

Berner - Only the Best

Annual Review 2009

BERNER





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www.berner.fi

Berner - A Wealth of Brands

Berner is a Finnish family company that has been building its product brands for 126 years. The main office and product development are located in Helsinki. Two company factories are located in Heinävesi and Rajamäki. Customers in Sweden and the Baltic States are served by Berner subsidiaries. The goal of Berner operations is sustainable partnership with stakeholder groups.

Herbina

Herbina products combine natural ingredients with advanced technology and are domestically produced.

The Herbina brand has been guided by long-range, research-based goals. A new, more consumer-centered approach has brought positive results.



GrowHow

A garden is an important place to relax and unwind from a hectic pace of life. Gardening can be a way to take time out for yourself or to be with family and friends. GrowHow is a high-quality product line for healthy garden plants and lawns. Most importantly, it brings the joy of success to home gardeners.

Nokian Footwear

The Sport department has been building Nokian Footwear into a top-notch international brand since 2005, when the closely guarded rubber and shoe last formulas became the company's property.

In addition to the classic Kontio and Hai designs beloved by Finns, new models are constantly being added in cooperation with domestic designers and the best rubber boot manufacturers in the world.



LV

The LV product line offers gentle cleansing for the whole family, from laundry and dishwashing to personal hygiene and hair care. The fragrance-free and dye-free products have been developed in cooperation with the Finnish Allergy Asthma Federation and dermatology experts. They are suitable for people with sensitive skin or allergies and for children.

Korrek

Autovaha 616 car wax, the first Korrek wax, has been on the market since the 1960s. Since then, Korrek has continued to reinforce its position among Finnish consumers.

It has grown into an extensive family of products including a comprehensive selection of high-quality chemicals and supplies for all kinds of automotive care. Korrek products, representing Berner's own development and manufacturing resources, have been designed for the highly demanding environmental conditions in Finland.



Business Areas



The Board and Management Team



Berner Ltd Management:

Managing Director

1. George Berner (b. 1948) Master of Engineering
Chairman

2. Hannes Berner (b. 1953) MS Economics
Deputy Managing Director

3. Michael Berner (b. 1952) Master of Economics

Board:

Honorary Chairman

4. Harry B. Berner (b. 1920)

Chairman

5. Peter Berner (b. 1945) Master of Economics

Vice Chairman

Hannes Berner (b. 1953) MS Economics

George Berner (b. 1948) Master of Engineering
Managing Director

6. Klaus Berner (b. 1951) Master of Economics
Shareholder

Michael Berner (b. 1952) Master of Economics
Deputy Managing Director, Health and Research
Division Director

7. Nicolas Berner (b. 1972) LLB
Lawyer, Hannes Snellman

8. Kirsi-Marja Koskelo (b. 1955) MS Economics
Director of the Grocery and Cosmetics Divisions

9. Antti Korpiniemi (b. 1961) MS Agriculture and Forestry, BS Agriculture, EMBA
Director of the Plant Protection and
Garden Care Division

10. Hannu Raiskio (b. 1953) LLB
Administrative Director, Board Secretary

11. Antti Rinta-Harri (b. 1960) MS Agriculture and Forestry, BS Agriculture, EMBA
Director of the Agency Division

Growth and Development

ACHIEVEMENTS AND AWARDS:

2004
Family Firm of the Year, awarded by the Finnish Family Firms Association and the Foundation for Economic Education.

2006
Best Finnish Family Firm, awarded by Suomen Kuvalehti magazine.

2007
Advertiser of the Year (periodicals):
Berner's sustained and consistent branding work; targeted media design; and streamlined, elegant realization, all contributing to excellent sales outcomes.

The company has shared profits with staff since 1946.

1890s
Agency operations, a Berner cornerstone.

1883
In Helsinki, Sören Berner founds a one-man company selling herring from Norway. The product selection soon expands to include other fish and salt.

1930s
The Plant Protection division and what is now known as the Automotive division are founded.

1940s
The company begins importing medicines.

1950s
The Herttoniemi factory is opened. Importing of cosmetics begins. XZ oil treatment for hair is introduced.

1960s
Korrek automotive care products are launched, a result of Berner's own product development process. The company expands its trade operations to include hospital equipment and supplies.

1970s
The Sport, Forklift Truck, and Foodstuffs divisions are founded.

1988
George Berner becomes Managing Director

1980s
Berner buys Facotek Oy Ab and becomes a notable manufacturer and importer of products for the cleaning industry.

1998
Berner purchases Bergenheim operations from Instrumentarium and becomes the largest importer of cosmetics to Finland.

1995
Berner purchases the Sarego Agro plant protection business and numerous Finnish brands.

1990s
Berner acquires technochemical operations from Alko, thus adding Lasol and Masinol automotive care products and hospital disinfectants to its selection. A subsidiary is founded in Estonia.

Companies purchased since 2000

2009
Yara Suomi consumer business operations. Berner begins selling and marketing GrowHow products to consumers and the golf and turf industries in Finland and the Baltics.

2009
Logistics operations are concentrated in a single, modern, 258,000-square-foot logistics center in Viinikkala, Vantaa.

2007
Rajamäki vinegar operations from Altia.

2005
Nokian Footwear

2004
Herbina from Noiro

2001
LV from Unilever

Gullviks, the Swedish plant protectant wholesaler, later merged with Bröderna Berner Handels Ab.

2000
Heinävesi Kemi, for development into a modern chemical plant to replace the Herttoniemi factory.

1883

1930

1940

1950

1960

1970

1980

1990

2000

Operating Principles and Values

The basic goal of Berner activities is to manufacture and import high-quality consumer and investment goods. The company also operates as a trade agency. At Berner, business success relies on proficient services as well as flexible and effective marketing. Company operations are divided into several different areas to ensure stable economic development along with a safe and motivating workplace for staff.

VALUES

The Berner family company has been guided by the following values ever since the 1880s:

Work

The foundation of the company is the work done by its employees. All work at Berner is valuable,

meaningful, and productive. Activities are grounded in a spirit of enterprise, and everyone should have good control over the work they do.

Honesty

All operations are based on honesty – with respect to customers, principals, other partners, and staff. At Berner, honesty means operating in a dependable, just, equitable, predictable, and open manner.

Humanity

Berner succeeds when its employees succeed. The human worth of all company employees is the same regardless of their status. Berner takes care of its employees, cares about them, and believes in their potential and their capacity to develop.



Steady Demand for Consumer Products, Even in Recession

The year 2009 was the 126th year of Berner Group operations. The economic crisis and altered market conditions created a challenging business environment for Berner's eleven sales departments. The economic collapse had the greatest impact on Berner's car divisions, as consumers became more hesitant to invest in costly products.

Forklift truck sales declined significantly due to reduced investing by industries and stores. In addition, agency operations were hampered by slower sales of industrial raw materials. In the midst of recession, however, the importance of family and a good everyday life was highlighted. This was reflected in steady demand for Berner consumer products.

Even in an unstable economy, there is a need for plant fertilizers, veterinary supplies, rubber boots in rainy weather, cleaning supplies for homes and offices, and hospital products for surgical or diagnostic use and laboratory studies. Thanks to a strong, versatile brand portfolio and accurate forecasting, Berner pulled through

the challenges of 2009 and performed fairly well.

Both of our subsidiaries serving customers in Sweden and the Baltic States continued to develop in a positive direction.

During the recession, Berner focused on enhancing division operations and securing skills by recruiting 30 employees for an indefinite time period and 34 fixed-term employees.

The most significant corporate acquisition of the year was the purchase of GrowHow home gardening products from Yara Suomi.

A critical internal change in the company was combining the Technochemical and Foodstuffs divisions into a Grocery division.

The reorganization is aimed at improving operational efficiency and services. The logistics center opened in Viinikkala, Vantaa is a major competitive advantage that will help enhance Berner's services.

