Annual Report 2001

ADDTEK INTERNATIONAL ▸ Annual Report 2001

Annual Report 2001

In its Right Element

Addtek in Brief

Addtek is the largest manufacturer of prefabricated concrete elements in Europe. The company has manufacturing companies in 9 countries: Finland, Sweden, Norway, Germany, the Netherlands, Estonia, Russia, Lithuania and Poland.

Addtek produces a wide range of prefabricated concrete products, such as floors, structures and walls. These products are used in the construction of buildings. Addtek also makes products for infrastructure, such as railway sleepers and structures for bridges and tunnels. In addition Addtek provides services ranging from planning to erection of its products.

In 2001 Addtek had a net sales of EUR 531 million (EUR 542 million in 2000) and employed on average 4,204 employees (4,169 in 2000). Orders received amounted to EUR 515 million (EUR 535 million in 2000).

Addtek acquired its present form in December 1997 following the merger of Partek Precast Concrete and the Swedish company Strängbetong. Addtek's major shareholders are the Swedish private equity fund Industri Kapital, the Finnish engineering company Partek and various Finnish insurance companies. Management also has a shareholding in Addtek.

Business concept

Addtek's mission is to offer its customers the most advantageous and comprehensive solutions for various building and infrastructure projects based on prefabricated concrete systems, products and related services.

Addtek aims to improve the quality of its products and the efficiency of the construction process by continually developing and applying state-of-the-art technologies to the benefit of the customer.

Addtek intends to expand into existing markets and enter new markets in northern and eastern Europe, utilising its wide experience and leadership in the precast concrete industry.

Through its market leadership and international presence, Addtek offers customers the benefits of

- the latest solutions and technology transfer within the Group
- unique benchmarking possibilities
- pan-European purchasing power
- extensive design and engineering resources
- production capacity sufficient to deal with the largest projects

Review by the President and CEO

The year 2001 was an exceptional year, not only for Addtek, but most assuredly for the global economy.

Stagnation of growth during the second quarter of the year was further exacerbated by the global uncertainty that followed the horrendous terrorist acts of September the 11th.

The global economic downturn combined with Addtek's unique difficulties, culminated in a decrease in Addtek's activities and profitability during the second half of the year. Net sales amounted to EUR 531 million in comparison with EUR 542 million in 2000.

The negative trends in the market were especially prominent in Addtek's principal markets; Finland, the Netherlands, Sweden and Norway, whereas operations in Poland, Lithuania and Estonia performed according to forecasts. The construction market continued to decline in Germany as did the net sales of Addtek's German subsidiary, Brespa. Russia's improved economy, however, had a discernibly positive effect on Addtek's operations demonstrated by a marginal increase in net sales.

It was a satisfying year for Addtek's engineering company, PCE Engineering, surpassing expectations and recording the company's highest ever net sales result.

The operating profit of the Group was EUR 27.7 million in comparison with EUR 42.4 million in 2000. This is a clear disappointment in spite of the difficulties in the markets and management's preoccupation with administrative affairs.

The net result was EUR 12.4 million in comparison with EUR 23.0 million in 2000, the result was a direct consequence of the decreased activity during the latter half of the year. The return on capital employed was 16.9 % in comparison with 25.9 % in 2000.

The average number of employees rose marginally from 4,169 to 4,204, however, the workforce was reduced proportionally in the second half of the year as the company rationalised operations due to reduced market demand.

The performance of Addtek's subsidiaries in Norway and Sweden proved the biggest disappointments for 2001. The Norwegian subsidiary, Spenncon, suffered from low utilisation of hollow core capacity in addition to higher than anticipated costs related to several turn-key projects. However, Spenncon enters 2002 with a substantial backlog and without any problematic turn-key projects.

The Swedish subsidiary, Strängbetong, suffered from high infrastructural and equipment costs at the hectic beginning of the year, this was compounded by extremely irregular production activity during the second half of the year. The forecasts for 2002 give reasons to believe that internal difficulties have been rectified and that flexibility will increase.

On the 1st February 2001, the owners of the Addtek Group signed a conditional agreement with CRH plc of Ireland, to sell all the shares in Addtek. A condition for the agreement was the approval of relevant competition authorities, in this instance the European Commission.

The Commission expressed their concern regarding the consequences of the acquisition on the markets in the Netherlands and Finland and decided to perform a so-called Phase II investigation. However, in June 2001 it became clear that the objections of the Commission where of such a nature that the conditional agreement of 1st February 2001 could not be concluded.

Addtek's management was subsequently preoccupied for approximately half of 2001 with providing information to the Commission, a derogatory situation that led to a loss of momentum in the realisation of Addtek's long term strategy, profitable growth.

