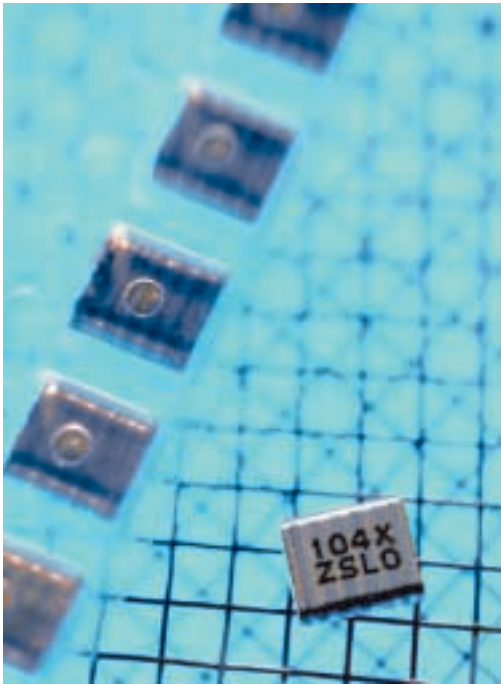




## Annual Report 2000

# Content



## Capacitor

Capacitors are essential components in electronic equipment, which cannot function without them. Capacitors are being used in electronic products from mobile phones to electric trains.

### Three basic functions of capacitors:

- ability to store electricity
- ability to separate different levels of DC voltage from each other
- ability to conduct AC voltage

### The amount of capacitors in different applications:

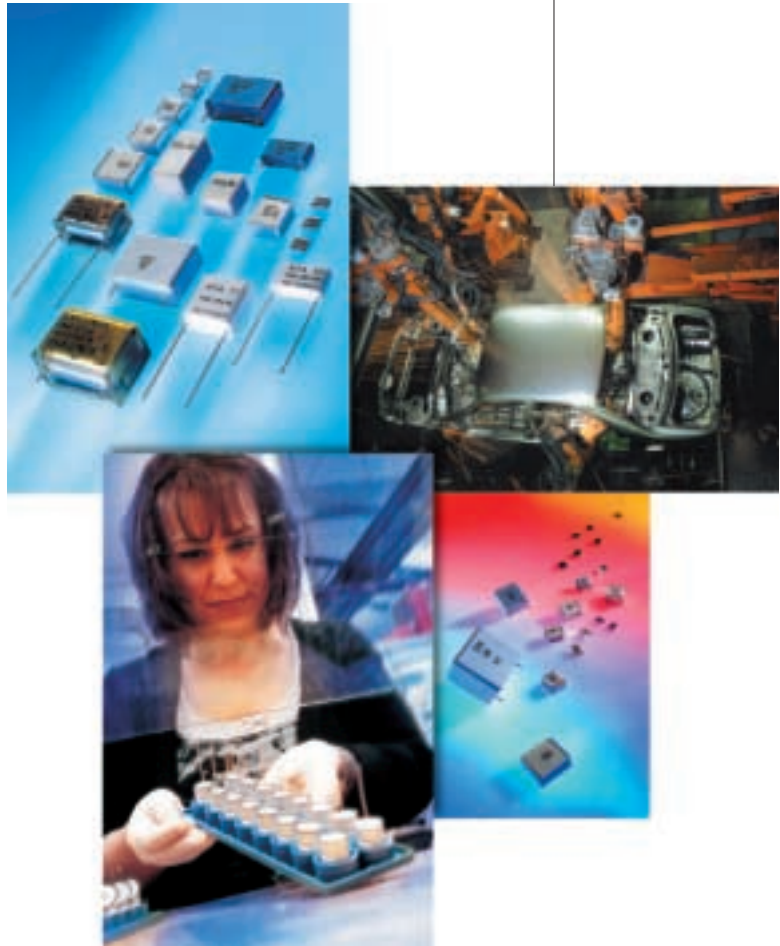
- passenger car contains even 2000 capacitors
- television set contains 200-300 capacitors
- base station for mobile phones contains hundreds of capacitors

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# Evox Rifa Group in Brief

Evox Rifa is an electronics partner with global operations. It supplies capacitors and related solutions to meet the needs of big name customers with demanding requirements.

Evox Rifa designs, manufactures and markets capacitor based solutions to key industrial sectors, in which the need of passive components is continuously growing. Key sectors are telecommunications, automotive electronics, industrial electronics and consumer electronics. The company concentrates on plastic film and paper as well as electrolytic capacitors. The strength of Evox Rifa is developing special solutions in close cooperation with customers.



## Keyfigures, pro forma

	1996	1997	1998	1999	2000
Net sales, MEUR	69,7	77,3	68,0	65,8	84,2
EBIT, MEUR	1,0	4,1	- 0,4	- 2,5	4,1
% of net sales	1,5	5,3	-0,6	-3,8	4,8
Return on investment, %	3,3	11,3	0,0	- 2,9	10,4
Earnings per share, EUR	-0,008	0,024	-0,021	-0,036	0,014
Equity ratio, %	63,2	55,0	49,6	46,1	48,7
Personnel, average	1 269	1 366	1 354	1 241	1 406
Order backlog 31.12., MEUR	14,7	18,9	12,3	17,3	35,6

## From product-orientation to a producer of customer-oriented solutions

Evox Rifa Group Oyj embarked on a new era by enlistment on the Helsinki Stock Exchange on 1.11.2000. This marked the separation from the parent company Finvest. The independent Evox Rifa Group seeks significant growth and a stable position as a market leader in the next few years. Evox Rifa supplies demanding customers with capacitor-based solutions requiring design know-how. Financially the goal is to double turnover over the next five years.

One of Evox Rifa's success elements is the skill to enter the right and suitable customer segments. The company concentrates on its specific core competence: the design and manufacture of high-end capacitor solutions, especially for industry sectors experiencing continuous growth in the use and significance of electronics. Primary such areas are telecommunications, automotive electronics, as well as industrial and consumer electronics.

## Product development and customer cooperation as foundations for growth

Evox Rifa significantly intensified efforts in new product development in the late 1990s. Our goal is to double the share of research and development expenditures from turnover, by the year 2005. Products are developed both



by creating new product lines, which correspond to general market development, and by tailoring products to specific customer's needs. New products are calculated to amount to 40% of total revenues in 2005.

One of Evox Rifa's key strengths is the reliance on tightly woven partnerships. For us, this means designing and manufacturing specialty products tailored to suit specific customer needs. The idea is to integrate with the customer's product development processes at such an early stage that best solutions for future products can be developed together.

Evox Rifa grows both organically and through partnerships. Evox Rifa's market share and product range will also increase through company acquisitions.

## Footholds on key growing industries on all continents

Evox Rifa's market areas cover Europe, Asia and North America. With a global sales organisation and distribution network, the company develops its customer services and logistics

World Total Semiconductor Market 1990-2003

Source: WSTS October 2000







solutions to guarantee the best possible service and supply reliability around the world.

Evox Rifa's production facilities are located in Finland, Sweden and Indonesia. Research, product development and the manufacture of products that require special expertise is concentrated in the Nordic countries. The Indonesian factory in Batam specialises in the production of high-volume products in close proximity to the growing Asian market. Tight product development cooperation with key customers requires the establishment of centres of expertise in different parts of the world.

Evox Rifa concentrates on passive electronic components, primarily plastic film and paper capacitors, which have a global market of 25 billion units, as well as aluminium electrolytic capacitors, with yearly sales of roughly 80 billion units.

Aluminium electrolytic capacitors are applied in telecommunications, lighting and automotive electronics as well as for control solutions in electric motors. The market is growing rapidly, especially automotive electronics.

Plastic film capacitors are used in audio and video equipment, automotive electronics, lighting equipment, measurement equipment, industrial electronics and telecommunications equipment. The market for plastic film capacitors is expected to grow over the next few years.

Paper capacitors are used for suppressing electromagnetic interference e.g. in televisions, mobile phone base stations and industrial electronics equipment. Their market is expected to remain stable.

In accordance with strategy, the product range has been expanded with ceramic capacitors through established partnerships. Ceramic capacitors are used e.g. in mobile phones.

A firm foothold on different continents and customer fields evens out the influences of the fluctuation of demand on the company's business. The share of any given field in the revenues of Evox Rifa does not exceed one fifth of the total. The world wide market share of Evox Rifa in plastic film and paper capacitors is 3 %, in axial electrolytic capacitors 13% and in big screw terminal electrolytic capacitors 4%.

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Evox Rifa turned a new leaf in its history at the turn of the millennium and to mark this, Evox Rifa Group Oyj enlisted on the Helsinki Stock Exchange on 1.11.2000. This became possible when the former parent company Finvest was divided into four separate companies. As a result, Evox Rifa can continue its operations, dating back to the 1940's, with increased independence.

Specialised know-how for demanding capacitor technology forms the heart of our growth strategy. This expertise, combined with a solid understanding of the market, enables Evox Rifa to increase its foothold in the global market. Strong proficiency and product development in our key markets – telecommunications, industrial, automotive, and consumer electronics – as well as a seamless global sales and support organisation - create a solid foundation for our world wide growth. Production and logistics efficiency will be further enhanced to serve the needs of our global customers.

Quality and expertise are the cornerstones of Evox Rifa's world wide reputation. We have utilised them as the building elements of our new and expanded business approach where we place increasing emphasis on customer-orientation and the ability to show good results.

## **Growth and development up to speed**

Through our strong branch-oriented technical knowledge, we can create genuine partnerships with customers, both in application design and in product development.

Evox Rifa is growing both organically and through company acquisitions. Our vision is that some of our products will be manufactured in our own factories, some in partners' factories and some – mainly mass market products – will be outsourced to contract manufacturers. Our future product range will also include sales items from partner companies, so that we can offer customers high-quality comprehensive solutions and reach a

position and market shares in entirely new customer segments.

We established an alliance with the Chinese company Jianghai in 2000, for subcontracting the production of aluminium electrolytic capacitors, to supplement Evox Rifa's product range. We have also initiated an agreement with Darfon Electronics, a rapidly growing firm from Taiwan. Evox Rifa will market their ceramic capacitors to industry sectors ranging from consumer electronics to telecommunications, and from hospital equipment to office automation. Evox Rifa also made an agreement with the Finnish company Micro Analog Systems Oy (MAS) for the right to market their products in North America. MAS manufactures application-specific integrated circuits especially for wireless and data transfer products. MAS's production process enables a significant reduction in the size of component networks. This type of technology has growing demand in the expanding market for wireless products. The agreement places Evox Rifa in the forefront of the integrated passive device (IPD) market, which many of our key customers are beginning to explore.