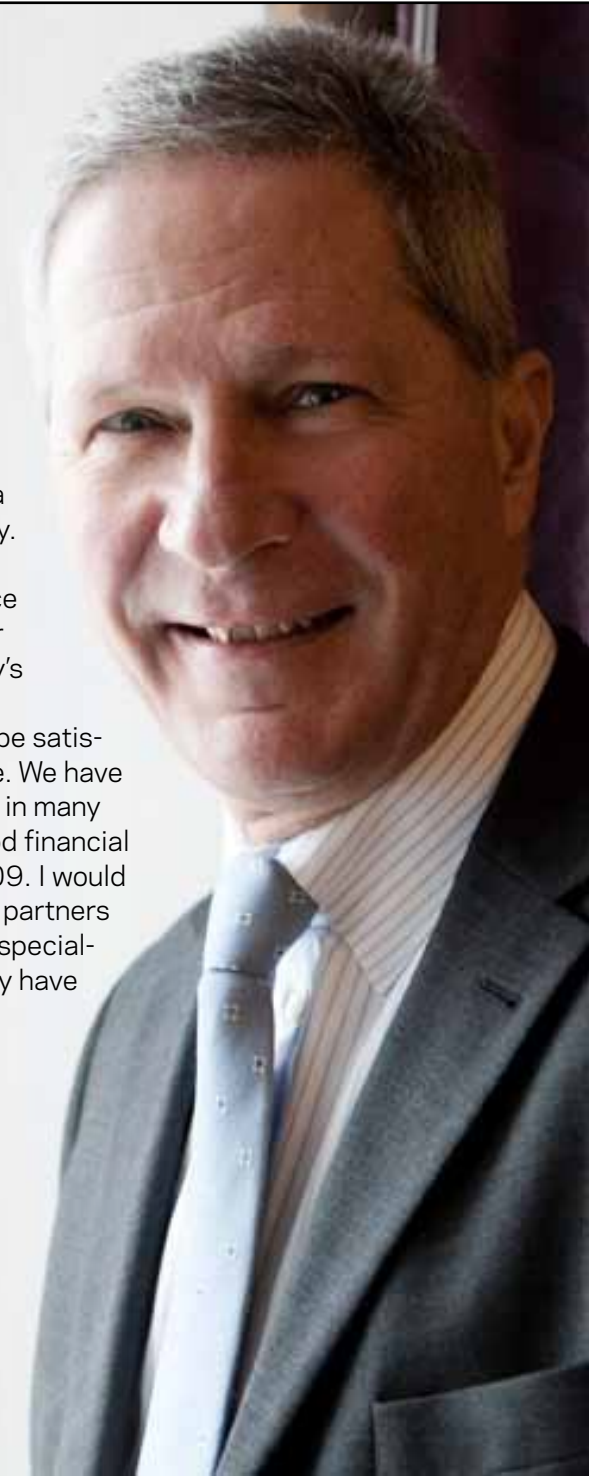
Uncertainty in the global economy will not change significantly in 2010. Increasing unemployment is likely to affect

grocery sales more than in the previous year, however.

In the coming year, Berner will pay more attention to developing its business operations in a sustainable and responsible way. In February, WWF Finland and Berner Ltd signed a Green Office agreement for working together to further enhance the company's environmental efficiency.

We at Berner have reason to be satisfied with the work we have done. We have made good decisions, improved in many sectors, and achieved fairly good financial results at the conclusion of 2009. I would like to thank our customers and partners for their confidence in us, and especially our staff for the fine work they have done in 2009.

George Berner
Managing Director



Key Figures

Despite the challenging economy, the Group's financial standing improved considerably and solvency remains high.

Staff (average)

537

Turnover

259.2
million euros

Net profit ratio

3.5 %

Return on invested capital

13.7 %

Equity ratio

67.0 %

Current ratio

3.9





In 2009,
Berner had 126
valid Key Flag
products.

Product Development and Materials Management

Berner's Product Development and Materials Management division, known by its Finnish acronym TOP, develops successful Berner brand products for consumers and professionals alike. Brands created as a result of Berner's own product development and manufacturing processes include the XZ hair care line, LV and Herbina personal care lines, Lasol and Korrek automotive care lines, Heti professional cleaning products, and Desinfektol and LV disinfectants. These products are made at the Heinävesi and Rajamäki factories.

The division also develops Berner's quality and environmental control systems and monitors legislation in this area.

The company's ISO 9001:2008 quality certification covers product development and factory production processes as well as product sales,

customer service and logistics operations. Similarly, the ISO 14001:2004 environmental certification covers product development, factory operations and logistics.

KEY FLAG PRODUCTS AND ENVIRONMENTALLY FRIENDLY PRODUCT DEVELOPMENT

In 2009, the TOP division focused on Key Flag products (product label issued by the Association for Finnish Work) and sustainable development. Several new Key Flag products were added to the LV personal-care line in 2009. A biodegradable shampoo and conditioner were developed for the Herbina product line. The traditional XZ tar shampoo was also reformulated by adding domestic spruce bud extract to this familiar product.

The division is particularly proud of the Mariderm skin care line based on Finnish lingonberry seed oil.

It is important to keep advanced skills in Finland. Product development and manufacturing made use of local raw materials and packaging to minimize shipping distances. Another aim of investing in domestic materials and production has been to help regional partners maintain employment levels and professional skills.



Berner's Rajamäki factory is the only vinegar-producing factory in Finland.

The Rajamäki Factory

Berner's Rajamäki factory has two production units, one of them specializing in ethanol- and solvent-based products, the other in white vinegars and wine vinegars. Aside from manufacturing Berner's own products, the factory is a notable subcontractor in the field. Berner employs 29 people at the Rajamäki factory.

VERSATILE PRODUCTS FROM A MORE EFFICIENT FACTORY

The two production units of the Rajamäki factory turn out large quantities of various products. Main products of the ethanol- and solvent-based production unit include windshield washer fluid, automotive care supplies, cleaning agents and detergents, and disinfectants. The factory is thus a significant manufacturer of disinfectants and cleaning agents for the healthcare and laboratory industries as well. The unit manufactures Lasol, Sinol, Masinol, Korrek, Desinfektol, Dilutus, and other brands of products.

The other unit of the factory produces white vin-

egars and wine vinegars by fermentation, mainly using domestic ingredients. The best-known brands produced by the unit are Rajamäki White Vinegar, Cider Vinegar, and Honey Cider Vinegar.

With the opening of the new Viinikkala logistics centre in 2009, collection activities based at the Rajamäki factory were discontinued. This enabled other operations to be reorganized so that the facility could be used in a more sensible way.

Activities and production lines were adjusted to even out the capacity of different lines, significantly improving the reliability of production.



The Berner factory is the third-largest industrial employer in Heinävesi.

The Heinävesi Factory

Berner's Heinävesi factory manufactures water-based hygiene, washing and cleaning supplies as well as plant protection products. Subcontractors, including the Heinävesi factory, constitute the largest shampoo manufacturer in Finland. The factory employs 35 people.

POPULAR BRANDS AND ENHANCED PRODUCTION

The most important brands of personal care, washing and cleaning products from the Heinävesi factory include XZ, LV, Herbina, Oxygenol, Tumme-li, and Heti cleaning agents.

The Heinävesi facility was hooked up to the district heating system in 2009, improving the factory's energy efficiency. Enhanced workplace ergonomics and safety in the production facility

was a priority. A SAP-based production control system was successfully introduced at the beginning of the year, and the focus in 2009 was on using the system effectively.

In professional development, the emphasis was on supervisor training to improve management skills. Cooperation between the Heinävesi and Rajamäki factories was intensified in 2009.



The Viinikkala logistics center has more than one and a half miles of warehouse corridors.

Energy is conserved by targeted lighting, i.e. turning on the lights only where people are working.

Logistics

Berner Logistics Center operations include receiving shipments, further processing, warehousing, and delivery to customers. It serves the company's Grocery, Cosmetics, Automotive, Cleanliness & Hygiene, Sport, and Health and Research divisions. The products to be stored are mostly for consumers and bulk consumers, and include a considerable portion of flammable liquids.

