the retail and catering markets in Sweden. In practice, this means a market share of about 20% in most of the main product groups. By meshing the new business functions into the Lithells Group, Atria achieves substantial synergy benefits and thereby also expands its operations profitably.

By consolidating its position in Sweden, Atria believes it can best meet the expectations of customer chains that

are going international. By raising the degree of processing at the same time, the company can make optimal use of the opportunities afforded by Finnish meat production and ensure the efficiency of the entire chain of operations.

Following the acquisition of Samfood, Atria has become the largest company manufacturing retail and catering products in its own field of business in the Nordic countries. The budgeted full-year turnover (2003) of Atria's business functions in Sweden – Lithells and Samfood – amounts to about SEK 3.3 billion, or slightly over EUR 360 million, and it is believed that there is potential to develop it further to about EUR 400-500 million.

## LITHELLES AB'S GROUP STRUCTURE





*Lithells*<sup>®</sup>  
Matglädje sedan 1907.

**Sibylla**<sup>®</sup>

## ATRIA – 100 YEARS OF FINNISH MEALS

Atria Oyj has chosen to commemorate its centennial in 2003. In January, a hundred years had passed since the founding of Lihakunta, Atria's oldest owner co-operative, back in 1903. The jubilee year also celebrates a century of the history of Finnish cooking and meat industry.

**T**he jubilee year symbolises continuity and is an opportunity for Atria to proudly present itself as the foremost player and expert in the field. Our long history has taught us to understand changes in consumption habits – and their significance. Atria wishes to keep in step with these changes and remain close to consumers and their everyday meals.

The main message of Atria's centennial is: "100 years of Finnish meals". With this slogan, Atria wishes to publicise the company's role in forging the traditions of Finnish dining, and to let it be known that consumers can count on us to ensure that Finnish meals will reflect our country's way of life, both now and in the future. Atria encourages people to take joy in cooking.

It does so by providing a diverse range of products.

### **Numerous events during the jubilee year**

Atria will commemorate its jubilee year in many ways. The "Atria 100 Years" theme will be featured in advertising, product packaging and numerous major events.

In advertising, the Atria umbrella brand will be more prominently visible, and in retail, the theme year will be evident in Atria's marketing measures.

In 2003, Atria will, under the theme "Atria's 100 Young Cooks", organise three seminars to train one hundred young food professionals who are interested in cooking, cuisine and the food business of the future.

### **Atria will streamline its brand portfolio**

In honour of the jubilee year, the packages of all Atria brand products were redesigned at the beginning of 2003. The packaging redesign was also part of the streamlining of the Atria brand portfolio, which emphasises further the Atria main brand. In the packaging redesign, a uniform look was created for the packages. The plate symbol prominently featured on the packaging communicates that Atria is a well-rounded food company that can offer consumers all the food components they need to fill their plates, from meat to convenience foods and from side dishes to dessert.





*Atria has had the honour of contributing  
to Finnish mealtimes since 1903.*

*A hundred years of experience both inspire and obligate.  
It is a matter of the heart for Atria to ensure that Finnish meals  
will reflect our country's way of life, both now and in the future.*

*Whether with one's family or alone, in a rush or with  
all the time in the world, during festivities or ordinary weekdays,  
Atria helps and encourages people to make every meal a success.*



# REDESIGNED PACKAGING PROPELS ATRIA TO MARKET LEADERSHIP IN COLD CUTS

In the spring, Atria redesigned its cold cut packaging to better meet the expectations of consumers. The new easy to open and close packaging has been a great hit on the market and in the summer Atria assumed market leadership in cold cuts.

The packaging redesign was preceded by thorough consumer surveys assessing consumers' opinions on the then-available cold cut packaging and researching the expectations consumers have of the packaging. Improvements were desired particularly in the ease of opening and resealing packages. It also came to light that consumers would like to use the packages as storage and serving dishes, if they were suitable for that purpose. Atria's new packages were designed especially to meet these consumer wishes.

Atria's total market share in cold cuts is over 20%, and in whole meat products slightly over 18%. Consumption of very thinly sliced whole meat products has been rising vigorously. Atria's thinly sliced whole meat cold cuts have claimed market share nicely. In this product subgroup, Atria's market share is 13.8% (A. C. Nielsen sliding 6 months W5002).

(Market share information: A. C. Nielsen Scan-track YTD151202. Market shares presented in terms of value.)

## MEAT INDUSTRIES DIVISION

The trend in the meat volumes processed by Atria in 2002 was as follows: the volume of processed beef was down slightly, 0.3%, the volume of pork rose by slightly over 6% and poultry by 7%. The total volume of processed meat increased by 4.6% compared with the previous year. In 2002, Atria retained its position as Finland's largest meat processor.

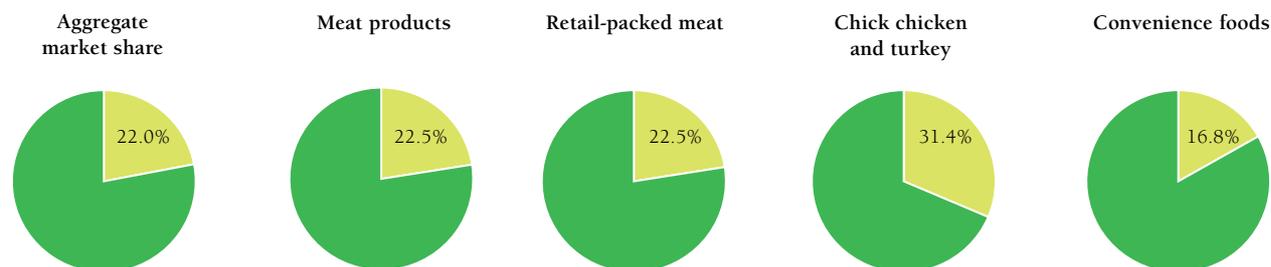
The BSE case found in Finland in December 2001 had a substantial impact on beef slaughtering and meat-cutting operations at the beginning of 2002. The new BSE testing regulations and carcass-handling procedures were widely implemented. These procedures significantly complicated the entire beef production chain. Part of the costs involved have become permanent burdens in the chain. The situation improved, as far as testing procedures are concerned, when BSE testing picked up its pace and the National Veterinary and Food Research Institute EELA's unit in Kuopio began to perform such tests in the summer.

By the end of 2002, beef consumption had returned to the same level as in the previous year, having slipped by about 6% during the first half of the year. Demand for beef recovered clearly towards the end of the year in the rest of the EU as well, although beef consumption had slumped far more dramatically in the other EU countries than in Finland following the outbreak of BSE in autumn 2001.

The dry-aged Atria Takuumurea meats continued to bolster their position during 2002 as a high-quality range of beef products. Takuumurea products are in good demand in the institutional catering and retail markets.

In the pork market, producer price levels declined in 2002 in the entire EU area when the market situation weakened. Pork production volumes have been on the rise. The amount of pork processed by Atria has also risen, especially in meat-cutting. In particular, the changes in the market situation have impacted on the export market, where the pork supply was at a higher level in

ATRIA OYJ'S AGGREGATE MARKET SHARE AND MARKET SHARES BY PRODUCT GROUP, 2002 (IN TERMS OF VALUE)





the report year than in 2001. Atria has traditionally exported pork to the Far East – namely Japan and Korea – and to Russia, Sweden and the United States.

### 2003

The first quarter of 2003 is expected to remain difficult in the meat market. Demand for pork in Europe is still low and production is continuing to increase. The market situation is expected to improve slowly in the second and third quarters.

The rise in beef consumption will continue in the EU area in 2003. The Finnish consumption level will most likely remain at the same level as at the end of 2002.

### MEAT PRODUCTS

The revamped cold cut packaging bolstered Atria's market position in the sausage cold cuts product group as well and gave a boost to the tendency of consumers to more frequently buy their cold cuts in retail packaging instead of

at the cold cuts counter. Thanks to the new packaging for sliced cold cuts, Atria became the market leader in sausage cold cuts, claiming a market share of over 28%.

In 2002, the growth in meat product consumption continued to come from products with a higher meat content. During summer, the grilling sausage season, Atria Wilhelm further strengthened its position in the A-class grilling sausages product group and was the number one product in the segment, holding a market share of over 39%. In addition, Atria assumed market leadership in the entire grilling sausage product group in the summer with its market share of over 42%, with its closest competitor trailing behind by a clear margin.

The new Atria Grillinakki grilling frankfurters, launched in the autumn, were well-received by consumers – in fact, they were the most successful new product launched by the entire meat industry in that season. Consumption

of sausages with natural casings also grew in 2002, and Atria became the market leader in this segment, outpacing the competition with its share of over 30%.

### 2003

In the Meat Products business area, consumption and market trends are expected to remain aligned. In cold cuts, consumption will continue to shift over from unsliced cold cuts to retail-packed products. Consumption of A-class products, which have a higher meat content, will continue to increase.

### CONVENIENCE FOODS

The launch of the rethought microwave meal range at the beginning of 2002 measured up to expectations. When the meals were reformulated, special attention was paid to the taste and packaging of the products, the range of products available, and the clarity of the product information provided on the packaging. Consumers primarily eat convenience

foods during weekdays, and for this reason Atria's revamped range of microwave meals includes a great many foods that Finns are accustomed to eating. In 2002, Atria's microwave meal range increased its market share well, exceeding 28%.

As in the other business areas, customer and consumer information has been utilised systematically to support decision-making in R&D and product launches in the convenience foods business. Convenience food R&D meets consumers' expectations by launching new products in growing product subgroups and by developing the taste and packaging of traditional products.

The increase in the aggregate market of the convenience foods product group amounts to about 8%. The strongest growth in the product subgroups has been seen in pancakes, pre-mixed salads and microwave meals – the very same subgroups that are the focus areas of Atria's convenience foods business area. In the case of fast foods, the snack product subgroup is growing at a rate of over 8% and Atria has introduced new products to this subgroup under the Duke's brand, such as Handy products, which can be eaten with one hand.

Atria's salads claimed market leadership during the summertime grilling season, strengthening the company's position as a supplier of a diverse range of goods in the summer.

Atria's entire convenience foods business area has been growing and it

claimed greater market share in 2002. Atria's market share in convenience foods is close to 17%. Atria's convenience foods business has been able to increase its market share at a rate outpacing the growth of the aggregate retail market.

Sales of convenience foods and components have developed especially favourably in the catering segment, where sales growth in terms of value has been slightly over 20%.

### 2003

Atria's investments in the convenience foods business area are streamed into focus and growth areas, and growth is still being sought in a profitable manner. This entails the systematic utilisation of consumer information, the improvement of customer expertise and outlays on R&D. The subcontractor network will be firmed up.

Atria's convenience foods business area seeks to further strengthen its position in its other domestic market area, Sweden, where it already has a good foothold in product groups such as pancakes. Atria is the Swedish market leader in pancakes.