Addtek's realisation of a changing market place instigated a new financial agreement with Nordea Bank of Finland and ING Bank of the Netherlands at the end of 2001, concluding a mutually beneficial partnership with Handelsbanken of Sweden, Addtek's financier since 1997.

Supported by a healthy balance sheet, the company repaid a proportion of the capital loan supplied by the shareholders. Management's shareholdings were reduced to less than 10% by internal share transactions.

The decline during 2001 of the so-called technologies companies has led to a reduced demand for office space and a subsequent and abrupt decrease in office construction throughout all Addtek's principal markets. This trend was most discernible during the last quarter of the 2001; consequently, the low order intake will affect Addtek's result during the first half of 2002.

Addtek is generally optimistic regarding an improved investment climate and increased economic activity. Addtek forecasts a return to profitable growth particularly during the second half of 2002.

I want to thank our customers for their continued trust in Addtek and its subsidiaries, many of whom experienced similarly tough market conditions in 2001, as well as our personnel for their continuing efforts to reinforce our customers trust and regain our customary business momentum.

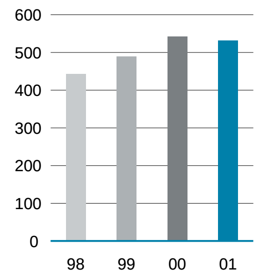
Vantaa, March 2002

Bengt Jansson
President and CEO

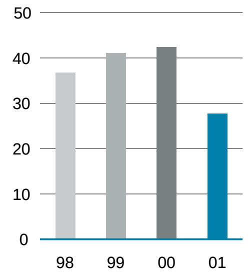
Highlights and Key Data

- Addtek's net sales was EUR 531 million.
- Sales increased in the Baltic countries and Poland.
- Net profit was EUR 12.4 million.
- A new financing agreement released all earlier pledged assets by the previous financier.
- The minority share of Addtek Gorzkowice in Poland was acquired.
- VBI commissioned the new Huissen plant.
- PCE Engineering bought the Acotec® technology rights.
- Strängbetong commenced the new road barrier element production line in Norberg.
- Addtek continued to develop and standardise IT and CAD-software.