WIRELESS TECHNOLOGY MAKES NEW LOGISTICS CENTER MORE EFFICIENT

The new logistics center was opened in January 2009 in Viinikkala, Vantaa, giving Berner a more competitive market position. Berner's Forklift Truck division and Cleanliness & Hygiene division operate at the same facility.

Centralizing operations and incorporating effective IT solutions into logistics enhanced warehouse processes, reduced the company's shipping costs, and provided more opportunities for serving customers and principals.

The logistics center makes use of new wireless technology that has improved collection and re-

ceiving operations and made them more efficient. Light- or speech-controlled collection methods are a special feature of the Berner logistics center.

The distribution system and electronic services will be developed further. The results of this will be seen in the future as continued improvement in customer service and delivery speed and quality. Speech-controlled collection in the logistics center will also be expanded, the benefits of which will be seen as enhanced operational quality and efficiency.



Ainu children's supplies are developed in collaboration with Finnish consumers and leading experts in the field.

Groceries

Berner's Grocery division sells and markets everyday personal care products, special supplies, and foodstuffs. Well-known personal care products include the domestic brands XZ, LV, Herbina and Oxygenol, and the imported Adidas and Scholl foot care products. The special products category includes supplies for babies and mothers, such as the Ainu and Baby Björn lines. The best-known foodstuffs include domestic Rajamäki vinegars and imported Kikkoman soy sauce.

In 2009, the Grocery division was created by combining the Technochemical and Foodstuffs divisions. Operations were merged to concentrate and increase competency, enabling the division to better serve consumers, distributors and principals in the future. Berner's new logistics center in Viinikkala, Vantaa was opened at the beginning of the year. It will play a key role in Berner's future competitive position, allowing for a smooth flow of goods and closely coordinated distribution pathways.

The strengths of the new division are familiarity with Finnish consumers' everyday life and trusted local brands. In the 2009 recession, the importance of family, home, and good daily living were

highlighted. Despite the challenging market situation, the division experienced positive growth during the year.

Cosmetics consumption in Finland is predicted to grow.

Statistics show that of European countries, Finland currently spends the fourth-lowest amount on cosmetics.

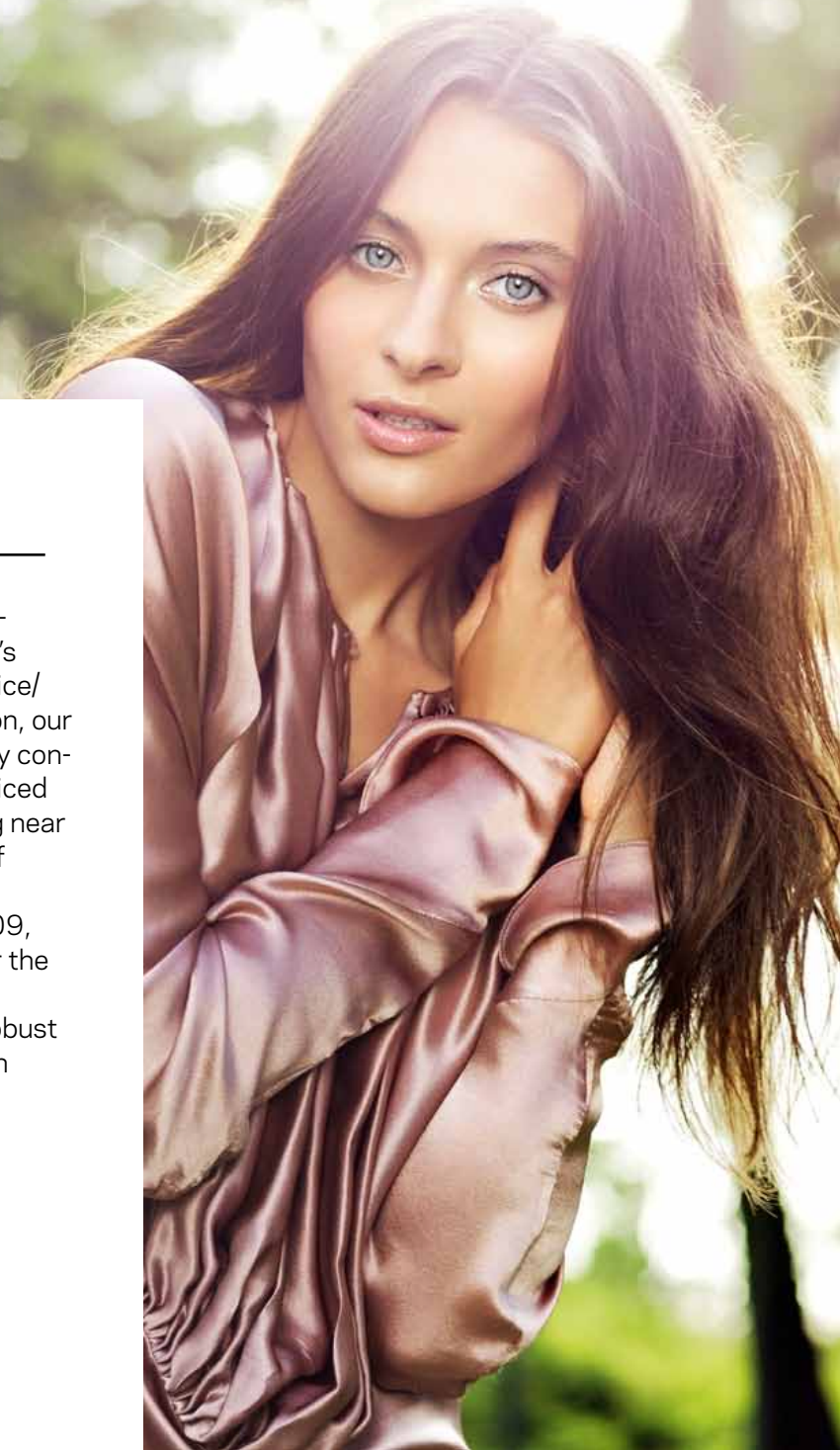
Cosmetics

Berner Cosmetics is one of Finland's largest cosmetics importers. The core of the division's operations is well-integrated service based on familiarity with local conditions and effective marketing. The cosmetics selection includes make-up, beauty care, and fragrances in various price categories distributed through various channels. Professional spa products are also available. Some of the featured brands are Rimmel, Revlon, Isadora, Mavala, Clarins, Sensai, Gatineau, and Elizabeth Arden. Fragrances include Calvin Klein, Marc Jacobs, Lagerfeld and Tabac.

The 2009 recession also had an impact on cosmetics sales in Finland. Despite the challenges, Berner's cosmetics division had a successful year. As the price/quality ratio became a more important consideration, our extensive collection had something to offer to every consumer. Make-up sales grew, especially for lower-priced brands, and the increased popularity of vacationing near home had a positive impact on Travel Retail sales of select cosmetics.

The division stopped working with Juvena in 2009, and began acting as a marketing representative for the Isadora brand in the late fall.

The cornerstone of the Cosmetics division is a robust selection of products that will continue to expand in 2010 to meet Finnish consumers' expectations.





GrowHow is a high-quality product line for healthy garden plants and lawns.

Most importantly, it brings the joy of success to home gardeners.

Plant Protection and Garden Care

Berner's Plant Protection and Garden Care division imports and markets products for controlling weeds, plant pathogens, and animal pests. The selection also includes growth regulators for cultivated plants, home lawn and turf care products, and products for controlling pests in homes or storage areas. The division has developed plant protection on farms and in home gardens in Finland since 1933.

GROWTH THROUGH CORPORATE ACQUISITIONS

The year 2009 was a challenging one for agriculture due to the steep decline in prices for agricultural products. Productivity was clearly reduced from every standpoint. This was reflected in many categories of products for agricultural use. Sales of plant protectants remained brisk, although there was a slight decline in field spraying. Despite the challenging market situation, the division's turnover increased slightly, and even the new consumer business operations got off to a promising start.