### RETAIL-PACKED MEAT

Consumption of retail-packed meat continued to rise during 2002. Retail-packed meat is one of the strongest-growing product groups and its market value is also increasing significantly. The market value of retail-packed meat

in 2002 was slightly over EUR 180 million.

The product group's largest single product is minced meat. Its consumption growth is also the fastest in this product group. Pork-based special products are in a key role in the summer. Atria holds a strong position in both product subgroups and is also traditionally strong in retail-packed beef products. Takuumureat (Guaranteed to be tender) beef, launched in 2001, has consolidated its position on the market as a high-quality range of beef products. This is the only range of industrially pre-tenderised beef available on the market.

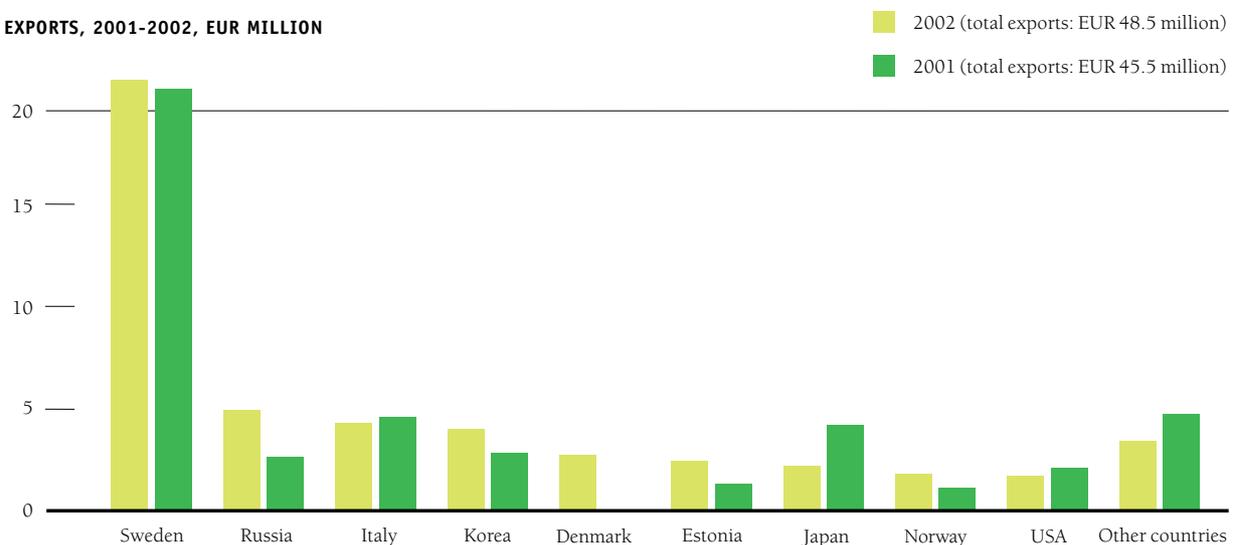
What consumers appreciate about industrially packed meat is that the products are easy to use and of a high quality. The packages make it easy for consumers to choose the right product. In addition, the product packaging features not only the brand, but also clear information on the origin and manufacture of the product and on the meat raw materials and parts used.

Atria's market share in the retail-packed meat product group is over 22% and the company is the market leader in this product group.

### 2003

Growth in the consumption of retail-packed meat is expected to continue and the product group's retail significance to rise. It is expected that the product group's volume will grow in

EXPORTS, 2001-2002, EUR MILLION





2003 to match that of fresh meat served over the counter.

In future, retail-packed meat R&D will continue to ensure that the products are easy to cook, diverse, suitable for different types of cooking situations and easy to select to fit a given purpose.

#### CHICK POULTRY

Construction works on the Chick poultry unit's extension in Nurmo were completed in 2002. The aim of the investment is to increase the capacity of the poultry unit and to deploy new, cutting-

edge technology. The pricetag of the investment is about EUR 20 million.

By means of the Chick poultry unit investment, Atria seeks to meet the growth in the consumption of chicken and turkey products as well as develop operations with a view to increasing their customer and consumer orientation.

Poultry consumption grew by 6% in 2002. Consumption of turkey is still outpacing chicken consumption, with growth amounting to 25% in 2002. The share of poultry sales accounted for by retail-packed poultry products is

growing. In addition, the share of boneless cuts of chicken and turkey has also risen substantially. Consumers expect products to be easy to use and rapid to cook. For this reason, demand for more processed products is growing.

Atria's Chick business area develops new products for the markets to meet consumers' expectations, ensuring that they are easy to use and suit Finnish cooking culture and taste buds. Alongside marinated products, unflavoured alternatives are offered – and consumption of unflavoured products is rising slightly.

New products have been launched in a serial fashion such that numerous flavours of popular products are available, along with unflavoured alternatives. More marinades have been developed for high-volume products, such as drumsticks and breasts.

Atria has maintained a high market share in the poultry product group. Chick products hold a market share of over 30%, and in turkey products Atria is the market leader with its 40% share.

#### 2003

Atria's Chick business area investment will be seen to completion in 2003. Equipment installations will be performed in the first half of 2003, and the new lines and facilities will go into use in September.

The investment will overhaul the turkey and chicken lines such that in future the birds will be processed entirely separately after being received. This will enable the company to still guarantee high-grade product safety even as processing volumes grow. The new technology will also be deployed in other facilities. It serves to further improve the quality of the meat raw materials and the safety of the products.

It is believed that growth in poultry consumption will still continue, albeit at a slightly slower rate than in previous years. Poultry consumption per head in Finland, 15 kg per year, remains lower than the EU average, 25 kg per year.

# OPERATING PRINCIPLES OF ENVIRONMENTAL PROTECTION AND ENVIRONMENTAL SYSTEMS

Atria's environmental protection principles and systems are founded on the concept that the operations of the Group's production plants are carried out in accordance with valid permits which are overseen by the authorities. Environmental compliance has been certified in accordance with ISO 14001 at Atria Oyj's Nurmo, Kauhajoki and Kuopio plants. In other respects, a similar level of environmental management is complied with.

The operating principles employed by the Group provide instructions on issues such as the final treatment of wastewater, the composting of slaughterhouse wastes, energy use and recycling.

The final treatment of wastewater is carried out in municipal wastewater treatment plants. In addition, the slaughterhouse localities have their own pre-treatment plants. Slaughterhouse wastes are composted or processed separately at a slaughterhouse waste processing plant by drying and incineration. Slaughterhouse and meat-processing wastes are not deposited in landfills.

Energy consumption, package recycling and waste volumes are monitored and their usage is developed under the principle of continuous improvement. Energy recovery, especially in the case

of heat loss from cooling and refrigeration equipment, has been implemented to its fullest extent while maintaining profitability.

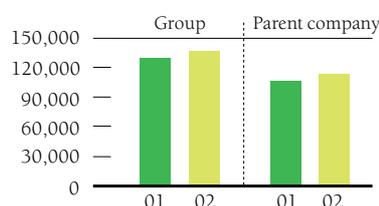
## Environmental expenses

Environmental expenses include wastewater, other waste and composting expenses as well as depreciation on wastewater pre-treatment plants, composting areas and heat recovery equipment. Interest on investments is not treated as an environmental expense. Likewise, the further processing of slaughtering by-products is not treated as an environmental expense, because it, like heat recovery, imparts cost savings and income. Estimates have been used to separate part of the environmental expenses from other expenses.

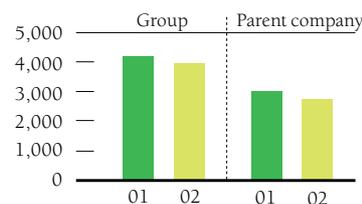
EUR 1,000	Group		Parent company	
Environmental expenses	2002	2001	2002	2001
WASTE TREATMENT AND PREVENTION				
- wastewater	1,284	1,225	954	915
- waste management	1,368	1,364	1,244	1,214
- depreciation on environmental investments	1,090	0	1,090	0
ATMOSPHERE PROTECTION				
- discontinuing the use of CFCs	225	2,582		

EUR 1,000	Group		Parent company	
Environmental expenses, investments	2002	2001	2002	2001
WASTEWATER EQUIPMENT				
1 Jan.	3,250	3,250	3,250	3,250
+ increases	0	0	0	0
- decreases	-813	0	-813	0
31 Dec.	2,437	3,250	2,437	3,250
COMPOSTING AREAS				
1 Jan.	250	250	250	250
+ increases	0	0	0	0
- decreases	-62	0	-62	0
31 Dec.	188	250	188	250
HEAT RECOVERY				
1 Jan.	854	854	854	854
+ increases	7	0	7	0
- decreases	-215	0	-215	0
31 Dec.	646	854	646	854

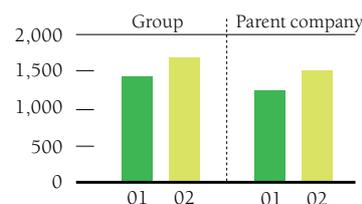
Electricity consumption, MWh



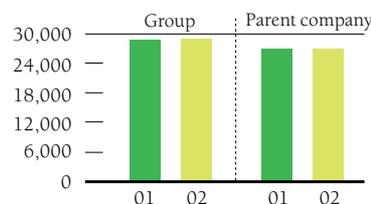
Waste loading, tonnes



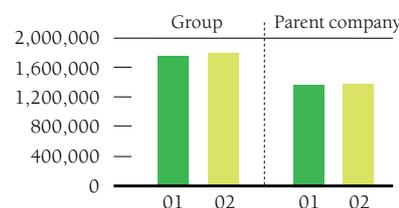
Biological oxygen consumption, tonnes



Heat recovery, MWh



Water consumption, m<sup>3</sup>



# IAS TO BE USED IN THE CONSOLIDATED FINANCIAL STATEMENTS

On 7 June 2002, the Council of Ministers of the European Union approved the Commission's proposal on the adoption of International Accounting Standards (IAS). Public listed companies in the EU area must change over to the use of IAS in their consolidated financial statements by 2005 at the latest. As Atria Oyj is a listed company, it must adopt IAS within this timeframe. Atria Oyj will later take a decision on whether to adopt IAS earlier.

Financial statements drafted in accordance with IAS differ from financial statements prepared in line with the Finnish Accounting Act and regulations and statutes concerning the preparation of Finnish financial statements in terms of their information content and presentation. In addition, the standards are under vigorous development and aspects such as transitional regulations pertaining to the adoption of the standards are changing substantially.

Atria Oyj has made a preliminary assessment of the major differences between Atria's current accounting policy and IAS. The major differences affecting the figures in the profit and loss account and the balance sheet that have come to light include:

**1.** Classifying assets and liabilities as current and non-current assets and liabilities. The classification has a slight effect on the present distribution of assets and liabilities in the balance sheet, but does not affect the balance sheet total.

**2.** Financial leasing: under IAS, asset items related to financial leasing agreements are treated as assets in the balance sheet and the liabilities related to leasing payments as liabilities in the balance sheet. This method deviates from Atria's present accounting policy, in which leasing items are not shown as assets in the balance sheet and the related debts are not shown as liabilities in the balance sheet.