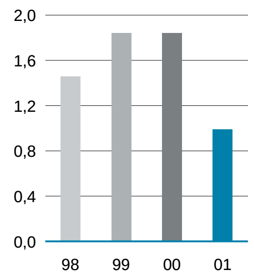
ADDTEK GROUP | Net Sales, EUR m



ADDTEK GROUP | Operating Profit, EUR m

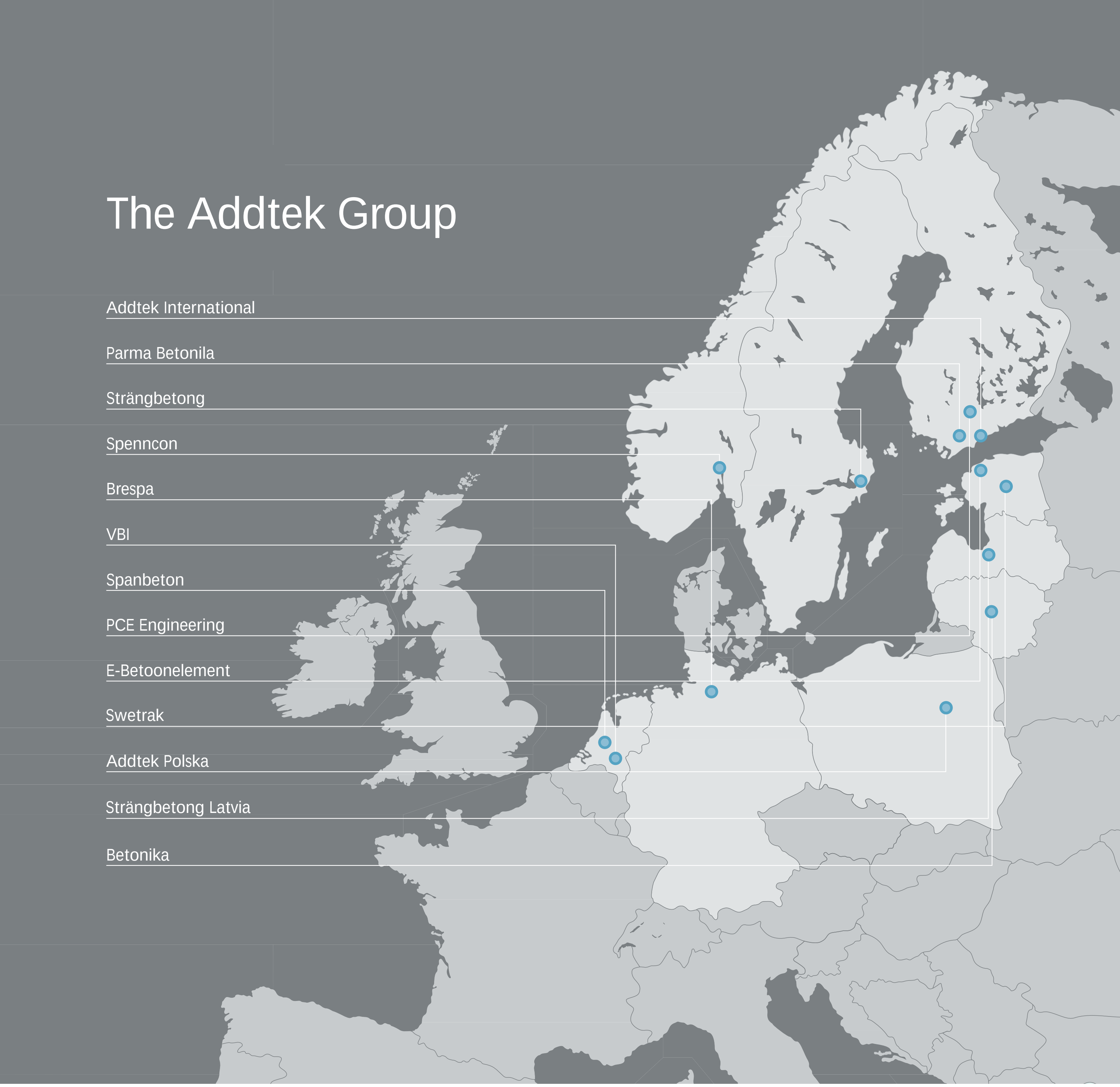


ADDTEK GROUP | Earnings per Share, EUR

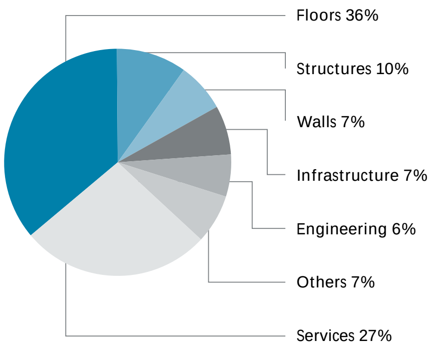


		1998	1999	2000	2001
Net Sales	Million euro	442.0	489.4	541.6	531.2
Operating profit	Million euro	36.7	41.1	42.4	27.7
of Net sales	%	8.3	8.4	7.8	5.2
Result for the period	Million euro	18.8	23.0	23.0	12.4
of Net sales	%	4.2	4.7	4.2	2.3
Earnings per share	euro	1.5	1.8	1.8	1.0
Return on capital employed	%	21.4	25.4	25.9	16.9
Gearing (capital loan as equity)	%	85	50	36	63
Average personnel	Number	3,765	3,786	4,169	4,204

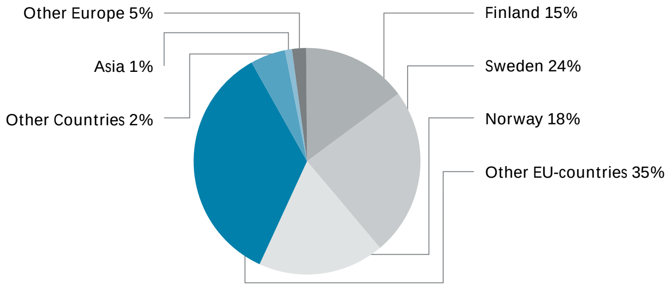
The Addtek Group



NET SALES by Product Group 2001



NET SALES by Geographic Area 2001



PARMA BETONILA | *Finland*

Hannu Martikainen, Managing Director

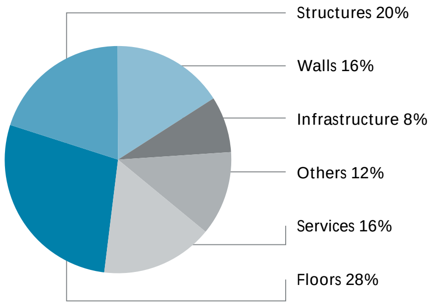
PARMA BETONILA

- Addtek ownership 50 per cent
- Market leader in all segments of prefab elements

KEY RATIOS 2001

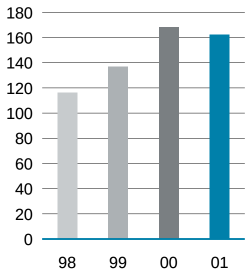
Net Sales, EUR m	162.2
Investments, EUR m	4.4
Personnel (average)	1,052

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Business environment and market trends

New building construction remained commensurate with the previous year.