Favorable weather conditions ensured the second-largest grain crop ever. The challenge to farmers now is making production cost-effective in the current situation. Concentrating on quali-


ty is necessary to ensure strong demand.

The demand for plant protectants is expected to slump briefly in 2010 and then recover as grain prices rise.

At the start of 2009, the Plant Protection and Garden Care division was significantly boosted in the home gardening sector as Berner took on the consumer business operations of Yara Suomi Oy.

The acquisition considerably strengthens the division's position in home gardening, which is expected to be a growing market. It also makes the division a leading provider of turf fertilizer, especially for golf courses. The most important brands transferred to our division during the year were GrowHow, Greencare and the EI line.

Kotipuutarhuri



Rubber boots are a sustainable product that can be recycled.

Sport

Berner's Sport division operates in the sports and recreation sector. Its current product categories are footwear (Nokian Footwear, Scholl), ball games (Dunlop, Slazenger, Carlton, Stiga) and textiles (Woolpower). Berner Sport also owns the Nokian Footwear brand and acts as the product manufacturer.

BOOT SALES SUFFER FROM LACK OF RAIN

The year 2009 was difficult due to the economic downturn, especially for footwear meant for export and professional use. A sunny, dry summer also helps explain the slightly weaker sales of rubber boots compared to the previous year, although the Hai and Kontio models sold about as well as before. During the recession, the focus was on continued development of existing products

and taking advantage of cost-effective marketing channels, such as social media.

Weather and the seasons are a continual challenge to operations in this field. The division's long-range goal is to further improve Nokian Footwear operations and strengthen it as a more international brand. One innovation worth mentioning is expansion of the Hai model to include a Hai Kids line in the spring of 2010.

There were changes in product representation as well: the Sport division gave up the Karhu brand and the Askola manufacturing operations involved. Scholl footwear was transferred from Berner's Technochemical division to the Sport division in the summer of 2009. There are plans to add new brands to the footwear selection in 2010.

Automotive

Berner's Automotive division sells and markets automotive care products and technical chemicals for consumer and industrial use. The division's own product development laboratory is located in Herttoniemi, Helsinki, and manufacturing takes place at Berner's Rajamäki factory. In addition to the most widely recognized Korrek and Lasol brands, familiar products include Sinol, Masinol, Marinol, Hyvä Tuli Fondue fuel, and Aerol. Eva sewing machines and presses are also part of the division's product selection, along with sewing machines and sergers by Bernina, the Swiss company.

GOOD TV EXPOSURE FOR BERNINA

Sewing machine sales declined slightly in 2009. Even in the demanding market situation, we were able to maintain our position. We did especially well in specialty products, and sales in the highest price category of Bernina sewing machines increased. The image of recreational sewing was boosted by the MTV3 presentation of "Muodin Huipulle" (the Finnish version of "Project Runway"), which Berner helped produce.

Bernina sewing machines and sergers were featured in the workshops on the series, which was

televised in the fall of 2009. The prominence of Bernina on the show increased recognition of the brand and favorably demonstrated the versatility and quality of the equipment.


CHANGES TO KORREK

Like the previous year, 2009 was a good year for automotive care products. By improving presentation and offering more products sold by the pallet, a positive sales trend was sustained nationwide. Freezing weather increased the consumption of antifreeze while hurting sales of windshield washer fluid. The Korrek product line will undergo significant design changes in the current year.

The brand will be given a more dynamic look, from the packaging right down to the marketing.

The purpose of the changes is to engage consumers more fully with the brand, for example through a completely redesigned website that will be even more interactive than before.

There is continual investment in environmental improvements. Efforts are being made to reduce the amount of packaging waste and minimize the environmental impact of different processes.



Dr Korrek is Kim Lindqvist, product development chemist, who has been in charge of Korrek product development for more than twenty years.



Blue-Motion model
1.6 TDI diesel engine with EU combined consumption 4.4 L/100 km and CO₂ emissions 114 g/km.

Auto-Berner

Auto-Berner is a dealer of Volkswagen cars and vans as well as Audi and Seat vehicles in Kouvola and Lappeenranta. The Audi dealership also covers Kotka and Imatra.

Auto-Berner locations are full-service garages offering maintenance and spare parts services as well as sales.

The goal of Auto-Berner is to produce the highest level of customer service in the region, as high-quality products demand. Our strength is in the vehicle brands we represent, which are some of the most desirable on the market. New, modern facilities and skilled, well-trained staff are the best guarantee of success in the dealership regions.

Due to the challenging global economic situation, 2009 was a difficult year for vehicle sales.

Activities at Auto-Berner locations were adapted to suit the market conditions. Although total sales volume declined compared to the previous year, Audi, Volkswagen and Seat did better

than average. Market shares increased, and the total regional market share was close to 20 percent for both cars and vans.

There were upheavals in the automobile industry during the year, but the brands represented by Berner pulled through considerably better than other brands. This has reinforced the already strong market positions of Audi, Volkswagen and Seat.

The future outlook is good, and sales volume is expected to increase.



Rock salt
is 250 million
years old.
Berner supplies salt
in Finland for all
types of applica-
tions.

Agency

The Agency division is a cornerstone of Berner's business operations. The origins of the division go back to 1883, when Sören Berner founded a company specializing in the trade of foodstuffs and raw materials in Eteläranta, Helsinki. The Agency division imports and markets various raw materials and additives for numerous industrial sectors and central trading companies. Some of the largest product groups by volume are salt and basic chemicals. Fresh fruits are also traded.

The Agency division currently operates worldwide. Its employees serve as links between Finnish industries and enterprises and international suppliers, and are constantly looking for new solutions for their customers.

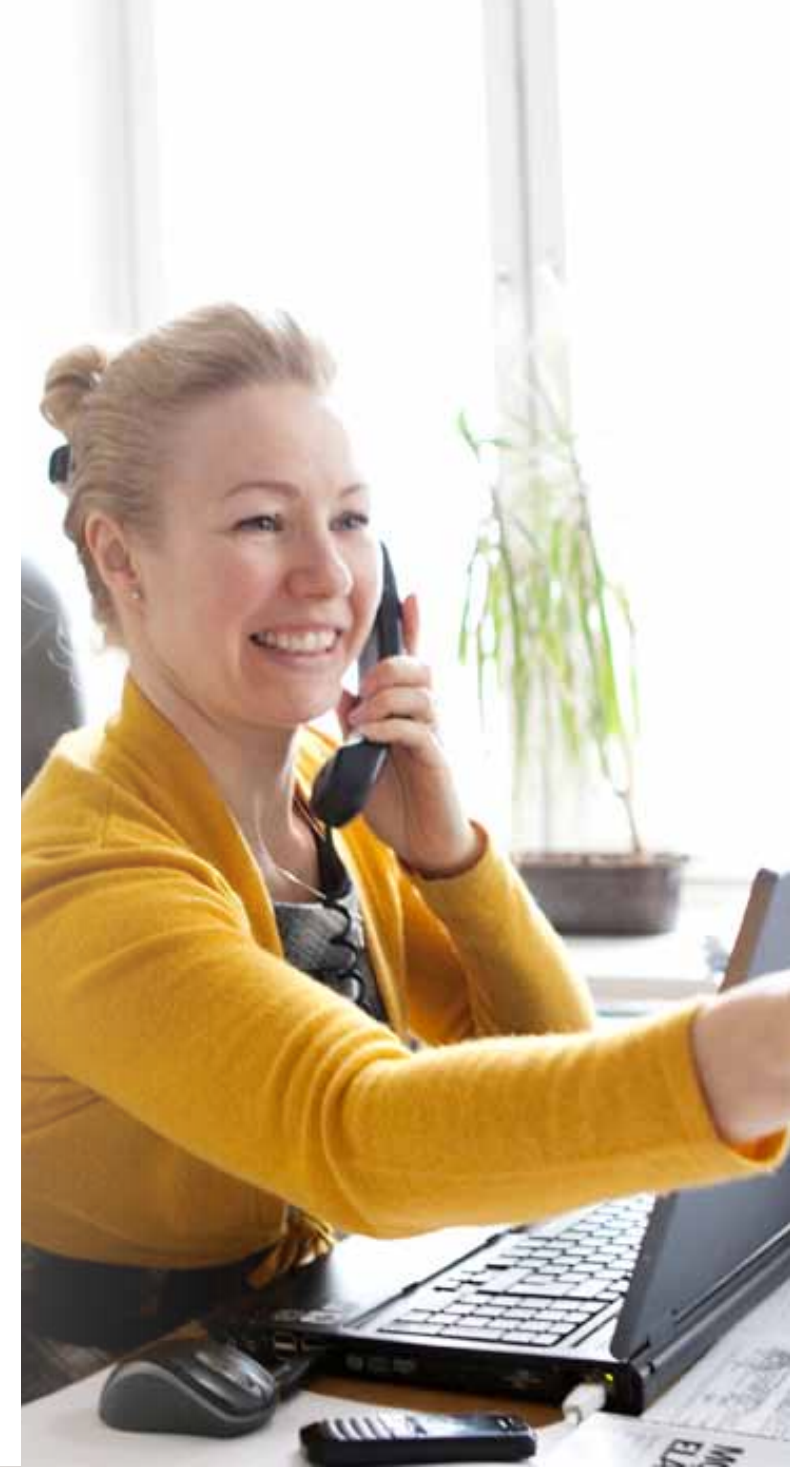
Agency division operations involve large