According to IAS, fixed assets acquired under financial leasing are

recorded as depreciation over their economic life. On the other hand, interest is calculated on the debt capital, and thus rental expenses are in practice divided into depreciation and interest, in which case the effect on the result is either slight or non-existent. Thus the overall effect is that the balance sheet total will increase by a total of about two (2) million euros due to the growth in both liabilities and assets.

**3.** The Atria Group values inventories in accordance with variable costs. IAS requires that the fixed expenses of manufacture be also included in valuation. The value of inventories under IAS valuation would be about four (4) million euros higher than the inventories valued using the present policy on 31 December 2002.

The Atria Group will change over to the IAS method in the valuation of inventories during 2003.

**4.** Associations of undertakings. During the past few years, the Atria Group has carried out numerous major acquisitions (the Lithells Group, the Liha ja Säilyke Group, Samfood business operations). If the transitional regulations of IAS were to entail the treatment of companies acquired prior to the adoption of IAS in such a manner that previous acquisitions have to be adjusted to conform to IAS, this would in some respects change the balance sheet structure as well as the size of the resulting goodwill item and its amortisation.

In Atria's view, the change will not have a substantial effect. In addition, an exception will be introduced into IAS's

transitional regulations to the effect that it will not be necessary to assess whether the revaluation of previous acquisitions would substantially affect the balance sheet figures.

In other respects, IAS will change the format and amount of text in the profit and loss account, the balance sheet and the notes. Apart from the factors discussed earlier, the adoption of IAS will not have a significant impact on the financial result or assets. In addition, the level of itemisation in the notes is very similar, including segment reporting, which has already been performed virtually in line with IAS, as operations in Sweden and Forssa have been presented separately.

## LITHELLS AB

Lithells AB's earnings developed favourably, exceeding the budgeted level. The market situation for foodstuffs was stable in Sweden and consumption demand grew normally.

Thanks to wage and salary increases and income tax cuts, the disposable income of households grew by over 5%, a historically significant figure, supporting the positive trend in consumption demand. Although the wealth of households declined simultaneously due to falling share prices on the stock exchange, this did not weaken the growth in consumption demand.

Food companies' positive expectations for the economy went into a significant decline in the autumn. In addition, it became more difficult to increase prices in the second half of the year. In spite of this, the industry's order backlogs and demand remained relatively good during the latter half of the year as well.

Even the serious EHEC case towards the end of the year did not cause strong negative reactions on the market.

Full-year profit before taxes amounted to SEK 31.9 million (SEK 14.2 million in 2001). Turnover grew by 30% to SEK 2,222 million (SEK 1,710 million in 2001). Comparable growth in turnover (exclusive of the effect of the Samfood deal) was 8.9%. The outlook for 2003 is positive.

### Atria Lithells AB

Atria Lithells AB grew vigorously both in the retail and institutional catering markets. Customers' operations developed strongly and requirement levels rose in both sectors. The retail market grew by about 5% in terms of value and the catering sector market by slightly over 2%.

In the retail trade, the store coverage of Atria Lithells AB's products improved significantly and the sales volume was up slightly over 17%. Market shares grew substantially in all the main product groups.

In the catering market, Atria Lithells AB's market position strengthened, par-

ticularly in highly processed products, and its sales volume increased by slightly over 19%.

Studies indicate that customer satisfaction with the company's operations strengthened in both sectors. During the report year, customers were particularly satisfied with the fact that delivery reliability and ability remained at a good level in spite of strong volume growth.

Atria Lithells AB is continuing to make vigorous outlays on improving delivery reliability and ability as well as customer service. A dispatching centre investment was started up towards the end of 2002 and completed in February 2003, including system modernisations. Thanks to this investment, customers will enjoy greater delivery reliability and improved service. Atria Lithells AB's earnings trend was good.

### Atria Concept AB

In spring 2002, Atria Concept AB strengthened its position in the Swedish fast food market by establishing, in association with franchise operators, a subsidiary named Nordic Fast Food AB to handle fast food operations in Sweden. The company's objective is to harness the expertise of Atria Concept AB and entrepreneurs as well as strengthen the market position of Sibylla fast food stands in Sweden.

Atria Concept AB focused even more dynamically on its core business functions and pruned its unprofitable functions, such as certain loss-making export markets. During the latter half of the year, the company's sales volumes rose substantially due to the founding of new fast food stand units, the landing of new customers and other factors.

Atria Concept AB took on a new managing director at the beginning of August: Björn Malmström, who was previously the managing director of the Swedish MAX hamburger chain. Atria Concept AB's earnings trend is good.

### Svensk Snabbmat AB

Svensk Snabbmat AB, which is engaged in wholesale for the catering market, increased its turnover by over 6% to SEK 1,135 million (SEK 1,013 million in 2001).

Svensk Snabbmat AB improved its market share further and developed its co-operation with restaurant and fast food customers in accordance with its strategy. The company made a new co-operation agreement in the Northern Swedish market to provide better nationwide service to its customers. Svensk Snabbmat AB's earnings trend remained good.

### LITHELLS AB

Profit and loss account (SEK million)	2002	2001
Turnover	2,222	1,710
Expenses	-2,146	-1,665
Depreciation	-37	-27
Operating profit	39	18
Profit before taxes	32	14

Balance sheet (SEK million)	2002	2002	
<b>ASSETS</b>		<b>LIABILITIES</b>	
Fixed assets	429	Share capital	19
Inventories	158	Other equity	234
Receivables	266	Long-term liabilities	323
Cash in hand and at banks	88	Short-term liabilities	365
<b>Total</b>	<b>941</b>	<b>Total</b>	<b>941</b>

# LIHA JA SÄILYKE OY

The main thrust of Liha ja Säilyke Oy's operating strategy is to focus on staying close to consumers and customers, the flexibility of operations and cost-efficiency.

In 2002, the trend in operations remained quite favourable. Turnover grew by 4% to EUR 40.2 million. The result for the period was in line with the objectives. The chosen strategy of concentrating on areas in which the company is strong – salads, convenience food and pies – and specialising in the manufacture of whole meat cold cuts in the meat product sector generated the sought-after results. The market share of salads sold under the company's own brand, Forssan, continued to rise, almost hitting 30%. In addition, the company manufactures salads under the stores' own brands.

The new or rethought sliced cold cuts brought to market during the report year were well-received, and the company's share in this growing product group was almost 10%. The major overhaul – and the year's largest investment – was the redesign of the salad packaging. The easy to open,

closable package aims to further improve customer satisfaction.

In line with the company's strategy, it earmarked its expansion investments for the overhaul of the manufacture of whole meat cold cuts, increasing capacity and the salad packaging redesign. Other investments primarily comprised replacement acquisitions of machinery and equipment. Regarding IT, the company continued to develop its systems and equipment to ensure that the flow of information between Liha ja Säilyke Oy and its retail customers is hitch-free and meets the demands of the customers.

The design of a new production building was started up during the report year. It will be located on a plot next to the company's present business premises. The plot is owned by the City of Forssa and a preliminary agreement concerning its acquisition was made with the city in May 2002. The deal was consummated in January 2003. The plot was rezoned for industry.

In 2000, Liha ja Säilyke Oy established a subsidiary called Kruunuliha Oy, which was engaged in the cutting and sale of meat to retail and industrial cus-

tomers. The trend in the profitability of Kruunuliha Oy's operations did not meet expectations and the company was terminated in June 2002. The company was dissolved using voluntary liquidation proceedings.

Liha ja Säilyke Oy is a major employer in Forssa. In 2002, the company employed 234 people on average.

## Outlook for 2003

In 2002, Liha ja Säilyke Oy will continue to seek substantial growth in its business operations. Consumption of salads, convenience foods and whole meat cold cuts is anticipated to grow further. The company aims to strengthen its market positions in all the aforementioned product sectors. In traditional sausage products, the company means to achieve a better market position through specialisation and modernisation.

The design and implementation of the new production building will tie down both material and intellectual resources.

**FORSSAN** 



## LIHA JA SÄILYKE OY

Profit and loss account (EUR million)	2002	2001
Turnover	40.2	38.6
Expenses	36.9	34.2
Depreciation	-	1.6
Operating profit	3.3	2.8
Profit before taxes	3.4	2.7

Balance sheet (EUR million)	2002	2002	
<b>ASSETS</b>		<b>LIABILITIES</b>	
Fixed assets	0.1	Share capital	0.1
Inventories	1.8	Other equity	8.8
Receivables	9.8	Short-term liabilities	4.3
Cash in hand and at banks	1.5		
<b>Total</b>	<b>13.2</b>	<b>Total</b>	<b>13.2</b>

# REPORT BY THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER 2002

## GROUP

Atria Group Oyj comprises the parent company Atria Oyj, the Sweden-based Lithells AB Group and Atria Meat AB, the Forssa-based Liha ja Säilyke Oy and directly owned subsidiaries.

The Lithells AB Group comprises four business subsidiaries: Atria Lithells AB, Atria Concept AB, Svensk Snabbmat för Storkök AB and Samfood AB. In addition, the Group includes the real-estate company Samfood Fastighet AB and the concept chain management company Nordic Fast Food AB, in which the Group has a majority shareholding. Samfood AB and Samfood Fastighet AB went into business as operational companies of the Group on 2 September 2002 when the Group acquired the business functions of Samfood & Co AB from LRF, the Federation of Swedish Farmers.

During the report year, two real-estate companies operated under Liha ja Säilyke Oy: Liha ja Säilyke Kiinteistö Oy and Rokes Oy. Liha ja Säilyke Kiinteistö Oy was merged into Rokes Oy on 2 January 2003. In addition, a subsidiary named Kruunuliha Oy was terminated during the report year.

Atria Oyj's logistics functions were hived off as a separate company on 1 January 2002: A-Logistiikka Oy. Atria Trade Oy was established at the end of the financial year; the intention is that production operations will be transferred to it as from the beginning of 2003, with the fixed assets being retained by Atria Oyj. The parent company will thus become the Group's holding company. Business operations will be handled by its subsidiaries.

## MARKETING

The Group's market share developed favourably in both the Finnish and Swedish markets. The Group increased its share of both markets. In Finland, the trend in the market shares of Atria's cold cuts and grilling sausages was particularly successful. Atria's overall market trend in meat products and convenience foods was positive. In addition, consumption of poultry – especially turkey – grew vigorously. Meat selling prices in retail stores slumped, negating the potential for sufficient profitability.

Liha ja Säilyke Oy focused on its main products in convenience foods and cold cuts while discontinuing other products. This paved the way for favourable development.

Lithells AB's sales trend in both retail and institutional catering was particularly strong. Sales grew by 18% in terms

of volume and by 30.2% in terms of Swedish krona. At the same time, the market share grew following the acquisition of Samfood. The market share of products manufactured by the entire Group rose significantly in retail and institutional catering.