Unambiguous growth was experienced in the industrial buildings and warehouses sectors. The volume in residential building construction decreased by approximately 10%, totalling 29,000 dwellings.

The commercial and office building sectors displayed a downturn in growth toward the year's end. No significant changes took place in the public building sector.

In the later period of the year demand decreased, principally due to the decline in construction within the commercial and office building sectors.

Operations in 2001

Net sales of Parma Betonila amounted to EUR 162 Million, which is 3.6% lower than the previous year. Profitability remained satisfactory. Residential buildings accounted for 35% of total sales, commercial and office buildings 45%, infrastructural building and operations in Russia, 10% of sales.

Parma Betonila maintained its competitive market position in Finland. A rise in costs levels may be offset by strengthening effectiveness measures in productivity and supply operations.

An Environmental certificate was granted to the Forssa factory of Parma Betonila. Additionally, an ISO 14000 standard environmental management system was created for the company.

Eco efficiency is a vital aspect in the company's production development structure. The goal is to reduce environmental burden, carbon dioxide emissions and energy consumption during production processes and throughout building construction.

Innovations and investments

Active development continued in 2001. A new type of intermediate flooring slab was launched to the market, facilitating water, sewage, heating, electricity etc. systems within the slab. Additionally, the heavy hollow core slab launched in 2000, now meets the sound insulation standard.

Deliveries of hollow core slabs with coated voids began towards the year's end, the voids being utilised as air channels in office buildings.

Apartment house with a jointless façade. The precast construction was developed in collaboration with the client.

A light TT slab was developed, which enables the use of a simplified sprinkler system. The long term properties of Parma-Paraati cladding were developed to achieve a planned lifetime of 200 years. Parma Betonila started preparations for meeting the strict new heat insulation standards through two development projects, in which the eco efficiency of the company's products is additionally monitored. Construction of the design tool, Parma-CAD, related to AddCAD, commenced towards the year's end.

Outlook for the future

The construction of housing in Finland 2002 is forecast to decline in comparison with 2001.

In the residential building sector the decrease will be principally caused by the decline in non-subsidised production. The office building sector will decrease due to the acceleration in unoccupied and vacated facilities. The construction volumes achieved in 2001, are forecast to remain unchanged in the commercial, logistics and industrial sectors. Public buildings are forecast to experience a degree of growth. The focus of construction activities will be linked directly with those growth centres.

After several active winters, seasonal fluctuation has returned in full to the Finnish construction market. Together with the growth in construction volumes and increased production capacity, the industry will inevitably experience price fluctuations.

The objective of Parma Betonila is to operate according to the principles stated in the 'Visio 2010' report compiled by the construction industry. To contribute to the clients competitiveness, to build comfortable and safe homes and working places and to take environmental aspects into consideration at every stage.

STRÄNGBETONG | *Sweden*

Johnny Ståhl, Managing Director

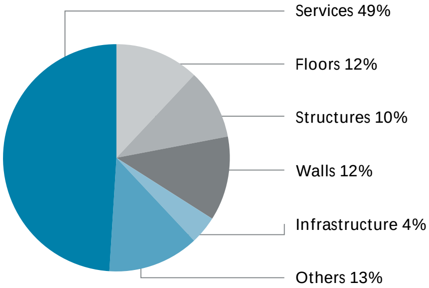
STRÄNGBETONG

- Leading supplier of precast solutions

KEY RATIOS 2001

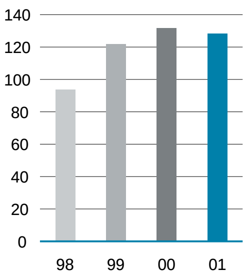
Net Sales, EUR m	128.4
Investments, EUR m	4.0
Personnel (average)	988

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Business environment and market development

The development of the Swedish economy demonstrated two phases during 2001. GDP increased by more than 3% in the first half of 2001, remaining static throughout the second half of the year. The resultant growth figure for 2001 was realised at 1.5%.

New building construction volume levelled out and was unchanged in comparison with the previous year. Investments in infrastructure rose by 5%.

New housing construction grew by just over 10%, principally due to the rise in the volume of apartment housing. The unpredictability in the economy impacted on industrial and other commercial buildings where demand decreased by 15%. A marginal increase in the demand for sleepers was evident.

Operations in 2001

The order volume decreased in comparison with the previous year. The influx of orders throughout the second half of 2001 was due to the uncertainty of the market during the first half of the year. As a consequence, capacity utilisation was weak throughout the last months of 2001. The adaptation of resources has led to reductions in personnel, these reductions are continuing. Outsourcing of non-core business has taken place and will continue throughout 2002.