Through expansion of partnerships and company acquisitions, Evox Rifa has the opportunity to further develop and expand our pool of know-how as well as concentrate on personnel development. The emphasis of training is especially on marketing, product development and project expertise.

The organisation of Evox Rifa into business units, has brought a new level of purposefulness and results-orientation to our business. The line organisation works as a solid foundation for the development of customer service and expertise. We have increased our organisation by recruiting new professionals for various tasks in different areas. Expansive investments for production development have been made in all manufacturing sites. The agreement signed with the Swedish SKF Logistics Services in November 2000 concerning transportation of Evox Rifa products will improve our customer service and delivery performance.



### Satisfactory results growth

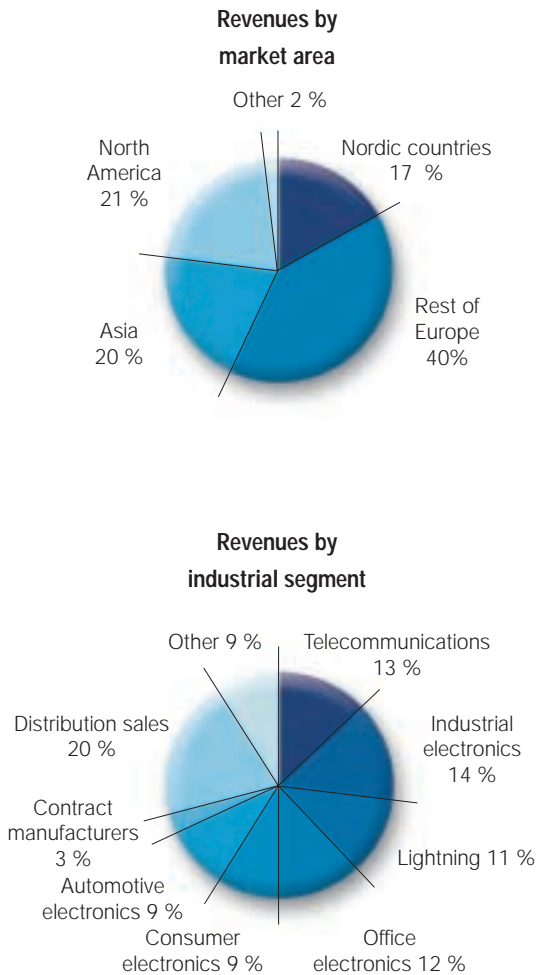
Evox Rifa's revenues grew significantly in 2000 and we made a satisfactory result. The market situation in all main branches of industry improved from the previous year and sales prices rose slightly after a long downward trend. Evox Rifa's goals for results improvement were achieved and partly exceeded. We are pleased with the overall result. Growth was slightly slowed down by difficulties in acquiring raw materials. The result was also influenced by significant investments in production. The additional capacity was completed only towards the end of the year.

The demand in 2000 was good. A market shortage of components caused companies to increase inventory levels toward the end of the year. This is now followed by cuts on too large inventories and re-scheduling of orders which started in the United States at the beginning of the current year.

### Future built on several pillars

Evox Rifa's development is independent on any particular one branch of the cyclical electronics industry. Our strength is the division of operations into different sectors, and geographical markets, where business cycles move at different rates. Both, electronic production and consumption of electronics in general are continuously growing. Although the mobile phone market is maturing, the telecommunications sector as a whole is still growing. Production in the automotive industry measured in vehicles, is decreasing, but the need for electronics components in their manufacturing is increasing steadily. In all branches of industry, new models and product generations are being introduced at an accelerating pace.

It is expected that in the future branches of industry in North America will concentrate on design, development and marketing whereas production will be shifted to countries with a more attractive manufacturing climate. The significance of Asia will continue to grow both as a large con-



sumer market and as a production area. Evox Rifa was among the European pioneers to establish operations in Asia. Evox Rifa has been able to find good partners and efficient production infrastructure in some Asian countries.

I would like to take this opportunity to personally thank the shareholders and customers for their trust in Evox Rifa. Personnel also deserve praise for work well done and for their commitment to the company in pursuit of our goals. Even in the face of changing conditions and varying challenges, a high-technology company with the right fields of specialisation and the right partners, has all the opportunities for success.

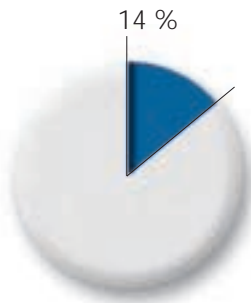
*Harri Launonen, Group President*

# Process Control is the Main Area of Application

## Industrial Electronics

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Share of the group's revenues



In industrial use, the solutions of Evox Rifa's product range are mainly used for sensor technology and test and measurement equipment, electric motor drives (frequency converters), various process control systems and uninterruptible power supply (UPS) equipment. Other areas of application include welding technology and industrial robots.

Industrial electronics accounted for 14 percent of Evox Rifa's turnover in 2000. Evox Rifa supplies precision capacitors to test and measurement equipment manufacturers and for sensor technology. For process control, the company designs and manufactures large energy-source capacitors for electric motor drives and for UPSs. In addition, the range includes power input interference suppression capacitors and various pulse capacitor solutions.

### Top-class speed and flexibility with Vacon

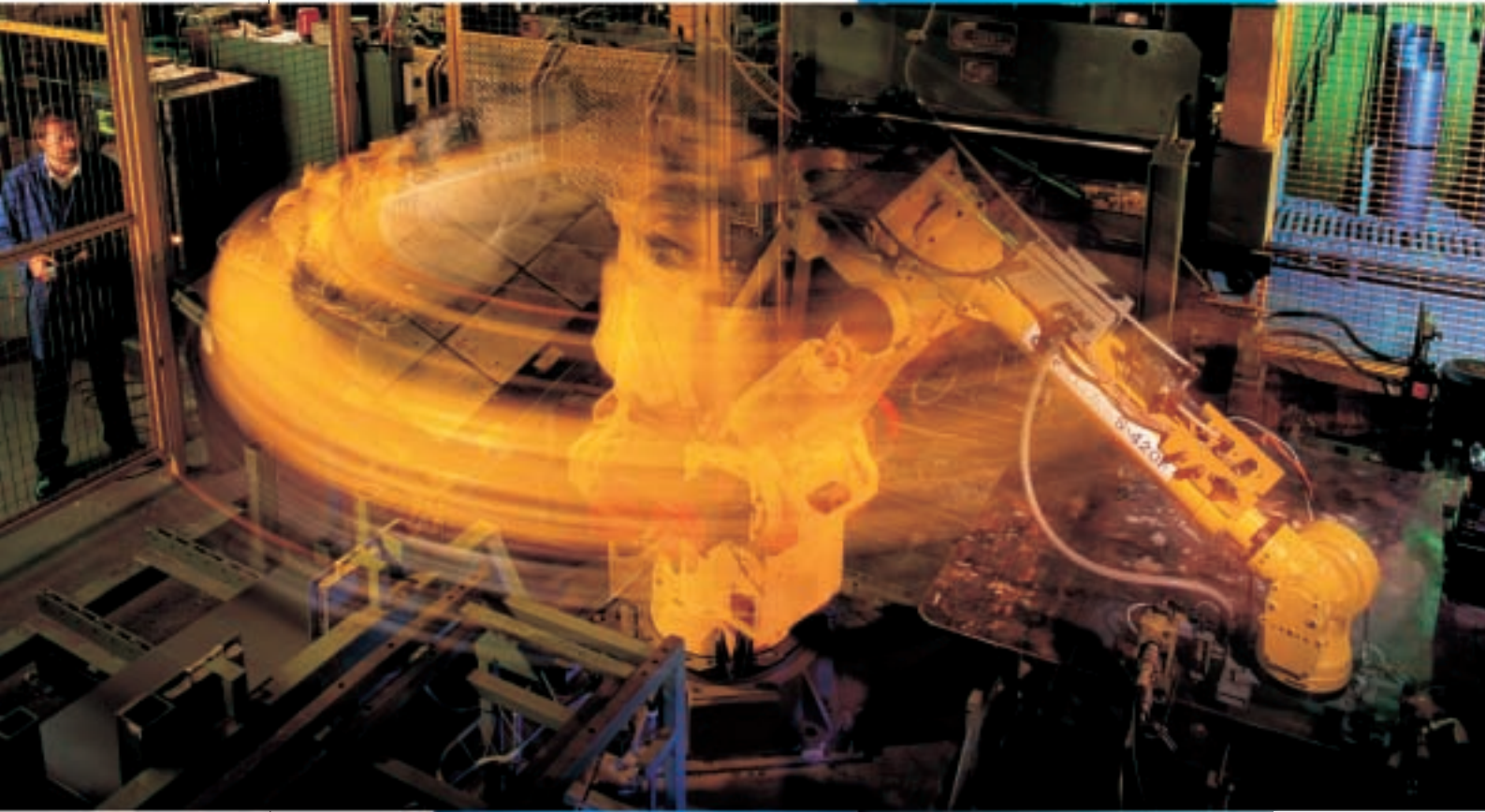
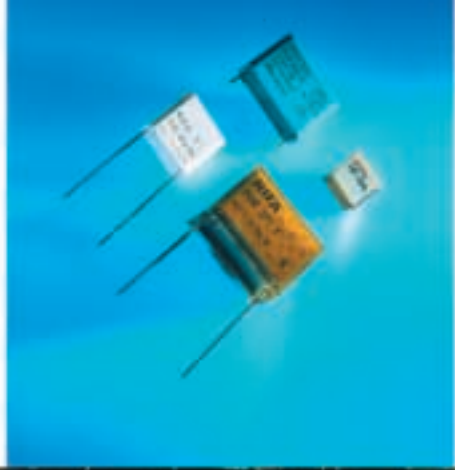
Vaasa-based Vacon Oyj is one of the world's fastest-growing manufacturers of frequency converters. Frequency converters are power electronics devices used in industry, construction and community technology, which continuously regulate the speed of the short circuit motor. Typical areas of application for frequency converters are pumps and blowers, in which a significant saving of energy is achieved in addition to process control with the speed control. Other applications include cranes, lifts, conveyors, winders and mixers.

Vacon's production process is based on subcontracting and networking. In November 2000, Evox Rifa and Vacon signed a five-year contract concerning the supply of custom designed electrolytic capacitors. Evox Rifa has co-operated with Vacon in designing a capacitor for a new generation frequency converter, and in the future it will be the key supplier of capacitors for the product in question.