When Samfood was acquired, Atria Concept AB's operations were rounded out substantially thanks to the inclusion of the Fyrkanten and Sammy chains. In the manner of the Sibylla chain, their management will be transferred under the aegis of the Allybis AB subsidiary, which will be renamed Nordisk Fast Food AB. All in all, Atria Concept AB enjoyed a positive trend in both its sales volumes and earnings. In addition, operations grew and were profitable in export countries – Poland, the Baltic countries and Denmark. At present, there are about 320 Mini-Sibylla outlets in Finland, and their number is increasing.

The local wholesale company Svensk Snabbmat för Storkök AB's turnover and result grew. The company has ten outlets at present. Svensk Snabbmat is the market leader in wholesale for the fast food sector in Sweden.

## FINANCE

Finance during the report year was based on loans and lines of credit granted by Finnish and Swedish banks. The major financing items comprised the acquisition of the Samfood business in Sweden and the construction of a poultry slaughterhouse. The Group's liabilities grew by EUR 58.1 million during the report year. Investments, including the acquisition of the Samfood business, totalled EUR 66.0 million. Net profit for the period and depreciation totalled EUR 39.4 million. During the year now begun, no acquisitions on the scale of Samfood are imminent. Investments will be limited mainly to replacement investments and the reorganisation of Samfood into a profitable business. Considering income finance and the aforementioned application of funds, no special funding needs exist.

## EARNINGS

Earnings during the first three quarters of the financial year were at the same level as in the record-breaking 2001. The result for the last quarter, EUR 2.6 million before taxes, was weak. The result was strongly burdened by weak slaughtering and meat-cutting sales, which increased the amount of stocks kept in frozen storage. Likewise, the dovetailing of

Samfood AB's functions with those of Atria Lithells AB created extraordinary expenses during this period.

The Group's profit before taxes was EUR 20.4 million (EUR 23.9 million).

#### **PERSONNEL**

During the report year, the Group had an average of 3,300 (3,241) employees, of whom 820 (723) were employed in Sweden, where 691 (723) people were in the employ of companies other than the acquired Samfood business. At the end of the year, the Samfood business had a payroll of 516 people.

#### **ENVIRONMENTAL REPORTING**

The audited financial statements include an environmental report that describes the principles of the Group's environmental protection and its environmental systems. It also presents the environmental expenses and capitalised environmental expenditure.

#### **OUTLOOK FOR 2003**

The earnings trend for 2003 will be undermined by the weak profitability of slaughtering and meat-cutting. In particular, the strong over-production of pork in Europe has lowered price levels and hindered exports. The strong increase in pork production in Finland at a time when consumption is not growing will also lead to over-production in the Finnish market and calls for relatively great exports. The strengthening of the exchange rate of the euro in Atria's traditional export countries – Japan, Korea and the United States – weakens profitability. Likewise, price levels in Russia and Europe have declined due to over-production.

Atria's retail sales in Finland are expected to continue to develop favourably, albeit the strong competition in the retail sector is subjecting the trend in purchase prices to pressure. The overall trend in full-year earnings is currently hard to assess. Atria's budget for its domestic business functions is at a higher level than the final figures for the previous year.

The result of the Lithells Group in Sweden is believed to improve further during the present year. The adaptation of Samfood AB during the first part of the year will lead to additional expenses, but it is expected that Samfood AB's full-year result will also be positive. The results of all the subsidiaries – Atria Lithells AB, Atria Concept AB and Svensk Snabbmat för Storkök AB – are expected to improve further.

The Lithells AB Group's earnings in 2002 amounted to SEK 16.8 million and it will most likely maintain this earnings level in 2003. The business functions of Samfood AB, which is part of the Group, can probably be pulled into the black during early 2003; the Samfood business functions in their entirety are expected to achieve full-year profitability in 2003.

Liha ja Säilyke Oy will expand and further upgrade the efficiency of its operations. It will in all likelihood achieve the same good level of earnings as in 2002.

#### **PROPOSAL FOR THE DISTRIBUTION OF PROFITS**

The parent company's distributable equity amounts to EUR 46,154,280 and the Group's to EUR 45,256,932. The Board of Directors proposes that a dividend of 25%, or EUR 0.425 per share, be paid on the share capital of EUR 26,893,228 to a total of EUR 6,723,307.

# PROFIT AND LOSS ACCOUNT

EUR 1,000	Note	GROUP		PARENT COMPANY	
		1.1. - 31.12.2002	1.1. - 31.12.2001	1.1. - 31.12.2002	1.1. - 31.12.2001
TURNOVER	2.1.	707,031	637,448	436,040	430,719
Increase (+) or decrease (-) in stocks of finished and unfinished products		7,985	3,807	4,909	3,353
Other operating income	2.2.	2,362	922	7,702	563
Income, total		717,378	642,177	448,651	434,635
Materials and services	2.3.	-411,817	-366,056	-243,222	-238,984
Personnel expenses	2.4.	-142,268	-124,106	-88,220	-85,424
Depreciation and value adjustments	2.5.				
Depreciation according to plan		-22,539	-20,448	-17,069	-16,269
Amortisation of goodwill on consolidation and decrease in the consolidated reserves		-2,779	-2,655	0	0
Other operating expenses	2.6.	-112,424	-100,027	-84,282	-68,429
OPERATING PROFIT		25,551	28,885	15,858	25,529
Financial income and expenses	2.7.	-5,153	-4,941	-2,540	-1,455
PROFIT BEFORE TAXES		20,398	23,944	13,318	24,074
Income taxes	2.8.	-6,129	-7,769	-3,819	-6,608
Minority interest		-211	-281	0	0
NET PROFIT FOR THE FINANCIAL YEAR		14,058	15,894	9,499	17,466

# BALANCE SHEET

EUR 1,000	Note	GROUP		PARENT COMPANY	
		31.12.2002	31.12.2001	31.12.2002	31.12.2001
<b>ASSETS</b>					
FIXED ASSETS					
Intangible assets	3.1.				
Intangible rights		8,320	1,118	469	1,043
Goodwill on consolidation		36,490	35,840	0	0
Other capitalised expenditure		5,335	5,027	5,101	4,860
Intangible assets, total		50,145	41,985	5,570	5,903
Tangible assets	3.1.	243,782	209,829	198,625	184,891
Investments	3.2.				
Shares in Group companies		0	0	81,776	60,906
Participating interests		2,984	3,542	1,912	2,854
Other shares and participations		2,046	1,063	1,969	986
Other receivables		0	757	0	0
Investments, total		5,030	5,362	85,657	64,746
CURRENT ASSETS					
Inventories	3.3.	46,052	34,641	26,920	21,249
Long-term receivables	3.4.	661	0	6,522	0
Short-term receivables	3.4.	76,880	70,243	44,957	47,204
Cash in hand and at bank		16,472	10,139	4,250	6,939
<b>ASSETS, TOTAL</b>		<b>439,022</b>	<b>372,199</b>	<b>372,501</b>	<b>330,932</b>
<b>LIABILITIES</b>					
SHAREHOLDERS' EQUITY 3.5.					
Share capital		26,893	26,893	26,893	26,893
Share premium fund		86,998	86,951	86,951	86,951
Reserve fund		0	1,014	0	0
Retained earnings		60,684	49,947	36,655	25,913
Profit for the financial year		14,058	15,894	9,499	17,466
Shareholders' equity, total		188,633	180,699	159,998	157,223
MINORITY INTEREST		1,218	460	0	0
ACCUMULATED APPROPRIATIONS 3.6.					
Depreciation difference		0	0	35,431	35,431
CREDITORS					
Deferred tax liabilities	3.7.	13,604	13,229	0	0
Long term	3.7.	109,826	70,108	83,225	57,590
Short term	3.8.	125,741	107,703	93,847	80,688
<b>LIABILITIES, TOTAL</b>		<b>439,022</b>	<b>372,199</b>	<b>372,501</b>	<b>330,932</b>

# FUNDS STATEMENTS

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>CASH FLOW FROM OPERATIONS</b>				
Sales income	704,459	633,537	439,549	429,297
Other business revenue	1,791	766	7,702	563
Payments on operating expenses	-655,324	-587,178	-418,668	-389,849
Cash flow from operations before financial items and taxes	50,926	47,125	28,583	40,011
Net financial expenses	-4,808	-5,352	-2,166	-1,867
Taxes paid	-10,126	-6,886	-7,841	-5,297
Cash flow from operations	35,992	34,887	18,576	32,847
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in tangible and intangible assets	-66,084	-23,176	-51,381	-18,176
Cash flow from investments	-66,084	-23,176	-51,381	-18,176
<b>CASH FLOW FROM FINANCING</b>				
Loans repaid/drawn down	44,479	-4,423	20,128	-7,210
Dividends paid	-6,820	-4,037	-6,723	-3,991
Change in intra-group receivables	0	0	-114	-4
Change in other receivables	-1,273	-667	-769	123
Change in intra-group liabilities	0	0	17,593	-954
Cash flow from financing	36,386	-9,127	30,115	-12,036
CASH FLOW FROM OPERATIONS	35,992	34,887	18,576	32,847
CASH FLOW FROM INVESTMENTS	-66,084	-23,176	-51,381	-18,176
CASH FLOW FROM FINANCING	36,386	-9,127	30,115	-12,036
<b>TOTAL</b>	<b>6,294</b>	<b>2,584</b>	<b>-2,690</b>	<b>2,635</b>
<b>Change in liquid funds</b>				
Liquid funds, 1 Jan.	-10,139	-7,555	-6,939	-4,304
Liquid funds, 31 Dec.	16,433	10,139	4,249	6,939
Change	6,294	2,584	-2,690	2,635

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING PRINCIPLES

### General accounting principles

The financial statements were prepared in accordance with the new bookkeeping regulations that entered into force on 31 December 1997 and in accordance with the provisions of the Companies Act. Furthermore, the requirements set forth in the Securities Act, and the relevant decision taken by the Ministry of Finance, the regulations of Helsinki Exchanges and the general instructions of the Finnish Accounting Standards Board regarding public companies' duty of disclosure have been taken into consideration.

### Information regarding the Group

Corporate entity owning the largest number of companies: Atria Oyj, domiciled in Kuopio, the parent company of the Group comprising the companies listed in section 3.2.

Corporate entity owning the smallest number of companies: Lithells AB, domiciled in Sköllersta, Sweden, the parent company of the sub-group comprising the companies listed in section 3.2.

Copies of Atria Oyj's consolidated financial statements are available from its office in Seinäjoki, address: Vaasantie 1, P.O. Box 900, 60060 ATRIA, Finland.

### Valuation principles

#### Valuation of fixed assets

In the balance sheet, fixed assets are valued at their direct acquisition cost less planned depreciation and value adjustments. Depreciation is carried out on a straight-line basis over the service life of the assets. Contributions received for the acquisition of fixed assets are booked as a decrease in acquisition costs. The contributions received are not of significant value.