Innovations and investments

Machines and equipment have been renewed in all hollow core slab factories throughout 2001. Grinding machines and various related equipment have been installed in the Norberg factory for the manufacture of 33 km tunnel barrier elements. Production started in April 2001 and will be completed in June 2003.

The new flight control tower at Arlanda Airport. The black and white cladding, manufactured by Strängbetong, is of polished concrete with intartsia letters.

Extensive preparations for a new business and control (ERP) system were carried out during 2001. Implementation can start in 2002.

Strängbetong's ISO 9001 quality certificate and ISO 14001 environmental certificate were completed.

Outlook for the future

Sales in the construction market will recover after the weakening final months of 2001. Demand for housing and parking buildings is forecast to increase, while there will be a decrease in industrial and commercial buildings, at the higher investment levels.

Measures are being taken and will continue to be taken in order to raise productivity, quality and flexibility. This will improve profitability in 2002.

SPENNCON | *Norway*

Terje Søhoel, Managing Director

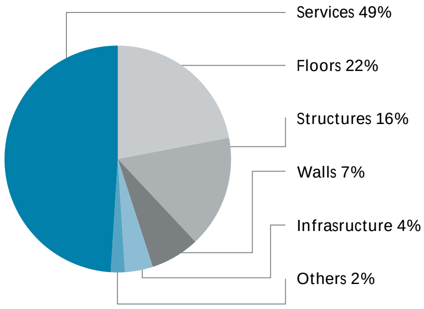
Spenncon

‣ Customized solutions country-wide

KEY RATIOS 2001

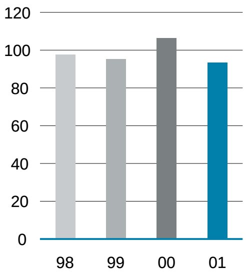
Net Sales, EUR m	93.2
Investments, EUR m	2.3
Personnel (average)	597

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Business environment and market development

The volume of new residential buildings increased by 9% while the volume of commercial and office buildings decreased by 5% in comparison with 2000. The total activity in both sectors decreased during the three last months of 2001.

Residential building growth was concentrated in the Oslo region. The Western region of the country was unaffected by a nationwide reduction in non-residential activity.

The concrete element industry's total concrete element production decreased by 5% and the product mix changed.

Wall and façade elements increased 6%. Hollow core slab volumes decreased by 10% as a consequence of the shift in volumes between residential, commercial and office buildings. Railway sleeper demand remained at the same level as the previous year.

Total profitability in the new building industry sector is forecast to be at a low level.

Operations in 2001

Lower activity in turn-key businesses and a reduced volume of 7% in manufactured concrete elements, resulted in a 13% reduction in sales for 2001.

An unsatisfactory profitability result was demonstrated as a consequence of losses within the turn-key business sector and cyclical differences in the loading of factories.

Overall, the market share of Spenncon decreased marginally to the same level of 1999. On average, the price level was equivalent to that of the previous year, with fixed costs being reduced marginally.

Spenncon's mode of operations was adjusted to the changing business environment demonstrated in Norway during 2001. Spenncon has become more market oriented, streamlining and enhancing its skills in project development and management.

Bohus Drotningsvik. Turn-key project – including precast façades, hollow core and roofing elements.

Innovations and investments

Spenncon's leading position within the residential market is being strengthened by the continuous release of new technical solutions.

The regular production of self-compacting concrete by all six factories enhanced the work environment and contributed to better products.

Factory renovations and replacement of redundant production equipment continued as planned.

Outlook for the future

The forecasted decline in the construction market will principally affect the office buildings sector in the Oslo region during 2002, with analysts predicting a 30% reduction in the market.

Increased migration into the city area may contribute to a subsequent rise in demand for residential buildings.

Spenncon's backlog of prospects is at a satisfactory level with the backlog being significantly higher than at the beginning of the year.

BRESPA | *Germany*

Heikki Haikonen, Managing Director

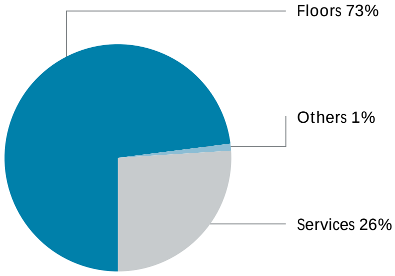
BRESPA

▸ Leading manufacturer of prestressed hollow core flooring

KEY RATIOS 2001

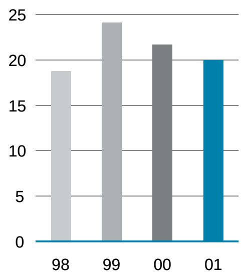
Net Sales, EUR m	20.0
Investments, EUR m	0.6
Personnel (average)	107

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Business environment and market development

Construction activity in Germany continued to suffer from the weak domestic demand of 2001. Brespa operations were principally in the north and east where the market activity was clearly in decline. The weakening demand trend is forecast to continue in the coming year.