multinational companies with various offices and smaller agencies specializing in a particular type of product. Berner's goal is to supply raw materials in sufficiently extensive business areas for its customers and to provide services for the widest possible selection of products.

FAST AND RELIABLE DELIVERY

One factor contributing to the success of agency operations is fast and reliable domestic delivery from the Berner warehouse. Another key factor is staff that is familiar with requirements in different customer business areas and able to provide service in the customer's native language.

The agency's performance in 2009 reflects the economic recession. Overall price competition was tough in the shrinking markets, but decreased shipping costs provided some relief. One of the Agency division's pivotal development projects is to continually improve the efficiency and quality of shipping and warehousing services.





The Health and Research Academy provides training for more than ten thousand healthcare professionals annually.

Health & Science

The Health and Research division is an importer and marketer for the domestic healthcare industry. The division offers surgical, diagnostic, hospital hygiene, laboratory, and veterinary solutions to promote the well-being of humans and pets. Its operations include technical product support and customer training, a comprehensive product selection, and close collaborative relationships. More than 50 specialists in the division work closely together with Berner product development, domestic customers, and foreign principals represented by Berner.

A NEW CHALLENGE FOR THE MICROBIOLOGY PRODUCT GROUP

In the early spring of 2009, a significant corporate acquisition for the microbiology product group took place.

The purchase of Konstrumed Oy business opera-

tions involved acquiring Servant, a domestic brand. Plastic laboratory supplies such as Petri dishes, inoculating needles and loops, and different sorts of specimen containers are manufactured for microbiology applications under this brand. The prospects for 2010 are good. Taking over the management of Konstrumed activities and continued business operations has been going smoothly. The goal for 2010 is to increase recognition of the Servant brand and continue active marketing of other principals' products in this group.

ACHIEVING RESULTS THROUGH EXPERIENCE

The competitive advantages of the laboratory products team in a challenging economy have been high-quality products and strong, positive relationships with customers and long-term team partners. The laboratory team's efforts to expand the selection of equipment were also fruitful, as sales increased throughout this area. There was also a continued trend of positive growth in sales of consumer goods and Berner's own products. In the course of the year, procedures were adjusted to better serve large entities such as Aalto University.

SWINE FLU BOOSTS SALES

The most significant, best-selling hospital hygiene products in 2009 were surgical and examination gloves and hand disinfectants, sales of which were buoyed by the swine flu pandemic that reached Finland in the fall. Towards the end of the year, the selection of products for preventing infection was supplemented with a new product group of receptacles for the disposal of special or hazardous waste, and a touch-free automatic dispenser for Sensomatic disinfectants and liquid cleansers. We expect sales of both the automatic dispenser and hazardous waste receptacles to increase in 2010 as customers seek out reasonable solutions for infection prevention. In 2010, the team will concentrate on its own production, product development, and operational improvements in the private sector.

NEW PRODUCTS AND COLLABORATION

One goal of the veterinary medicine team in 2009 was to gain new products and principals, and there was success in this area. The product selection was supplemented with Andover flexible bandaging, Jokke Pet veterinary clinic products, and Alteris Technologies digital x ray solutions. The

year was a challenging one for specialty veterinary products. The economic recession affected small businesses and lowered the number of new stores. During the year, we concentrated on campaigns for Hill's Pet Nutrition products and increasing their visibility in stores. Positive expectations for 2010 are based on new Hill's Pet Nutrition product launches, improved sales of Idexx laboratory equipment, and the new Oxbow brand.

PROFITABILITY MAINTAINED THROUGH EXPERTISE

Surgery & Diagnostics sales results were affected by the uncertain global economic situation, which had an impact on the healthcare sector as well. Despite tough competition, the profitability of the team remained comparable to previous years thanks to the expertise of staff and principals and the high quality of products. In order to serve its customers and principals even better in the future, the team will concentrate on improving its operational processes, evaluation methods, and logistics solutions in the year 2010.

Another goal is to invest more in operating room products, suction equipment and requisites.



76 percent of people believe their pets are of a suitable weight, but more than half of pets are actually overweight.



Ever since the early 1970s, we have been manufacturing high-quality Heti cleaning supplies domestically and meeting the stringent demands of professional cleaning.

Cleanliness & Hygiene

Berner's Cleanliness & Hygiene division serves professionals in the cleaning, property management and street cleaning industries by manufacturing and importing high-quality cleaning agents, tools and equipment. The Cleanliness & Hygiene division operates in Russia and the Baltics as well as in Finland.

In 2009, the Cleanliness & Hygiene division continued to increase its market share. The division moved into new facilities at the logistics center. The highly functional service facilities as well as the largest and most modern exhibition and training center of its kind represent an important competitive advantage for the division. At the new facility, Berner Academy will continue to organize the training sessions valued by professionals in the field. Environmentally friendly products and methods will become more and more important in the

future, also from the standpoint of the Cleanliness & Hygiene division's business operations. A contract with Wetrok, present in Finland since 1963, expands the Cleanliness & Hygiene selection with products such as an extensive line featuring the Nordic Swan ecolabel. Wetrok's excellent products and methods are a perfect fit with Berner's Cleanliness & Hygiene vision of quality.

The
Forklift Truck
division again won
Europe's Mitsubishi
Dealer of the Year
award

Forklift Trucks

The Berner Forklift Truck division imports and markets forklift trucks and offers maintenance and spare parts servicing. Its selection includes models for handling both light and heavy materials, such as Mitsubishi counterbalanced and warehouse forklifts and Combilift multi-directional forklifts. Mitsubishi warehouse forklifts are manufactured in Finland. Major customers represent all fields: the wood, paper and metal industries, logistics, warehousing, and distribution.

Berner's Forklift Truck division is the oldest importer of Mitsubishi forklifts in Europe. It started operating in 1976 and has locations in Vantaa, Tampere and Turku. Its dealerships are located in Imatra, Oulu and Vaasa.

A PRIZE-WINNING MITSUBISHI DEALER

The price competition in Finland's forklift truck markets continued to tighten in 2009. The econo-

mic recession, tougher market conditions and manufacturers operating in southeast Asia created challenges for the division. Factors in the success of Berner's Forklift Truck division are the high quality of its products, an extensive maintenance network with 17 locations, and comprehensive service. Its competitive position is also reinforced by the centralized facility at Viinikkala for machine replacements, spare parts, and servicing. After relocating to the new facility, the Forklift Truck division accepted Europe's Mitsubishi Dealer of the Year award in the fall. The award had previously been given to the division in 2004.