Vacon selected Evox Rifa as its associate after the thorough Vacon Concept for Supplier Partnership evaluation process, in which the partner's quality, cost-efficiency, time schedules, technology, management and level of co-operation are evaluated. Vacon believes that the continuous development of operations in close co-operation will provide the opportunity to produce permanent added value to the business of both companies. In the future, speed and flexibility will become more and more important, and Vacon believes it can achieve global top class quality in co-operation with Evox Rifa.



*Industrial electronics, the branch that manufactures capital goods is less sensitive to economic fluctuations and thus provides a solid base for the operations of Evox Rifa.*



*Capacitors from all the factories of Evox Rifa are utilised in the new generation frequency converter of Vacon.*

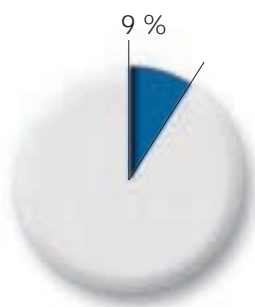


# The Amount of Electronics in Cars is Continuously Increasing

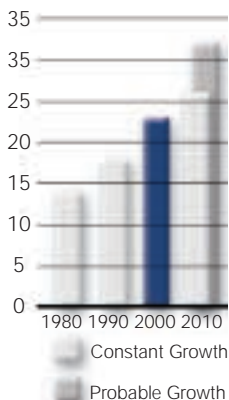
## Automotive Electronics

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Share of the group's revenues



Share of electronics in a car (% of car value)



The automotive industry grew at an even rate during the late 1990s right up to the end of 2000, after which demand has started to decrease. However, new technology is continuously being introduced and the amount of electronics in cars is rapidly increasing, while mechanical solutions are being replaced with electronics to improve performance, safety, control and comfort. The number of passive components per car has more than doubled during the later half of 1990's.

The automotive industry made up 9 per cent of Evox Rifa's turnover in 2000. Evox Rifa has maintained its position in the face of tough competition. The company supplies high-quality capacitor solutions to automotive electronics companies e.g. for the following applications: engine control and fuel injection systems and power-steering units, ABS brakes, airbag systems, lights, fan controls and many electric motors.

Evox Rifa's customers include all major car producers and their subcontractors, as well as several independent engineering agencies in different countries that perform design work for various car manufacturers. Several projects were initiated with key customers in 2000 for the development of new applications.

### Evox Rifa's high-quality capacitors are found in all car models

During the 1980s and 90s development in the car industry has been characterized by the progression of automotive equipment from mechanical to electromechanical or entirely electronic. For over 20 years, Evox Rifa has been one of the key suppliers of plastic film capacitors to the automotive industry. Capacitors are used in almost all applications, from fuel injection systems to ABS brakes and from windscreen wiper motors to airbag control systems.

The proliferation of power electronics in cars has meant a shift in the emphasis of Evox Rifa's products to aluminum electrolyte capacitors. In 1998, Evox Rifa was the first manufacturer to bring axial aluminum electrolytic capacitors classified at a temperature of 150°C for solutions concerning engine cooling onto the market. Following this, the use of electrolytic capacitors in various electric motor controls and e.g. for controlling HID lamps has seen a strong increase. Lately there have also been more and more new applications for customer-specific plastic film capacitor. During the 1990's Evox Rifa has won many quality prizes of automotive electronics companies, such as Bosch, Ford and Delphi (GM).

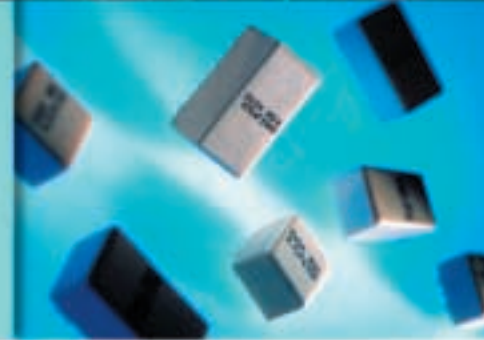




*There are up to 2000 capacitors in each new car.*



*In the car industry there is close co-operation with the customer in the product development projects from the very beginning.*

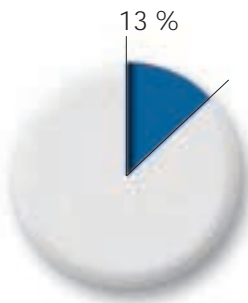


# Demand is Still Growing in Telecommunications Networks' Base Stations

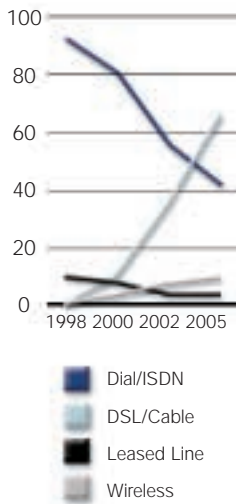
## Telecommunications

10

Share of the group's revenues



Development of data transfer services



Over the past few years, the mobile phone and telecommunications network industry has grown and globalized more rapidly than any branch of industry has before. Although the growth in the sales of mobile phones has reached its peak, new generation equipment continues to increase the demand for mobile phone network base stations. The development of the Internet's data transfer requirements signifies enormous opportunities for growth in DSL broadband networks and equipment.

In the year 2000, the telecommunications sector formed 13 per cent of Evox Rifa's turnover, in addition to which roughly two percentage points of contract manufacturing was directed at that branch of industry. Evox Rifa has particularly concentrated on capacitors for the power supplies and interference suppression filters of mobile phone base stations, as well as various applications in the field of DSL broadband networks. Evox Rifa's products can be found in the systems of leading global telecommunications companies.

With the co-operation contract signed in 2000, Evox Rifa will also start selling ceramic capacitors manufactured by Darfon Electronics, part of the Acer Group, which are widely used in the electronics industry. Evox Rifa will begin selling Darfon's products in Europe, and other parts of the world to follow at later dates. The contract signifies a considerable expansion in Evox Rifa's product range, improvements to customer service and new customer groups. The range now also includes the world's smallest ceramic capacitor, which Darfon introduced to the market in 2000. Its areas of application include usage in mobile phones.

### Emerson Network Power utilizes Evox Rifa's high-quality components

The reliability and operation of components is a central issue in the production process of network technology providers. The intelligence of the solutions is often based on innovative software technology, but flawless operation of equipment is as important.

Emerson is a global company widely recognized for developing innovative technology-driven solutions for customers operating in five business areas: industrial automation; process control; heating, ventilating and air conditioning; electronics and telecommunications; and appliance and tools. Emerson provides a broad array of power-related products for the fast-growing computer, telecommunications and networking markets. The company is a global leader in uninterruptible AC and DC power systems, embedded power supplies, environmental control systems and site monitoring systems. Key brand names – ASCO, Astec, HIROSS®, and Liebert® - are recognized worldwide.

Emerson Network Power utilizes cutting edge technology to provide customers with total solutions. Emerson cooperates with technology suppliers who can provide the company with competitive advantage and improve the efficiency in building the products. Evox Rifa is a leader in paper and plastic film capacitor manufacturing. Emerson Network Power has chosen Evox Rifa as one of their partner suppliers and utilize their quality components in the production of power supplies.



*The fast ADSL connections require for their operation high-quality plastic film capacitors.*



*Base stations and a back-ground network are needed also for transmitting signals by wireless connections.*



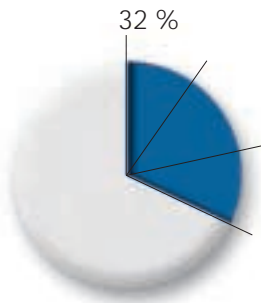


# Almost Infinite Application Opportunities

## Consumer Electronics, Office Electronics and Lighting Equipment

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Share of the group's revenues



Capacitors are needed in all electronics. For example, TV, video and audio devices contain a large number of capacitors, as do energy-efficient lighting equipment.

Consumer electronics accounted for 9 per cent of Evox Rifa's turnover in the year 2000, office electronics 12 per cent and the lighting business 11 per cent. All three branches of industry represent mass markets that have large production series and tough price competition. Evox Rifa has concentrated on supplying its capacitors to selected leading manufacturers in their fields.

For consumer electronics manufacturers, Evox Rifa supplies plastic film and paper capacitors that meet the continuously tightening requirements for cost efficiency and safety for different products. The most important area of application in office electronics is suppressing interference in monitors as well as in the power supplies of PCs and other office equipment. For the lighting industry, Evox Rifa designs and produces solutions that tolerate high heat and fulfil the small size requirements of the applications.

### A quarter of a century of co-operation with Bang & Olufsen

Bang & Olufsen is a synonym for high-class design. The globally renowned Danish brand is famous for its impressive televisions, au-

dio equipment, loudspeakers and telephones. B&O do not make compromises in technical solutions either; it always endeavours to create new innovations and provide unsurmountable quality, which is ensured by using only the best components and the suppliers with the best service.

Evox Rifa has been Bang & Olufsen's main supplier of plastic film capacitors and paper interference suppression capacitors for a quarter of a century. Together the companies have lived through the technical breakthroughs of the 1980s, for example, when B&O was the first company in the world to introduce microprocessors in its televisions. The technical changes to production at the end of the 1990s brought surface mounting plastic film capacitors into B&O's products.

The co-operation between Bang & Olufsen and Evox Rifa has always been open and advantageous to both parties. B&O's precise fault reports and Evox Rifa's error analysis and corrective action procedures have made it possible to remove almost all faults resulting from products or product applications over the years. In the last quarter of 2000, for instance, B&O detected an average of only 0.68 flaws for every million components supplied by Evox Rifa.

*The plastic film capacitors of Evox Rifa assist Bang & Olufsen to build a top-class image and sound world.*



*Saving of energy and necessary adjustment of lighting require complicated electronic solutions where capacitors play a central role.*

# The Products of the Future will be Developed in Close Co-operation with Customers

## Research and Development

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Product development is a solid pillar supporting the growth of Evox Rifa. Considerable effort has been put into development of new products and processes since the beginning of 1997. Many new product families are already in the production stage.

Products are developed both by creating new product families, which correspond to the general technical market development, and by tailoring products according to the customer's needs. The design and production of special products according to the customer's needs, based on partnership thinking, is one of Evox Rifa's strengths. At the same time, our own production develops and becomes even more efficient. A good example of associate co-operation is the five-year contract signed in 2000 with Vacon Oyj, for the supply of specially-manufactured aluminium electrolytic capacitors.