The hollow core slab flooring solution has steadily gained popularity throughout the last decade. Development was brought to a standstill in 2001, principally due to extreme competitiveness within the entire industry. Subsequently, investment activities to improve market penetration were unfeasible.

Operations 2001

The situation in the hollow core market was characterised by considerable overcapacity and substantial price reductions. Brespa decided to temporarily suspend growth forecasts and concentrate on projects with challenging technological requirements and attractive yields. The new multi purpose arena in Hamburg 'Colour Line Arena' was a typical example of such a project.

Brespa's adapted strategy decreased output volume whilst sales margins improved. The organisation was downsized during the second half of the year to compensate for the lower activity levels.

Brespa's market position continued to improve in Northern Germany. Output volume decreased in the East and Southwest. Export volumes to Denmark were marginally lower than the previous year.

Innovations and investment

Significant emphasis was focused on servicing key customers. Brespa was able to increase the flexibility of internal logistics due to last year's investment in a new stockyard. Response time to individual customer requirements was improved accordingly.

The UCI Movie Center in Hamburg Othmarschen Park, with a total of 12,000 m² of BRESPA hollow core slabs delivered and erected on 5 levels.

Brespa enjoyed considerable popularity in organising multi-regional expert seminars for structural engineers on hollow core design.

Excavations were inaugurated on a new sandpit in the neighbouring rental area. The sand reservoirs will secure Brespa needs for at least a decade.

Outlook for the future

Forecasts for construction development in Germany continue to be dominated by the declining economy. On a positive note, the consolidation process of the German construction market is expected to continue, emphasing the value of innovative technologies for cost-effective construction rather than cheap labour practices.

Hollow core has tremendous potential to develop from a niche market product to a standard solution. Brespa is synonymous in Germany for hollow core technology. Steady business volume growth is anticipated in the medium term as Brespa stands at the forefront of subsequent product development.

VBI | *The Netherlands*

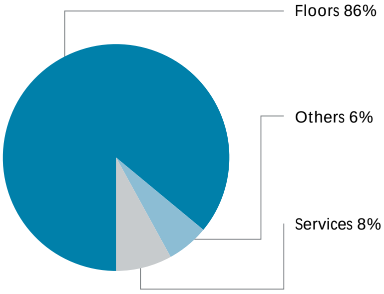
Heerke Kuiper, Managing Director

- Leading manufacturer of prefab flooring systems

KEY RATIOS 2001

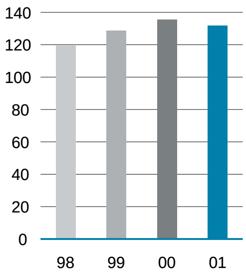
Net Sales, EUR m	131.7
Investments, EUR m	8.6
Personnel (average)	924

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Business environment and market development

There was a rapid response within the building market due to economic developments principally, throughout the second half of 2001. Activities in the office buildings and dwellings sectors have been further reduced in comparison with 2000.

Belgian suppliers are increasing their sales in the Netherlands, additionally, German companies are starting to penetrate the Dutch market. New Dutch companies are increasing the competitiveness in a declining market.

Operations in 2001

The number of orders received in both the Netherlands and Germany were lower than forecast. The sales' prices in the Netherlands were stable. A slight increase was demonstrated in Germany. Total deliveries decreased approximately 10%.

Recruitment of skilled personnel continued to be a problem in 2001.

Innovations and investments

The pipe floor, introduced in 1999/2000, continues to be a colossal success. The company has sold pipe flooring to approximately 9,000 dwellings. VBI's market share in dwellings is steadily increasing.

The apartment floor, introduced in February 2001, has garnered considerable attention from architects and project developers. Projects incorporating the apartment flooring will eventuate in the near future.

VBI will introduce a thinner apartment floor in 2002, due to most apartments having spans below 8 metres. This product will be positioned at a lower price-level.

VBI is intending to introduce a pipe floor as an insulated ground floor due to the construction of buildings without the famous Dutch 'crawl space' being introduced. Sewer system plumbing will be incorporated within the insulated ground floor.

The new factory in Huissen with a hollow core slab capacity of 1 million sq metres was commissioned in the first half of 2001.

Major investments were; the production facility for polystyrene elements in Weurt, a new machine was built in relation to the eight year contract that was concluded in December 2000 for the supply of 7,200,000 m^2 of polystyrene elements, and a new warehouse in Weurt.