In the current year, the Forklift Truck division will concentrate on boosting sales volumes. The selection of models will be supplemented with new and improved designs to meet future customer needs. In 2011, there will also be 4.0-5.0-ton Mitsubishi hybrid forklifts on the market that are more environmentally friendly.





Berner Ltd Staff and Corporate Responsibility

Human resources management at Berner Ltd is guided by the family company values: work, honesty and humanity. Areas of emphasis in human resources management include developing management practices, skills, and workplace wellness, and observing the principle of equality.

DEVELOPING MANAGEMENT PRACTICES

Responsible human resources management is based on the ability and will to achieve results with a skilled and committed staff. Berner's goal is human resources management that is equitable, just, and predictable across division lines. Human resources management is aimed at giving every Berner employee the opportunity to have control over his or her own work and workplace issues. Communication and discussion should be open in order to promote trust and a good spirit of cooperation in the workplace.

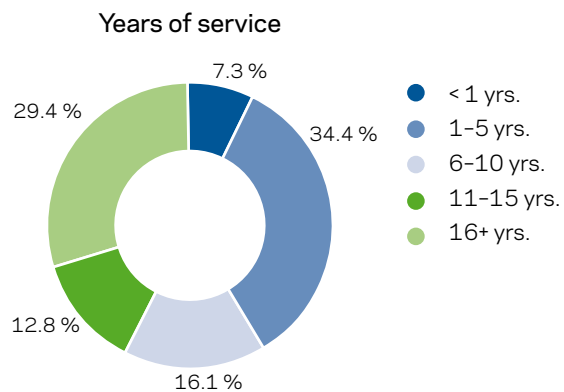
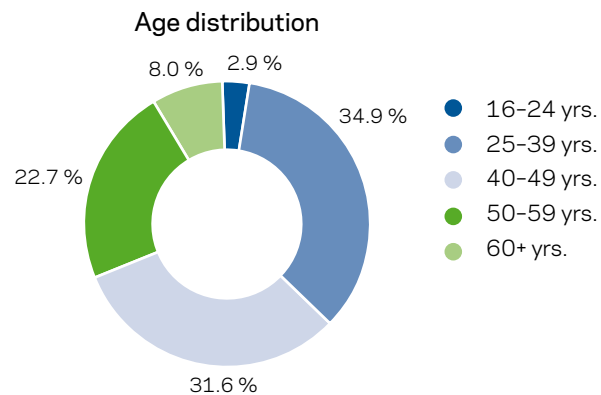
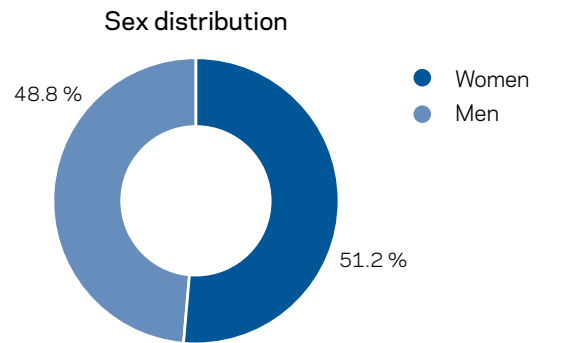
Operations are focused on improving supervisor training, standardizing procedures for development discussions, and staff reporting.

DEVELOPING SKILLS

The goal of human resources planning and recruitment is to ensure that there are sufficient skills of the right kind in the right places within the company promoting fruitful and profitable business operations. Skills development is supported by staff planning and training programs at the company and division levels, personal development plans, and improvement of recruitment and orientation activities.

ENCOURAGING WORKPLACE WELLNESS

At Berner, workplace wellness means good physical, mental and social functional capacity. Efforts are made to maintain and encourage these



through good leadership, work organization, and communication.

The company's workplace wellness plan takes into account an employee's age and attempts to integrate work and home into a meaningful and functional whole.

In 2010, the emphasis on maintaining and improving workplace wellness will be in the areas of improved age management and work schedule flexibility. Workplace wellness is supported by the company's high-quality, comprehensive occupational healthcare services and by encouraging staff to exercise independently. In 2010, in addition to the current exercise benefit, a new staff benefit will be offered for purchasing cultural services.

EQUALITY

The company's values prescribe human resources practices that treat individuals in a fair and predictable manner.

At Berner Ltd, people are respected as individuals without regard to their sex, philosophy of life, age, or other similar factor. Equality goals and activities are explained in the company's equality plan.

CORPORATE DONATIONS AND SPONSORSHIPS

In previous years, Berner has made charitable contributions to organizations such as the Finnish War Veterans' Association, the Disabled War Veterans' Association of Finland, the Oncology Clinic,

the Mannerheim League for Child Welfare, and the Clean Baltic Sea Project.

Sports sponsorships support marketing consistent with Berner's values and increase the company's visibility. Berner has traditionally supported ball games.

Sponsorship decisions are made by the Berner Ltd management team with the company image in mind. Sponsorship decisions specifically related to the LV, Herbina, Oxygenol, Ainu, Nokian Footwear, Rajamäki Vinegar, and Korrek brands are made by the division concerned.

At the end of 2009, Berner Ltd employed 463 people, 95 percent of whom were under an employment contract valid indefinitely. Staff turnover was 10 percent. There were 30 employees contracted for an indefinite time period and 34 for a fixed-term contract, three of which were made permanent during the course of the year. The average age of retirement was 63.5 years. There were 14 part-time workers at the end of the year, of whom five were on partial child-care leave, three on partial disability pension, four on part-time pension, and two had other part-time employment. Workplace absenteeism due to sickness in 2009 was 3.9 percent.



Environmental Responsibility as Part of Berner's Operations

Berner's goal is both economically and environmentally sustainable development. The company aims for social and environmental responsibility in everything it does. Health and safety considerations are also taken into account.

As part of this activity, Berner has set environmental goals to help reduce the company's environmental impact and natural resource consumption as well as its carbon footprint. Concrete objectives and the results they produce are the guiding principles for Berner's business operations.

In particular, the company will invest more heavily in office solutions and remediating the impact of its own production on the climate and the environ-

ment. Company environmental initiatives worth mentioning include its WWF Finland Green Office application and the Nordic Swan ecolabel application for its professional cleaning and kitchen sanitation products.

On the product development side, Berner is continually improving its products, operations, and know-how. The goal is to use quality and environmental control systems to minimize waste, maximize efficient use of raw materials, and develop products that have less environmental impact. This is a goal for both internal company operations and collaboration with stakeholder groups.

Berner uses the most biodegradable and recyclable raw materials and packaging possible. Pack-