The capacitors to be supplied to Vacon will be manufactured in Sweden at the Gränna factory. With the signing of the contract, Evox Rifa is investing 20 million FIM into increasing the capacity of the Gränna factory, as well as improving its production, developing production technology and raising the level of automation. These investments also raise the production capacity of the factory's other product lines, which enables growth with other customers as well.

### **A finger on the pulse of development**

One of the goals of the Evox Rifa Group is to be a leader of capacitor development. Close partnership with key customers gives us the chance to predict the trends, and needs in different industry sectors.

In the telecommunications sector, for instance, the explosive development of the DSL broadband market means enormous possibilities for the development of surface-mount capacitor solutions. Evox Rifa is already supplying to several promising proj-

ects with DSL technology manufacturers.

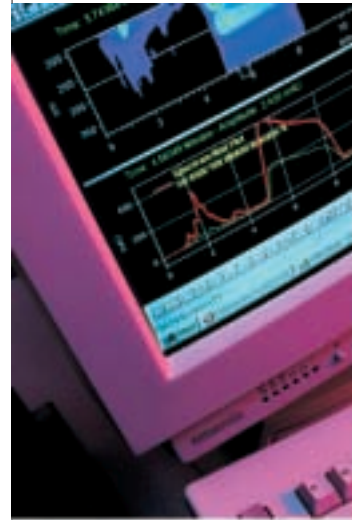
In the automotive industry, the standardisation of the 42-volt electric system will have a revolutionary effect on the automotive field. Evox Rifa is also involved in projects concerning this system by developing surface-mount plastic film capacitors. Generally, the product development requirements in various branches of industry are specially targeted to reduce the size of components, as well as make them more reliable in the operating environment. The electronics industry has largely moved to surface-mount production, which improves reliability and keeps down the level of production expenses of end products. Surface-mount technology has recently also become more common in Evox Rifa's product areas: in plastic film and aluminium electrolytic capacitors. Evox Rifa has developed several surface-mount capacitor families based on these technologies, which are manufactured at the company's factories at Suomussalmi and Kalmar. Surface-mount electrolytic capacitors will be brought onto the market in the next few years.

Evox Rifa is participating in technology development with outside organizations including some leading universities and technical schools.

Evox Rifa aims to bring several new products onto the market from each of its main product areas every year. Examples of the new products from 2000 are a general-purpose record-small polypropylene capacitor for mains interference suppression; surface-mount capacitors meant for applications requiring special precision and stability; and an axial electrolytic capacitor for demanding applications in the automotive industry.

### **Production efficiency is improved systematically**

Evox Rifa has four factory units – Suomussalmi in Finland, Gränna and Kalmar in Sweden and Batam in Indonesia. The sharing



*There has also been considerable input into the development of electrolytes used in aluminium electrolytic capacitors. This development work has built the foundation for producing reliable and durable aluminium electrolytic capacitors for very demanding applications.*





of production between the factories is rationalised and considerable investments have been made in improving production efficiency in all units.

Investments have been made in the Suomussalmi factory for production automation concerning surface-mount plastic film capacitors, and the special multi-pin DIL capacitor. In Gränna, the investments were aimed at improving the production efficiency of axial electrolytic capacitors. The investments for the production automation of plastic film interference suppression capacitors were continued in Kalmar. In addition, the factory started production of paper insulated surface-mount capacitors. Production capacity for high-volume products has been moved from Suomussalmi and Kalmar to the Batam factory unit, to take advantage of the lower labor costs there, and to reserve the capacity in the European factories for special product groups.

### **The obligations of quality tradition**

Evox Rifa is traditionally renowned for its high quality. The company's strong brand names – Finnish Evox and Swedish Rifa – have been proving their quality and reliability for decades. In the 1990s, Evox Rifa received several quality prizes awarded by customers, e.g. from Bosch, Electrolux, Ford and Delphi (GM).

Evox Rifa's factories in the Nordic countries have certified ISO 9001 level quality systems. The factory in Indonesia is certified to ISO 9002. The factories in Finland and Indonesia have already received the QS-9000 automotive industry quality system approval, and the Swedish factories will receive it during 2001.

The Kalmar factory received the ISO 14001 environmental certificate in 1999. The aim is to acquire certified environmental systems for Evox Rifa's other factories during 2001 and 2002.

In addition to product quality, the concept of quality for Evox Rifa more and more also means customer-specific services, such as the tailoring of products and services. Evox Rifa is also expanding its range of products and services by choosing partners who can meet the challenges for quality in the future.

### **Strong emphasis on ensuring proficiency**

Ensuring expertise is relevant in research and product development, so Evox Rifa endeavours to recruit new experts with the right type of professional skills. Application knowledge and know-how are also now more important, and because of this the aim is to include the customers' product development experts in our own product development projects. Co-operation with universities is important for observing the latest academic developments that could ultimately influence market activities and standardisation.

## General

After Finvest Oyj divided into four companies, Evox Rifa Group Oyj, Finvest Oyj, eQ Online Oyj and Vestcap Oyj, on 31 October 2000, Evox Rifa Group Oyj was registered in the trade register maintained by the National Board of Patents and Registration and, on 1 November 2000, went public on the main list of Helsinki Stock Exchange. As from the registration date, Evox Rifa Group Oyj owns all of the share capital of Evox Rifa Oy. The other group companies are Evox Rifa AB, Sweden; Evox Rifa Pte. Ltd, Singapore; Seoryong Singapore Pte. Ltd, Singapore; P.T. Evox Rifa S.R., Indonesia; Evox Rifa GmbH, Germany; Evox Rifa (U.K.) Ltd, United Kingdom; Evox Rifa Inc, the United States; and the affiliated company Schaffner EMC Pte. Ltd., Singapore.

## Market survey

The expansion of the use of electronics in all our customer segments and a good market situation meant a growing demand for capacitors in 2000. The volume of orders experienced an even increase for almost the entire year. The growth was limited by the shortage of components and raw materials, which affected the operations of both customers and Evox Rifa. The good market situation led to a rise in the price level after a period of continuous decline.

## Economic development

The financial information presented in this annual report are given as pro forma figures for the entire year 2000 and the years of comparison. The principles used in drawing up pro forma figures are defined in connection with other principles used in preparing the financial statements. The consolidated financial statements of Evox Rifa Group Oyj for the period 1 November to 31 December 2000, which comply with the Accounting Act and other legislation, are available from the Head Office of the company.

Due to a favourable market situation, the order backlog of Evox Rifa Group Oyj increased and reached the level of EUR 35.6 million at the end of the year 2000 (EUR 17.3 million at the end of 1999).

The net sales of the Group increased by almost 28% during the fiscal year and reached EUR 84.2 million (EUR 65.8 million in 1999).

The Group's profitability improved considerably compared to previous years. The operating profit was EUR 4.1 million (- EUR 2.5 million in 1999). The profit before extraordinary items was EUR 2.5 million (- EUR 3.2 million).

Because of the improved operational cash flow and the liquid assets received in connection with the division of Finvest Oyj, the financial status of Evox Rifa Group Oyj was satisfactory. Gross capital expenditure into fixed assets amounted to EUR 4.1 million, and the repayments of loans EUR 6.0 million, after which the net debt of the company was about EUR 9.4 million. The equity ratio of the Group was 48.7% (46.1% in 1999).

## Shares and share capital

The nominal value of the shares of Evox Rifa Group Oyj is EUR 0.05. On December 31, 2000 the number of shares was 86 685 509 and the share capital was EUR 4 334 275.45.

On November 14, 2000, the Shareholders' Meeting of Evox Rifa Group Oyj resolved to authorise the Board of Directors to decide to increase the share capital by one or several new issues and/or to take one or several convertible loans, so that in a new issue of shares and/or in convertible loans the share capital may be increased by an aggregate maximum amount of EUR 866,855 or a smaller amount corresponding to a maximum of one-fifth of the registered share capital and the aggregate number of votes attaching to the shares at the time of the authorisation decision of the Shareholders' Meeting and the decision of the Board of Directors to increase the share capital. The authorisation is in force for one year from the date of the extraordinary Shareholders' Meeting.

The Shareholders' Meeting also resolved to issue 7,500,000 stock options that entitle the holders to subscribe for 7,500,000 Evox Rifa Group Oyj shares. The stock options will be offered for subscription to later named key personnel of the Evox Rifa Group Oyj, to the management of the Group as well as to a subsidiary of the Group.

The stock options are allocated as follows: 2,000,000 will be marked with the letter A, 2,500,000 with the letter B and 3,000,000 with the letter C. The subscription period of the A-shares is 31 December 2001 — 31 December 2006 and the subscription price is the average trading price of the company's share weighted with trading vol-



umes 30 days after listing + 10%. The subscription period of the B-shares is 31 December 2003 — 31 December 2006 and the subscription price is the average trading price of the company's shares weighted with trading volumes 30 days after 31 December 2001 + 15%. The subscription period of the C-shares is 31 December 2004 — 31 December 2006 and the subscription price is the average trading price of the company's shares weighted with trading volumes 30 days after 31 December 2002 + 15%. From the share subscription price shall be deducted the amount of dividends resolved upon and distributed before the subscription of shares. The subscription price may not, however, be less than the nominal value of the share. Pursuant to the share subscription the share capital can be increased by a maximum of EUR 375,000. The shares will have to be paid for when subscribed.

#### **Personnel**

At the end of the fiscal year, the number of personnel of Evox Rifa Group Oyj was 1504 (1243 in 1999), and there was an average of 1406 (1241) employees during the accounting period, of which 1164 (1015) were workers and 242 (226) office staff.

#### **Research and development**

Research and development has been divided between the different factories of Evox Rifa Group according to their areas of expertise. Evox Rifa AB in Kalmar is responsible for developing mains interference suppression capacitors and pulse capacitors; Evox Rifa AB in Gränna develops electrolytic capacitors and Evox Rifa Oy in Suomussalmi traditional and surface-mount plastic film capacitors. PT Evox Rifa in Batam, Indonesia, is not yet involved in actual product development but manufactures, when necessary, customised product versions. The Group's R&D investments were 3,7 % of net sales.

During the year 2000, the product development department in Gränna and Suomussalmi and the application department in Batam were especially strengthened. This was part of the plan to double the product development input of the entire group by 2005, when its share of the turnover should be 8%.

In the year 2000 the company also introduced 10 new product families or important expansions of

product families. In addition to this, a large number of customised product versions and trial products were manufactured. In order to develop new electrolytes, significant research in basic chemistry has been carried out in Gränna. The electrolytes may be applied to several new products in the future.