#### Depreciation periods:

Buildings	Nurmo, 40 years other facilities, 25 years
Machinery and equipment	Nurmo, 10 years other facilities, 7 years
Computer software	5 years
Other long-term items	10 years and 5 years
Goodwill on consolidation	20 years and 10 years

#### Valuation of inventories

In the financial statements, the inventories of Finnish functions have been valued at the variable cost of acquisition or manufacture (EVL), at the lower acquisition cost, or the probable sales price. In the case of the Swedish functions, they are valued at the acquisition cost or the lower net realisation value (IAS).

#### Research and development costs

Research and development costs of EUR 6.1 million have been recorded as annual expenses for the financial year.

### Comparability of the financial results

The financial statements do not include income or expense items that would essentially affect the comparability of the financial results.

### Items denominated in foreign currencies

Items denominated in foreign currencies have been converted into Finnish currency amounts at the exchange rate quoted by the European Central Bank on the closing date. The parent company's foreign currency receivables from outside the euro zone totalled EUR 2,482,876.50 at the end of the financial year.

The company had no foreign currency debts at year's end. Capitalised translation differences are booked under financial items.

### Deferred tax liabilities and assets

Since there are no significant differences between booked taxes and actual taxes, deferred tax liabilities and assets have not been taken into account in the financial statements, with the exception of accumulated appropriations.

## Accounting policy applied in the consolidated financial statements

### Scope of the consolidated financial statements

The consolidated financial statements include the parent company as well as all of its subsidiaries and associated companies. More detailed information on Group companies is provided in section 3.2. under the heading, "Group companies and associated companies".

### Changes in the Group structure

- A-Tuottajat Oy has not been consolidated.
- Liha ja Säilyke Oy operated as two companies in 2002: Liha ja Säilyke Oy and Liha ja Säilyke Kiinteistö Oy. Liha ja Säilyke Kiinteistö Oy was merged into Rokes Oy on 2 January 2003. The reorganisation of Liha ja Säilyke Oy does not lead to changes at the Atria Group level.
- Atria Trade Oy, a wholly owned subsidiary of Atria Oyj, was established at the end of December 2002. It rents out fixed assets, brands and operations from Atria Oyj and will begin to engage in business operations as a subsidiary of Atria Oyj in the same manner as Atria Oyj's other subsidiaries. The relevant shareholding will be included in Atria Oyj's balance sheet, but no changes will take place at the Group level, because the subsidiary will only go into business in 2003.
- The Lithells Group acquired Samfood & Co AB business functions in Sweden. In connection with the acquisition, the Swedish companies increased their share capital. The increase was fully subscribed for by Atria Oyj. No changes will take place in share capital at the Atria Group level.

### Intra-group transactions and profit margins

All intra-group transactions, debts and receivables as well as internal distribution of profit have been eliminated. Non-capitalised profit margins from internal sales transactions have not been eliminated due to their slight significance, with the exception of Svensk Snabbmat för Storkök AB's inventory.

### Minority interest

Minority interests have been separated from the consolidated shareholders' equity and result for the financial year.

## Principles of consolidation

### Intra-group shareholding

The consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of subsidiaries and the proportion of shareholders' equity that corresponds to the acquired holding has been booked as goodwill on consolidation, which will be depreciated within the framework of an income waiting period. In the case of Sweden, the depreciation period is 20 years, because the acquisition of Lithells AB provided, with a single deal, a strong and permanent market position for the Group in Sweden. In the case of the goodwill and brands of Samfood & Co AB, which was acquired by Lithells AB, the depreciation period is 10 years, as the acquisition constitutes an expansion of Lithells AB's operations. In connection with the acquisition of Finnish companies, the depreciation period is 10 years, because these deals constitute an expansion of business operations.

### Translation differences

The profit and loss accounts of foreign Group companies have been converted at the average exchange rate for the financial year and the balance sheets at the rate on the closing date. Exchange rate differences arising from translation and the translation differences of foreign subsidiaries have been presented under the relevant item.

### Associated companies

Associated companies have been consolidated using the equity method. The share of the associated companies' profits for the financial year corresponding to the Group's holding in these associated companies has been recorded under other operating income. The difference between the price paid for holdings in Lihateollisuuden Tutkimuskeskus LTK Osuuskunta and the shareholders' equity corresponding to the Group's holding amounted to about EUR 1.7 million. This consolidated reserve will be booked as income in equal instalments over a period of 10 years.

## 2. NOTES TO THE PROFIT AND LOSS ACCOUNT

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2.1. TURNOVER	707,031	637,448	436,040	430,719

1. Breakdown of turnover by the degree of processing	EUR million	%
Retail-packed meat and other meat products and convenience foods	629	89
Slaughterhouse and meat-cutting plant products sold as industrial raw material	78	11

	2002	2001	2000	1999	1998
	12 months %				
Products	89.0	85.0	86.0	86.0	85.0
Industrial raw materials	11.0	15.0	14.0	14.0	15.0
Total	100.0	100.0	100.0	100.0	100.0

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2. Breakdown of turnover by geographical area				
Finland, EUR million	408	419	388	385
%	57.7	65.7	89.0	89.5
Sweden, EUR million	271	192	21	21
%	38.4	30.2	4.8	4.8
EU countries, EUR million	7	8	7	8
%	1.0	1.3	1.6	1.7
Other countries, EUR million	20	18	20	17
%	2.9	2.8	4.6	4.0
2.2. OTHER OPERATING INCOME				
Rental income	963	421	7,346	533
Share of the earnings of the associated company, and the income recognition of consolidated reserves	571	156	0	0
Other	177	177	0	0
Total	828	345	356	30
2.3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial year	414,999	367,357	243,985	238,963
Change in stocks	-3,182	-1,301	-763	21
Total	411,817	366,056	243,222	238,984

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>2.4. PERSONNEL EXPENSES</b>				
<b>Average number of personnel</b>				
salaried employees	780	751	383	435
non-salaried employees	2,520	2,490	1,703	1,755
<b>Total</b>	<b>3,300</b>	<b>3,241</b>	<b>2,086</b>	<b>2,190</b>
Finland	2,479	2,517	2,085	2,189
Sweden	820	723	0	0
EU countries	1	1	1	1
<b>Total</b>	<b>3,300</b>	<b>3,241</b>	<b>2,086</b>	<b>2,190</b>
<b>Personnel expenses</b>				
Wages and salaries:				
Managing Director, Deputy Managing Director and Board members	1,156	968	404	351
Members of the Supervisory Board	44	44	44	44
Other wages and salaries	105,932	91,973	70,394	66,335
<b>Total</b>	<b>107,132</b>	<b>92,985</b>	<b>70,842</b>	<b>66,730</b>
Pension expenses	16,407	15,945	9,259	9,029
Other staff-related costs	18,729	15,176	8,119	9,665
<b>Total</b>	<b>35,136</b>	<b>31,121</b>	<b>17,378</b>	<b>18,694</b>
<b>Personnel expenses, total</b>	<b>142,268</b>	<b>124,106</b>	<b>88,220</b>	<b>85,424</b>

#### **Pension commitments to Board members and the Managing Director**

The company's statutory pensions have been handled via insurance companies. The company does not have pension commitments on behalf of the Managing Director and the members of the Board of Directors and the Supervisory Board.

#### **Loans to closely associated parties**

The Group companies have no loan receivables from closely associated parties.

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>2.5. DEPRECIATION AND VALUE ADJUSTMENTS</b>				
Depreciation on tangible and intangible assets	25,318	23,103	17,069	16,269
of which amortisation of goodwill on consolidation	2,779	2,655	0	0
Environmental issues are presented in a separate report.				
<b>2.6. OTHER OPERATING EXPENSES</b>				
Other operating expenses	112,424	100,027	84,282	68,429
Including marketing, transport, energy, cleaning, operation, administration and other expenses.				
Environmental issues are presented in a separate report.				
<b>2.7. FINANCIAL INCOME AND EXPENSES</b>				
<b>Return on long-term investments</b>				
Dividends received				
From Group companies	0	0	1,881	2,966
From others	279	55	359	155
Total	279	55	2,240	3,121
<b>Other interest and financial income</b>				
From Group companies	0	0	81	3
From others	806	625	404	403
Total	806	625	485	406
<b>Interest expenses and other financial expenses</b>				
To Group companies	0	0	153	94
To others	6,238	5,621	5,112	4,888
Total	6,238	5,621	5,265	4,982
Financial income and expenses, total	-5,153	-4,941	-2,540	-1,455
Interest and financial income includes currency conversion differences (net)	7	68	7	68
<b>2.8. INCOME TAXES</b>				
Income taxes on operations	6,111	7,810	3,819	6,608
Change in deferred tax liabilities	17	-41	0	0
Total	6,129	7,769	3,819	6,608

### 3. NOTES TO THE BALANCE SHEET

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>3.1. INTANGIBLE AND TANGIBLE ASSETS</b>				
<b>Intangible rights</b>				
Acquisition cost, 1 Jan.	6,146	5,885	6,429	6,149
Changes +/-	7,800	261	23	280
Acquisition cost, 31 Dec.	13,946	6,146	6,452	6,429
Accumulated depreciation, 1 Jan.	-5,028	-4,399	-5,386	-4,757
Depreciation for the period	-598	-629	-597	-629
Accumulated depreciation, 31 Dec.	-5,626	-5,028	-5,983	-5,386
Book value, 31 Dec.	8,320	1,118	469	1,043
<b>Goodwill on consolidation</b>				
Acquisition cost, 1 Jan.	48,264	48,958	0	0
Translation difference	257	-678	0	0
Changes +/-	3,278	-16	0	0
Acquisition cost, 31 Dec.	51,799	48,264	0	0
Accumulated depreciation, 1 Jan.	-12,424	-10,019	0	0
Translation difference	-108	250	0	0
Depreciation for the period	-2,777	-2,655	0	0
Accumulated depreciation, 31 Dec.	-15,309	-12,424	0	0
Book value, 31 Dec.	36,490	35,840	0	0
<b>Other capitalised expenditure</b>				
Acquisition cost, 1 Jan.	10,548	7,837	10,293	7,771
Changes +/-	1,849	2,711	1,729	2,522
Acquisition cost, 31 Dec.	12,397	10,548	12,022	10,293
Accumulated depreciation, 1 Jan.	-5,521	-4,307	-5,433	-4,241
Depreciation for the period	-1,541	-1,214	-1,488	-1,192
Accumulated depreciation, 31 Dec.	-7,062	-5,521	-6,921	-5,433
Book value, 31 Dec.	5,335	5,027	5,101	4,860
Intangible assets, total	50,145	41,985	5,570	5,903
<b>Land and water</b>				
Acquisition cost, 1 Jan.	2,211	2,291	1,906	1,906
Translation difference	0	-6	0	0
Changes +/-	2,416	-74	0	0
Acquisition cost, 31 Dec.	4,627	2,211	1,906	1,906
<b>Buildings and structures</b>				
Acquisition cost, 1 Jan.	205,220	204,054	189,282	187,820
Translation difference	187	-495	0	0
Changes +/-	10,127	1,661	2,180	1,462
Acquisition cost, 31 Dec.	215,534	205,220	191,462	189,282
Accumulated depreciation, 1 Jan.	-79,870	-74,596	-73,588	-68,692
Translation difference	-111	278	0	0
Depreciation for the period	-5,604	-5,552	-4,824	-4,896
Accumulated depreciation, 31 Dec.	-85,585	-79,870	-78,412	-73,588
Book value, 31 Dec.	129,949	125,350	113,050	115,694