Further investment was directed to the design of a new CAD-system.

Investments were directed at replacing or improving installations within hollow core slab production facilities.

Outlook for the future

The growth in the economy continues to decline. Consumer and producer confidence is commensurately low. Economists forecast improvement in the second half of 2002 or the initial stages of 2003.

Office buildings construction is forecast to be significantly reduced. Paradoxically, demand for dwellings is substantial, however, new EU regulations have impacted on the market resulting in the lowest levels since World War II, (minus 15% in comparison with 2000). A 10% reduction is further forecast in 2002.

SPANBETON | *The Netherlands*

Heerke Kuiper, Managing Director

Paper factory in Rouen, France, manufactured by Spanbeton.

Business environment and market development

The overall economic climate in the Netherlands was less favourable than the previous year. GNP growth is forecast at approximately 1% with inflation demonstrating an upward trend. Total construction output more or less stabilised, commensurate with the level attained in 2000.

Spanbeton is operating in two market segments; civil engineering and industrial buildings, both solely in new constructions. Spanbeton is market-leader within the civil engineering sector, with its bridge beams, sheet piles and railway sleepers.

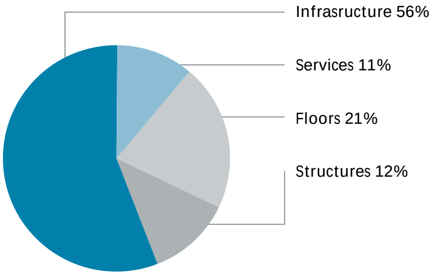
SPANBETON

- Leading supplier of prefab products for civil engineering

KEY RATIOS 2001

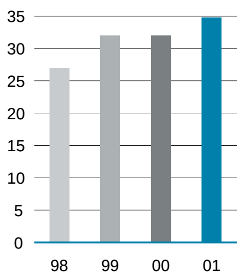
Net Sales, EUR m	34.8
Investments, EUR m	1.3
Personnel (average)	285

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Operations in 2001

Total factory output increased 6% in comparison with 2000.

The bridge market volume was affected by the entrance of a new competitor. The total market increased significantly due to large national projects. Sales margins improved due to a favourable product mix. In the second half of the year, the building market volume suffered from the change in the overall economic climate. Production output decreased in 2001, however, improved efficiency measures partly compensated for this decline.

Cooperation with Railpro concerning railway sleepers has proved to be extremely effective. Sales were stable with total factory output increasingly robustly.

Spanbeton faces an overheated labour market with difficulties in recruiting replacement personnel, especially in the lower management levels.

Innovations and investments

Investments were concentrated in the replacement and improvement of existing installations. Special attention was given to the 'working environment' and safety. Principal investment was in ERP (Glovia). Considerable effort was expended in getting the system operational. The system will go online in April 2002.

The application of self compacting concrete was successfully extended. Considerable effort is also being expended in the optimisation of box beams.

Outlook for 2002

Spanbeton expects a continuingly favourable situation in the civil engineering sector in 2002. Contrastingly, there is expected to be a further decrease in the buildings market. This will inevitably affect the production level of structures and hollow core slabs.

Jaan Valbet, Managing Director

Business environment and market development

Estonian and Latvian economies will continue to experience growth, as evidenced by their 2001 record amongst the fastest growing European transition economies. In the Estonian economy the growth will be based on increased consumption, increased productivity and continued investment attributable to the EU enlargement policy.

The Estonian construction market and the precast concrete market particularly, are greatly dependent on foreign investment projects. Despite increased uncertainty in the global economy, the short term impact on local economies appears to be negligible.

Operations in 2001

Net sales of E-Betoonelement increased in comparison with 2000. The seasonal low sales in the first quarter of the year were well compensated by the subsequent high sales and good capacity utilisation throughout the remainder of the year.

The increased service component within E-Betoonelement's operations will enhance its business concept within the marketplace, increasing its competitiveness. Satisfying examples of the successful implementation of this business concept are the large-scale projects from 2001; Nefab Emballage AB manufacturing facility, Besquab AB dwelling house and the extension of Kristiine Shopping Center and parking garage.

Innovations and investments in 2001

The Nefab Emballage AB manufacturing facility was the first project where the Basic Building concept was fully utilized. Long spans covered with innovative STT slabs together with the use of load-bearing wall elements, contributed to an extremely economical and cost effective solution for the end user of the building.

Nefab Emballage AB manufacturing facility was the first Basehall type building in the Baltics.

Outlook for 2002

While global economic uncertainty remains, cultural and geographical proximity to the Scandinavian markets may enhance the attractiveness of the Baltic economies as low-cost workshops.

Increasing demand for residential, industrial and infrastructural projects will embellish sales in 2002.