#### **Environment**

In environmental issues, Evox Rifa follows the stipulations of the ISO 14001 standard. To date, the environment management system has been certified at the factory in Kalmar. Other factories are building the system and certification will be applied for during 2001-2002.

The principles of sustainable development are followed in product development. In new products the raw materials and methods used are assessed as part of the product development process. The demand for energy is minimised and the recycling possibilities of waste materials are taken into account in the planning of processes.

#### **Management and auditors**

The Board of Evox Rifa Group Oyj consists of the following persons: Chairman, CEO Jerker Molander and Board members: President and CEO Mikko J. Aro; President and CEO Jarmo Niemi and Managing Director Anders Oldenburg.

The above-mentioned persons also acted in the same composition during the accounting period on the Board of Evox Rifa Oy.

The President of Evox Rifa Group Oyj was Mr Harri Launonen MSc. (Tech.).

The auditor of the Group is SVH Pricewaterhouse Coopers Oy, Certified Accountants, the responsible auditor being Ms Ulla Holmström, Authorised Public Accountant.

#### **Outlook for the year 2001**

The instability of the markets has continued since the beginning of 2001 and there are no signs of an end to that. Cuts on too large inventories which started in the United States and revisions of given forecasts as well as re-scheduling of orders affect also the capacitor market.

We expect that the growth of our company will follow the market growth at the minimum. Our expectations are based on current market forecasts and the good reception of our new products.

# Consolidated Pro forma Income Statement

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	1.1.-31.12.2000 1000 €	1.1.-31.12.1999 1000 €
<b>1. NET SALES</b>	84 162	65 814
Change in finished goods and work in progress inventories	2 272	-2 493
<b>2. Other operating income</b>	331	620
Share of associated companies' profits (+) / losses (-)	-38	14
<b>3. Materials and services</b>	-29 061	-20 789
Change in raw materials inventories	146	-133
<b>4. Personnel expenses</b>	-36 929	-30 522
<b>5. Depreciation and write-downs</b>	-3 338	-3 181
Other operating expenses	-13 494	-11 839
	-82 676	-66 464
<b>OPERATING PROFIT (LOSS)</b>	4 051	-2 509
<b>6. Financial income and expense</b>	-1 559	-657
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS</b>	2 492	-3 166
<b>7. Extraordinary items</b>	-41	0
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	2 451	-3 166
Appropriations		
<b>8. Direct taxes</b>	-1 060	158
Minority interest	-199	-70
<b>PROFIT (LOSS) FOR THE PERIOD</b>	1 192	-3 078

# Consolidated Pro forma Balance Sheet

ASSETS	31.12.2000 1000 €	31.12.1999 1000 €
<b>FIXED ASSETS AND OTHER NON-CURRENT ASSETS</b>		
1. Intangible assets		
Other capitalized expenditure	169	36
	169	36
1. Tangible assets		
Land areas	639	647
Buildings and structures	5 125	5 364
Machinery and equipment	11 850	13 022
Other tangible assets	90	39
Advance payments and fixed assets in progress	2 540	857
	20 244	19 929
Investments, non-current		
2. Shares in associated companies	83	121
3. Other shares and shareholdings	60	17
	143	138
<b>FIXED ASSETS AND OTHER NON-CURRENT ASSETS TOTAL</b>	<b>20 556</b>	<b>20 103</b>
<b>CURRENT ASSETS</b>		
Inventories		
Raw materials and supplies	6 406	5 953
Work in progress	3 667	3 619
Finished goods	7 756	6 006
	17 829	15 578
Long-term receivables		
4. Other receivables	433	415
	433	415
Non-current receivables		
Accounts receivable	16 319	14 052
Loan receivable	73	58
4. Other receivable	1 757	1 695
5. Prepaid expenses and accrued income	729	316
	18 878	16 121
Current investments		
Other investments	4 612	0
Cash in hand and in banks	2 298	12 720
	6 910	12 720
Total non-current and current assets	44 050	44 834
	64 606	64 937
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
6. SHAREHOLDERS' EQUITY		
Share capital	4 334	4 334
Other restricted equity	12 989	12 989
Non-restricted equity	13 518	12 217
TOTAL SHAREHOLDERS' EQUITY	30 841	29 540
MINORITY INTEREST	612	395
LIABILITIES		
7. Deferred tax liability	1 374	768
8. Non-current liabilities		
Loans from credit institutions	11 869	11 704
Pension loans	3 153	3 537
Total non-current liabilities	15 022	15 241
Current liabilities		
Current loans from credit institutions	1 300	7 094
Advances received	6	19
Accounts payable	5 910	4 706
Other current liabilities	2 382	1 659
9. Accrued expenses and deferred income	7 160	5 515
Total current liabilities	16 758	18 993
	64 606	64 937

# Consolidated Pro forma Cash Flow Statement

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	2000 1000 €	1999 1000 €
Operational Cash Flow		
Operating profit (loss)	4 051	-2 509
Share of the annual net income in associated companies	38	-14
Depreciation and write-downs	3 338	3 181
Financial income and expense	-1 559	-657
Direct taxes	-1 060	158
	4 808	159
Change in Working Capital		
Inventories, increase (-) decrease (+)	-2 251	932
Trade receivables, increase (-) decrease (+)	-2 742	-3 718
Non-interest bearing loans, increase (-) decrease (+)	3 556	1 865
Operational cash flow	3 371	-762
Investments		
Investments in shares, net	14	-13
Investments in other fixed assets, net	-3 786	-3 220
Total investments	-3 772	-3 233
Cash flow before financing	-401	-3 995
Financing		
Loan receivable increase (+) decrease (-)	-15	-2
Other receivable increase (+) decrease (-)	18	-89
Non-current loans increase (+) decrease (-)	-219	-163
Other non-current debt increase (+) decrease (-)	606	-495
Current loans increase (+) decrease (-)	-5 794	1 794
Foreign currency translation adjustment	-5	1 598
Total financing activities	-5 409	2 643
Increase / Decrease in Liquid Funds	-5 810	-1 352
Liquid funds 1.1.	12 720	14 072
Liquid funds 31.12.	6 910	12 720

Liquid funds include cash in hand and in banks

## **The scope of consolidation**

The group financial statements include the parent company and subsidiaries in which the parent has, directly or indirectly, more than a 50% holding at the year end. Companies in which group has a holding of 20 - 50 % are consolidated as associated companies.

## **The consolidation principles**

The group financial statements are prepared using the acquisition cost method.

The intercompany income and expense, internal margins related to inventories as well as gains or losses due to sales of fixed assets are eliminated from the group accounts.

The minority interest is shown separately in the income statement and the balance sheet.

The associated companies are consolidated on the income statement and the balance sheet using the equity method.

The part of the associated companies' net income equalling to the group shareholding in those companies is shown in the income statement, on line "Share of the associated companies' profits and losses".

## **Non-current assets**

### *Valuation of the real estates*

Real estates are valued at acquisition cost or at sales price if lower than acquisition cost.

### *Other capitalized expenditure*

Other capitalized expenditure consist mainly of EDP software.

### *Depreciation principles*

Fixed assets are depreciated according to plan using straight line method. The straight line depreciation is calculated from the acquisition cost. Other capitalized expenditure

are depreciated in 3 - 10 years. Depreciation time for buildings is 25 years. Machinery and equipment are depreciated in 4-10 years.

## **Voluntary provisions and deferred tax liability**

The depreciation in excess of plan and the voluntary provisions in single companies accounts are shown as a separate provision. In group accounts this provision is divided into equity and deferred tax liability.

## **Current assets**

### *Valuation of inventories*

Inventories are valued according to the FIFO method, the average price method or the sales price, which is lower than FIFO or average price.

## **Transactions in foreign currency**

### *Foreign currency conversion*

Accounts receivable and payable are converted into euros using the European Central Bank's average rate at the fiscal year end. Foreign currency balance sheet items covered with binding contracts are converted to euros with the contract rate. The result of the realised forward contracts has been included in the accounts according to their realisation. Open forward contracts are converted at the year end rates. Foreign exchange rate gains or losses are booked to the income statement. The accrued interest of forward contracts is included in the exchange rate difference.

The foreign subsidiary financial statements are converted into euros using the fiscal year average rate for the income statement and year end rate for the balance sheet. Foreign exchange rate difference due to the



translation of the foreign subsidiary financial statements is totally included in the non-restricted equity of the group.

In the beginning of 1998 there has been a change of the accounting policy in the Indonesian subsidiary P.T. Evox Rifa: The Singaporean dollar was established as functional currency, to which transactions in the Indonesian rupee were converted. P.T. Evox Rifa in Indonesia is a part of the Evox Rifa Pte.Ltd. - sub-group. The company invoicing and other operation are almost entirely in Singaporean dollars.

#### *Pension liability coverage*

In the Finnish companies the legal pension liabilities are covered by using an insurance company. Voluntary pensions are covered with voluntary insurances.

Foreign subsidiaries cover their pension liabilities according to the local standards.

#### **Principles of the pro forma calculations**

The proforma calculations are based upon the Evox Rifa Oy sub-group's official financial statements. These are consolidated to the pro forma financial statements of the new parent company, Evox Rifa Group Oyj, which was born after the demerger of the Finvest Oyj. The pro forma income of the parent company includes interest income of 0,2 MEUR arising from short term placements in 1999. Interest income of two months in 2000 has been annualised to 12 months level. The interest income of 0,3 MEUR is included in the income statement to the financial income and expense category.

The parent company has additional ex-

penses due to the public company requirements 0,3 MEUR in 1999.

The most significant difference to the pro forma calculations presented in the Finvest demerger document is a refund of pension insurance fee from the Swedish SPP-insurance company in October 2000. The discounted net present value of that pension insurance receivable totals 1,1 MEUR and is included in the group's opening balance of November 1, 2000. The pro forma income statements and balance sheets are based on the assumption that the pension fees have been on the right level in those years from which the pension refund is calculated from. This means that personnel expenses are 0,4 MEUR smaller in 1996, 0,4 MEUR smaller than in 1997 and 0,1 MEUR smaller than in 1998 compared to the personnel expenses in the Finvest demerger document. The tax effect due to the decrease of the personnel expenses is booked to respective years. The effect of those corrections is positive to the pro forma results.

The pension insurance receivable is similarly presumed to have been generated during the same years where it is calculated from. Due to that, the receivable is 0,7 MEUR higher than in 1996, 1,1 MEUR higher in 1997 and 1,2 MEUR higher in 1998 and in 1999 than in the Finvest demerger document. In 2000 the amount money for that receivable is 0,1 MEUR.