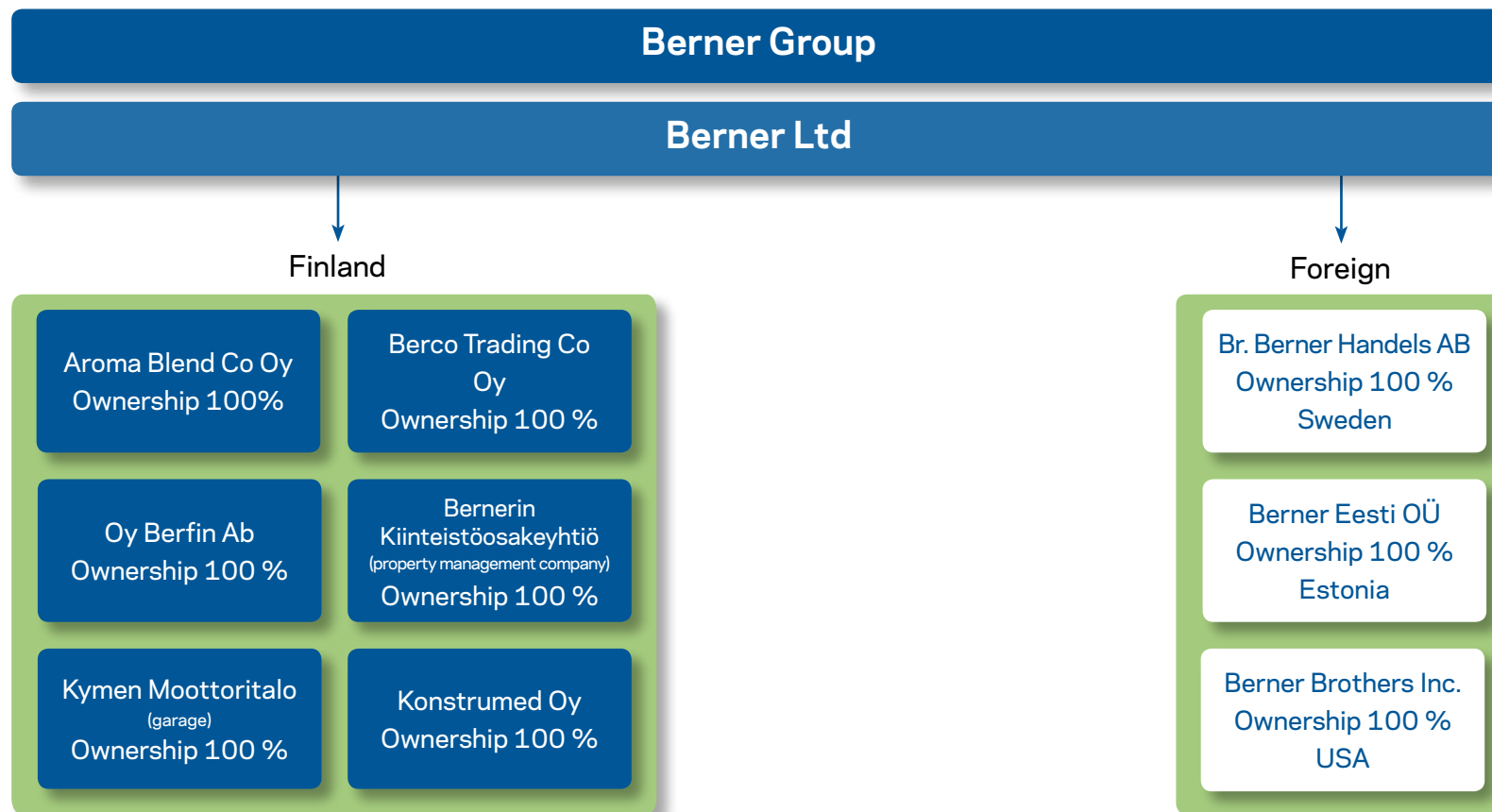
aging design aims to use uniform materials and the most lightweight options available.

Berner Ltd production facilities train their staff in environmental matters so that each employee can reduce environmental impact through his or her own actions. The goal is reviewed annually, and both customers and stakeholder groups are informed of the company's environmental activities and performance.

Berner Ltd is committed to observing the laws, decrees and regulations governing its business operations, and to continually monitoring developments in this area. The company's management and staff are also committed to this environmental policy.