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>Machinery and equipment</b>				
Acquisition cost, 1 Jan.	219,268	182,298	179,374	143,932
Translation difference	721	-1,810	0	0
Changes +/-	23,789	38,779	10,049	35,442
Acquisition cost, 31 Dec.	243,778	219,267	189,423	179,374
Accumulated depreciation, 1 Jan.	-142,903	-131,279	-115,728	-106,306
Translation difference	-534	1,280	0	0
Depreciation for the period	-14,401	-12,904	-10,059	-9,422
Accumulated depreciation, 31 Dec.	-157,838	-142,903	-125,787	-115,728
Book value, 31 Dec.	85,940	76,364	63,636	63,646
<b>Other tangible assets</b>				
Acquisition cost, 1 Jan.	3,003	2,923	2,666	2,591
Translation difference	6	-14	0	0
Changes +/-	22	95	22	75
Acquisition cost, 31 Dec.	3,031	3,004	2,688	2,666
Accumulated depreciation, 1 Jan.	-1,880	-1,734	-1,775	-1,644
Translation difference	-1	3	0	0
Depreciation for the period	-118	-149	-101	-131
Accumulated depreciation, 31 Dec.	-1,999	-1,880	-1,876	-1,775
Book value, 31 Dec.	1,032	1,124	812	891
<b>Advance payments and acquisitions in progress</b>				
Acquisition cost, 1 Jan.	4,780	26,374	2,754	25,248
Changes +/-	17,454	-21,594	16,467	-22,494
Acquisition cost, 31 Dec.	22,234	4,780	19,221	2,754
Tangible assets, total	243,782	209,829	198,625	184,891
Carrying value of machinery and equipment	85,940	76,364	63,636	63,646
The share of items other than production machinery and equipment is not material in amount.				

Environmental issues are presented in a separate report.

### 3.2. INVESTMENTS

#### Group and associated companies

	Group's holding, %	Parent company's holding, %
<b>Group companies</b>		
Ab Botnia-Food Oy, Seinäjoki	100	100
A-Logistiikka Oy, Helsinki	100	100
Atria AB, Stockholm	100	
Atria Concept AB, Sköllersta	100	
Atria Concept Oy, Seinäjoki	100	100
Atria Lithells AB, Sköllersta	100	
Atria Meal AB, Sköllersta	100	
Atria Meat AB, Stockholm	100	100
Atria Trade Oy, Kuopio	100	100
Boss AB, Sköllersta	100	
Itikka-Lihapolar Oy, Seinäjoki	100	100
Kiinteistö Oy Tievapolku 3, Helsinki	100	100
Kruunuliha Oy, Forssa	100	
Liha ja Säilyke Kiinteistö Oy	100	63.3
Liha ja Säilyke Oy, Forssa	100	63.3
Lithells AB, Sköllersta	100	100
Lithell Meat & Fast Food AB, Sköllersta	100	
Nordic Fast Food AB	51	
Poropalvelu PP Oy, Rovaniemi	100	100
Rokes Oy, Forssa	100	100
Samfood AB, Sköllersta	100	
Samfood Fastigheter AB, Sköllersta	100	
Svensk Snabbmat för Storkök AB, Sköllersta	87.75	
<b>Associated companies</b>		
Best-In Oy, Kuopio	50.0	50.0
Foodwest Oy, Seinäjoki	25.0	25.0
Honkajoki Oy, Honkajoki	47.8	47.8
Lihateoll. Tutkimuskesk. LTK Osuuskunta, Hämeenlinna	40.7	40.7
Tuoretie Oy, Helsinki	33.3	33.3

Consolidation method: the equity method

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Other receivables	0	757	0	0
<b>3.3. INVENTORIES</b>				
Materials and supplies	14,477	10,955	6,396	5,634
Finished products/goods	31,575	23,686	20,524	15,615
Total	46,052	34,641	26,920	21,249

The difference between repurchase costs and capitalised acquisition costs is not material in amount.

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
3.4. RECEIVABLES				
<b>Long-term receivables</b>				
Receivables from Group companies				
Loan receivables	0	0	6,522	0
Unpaid shares and participations	661	0	0	0
<b>Short-term receivables</b>				
Accounts receivable	65,808	63,344	38,091	41,601
Receivables from Group companies				
Accounts receivable	0	0	2,629	2,583
Prepayments and accrued income	0	0	67	0
Loan receivables	2	27	2	27
Other receivables	5,361	4,037	2,545	1,775
Prepayments and accrued income	5,709	2,835	1,623	1,218
Short-term receivables, total	76,880	70,243	44,957	47,204
Significant items included in prepayments and accrued income:				
– advance portions of accounts payable	3,216	1,467	619	235
– accrued income from compensation to be received	974	983	0	983
– rental revenue and insurance indemnities receivable	546	385	101	0
– tax periodisation	973	0	969	0
Total	5,709	2,835	1,690	1,218
3.5. SHAREHOLDERS' EQUITY				
Share capital, 1 Jan.	26,893	26,606	26,893	26,606
Bonus issue	0	287	0	287
Share capital, 31 Dec.	26,893	26,893	26,893	26,893
Share premium fund, 1 Jan.	86,951	86,951	86,951	86,951
Translation difference	47	0	0	0
Share premium fund, 31 Dec.	86,998	86,951	86,951	86,951
Reserve fund, 1 Jan.	1,014	1,441	0	0
Transfer to retained earnings	-526	-427	0	0
Translation difference	-488	0	0	0
Reserve fund, 31 Dec.	0	1,014	0	0
Retained earnings, 1 Jan.	65,841	54,739	43,379	30,191
Dividends paid	-6,827	-4,037	-6,724	-3,991
Transfer from reserve fund	526	345	0	0
Other changes	1,144	-1,100	0	-287
Retained earnings, 31 Dec.	60,684	49,947	36,655	25,913
Profit for the period	14,058	15,894	9,499	17,466
	74,742	65,841	46,154	43,379
Shareholders' equity, total	188,633	180,699	159,998	157,223
Calculation of distributable funds				
Retained earnings	60,684	49,947	36,655	25,913
Profit for the financial year	14,058	15,894	9,499	17,466
Portion of accumulated depreciation difference entered in shareholders' equity	-26,900	-26,957	0	0
Other funds	-2,586	-208	0	0
Total	45,257	38,676	46,154	43,379

The parent company's share capital is divided into share series as follows:

	2002		2001	
	no.	EUR 1,000	no.	EUR 1,000
Series A Shares (1 vote/share)	6,615,565	11,246	6,615,565	11,246
Series KII Shares (10 votes/share)	9,203,981	15,647	9,203,981	15,647
Total	15,819,546	26,893	15,819,546	26,893

	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>3.6. ACCUMULATED APPROPRIATIONS</b>				
Depreciation difference	0	0	35,431	35,431
<b>3.7. LONG-TERM LIABILITIES</b>				
Deferred tax liabilities				
From appropriations	13,604	13,229	0	0
Bond loans	10,000	0	10,000	0
Loans from financial institutions	86,313	59,194	70,188	53,820
Pension loans	7,911	10,491	3,037	3,770
Other liabilities	5,602	423	0	0
Total	109,826	70,108	83,225	57,590
Liabilities falling due in five years or later				
Bond loans	10,000	0	10,000	0
Loans from financial institutions	5,019	3,439	2,523	3,364
Pension loans	7,043	9,053	2,272	2,443
Total	22,062	12,492	14,795	5,807
The bond loan of EUR 10 million floated by Atria Oyj in 2002 will mature in 2009.				
<b>3.8. SHORT-TERM LIABILITIES</b>				
Loans from financial institutions	27,586	25,159	26,132	22,442
Pension loans	733	1,288	733	1,255
Advances received	310	269	168	168
Accounts payable	30,360	21,946	10,365	10,459
Other liabilities	30,093	26,675	21,755	23,933
Accruals and deferred income	36,659	32,366	15,502	20,833
Amounts owed to Group companies				
Accounts payable	0	0	624	168
Other liabilities	0	0	18,544	1,397
Accruals and deferred income	0	0	24	33
	0	0	19,192	1,598
Short-term liabilities, total	125,741	107,703	93,847	80,688
Significant items included in accruals and deferred income:				
– periodisation of wages, salaries and social security contributions	25,631	19,709	12,439	13,281
– interest periodisation	1,271	910	1,250	876
– tax periodisation	346	3,664	0	3,054
– accrued expenses from accounts payable	9,411	8,083	1,836	3,655
Total	36,659	32,366	15,525	20,866

#### 4. OTHER NOTES

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
4.1. PLEDGES, GUARANTEES AND OTHER CONTINGENT LIABILITIES				
Loans with mortgages or other collateral as security				
Loans from financial institutions	94,966	71,782	79,590	63,691
Pension loans	5,409	8,268	505	1,514
Total	100,376	80,050	80,095	65,205
Mortgages or other collateral as general security				
Mortgages on real-estate	64,410	62,170	61,742	58,378
Corporate mortgages	25,644	22,265	20,183	20,183
Other collateral	40,557	62,722	39,790	41,620
Total	130,610	147,157	121,715	120,181
Mortgages or other collateral granted on behalf of Group companies				
Guarantees	21,844	0	21,844	0
Total	21,844	0	21,844	0
Contingent liabilities and commitments not included in the balance sheet				
Unused limits				
Company	82,325	76,913	69,218	71,574
Total	82,325	76,913	69,218	71,574
Guarantees				
Company	951	892	714	622
Total	951	892	714	622
Leasing liabilities				
Payments due in the following 12 months	970	954	42	427
Payments due later	1,245	1,087	55	95
Total	2,215	2,041	97	522

# FIVE-YEAR INDICATORS

## FINANCIAL INDICATORS

	2002	2001	2000	1999	1998
Turnover, EUR million	707.0	637.4	615.7	557.7	519.2
Operating margin, EUR million	50.9	52.0	38.6	36.0	36.8
% of turnover	7.2	8.2	6.3	6.5	7.1
Operating profit, EUR million	25.6	28.9	18.8	16.7	14.5
% of turnover	3.6	4.5	3.1	3.0	2.8
Financial income and expenses, EUR million	-5.2	-4.9	-5.3	-4.0	-4.4
% of turnover	0.7	0.8	0.9	0.7	0.9
Profit before extraordinary items, EUR million	20.4	23.9	13.5	12.6	10.1
% of turnover	2.9	3.8	2.2	2.3	1.9
Profit before appropriations and taxes, EUR million	20.4	23.9	13.5	12.6	8.8
% of turnover	2.9	3.8	2.2	2.3	1.7
Return on equity (ROE), %	7.7	9.2	4.9	5.3	3.8
Return on investment (ROI), %	7.9	10.0	6.8	6.6	5.8
Equity ratio, %	43.3	48.7	46.7	46.3	52.6
Gross investments in fixed assets, EUR million	66.0	23.2	32.1	56.5	19.2
% of turnover	9.3	3.6	5.2	10.1	3.7
Number of personnel	3,300	3,241	3,419	3,264	3,045
Research and development expenses, EUR million*	6.1	5.5	5.8	4.3	4.0
% of turnover	0.9	0.9	0.9	0.8	0.8
Volume of orders**	-	-	-	-	-