The above described accounting for the pension receivable affects mostly to those key figures based on the owners' equity.

# Notes to the Consolidated Pro forma Financial Statements

NOTES TO THE PRO FORMA INCOME STATEMENT	1.1.-31.12. 2000 1000 €	1.1.-31.12.1999 1000 €
<b>1. NET SALES</b>		
Net sales by product groups		
Film	32 015	28 827
Paper	22 269	13 260
Electrolytic	19 450	15 566
Inductive	3 291	2 567
Others	7 137	5 594
Total	84 162	65 814
Net sales by sales regions		
Finland	2 754	3 874
Other Nordic countries	11 936	8 749
Other European countries	33 946	26 989
Asia	16 404	11 437
Northern America	17 442	13 260
Others	1 680	1 505
Total	84 162	65 814
Net sales by business areas		
Telecommunication industry	10 805	7 898
Industrial electronics	11 947	10 530
Lightning industry	9 122	8 556
Office electronics industry	9 918	7 898
Consumer electronics industry	7 725	7 239
Automotive industry	7 145	5 923
Contract manufacturing industry	2 644	0
Distributors	17 254	13 163
Others	7 602	4 607
Total	84 162	65 814
<b>2. OTHER OPERATING INCOME</b>		
Gains from sales of fixed assets	9	63
Other	322	557
Total	331	620
<b>3. MATERIALS AND SERVICES</b>		
Materials and supplies		
Materials and supplies purchases during the period	28 984	20 789
Outside services	77	0
Increase (-) / Decrease (+) in raw material and supplies	-146	133
Total	28 915	20 922
<b>4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL</b>		
Salaries and fees	27 207	22 203
Pension cost	3 672	3 509
Other personnel cost	6 050	4 810
Total	36 929	30 522
Other personnel cost includes both compulsory and voluntary personnel expense.		
The management salaries and fees		
Managing directors	958	512
Board of directors	31	125
Total	989	637
The age of retirement for the parent company managing director has been agreed to 60 years.		
Personnel during the fiscal year (average)		
Office employees	242	226
Other employees	1 164	1 015
Total	1 406	1 241
Personnel at the end of the fiscal year		
Office employees	248	225
Other employees	1 256	1 018
Total	1 504	1 243

# Notes to the Consolidated Pro forma Financial Statements

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## 5. DEPRECIATIONS AND WRITE-DOWNS

Depreciations for the tangible and intangible fixed assets	3 338	3 181
Total	3 338	3 181

Specification of the depreciation of various balance sheet items is included in paragraph "Intangible and tangible assets"

## 6. FINANCIAL EXPENSES AND INCOME

### Interest and other financial income

Interest income from non-current investments	258	34
Other financial income	2	3
<b>Total Interest income and other financial income</b>	<b>260</b>	<b>37</b>

### Interest and other financial expenses

Interest expenses	1 419	1 057
Other financial expenses	76	90
<b>Total interest and other financial expenses</b>	<b>1 495</b>	<b>1 147</b>
<b>Foreign exchange gain/(loss), net</b>	<b>-324</b>	<b>453</b>
<b>Total Financial income and expenses</b>	<b>-1 559</b>	<b>-657</b>

## 7. EXTRAORDINARY INCOME AND EXPENSES

### Extraordinary expenses

Redemption cost of pension loan	41	
Total	41	

## 8. DIRECT TAXES

Income taxes for operations	-454	-438
Change in deferred tax liability	-606	596
Total	-1 060	158

## NOTES TO THE PRO FORMA BALANCE SHEET

## 1. INTANGIBLE AND TANGIBLE ASSETS (1000 €)

	Intangible assets		Tangible assets					Total
	Other capitalized expenditure	Total	Land areas	Buildings and structures	Machinery and equipment	Other Tangible	Advance payments	
Acquisition cost 1.1.2000	852	852	722	6 889	46 285	259	869	55 024
Increase 1.1. - 31.12.	64	64			2 246	26	1 748	4 020
Decrease 1.1. - 31.12.					-1228		-77	-1 305
Acquisition cost 31.12.2000	916	916	722	6 889	47 303	285	2 540	57 739
Accumulated depreciation and write-downs 1.1.2000	-662	-662	-83	-1 423	-33 558	-172		-35 236
Accumulated depreciation from the decrease of investments					994			994
Depreciation for the fiscal year	-85	-85		-341	-2 889	-23		-3 253
Write-downs for the fiscal year								0
Accumulated depreciation and write-downs 31.12.2000	-747	-747	-83	-1 764	-35 453	-195	0	-37 495
Book value 31.12.2000	169	169	639	5 125	11 850	90	2 540	20 244
Book value 31.12.1999	36	36	647	5 364	13 022	39	857	19 929
Machinery and equipment balance sheet value at 31.12.2000					10 145			
Machinery and equipment balance sheet value at 31.12.1999					12 753			

## 2. INVESTMENTS

	31.12.2000 1000 €	31.12.1999 1000 €
Shares and shareholdings in associated companies		
Acquisition cost 1.1.	109	89
Increase 1.1. - 31.12.		20
Decrease 1.1. - 31.12.		
Purchase price 31.12.	109	109
Equity changes in associated companies		
Accumulative effects in the income statement	-26	12
Bookvalue 31.12.	83	121

## 3. STOCK OWNERSHIP

Other shares and holdings		
Bookvalue 1.1.	17	20
Increase	57	1
Decrease	-14	
Write-downs		-4
Bookvalue 31.12.	60	17

	Group shareholding / votes, %
Group companies	
Evox Rifa Oy, Finland	100,0
Evox Rifa AB, Sweden	100,0
Evox Rifa Pte. Ltd, Singapore	85,0
Seoryong Singapore Pte. Ltd, Singapore	85,0
P.T. Evox Rifa S.R., Indonesia	85,0
Evox Rifa GmbH, Germany	100,0
Evox Rifa UK	100,0
Evox Rifa Inc, USA	100,0
Associated companies:	
Schaffner EMC Pte. Ltd.	30,0

# Notes to the Consolidated Pro forma Financial Statements

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	1000 €	1000 €
<b>4. OTHER RECEIVABLES</b>		
Non-current receivable from SPP	433	415
Current receivable from SPP	715	805
Other current receivables	1 042	890
	2 190	2 110
<b>5. PREPAID EXPENSES AND ACCRUED INCOME</b>		
Pension insurance premium	220	77
Others	509	239
Total	729	316
<b>6. SHAREHOLDERS' EQUITY</b>		
Share capital 1.1.	4 334	4 334
Changes during the fiscal year		
Share capital 31.12.	4 334	4 334
Reserve fund 1.1.	12 989	12 989
Changes during the fiscal year		
Reserve fund 31.12.	12 989	12 989
Retained earnings 1.1.	12 741	14 003
Cumulative translation adjustment	-415	1 292
Retained earnings 31.12.	12 326	15 295
Net profit (- loss) for the fiscal year	1192	-3 078
Shareholders' equity 31.12.	30 841	29 540
The part of the accumulated depreciation difference and voluntary provisions presented in the equity	2 809	1 922
<b>7. DEFERRED TAX LIABILITY</b>		
From appropriations	1374	768
<b>8. LOANS MATURING AFTER FIVE YEARS</b>		
Loans from credit institutions	1132	
Pension loans	3153	3098
Total	4285	3098
<b>9. ACCRUED EXPENSES OR DEFERRED INCOME</b>		
Accrued vacation	4012	3357
Social costs	1397	913
Others	1751	1245
Total	7160	5515

## OTHER NOTES

## 1. PLEDGES, MORTGAGES, CONTINGENT AND OTHER LIABILITIES

	31.12.2000 1000 €	31.12.1999 1000 €
Debts secured with mortgages and pledges		
Loans from credit institutions	13169	12 742
Real estate mortgages	8150	7 591
Mortgage on company assets	4593	6 266
Mortgages total	12 743	13 857
Pension loans	3153	3 537
Real estate mortgages		818
Mortgage on company assets	2830	2 920
Mortgages total	2 830	3 738
Mortgages given as security total	15 573	17 595
Stocks pledged as security for other liabilities	74	54
Rental and leasing commitments	4786	4 832

## 2. RENTAL OR LEASING LIABILITIES

Due dates for financial leases with maturity exceeding one year or rental agreements irrevocable within one year are as follows:		
In 2001	1159	698
Later	3627	4 134
Total	4 786	4 832

## 3. DERIVATIVE FINANCIAL INSTRUMENTS

The value of derivative contracts made to hedge exposure against foreign currency fluctuations:		
Foreign currency options		
Bought options		
Value at the contract date	7718	
Market value 31.12.	181	
Foreign currency options		
Sold options		
Value at the contract date	8059	
Market value 31.12.	-16	
Forward contracts		
Value at the contract date	3932	1 528
Market value 31.12.	51	36

Foreign currency options and forward contracts are used to hedge foreign currency denominated assets and liabilities against currency fluctuation. The maturity of forward contracts vary from 1-3 months. Forward contracts at 31.12. are valued at the year end currency rates.



# Income Statement and Balance Sheet of Parent Company

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<b>INCOME STATEMENT</b>		<b>1.11. - 31.12.2000</b>
		1000 €
	<b>NET SALES</b>	0
1.	Personnel expenses	-271
	Depreciation and write-downs	
	Other operating income	-214
		-485
	<b>OPERATING PROFIT (- LOSS)</b>	-485
2.	Interest and other financial income	105
	<b>PROFIT (- LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	-380
	<b>PROFIT (- LOSS) FOR THE PERIOD</b>	-380
<b>BALANCE SHEET</b>		<b>31.12.2000</b>
		1000 €
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
1.	Intangible assets	
	Other capitalized expenditure	14
		14
	Investments, non-current	
2.	Shares in the associated companies	10 452
		10 452
<b>CURRENT ASSETS</b>		
3.	Non-current receivables	
	Loan receivables	7 210
		7 210
4.	Current receivables	
	Other receivables	41
	Prepaid expenses and accrued income	70
		111
	Current investments	
	Other investments	3 998
	Cash in hand and in banks	3 998
		21 785
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
5.	<b>SHAREHOLDERS' EQUITY</b>	
	Share capital	4 334
	Reserve fund	12 989
	Retained earnings	4 301
	Profit (loss) for the financial year	-380
		21 244
<b>LIABILITIES</b>		
6.	Current liabilities	
	Other current liabilities	45
	Accrued expenses and deferred income	496
		541
		21 785

# Cash Flow Statement of Parent Company

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	1.11. - 31.12.2000
	1000 €
<b>Operational cash flow</b>	
Operating profit (loss)	-485
Depreciation and write-downs	0
Financial incomes and -expenses	105
	-380
<b>Change in working capital</b>	
Trade receivables, increase (-) decrease (+)	-111
Non-interest bearing loans, increase (-) decrease (+)	541
Operational cash flow	50
Investments	
Investments in other fixed assets, net	-14
Investments total	-14
Cash flow before financing	36
Financing	
Non-current loan receivable increase (-) decrease (+)	-7 210
Total financing activities	-7 210
Increase/Decrease in Liquid Funds	-7 174
Liquid funds 1.11.	11 173
Liquid funds 31.12.	3 998

Liquid funds include cash in hand and in banks

# Notes to the Financial Statements of Parent Company

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## NOTES TO INCOME STATEMENT

1.11. -31.12.2000  
1000 €

### 1. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Salaries and fees	211
Pension costs	40
Other personnel costs	20
<b>Total</b>	<b>271</b>

Other personnel costs include both compulsory and voluntary personnel expenses.