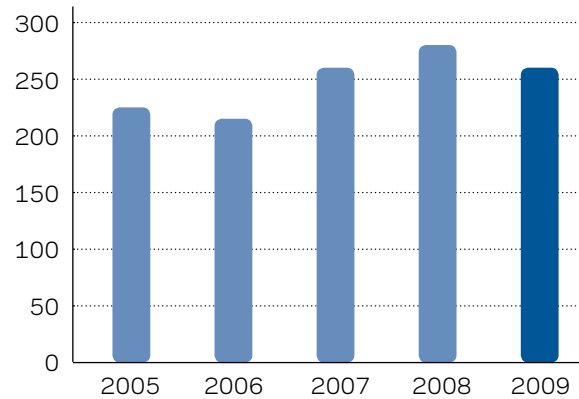
Accounts

GROUP CHART

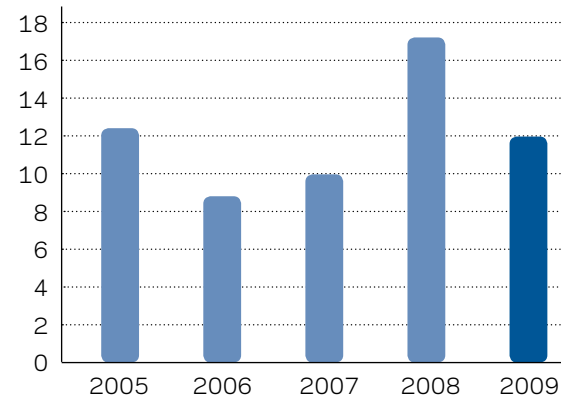


Key Figures

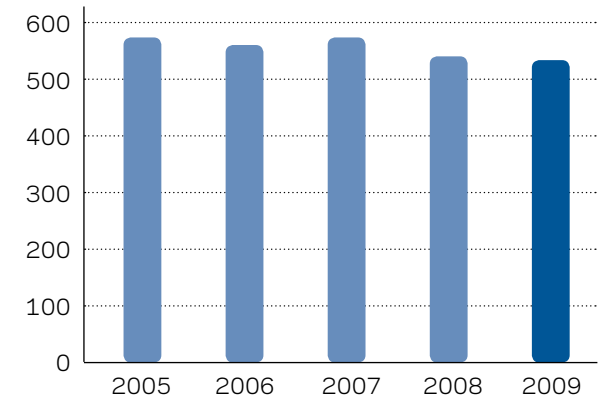
Turnover, M€



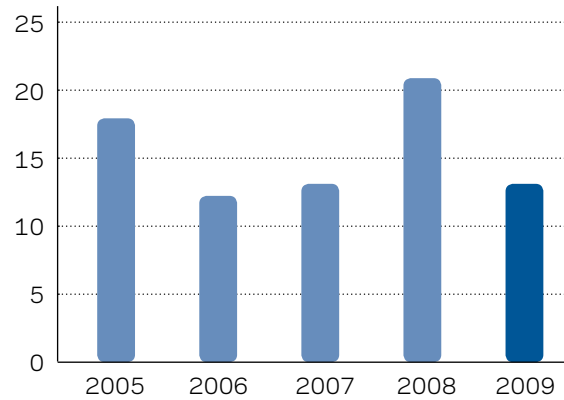
Operating profit, M€



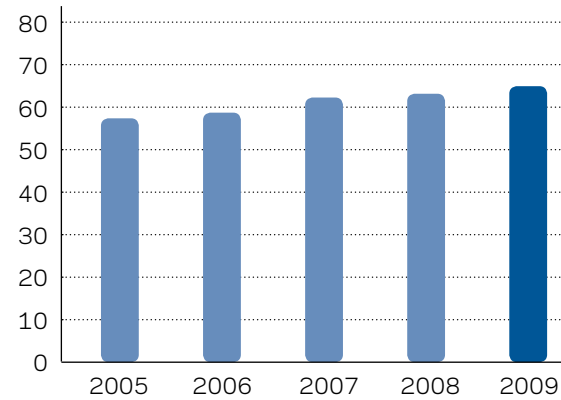
Staff



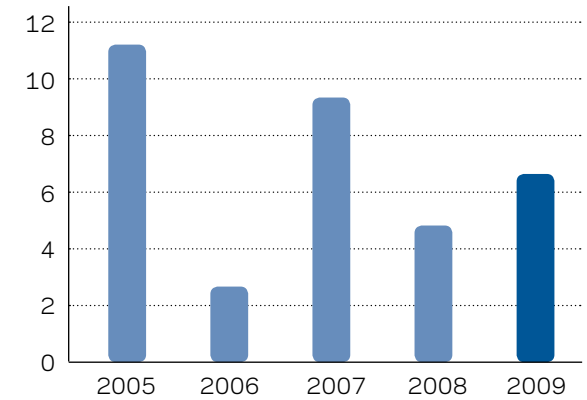
Return on invested capital, %



Equity ratio, %



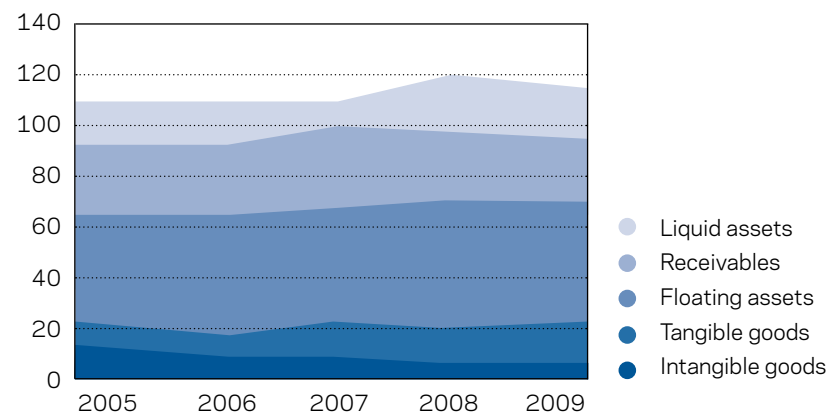
Investments, M€



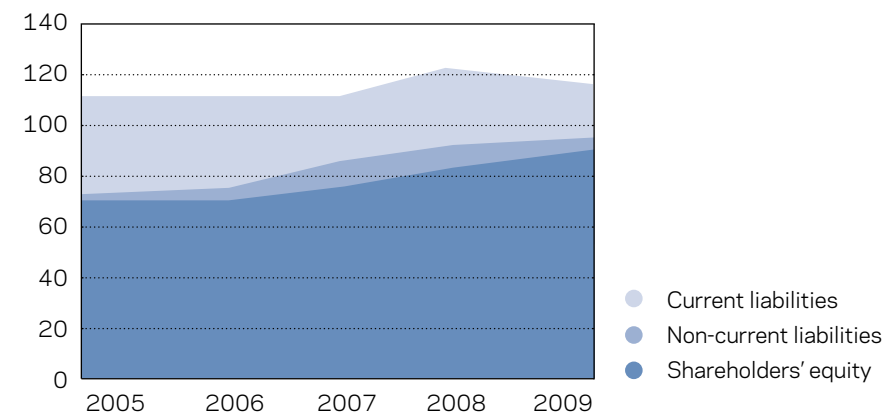
KEY FIGURES

Accounting period	2005 M€	%	2006 M€	%	2007 M€	%	2008 M€	%	2009 M€	%
General financial condition										
Turnover	244.5		242.1		258.0		280.1		259.2	
Change in turnover (%)		11.6		-1.0		6.5		8.6		-7.4
Gross investments	11.3	4.6	2.6	1.1	9.5	3.7	4.7	1.7	6.5	2.5
Total of balance sheet	108.0		108.4		109.3		121.5		118.2	
Staff	570		564		570		539		537	
Profitability										
Operating profit	12.3	5.1	8.7	3.6	9.9	3.8	17.1	6.1	11.9	4.6
Group profit in accounting period	8.8	3.6	6.6	2.7	7.1	2.7	12.5	4.5	9.0	3.5
Return on invested capital (%)		17.9		12.1		13.3		21.3		13.7
Solvency										
Equity ratio (%)		58.6		59.1		61.2		61.6		67.0
Liquidity										
Quick ratio	1.1		1.2		1.6		1.7		1.9	
Current ratio	2.3		2.5		3.4		3.5		3.9	

Structure of holdings (M€)



Structure of capital (M€)



CONSOLIDATED INCOME STATEMENT

	1/1/2009-12/31/2009		1/1/2008-12/31/2008	
TURNOVER		259,188,929.15		280,050,147.63
Increase/decrease in stocks of finished and unfinished products (+/-)		691,668.33		20,961.10
Other operating income		1,041,718.08		2,942,124.60
Materials and services				
Materials, accessories and goods				
Purchases in accounting period	168,999,741.20		193,587,504.72	
Increase/decrease in stocks (-/+)	2,290,238.19		-3,861,279.66	
External services	1,719,326.86	-173,009,306.25	1,909,386.48	-191,635,611.54
Staff costs				
Wages and salaries	22,898,184.20		23,398,040.27	
Other personnel costs				
Pension costs	4,244,969.04		3,805,824.64	
Other	1,821,693.75	-28,964,846.99	2,130,089.38	-29,333,954.29
Depreciations and writedowns				
Depreciations according to plan		-5,484,091.45		-5,589,956.22
Other operating expenses		-41,595,178.73		-39,323,175.39
OPERATING PROFIT		11,868,892.14		17,130,535.89
Financial income and expenses				
Income from other investments of non-current assets				
From others	25,481.20		24,305.50	
Other interest and financial income				
From others	628,452.50		1,370,932.67	
Interest costs and other financial costs				
To others	-476,902.44	1,77,031.26	-1,278,358.59	116,879.58
PRE-TAX PROFIT		12,045,923.40		17,247,415.47
Income taxes				
From the accounting period		-2,828,639.74		-4,546,268.11
Change in deferred taxes		-197,128.08		-165,225.45
PROFIT IN THE ACCOUNTING PERIOD		9,020,155.58		12,535,921.91
Minority share of the profit		6,610.64		707.47
Group profit in accounting period		9,026,766.22		12,536,629.38

CONSOLIDATED BALANCE SHEET

ASSETS	12/31/2009		12/31/2008	
Non-current assets				
Intangible goods	315,145.93		164,126.28	
Intangible rights	2,882,712.63		2,958,207.36	
Goodwill	1,837,005.23	5,034,863.79	1,599,358.81	4,721,692.45
Other long-term expenditures				4,721,692.45
Tangible goods				
Land holdings	1,905,038.69		1,317,466.51	
Buildings and structures	9,376,212.38		10,387,944.50	
Machinery and equipment	4,957,459.55		3,407,797.33	
Advance payments		16,238,710.62	1,109,498.00	16,222,706.34
Investments				
Shares in companies of the group	5,412.29		5,412.29	
Share in associated company	5,045.64			
Other shares and stocks	199,824.52	210,282.45	177,141.67	182,553.96
Inventories and short-term assets				
Floating assets				
Materials and accessories	2,541,433.78		2,648,702.18	
Unfinished products	348,849.20		302,180.15	
Finished products /Goods	45,865,087.60	48,755,370.58	47,382,002.13	50,332,884.46
Receivables				
Short-term receivables				
Sales receivables	23,942,115.65		25,729,159.04	
Other receivables	1,452,903.93		1,189,714.56	
Accounts receivable	1,718,459.95	27,113,479.53	1,098,845.69	28,017,719.29
Marketable securities				
Other securities		8,500,475.94		933.58
Cash in hand and at banks		12,300,436.04		22,060,612.49
		118,153,618.95		121,539,102.57
LIABILITIES				
Shareholders' equity				
Share capital	1,000,000.00			1,000,000.00
Other funds				
Reserve fund	208,482.93			206,264.69
Profit from previous periods	77,024,292.53		70,007,205.93	
Group profit in accounting period	9,026,766.22	86,051,058.75	87,259,541.68	82,543,835.31
			12,536,629.38	83,750,100.00
Minority share		19,818.89		26,429.53
External liabilities				
Long-term				
Loans from financial institutions	4,405,215.29			7,596,759.51
Deferred tax liabilities	1,372,039.23	5,777,254.52		1,196,083.89
Short-term				
Loans from financial institutions	10,284.96			924.00
Advance payments	135,720.71			31,518.18
Accounts payable	12,010,277.11			14,933,867.43
Other debts	5,569,972.33			4,967,052.48
Accruals	7,370,748.75	25,097,003.86		9,036,367.55
		118,153,618.95		28,969,729.64
				121,539,102.57

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