\* Booked in total as expenditure for the financial year

\*\* Not a significant indicator, as orders are generally delivered on the day following the order

## SHARE-ISSUE ADJUSTED PER-SHARE INDICATORS

	2002	2001	2000	1999	1998
	12 months				
Earnings per share (EPS), EUR	0.89	1.00	0.52	0.54	0.39
Shareholders' equity per share, EUR	11.92	11.42	10.73	10.49	10.09
Dividend per share, EUR	0.425*	0.425	0.25	0.25	0.25
Dividend per profit, %	47.8*	42.4	48.5	46.4	65.2
Effective dividend yield	3.2*	7.1	5.9	5.1	5.3
Price/earnings (P/E)	8.67	5.97	8.26	9.11	12.25
Market capitalisation, EUR million	121.8	94.9	67.9	78.3	75.0
Share turnover/1,000 shares	1,249	1,226	602	1,529	3,479
	KI	-	-	-	260
Share turnover, %	A 18.9	18.5	9.1	23.1	79.1
	KI	-	-	-	11.7
Number of shares, million	15.8	15.8	15.8	15.8	15.8
Number of shares	A 6.6	6.6	6.6	6.6	4.4
	KI	-	-	-	2.2
	KII	9.2	9.2	9.2	9.2
Average share-issue adjusted number of shares	15.8	15.8	15.8	15.8	15.8
Share-issue adjusted number of shares on 31 Dec.	15.8	15.8	15.8	15.8	15.8
Share price development					
Lowest of the year	A 5.85	3.81	4.02	4.05	4.39
	KI	-	-	-	4.73
Highest of the year	A 8.90	6.19	6.00	5.48	9.08
	KI	-	-	-	9.25
At the end of the year	A 7.70	6.00	4.29	4.95	4.46
	KI	-	-	-	5.30
Average price during the year	A 7.35	5.22	4.99	4.70	6.50
	KI	-	-	-	7.48

\* Proposal of the Board of Directors

## FORMULAS FOR THE INDICATORS

RETURN ON EQUITY (ROE), %	=	$\frac{\text{profit or loss before extraordinary items, provisions and taxes - taxes}}{\text{shareholders' equity + minority interest + voluntary provisions and depreciation difference* (average)}} \times 100$
RETURN ON INVESTMENT (ROI), %	=	$\frac{\text{profit or loss before extraordinary items, provisions and taxes} + \text{interest and other financial expenses}}{\text{balance sheet total - non-interest-bearing liabilities (average)}} \times 100$
EQUITY RATIO, %	=	$\frac{\text{shareholders' equity + minority interest + voluntary provisions and depreciation difference*}}{\text{balance sheet total - advance payments received}} \times 100$
EARNINGS/SHARE	=	$\frac{\text{profit before extraordinary items, provisions and taxes - taxes +/- minority interest}}{\text{average share issue-adjusted number of shares during the financial year}}$
EQUITY/SHARE	=	$\frac{\text{shareholders' equity + voluntary provisions and depreciation difference*}}{\text{share issue-adjusted number of shares on 31 Dec.}}$
DIVIDEND/SHARE	=	$\frac{\text{dividend paid for the financial year}}{\text{share issue-adjusted number of shares on 31 Dec.}}$
DIVIDEND/PROFIT, %	=	$\frac{\text{dividend paid for the financial year}}{\text{earnings per share}} \times 100$
EFFECTIVE DIVIDEND YIELD, %	=	$\frac{\text{dividend/share}}{\text{share issue-adjusted closing price on 31 Dec.}} \times 100$
PRICE/EARNINGS (P/E)	=	$\frac{\text{share issue-adjusted closing price on 31 Dec.}}{\text{earnings/share}}$
MARKET CAPITALISATION	=	number of shares x closing price on 31 Dec.

\* less deferred tax liabilities

# SHARES AND SHAREHOLDERS

## 1. BREAKDOWN OF SHARE OWNERSHIP

### Shareholders according to the number of shares owned, 31 Dec. 2002

Number of shares owned	Shareholders		Shares	
	no.	%	1,000 shares	%
1 - 100	4,205	64.19	142	0.90
101 - 1,000	1,970	30.07	710	4.49
1,001 - 10,000	339	5.17	882	5.58
10,001 - 100,000	26	0.40	821	5.19
100,001 - 1,000,000	9	0.14	3,244	20.50
1,000,001 - 999,999,999,999	2	0.03	9,988	63.14
On the grand total account			32	0.20
<b>Total</b>	<b>6,551</b>	<b>100.00</b>	<b>15,820</b>	<b>100.00</b>

### Shareholders by business sector, 31 Dec. 2002

Business sector	Shareholders		Shares	
	no.	%	1,000 shares	%
Companies	252	3.85	11,057	69.90
Financial and insurance institutions	18	0.27	1,222	7.73
Public corporations	5	0.08	587	3.71
Non-profit associations	62	0.95	222	1.40
Households	6,201	94.73	1,530	9.67
Foreign owners	8	0.12	1,169	7.39
On the grand total account			32	0.20
<b>Total</b>	<b>6,546</b>	<b>100.00</b>	<b>15,820</b>	<b>100.00</b>
Nominee-registered, total	5		359	2.27

## 2. INFORMATION ON SHAREHOLDERS

### Largest shareholders, 31 Dec. 2002

	KII	A	Total	%
Lihakunta	4,020,200	1,052,232	5,072,432	32.06
Itikka Co-operative	4,914,281	1,741	4,916,022	31.08
Odin Norden		873,907	873,907	5.52
Tapiola Mutual Pension Insurance Company		542,034	542,034	3.43
Pohjanmaan Liha Co-operative	269,500	250,130	519,630	3.28
Tapiola General Mutual Insurance Company		298,363	298,363	1.89
Odin Finland		294,400	294,400	1.86
Tapiola Mutual Life Assurance Company		237,300	237,300	1.50
Mutual Fund Conventum Finland Value		140,000	140,000	0.88
Tapiola Corporate Life Insurance Company		100,334	100,334	0.63

### Largest shareholders in terms of voting rights, 31 Dec. 2002

	KII	A	Total	%
Itikka Co-operative	49,142,810	1,741	49,144,551	49.81
Lihakunta	40,202,000	1,052,232	41,254,232	41.82
Pohjanmaan Liha Co-operative	2,695,000	250,130	2,945,130	2.99
Odin Norden		873,907	873,907	0.89
Tapiola Mutual Pension Insurance Company		542,034	542,034	0.55
Tapiola General Mutual Insurance Company		298,363	298,363	0.30
Odin Finland		294,400	294,400	0.30
Tapiola Mutual Life Assurance Company		237,300	237,300	0.24
Mutual Fund Conventum Finland Value		140,000	140,000	0.14
Tapiola Corporate Life Insurance Company		100,334	100,334	0.10

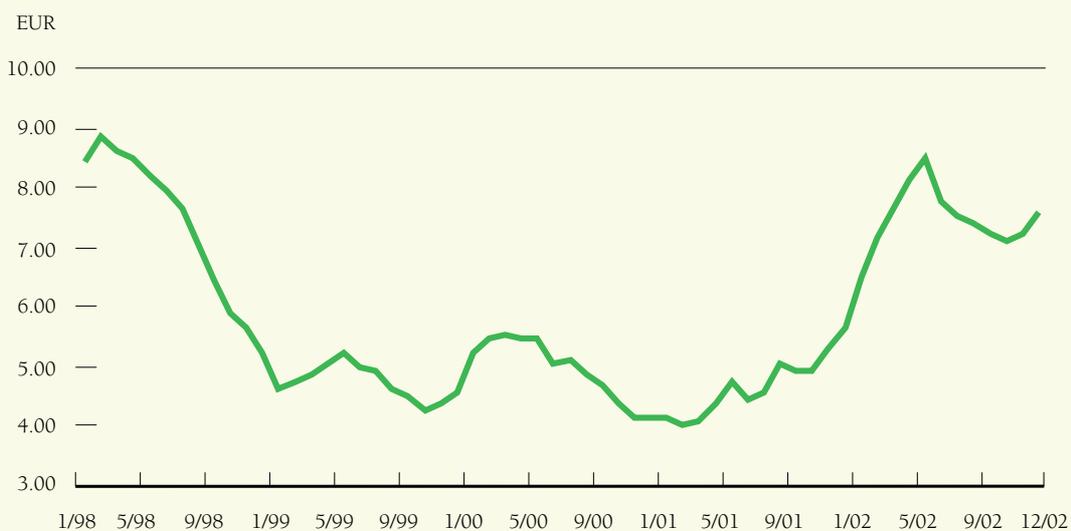
### 3. MANAGEMENT'S SHAREHOLDING

Members and deputy members of the Board of Directors and the Supervisory Board and the Managing Director and his deputy held 13,465 Series A shares on 31 Dec. 2002, representing a total of 0.01% of all the voting rights.

#### MONTHLY TURNOVER OF ATRIA OYJ'S SERIES A SHARE

Month	Turnover, EUR	Turnover, no.	Monthly low	Monthly high
January	1,671,538	256,575	5.85	6.74
February	1,733,492	242,704	6.53	7.90
March	1,172,959	152,902	7.30	8.00
April	1,122,022	138,498	7.70	8.30
May	783,792	92,452	7.80	8.90
June	158,836	20,425	7.51	8.05
July	239,676	31,839	6.52	7.88
August	479,819	64,593	6.85	8.10
September	729,123	101,248	7.08	7.30
October	238,907	33,730	6.70	7.24
November	397,107	54,919	7.11	7.30
December	445,408	58,943	7.28	8.00
Total	9,172,678	1,248,828		

#### TREND IN THE PRICE OF THE SERIES A SHARE, 1998-2002 (average price)



Nurmo, 19 February 2003

Reino Penttilä  
Chairman of the Board of Directors

Timo Komulainen  
Vice Chairman of the Board of Directors

Tuomo Heikkilä

Ilkka Yliluoma

Juha Junnila

Seppo Paatelainen  
Managing Director

Tom Weckström

## AUDITORS' STATEMENT

The financial statements presented above have been prepared in accordance with sound accounting principles. A report has been issued today on the audit performed by us.