The management salaries and fees

Managing director	21
Board of directors	7
<b>Total</b>	<b>28</b>

The retirement age of the parent company managing director has been agreed to 60 years.

Personnel during the fiscal year (average)

Office personnel	5
Other employees	
<b>Total</b>	<b>5</b>

Personnel at the end of the fiscal year

Office personnel	5
Other employees	
<b>Total</b>	<b>5</b>

### 2. INTEREST AND OTHER FINANCIAL INCOME

Interest income for other non-current investments	
Interest income from group companies	70
<b>Total</b>	<b>70</b>

Interest income from current investments	
Interest income from group companies	
External interest income	35
<b>Total</b>	<b>35</b>

<b>Interest income and other financial income total</b>	<b>105</b>
---	------------

**NOTES TO THE BALANCE SHEET**

**31.12.2000**  
1000 €

**1. INTANGIBLE AND TANGIBLE ASSETS**

INTANGIBLE ASSETS

Other capitalized expenditure

Acquisition cost 1.11.

Increase 1.11. - 31.12.

Decrease 1.11. - 31.12.

14

Accumulated acquisitions 31.12.

14

**2. SHARES**

Shares in associated companies

Acquisition cost 1.11.

Increase 1.11. - 31.12.

Decrease 1.11. - 31.12.

10 452

Accumulated acquisitions 31.12.

10 452

STOCK OWNERSHIP

Parent company's  
ownership of the stock/  
voting power, %

Evox Rifa Oy, Finland

100

**3. NON-CURRENT RECEIVABLES FROM THE GROUP COMPANIES**

Loan receivable

7 210

**4. CURRENT RECEIVABLES FROM THE GROUP COMPANIES**

Other receivable

41

Prepaid expenses and accrued income

70

Receivables from the group companies total

111

**5. SHAREHOLDERS EQUITY**

Share capital 1.11.

4 334

Changes during the fiscal year

Share capital 31.12.

4 334

Reserve fund 1.11.

12 989

Changes during the fiscal year

Reserve fund 31.12.

12 989

Retained earnings 1.11.

4 301

Cumulative translation adjustment

Retained earnings 31.12.

4 301

Net profit (loss) for the fiscal year

-380

Shareholders' equity 31.12.

21 244

Calculation of the distributable earnings 31.12.

Retained earnings

4 301

Net profit (loss) for the period

-380

Distributable earnings 31.12.

3 921

**6. NON-CURRENT LIABILITIES WITH GROUP COMPANIES**

Other short term liabilities

45

Accrued expenses and deferred income

496

Group companies total

541

**7. DERIVATIVE FINANCIAL INSTRUMENTS**

The value of derivative contracts made to hedge exposure against foreign currency fluctuations:

Forward contracts

Value of the contract date

3 932

Value of contract 31.12.

51

Evox Rifa Group Oyj has made forward contracts on behalf of its daughter company, Evox Rifa AB, to hedge foreign currency denominated assets and liabilities against currency fluctuations. The maturity of forward contracts vary from 1-3 months. Forward contracts at 31.12. are valued at the year end rates.



# Consolidated Pro forma Key Figures

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	1996 1000 €	1997 1000 €	1998 1000 €	1999 1000 €	2000 1000 €
<b>Net sales</b>	69 724	77 276	67 961	65 814	84 162
<b>Operating profit</b>	1 028	4 126	-415	-2 509	4 051
% of net sales	1,5%	5,3%	-0,6%	-3,8%	4,8%
<b>Profit (loss) before extraordinary items</b>	-569	3 629	-1 939	-3 166	2 492
% of net sales	-0,8%	4,7%	-2,9%	-4,8%	3,0%
<b>Profit (loss) before direct taxes</b>	-569	3 629	-1 939	-3 166	2 451
% of net sales	-0,8%	4,7%	-2,9%	-4,8%	2,9%
<b>Return on equity (ROE), %</b>	-2,4%	5,7%	-5,8%	-9,8%	4,7%
<b>Return on investment (ROI), %</b>	3,3%	11,3%	0,0%	-2,9%	10,4%
<b>Equity ratio, %</b>	63,2%	55,0%	49,6%	46,1%	48,7%
<b>Gross investments in fixed assets</b>	3 936	6 532	4 108	3 826	4 084
% of net sales	5,6 %	8,5 %	6,0 %	5,8 %	4,9 %
<b>Earnings / share (EPS), EUR</b>	-0,008	0,024	-0,021	-0,036	0,014
<b>Equity / share, EUR</b>	0,37	0,39	0,36	0,34	0,36
<b>Price / earnings ratio (P/E)</b>	..	..	..	..	15,5
<b>Share prices 1.11.-29.12.2000</b>					
low,	..	..	..	..	0,20
high,	..	..	..	..	0,50
average,	..	..	..	..	0,29
<b>Closing rate of the last trading day</b>					0,22
<b>Market value of total shares outstanding 31.12.2000</b>	..	..	..	..	19 071
<b>Share turnover 1.11.-29.12.2000, 1000 pcs</b>	..	..	..	..	18 779
<b>Share turnover %</b>	..	..	..	..	21,7%
<b>Total share turnover, kEUR</b>	..	..	..	..	5 267
<b>Number of shares, 1 000 pcs</b>	86 686	86 686	86 686	86 686	86 686
<b>Order backlog, MEUR</b>	14,7	18,9	12,3	17,3	35,6
<b>Average personnel</b>	1 269	1 366	1 354	1 241	1 406

# Calculation Principles of Key Figures

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## RETURN ON EQUITY (ROE), %

$$100 \times \frac{\text{profit before extraordinary items - direct taxes}}{\text{Shareholders' equity + minority share (average)}}$$

## RETURN ON INVESTMENT (ROI), %

$$100 \times \frac{\text{Profit before extraordinary items + interest and other financial costs}}{\text{Balance sheet total - non-interest bearing liabilities (average)}}$$

## EQUITY RATIO, %

$$100 \times \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}}$$

## EARNINGS / SHARE (EPS)

$$\frac{\text{Profit before extraordinary items - direct taxes - minority interest}}{\text{Adjusted average number of shares outstanding during the year}}$$

## EQUITY / SHARE

$$\frac{\text{Shareholders' equity}}{\text{Adjusted average number of shares outstanding at the year end}}$$

## PRICE / EARNINGS RATIO (P/E)

$$\frac{\text{Year end share price}}{\text{Earnings per share}}$$

## EQUITY MARKET VALUE

Total number of shares outstanding x closing rate at the last day of fiscal year

## SHARE TURNOVER, %

$$\frac{\text{Total turnover of shares during the fiscal year}}{\text{Average number of shares during the fiscal year}}$$

# Shareholders and Shares

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## Major Shareholders 31.12.2000

Shareholders	Number of shares	Holdings and votes %
Fennogens SA	25 838 921	29,81%
Veikko Laine Oy	8 049 500	9,29%
Procurator Oy	5 300 700	6,11%
The Varma-Sampo Group	4 302 000	4,96%
Stadigh Kari	2 514 821	2,90%
Nokia Oyj	1 592 342	1,84%
Uggla Christian	1 398 432	1,61%
Merita Bank Oyj	1 368 000	1,58%
The Tapiola Group	1 344 000	1,55%
Seligson Peter	1 270 432	1,47%
Nominee registered shares	4 921 055	5,68%

Number of nominee registered shares and shares in foreign ownership as of December 31, 2000 was 32 183 937, i.e. 37,1% of the holdings and votes.

## Management Share Ownership

Evox Rifa Group Oyj's Board members and President held a total of 618 784 shares, i.e. 0,7% of the shares outstanding as of 31.12.2000. As per resolution by the extraordinary shareholders' meeting on November 14, 2000, regarding the issuance of stock options, the Board members' and President's ownership could rise 1 500 000 shares if the stock options would be exercised. After that the Board members' and President's ownership would be 2118 784 shares, i.e. 2,2% of the shares outstanding.

## Distribution of Share Ownership 31.12.2000

Number of Shares	Number of Shareholders	% of Shareholders	Total Shares	% of Total Shares
1 - 1000	2 447	44,92%	1 028 357	1,19%
1 001 - 5 000	2 045	37,54%	5 257 932	6,07%
5 001 - 10 000	565	10,37%	4 300 317	4,96%
10 001 - 50 000	315	5,78%	6 648 656	7,67%
50 001 - 100 000	34	0,62%	2 574 797	2,97%
100 000 -	41	0,75%	66 875 450	77,15%
	5 447	100,00%	86 685 509	100,00%

## Distribution of Share Ownership 31.12.2000

### Shareholder Breakdown

	Numbers of total holding	Total Holding %	Number of Shares	Total Shares %
Foreign	28	0,29%	27 262 882	31,45%
Households	4 995	52,39%	25 366 620	29,26%
Companies	383	4,02%	19 818 429	22,86%
Financial -and insurance institutions	4 100	43,00%	8 238 276	9,50%
Public sector organizations	5	0,05%	5 655 750	6,52%
Non-profit organizations	24	0,25%	343 552	0,40%
Total	9 535	100,00%	86 685 509	100,00%

# Proposal of the Board for the Distribution of Earnings

According to the Group balance sheet on December 31, 2000, the retained earnings are 13 518 thousand euros.

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The parent company's distributable retained earnings are:

Not distributed previously	4 301 419,23 euros
Loss for the period	<u>379 901,55 euros</u>
Total	3 921 517,68 euros

The Board proposes the loss for the period to be transferred to the retained earnings account and not to distribute dividends.

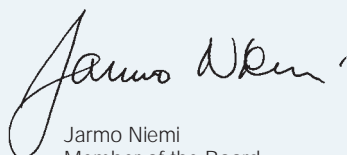
Helsinki , March 7, 2001



Jerker Molander  
Chairman of the Board



Mikko J. Aro  
Member of the Board



Jarmo Niemi  
Member of the Board



Anders Oldenburg  
Member of the Board



Harri Launonen  
President

# Auditors' Statement on the Pro forma Financial Statements

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As auditors of Evox Rifa Group Oyj, we have reviewed the consolidated pro forma income statements, balance sheets, funds flow statements and notes to the financial statements which are based on the audited financial statements of Evox Rifa Group companies for the years 1999 and 2000, as well as the pro forma key figures presented. The Evox Rifa Group pro forma information has been calculated in accordance with the accounting principles in the notes to the financial statements.

We conducted our review in accordance with the recommendation of the Association of Authorised Public Accountants in Finland. A review is primarily limited to inquiries and analytical procedures, and does not constitute an audit in accordance with Finnish Standards on Auditing. In scope and measure a review is distinctly more restricted than an audit, and thus gives only reasonable assurance of the accuracy of the information submitted.

Based on our review, nothing has come to our attention indicating that the pro forma financial statements do not present fairly, in all material respects, the consolidated result of operations as well as the consolidated financial position of Evox Rifa Group Oyj. We have issued our Auditors' Report dated March 7, 2001 on the financial statements of Evox Rifa Group Oyj for the financial period November 1 through December 31, 2000.

Helsinki, March 7, 2001

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants



Ulla Holmström  
Authorised Public Accountant



# Auditors' Report to the Shareholders of Evox Rifa Group Oyj

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We have audited the accounting, the financial statements and the corporate governance of Evox Rifa Group Oyj for the company's first financial period November 1 through December 31, 2000. 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 President. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

In our opinion the financial statements, showing a loss of 379,901.55 euros in the parent company and a loss of 143,000.00 euros in the group, 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 Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding disposal of the loss is in compliance with the Companies Act.

Helsinki, March 7, 2001

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants



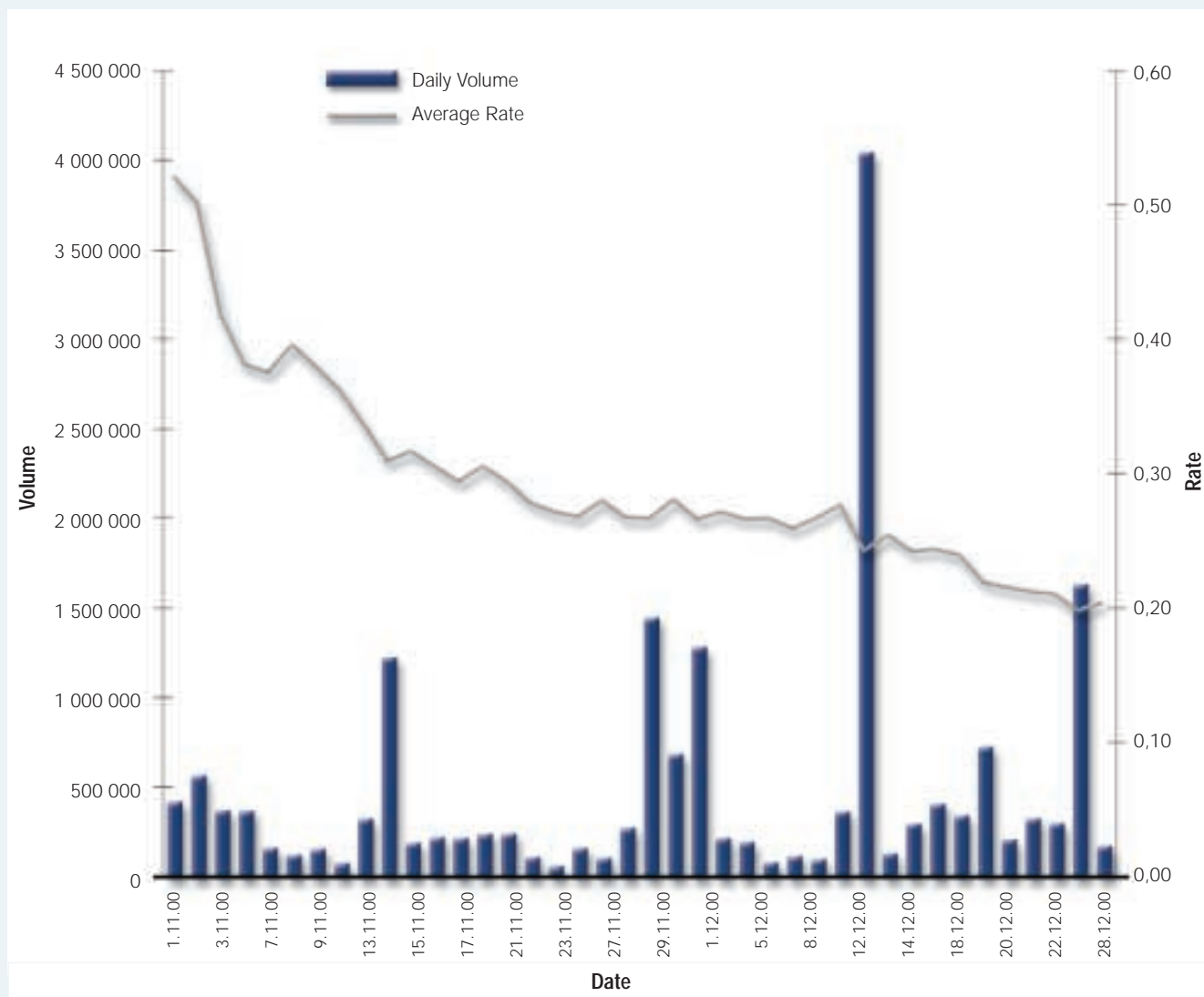
Ulla Holmström  
Authorised Public Accountant

38 Annual Shareholders Meeting of Evox Rifa Group Oyj will be held on Wednesday 11.4.2001 at 9.00 am.

Evox Rifa Group Oyj will publish its financial information in 2001 as follows:

March 8, 2001	2000 Financial Statements
May 3, 2001	Interim Review for January - March 2001
August 2, 2001	Interim Review for January - June 2001
November 1, 2001	Interim Review for January - September, 2001

### Trading Volume and Average Rate in 2000



# Group Management

## Board of Directors



*Mikko J. Aro  
President and CEO  
Metorex International Oy*

*Jerker Molander  
CEO  
Seligson & Co Oyj  
(Chairman)*



*Jarmo Niemi  
President and CEO  
Aspocomp Oyj*



*Anders Oldenburg  
Managing Director  
Seligson & Co Varainhoito Oy*



## Group Management Team



*Dale Price  
Vice President, Marketing*



*Kimmo Saarinen  
Vice President, R&D and Quality*



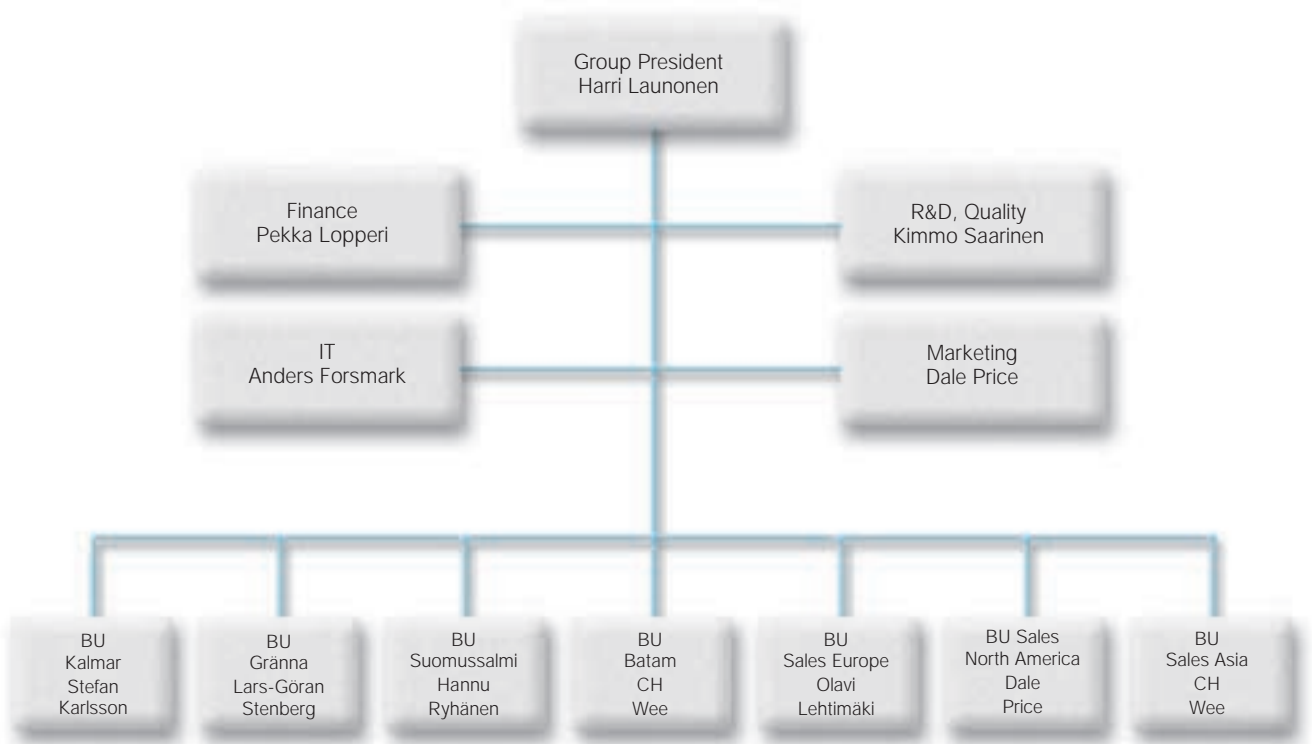
*Harri Launonen  
Group President*



*Pekka Lopperi  
Chief Financial Officer*

# Organisation

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*The modern manufacturing plants of Evox Rifa are located in Finland (Suomussalmi), Sweden (Gränna and Kalmar) and Indonesia (Batam). In 2002 manufacturing will be started in China (Nantong).*

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