Seinäjoki, 25 March 2003

Eero Suomela  
Authorised Public Accountant

Pekka Loikkanen  
Authorised Public Accountant

# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF ATRIA OYJ

We have audited the accounting, the financial statements and the corporate governance of Atria Oyj for the financial period from 1 January to 31 December 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on the audit, we express an opinion on these financial statements and on the corporate governance.

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

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

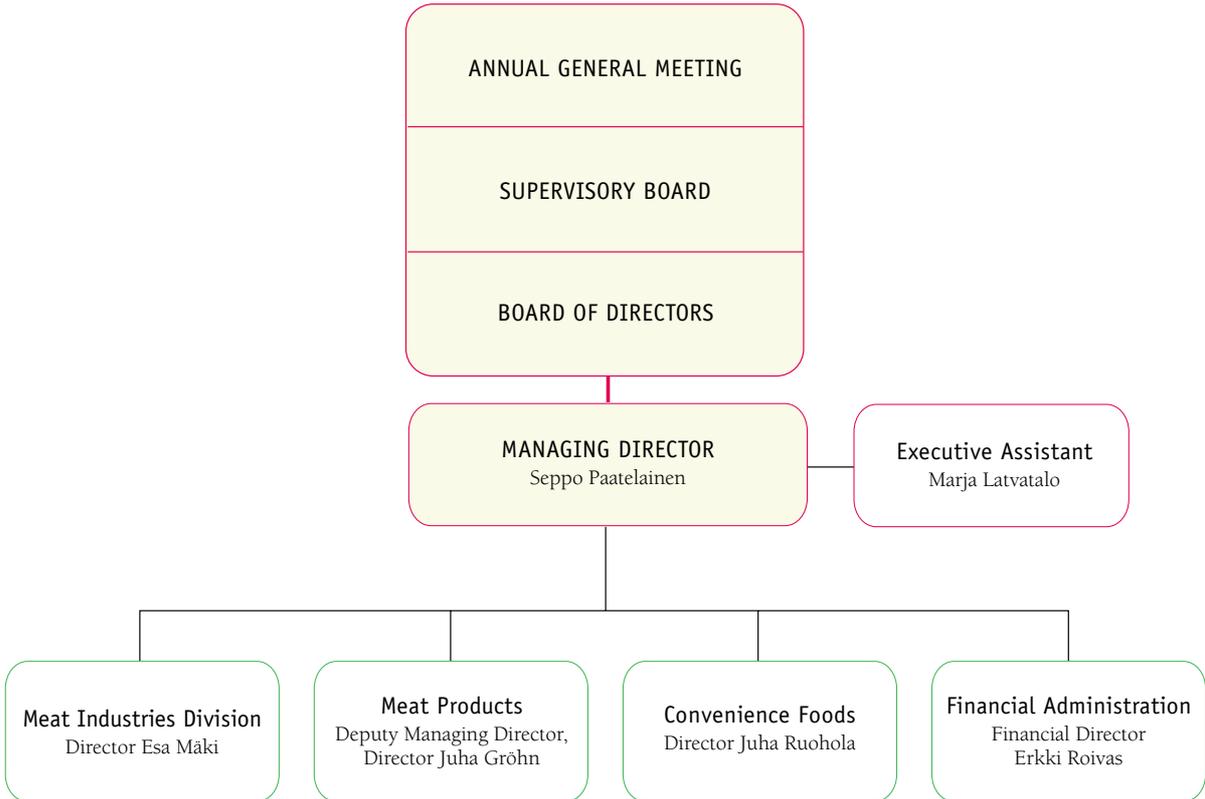
Seinäjoki, 25 March 2003

Eero Suomela  
Authorised Public Accountant

Pekka Loikkanen  
Authorised Public Accountant

# COMPANY ORGANISATION

ATRIA OYJ'S SENIOR MANAGEMENT 31 DECEMBER 2002



### The company's division into Business areas

The company's field of business is meat processing. Its industrial operations fall into three processing areas:

- Slaughtering and meat-cutting
- Meat products
- Convenience foods

The company's development efforts aim to increase the share of turnover accounted for by meat products and convenience foods while reducing sales of slaughterhouse and meat-cutting products for use as industrial raw material. In Sweden, the company owns Lithells AB, a company engaged in meat processing and meat-related trading, and in Finland, Atria owns Liha ja Säilyke Oy, a meat processing company.

## BOARD OF DIRECTORS

### Chairman of the Board of Directors

Reino Penttilä (62), Agricultural Counsellor 1991 -

### Vice Chairman of the Board of Directors

Timo Komulainen (49), Agronomist, Farmer, Board member 1996 -

### Board members

Tuomo Heikkilä (54), Farmer 1996 -

Juha Junnila (38), M.Sc. (Agriculture and Forestry), Managing Director 1999 -

Juhani Mäki (60), Farmer 1997-2002

Seppo Paatelainen (58), M.Sc. (Agriculture and Forestry), Managing Director 1991 -

Tom Weckström (59), B.Sc. (Econ.), Managing Director 1991 -

Ilkka Yliluoma (56), Farmer 2002 -

### Deputy members of the Board of Directors

Sakari Heikkilä (44), Farmer 1999 -

Veli Koivisto (50), Farmer 2001 -

Esa Kolehmainen (56), Financial Manager 1997 -

Jorma Lehto (59), Farmer 1996 -

Juhani Minni (42), Farmer 2000 -

Erkki Roivas (57), Financial Director 1991 -

## SUPERVISORY BOARD

### Chairman of the Supervisory Board

Ahti-Pekka Vornanen (43), Commercial Institute Graduate, Farmer, Member of the Supervisory Board 1999 -

1998 -

### Vice Chairman of the Supervisory Board

Martti Selin (56), Farmer, 1998 -

Member of the Supervisory Board 1995 -

### Members of the Supervisory Board

Juha-Matti Alaranta (37), Farmer 2000 -

Pentti Annala (58), Farmer 1998 -

Martti Eronen (58), Farmer 2000 -

Juhani Herrala (43), Farmer 2002 -

Henrik Holm (36), Farmer 2002 -

Paavo Hylkilä (57), Farmer 1991 -

Tarmo Joensuu (62), Farmer 1991 -

Esa Kaarto (43), Farmer 2002 -

Olavi Kangasniemi (66), Financial Counsellor, Farmer 1991-2002

Aimo Kivelä (59), Farmer 1991-2002

Olavi Kuja-Lipasti (45), M.Sc. (Agriculture), Farmer 1997 -

Kari Köpman (51), Farmer 2002 -

Jukka Lahti (60), Farmer 1998-2002

Markku Laitinen (45), Farmer 2002 -

Antti Liedes (58), Farmer 2002 -

Runar Lillandt (58), Agricultural Counsellor 1992-2002

Matti Olkkonen (55), Farmer 2001 -

Kalle Pietikäinen (53), Farmer 1991-2002

Pentti Pirhonen (48), Farmer 1999 -

Juhani Savolainen (53), M.Sc. (Agriculture), Farmer 1999 -

Juho Tervonen (52), Farmer 2001 -

Timo Tuhkasaari (37), Farmer 2002 -

Ilkka Yliluoma (56), Farmer 1992-2002

Martti Ylitalo (59), Farmer 1991-2002

## MANAGING DIRECTOR

Seppo Paatelainen (58), M.Sc. (Agriculture and Forestry) 1991 -

## SENIOR MANAGEMENT

Seppo Paatelainen (58),

M.Sc. (Agriculture and Forestry), Managing Director 1991 -

Juha Gröhn (39), M.Sc. (Food Sciences),

Deputy Managing Director

and Managing Director's substitute 1999 -

and Director, Product Industries 1998 -

Esa Mäki (36), M.Sc. (Agriculture and Forestry),

Director, Slaughtering and Meat-Cutting Industries 1999 -

Erkki Roivas (57), M.Sc. (Econ.),

Chartered Accountant, Financial Director 1991 -

## REGULAR AUDITORS

Eero Suomela, Authorised Public Accountant

Pekka Loikkanen, Authorised Public Accountant

## DEPUTY AUDITORS

PricewaterhouseCoopers Oy, Authorised Public Accountants

Markku Tynjälä, Authorised Public Accountant

The following members of the Board of Directors are due to resign:

Tuomo Heikkilä and Ilkka Yliluoma.

The following deputy members of the Board of Directors are due to resign:

Juhani Minni and Jorma Lehto.

The senior management have no benefits other than their monthly salaries. The duties of the Supervisory Board include: supervising the administration conducted by the Board of Directors and the Managing Director; giving their opinion on the financial statements and the auditors' report to the Annual General Meeting; appointing and dismissing the Managing Director and the Deputy Managing Director and deciding upon their salaries; electing members and deputy members of the Board of Directors; electing the Chairman and Vice Chairman of the Board of Directors and deciding upon their remuneration and travelling compensation; advising the Board of Directors on matters of principle or significant consequence. The Annual General Meeting decides upon the number of members of the Supervisory Board and their remuneration.

# CONTACT INFORMATION

## HEAD OFFICE

Lapuantie 594, Nurmo, Finland

### Mailing address:

P.O. Box 900, FIN-60060 ATRIA

tel. +358 20 472 8111, fax +358 6 416 8440

www.atria.fi

## Financial administration:

Vaasantie 1, Seinäjoki, P.O. Box 900, FIN-60060 ATRIA

tel. +358 20 472 8111, fax +358 6 416 8207

## Customer service centre:

Varastotie 9, Seinäjoki, P.O. Box 900, FIN-60060 ATRIA

tel. +358 20 472 8111, fax +358 6 416 8202

## Other business locations:

Ankkuritie 2, P.O. Box 147, FIN-70101 Kuopio

tel. +358 20 472 8111, fax +358 17 262 7776

Soidinkuja 4-6 B, FIN-00700 Helsinki

tel. +358 20 472 8111, fax +358 9 6135 3277

Rahikkatie 95, FIN-61850 Kauhajoki

tel. +358 20 472 8111, fax +358 6 231 3377

Tesomanvaltatie 24, FIN-33310 Tampere

tel. +358 20 472 8111, fax +358 3 345 1297

## Atria Oyj's subsidiaries which engage in business operations:

### A-Logistiikka Oy

P.O. Box 900, FIN-60060 ATRIA

tel. +358 20 472 8111

### Atria Concept Oy

Soidinkuja 4-6 B, FIN-00700 Helsinki

tel. +358 20 472 8111

### Atria Concept AB

Planiavägen 17 2 tr

SE-131 34 Nacka, Sverige

tel. +46 8 556 306 50, fax +46 8 556 306 60

### Atria Meat AB

Planiavägen 17 2 tr

SE-131 34 Nacka, Sverige

tel. +46 8 556 306 50

### Lithells AB

SE-697 80 Sköllersta, Sverige

tel. +46 19 300 300, fax +46 19 23 00 22

### Liha ja Säilyke Oy

Pusurinkatu 48, FIN-30100 Forssa

Factory department: Rantapuisto 47, FIN-30100 Forssa

tel. +358 3 41 541, fax +358 3 415 4244

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ATRIA OYJ

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