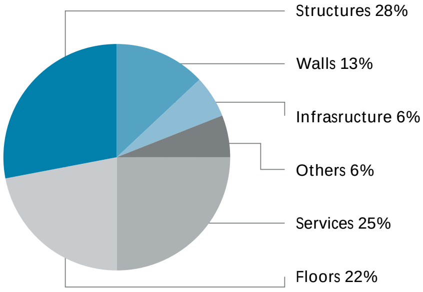
E-BETOONELEMENT

▸ Market leader in prefab concrete solutions

KEY RATIOS 2001

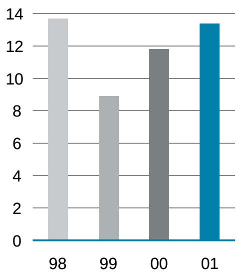
Net Sales, EUR m	13.4
Investments, EUR m	0.5
Personnel (average)	386

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



ADDTEK POLSKA | *Poland*

Piotr Biskup, Managing Director

Frame elements formed an essential part of this office building in Warsaw.

Business environment and market development

The global recession has strongly impacted on the Polish economy with the construction market suffering as a consequence.

Despite positive market forecasts throughout 2001, both the non-residential and civil engineering sectors registered significant drop by value, in comparison with 2000. The construction market experienced positive growth within the residential sector. The Polish construction market output totalled close to EUR 20.1 billion for 2001.

The pure construction frame market was estimated to be over EUR 3.0 billion, 2% of which was reserved for precast solutions. These proportions represent tremendous potential for Addtek solutions in Poland throughout the coming years.

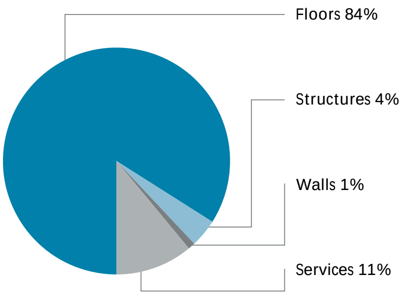
ADDTEK POLSKA

Rational solutions for flooring and structures

KEY RATIOS 2001

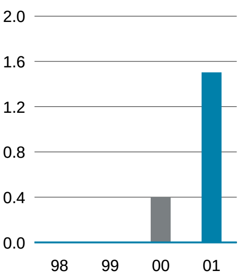
Net Sales, EUR m	1.5
Investments, EUR m	1.0
Personnel (average)	85

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



Operations in 2001

Addtek is the sole owner of the Polish operations as of October 2001. Organisational changes took place within the company throughout the year. Addtek Polska and Addtek Gorzkowice have merged into a new structure; Addtek Gorzkowice Sp. z o.o., consisting of a head office and factory, both located in Gorzkowice, with the sales office in Warsaw.

Production ranges from hollow core slabs to columns, beams and wall elements.

Innovations and investments

Minor additional investments have been carried out throughout 2001. The most significant investment was in the production of wall elements with tilting table moulds, fulfilling the company's first target to supply a complete structural package; beams, columns, hollow core slabs, stairs and wall elements.

Outlook for the future

The current economic climate is demonstrably unstable, however, there are obvious indicators within the market to design more buildings, fully or partially out of precast elements, especially industrial buildings and shopping centers. The forecast for precast penetration is positive considering a construction market worth over EUR 20 billion.

'Solution quality' encompassing life cycle costs, strict adherence to fire regulations, and increased labor costs, is forecast to become increasingly important.

Addtek (Poland) is prioritising these factors along with optimising up-to-date technology and know-how. Additionally, Addtek Polska will continue to offer a wide range of elements; walls, floors and structures, both traditionally reinforced and prestressed.

Addtek Polska's total system solution practices will be enhanced throughout the coming years, encompassing production and delivery of complete building frames along with design and installation.

Kornelijus Valaitis, Managing Director

Business environment and market development

The Lithuanian construction market is undergoing resurgence due to the halting of the economic recession. This is demonstrated by a 5% increase in total construction volume in comparison with the previous year.

Betonika's principal clients have begun paying more attention to construction schedules as they directly influence investment repayments. New precast products usage has demonstrated the advantages of the system.

Betonika has a proactive approach to the constantly evolving construction market. This is achieved by proposing products which satisfy the requirements of the market.

Operations in 2001

Betonika's sales volume has increased by 250% in the year 2001 to EUR 3.9 million. Betonika has proposed full frame solutions for major building sites in Lithuania and demonstrably increased its market share during 2001.

The building market has principally concentrated on the non-residential sector; trade centers and office buildings. The advantages of precast solutions were highlighted by the RIMI Hypermarket project in Vilnius. This project was completed in November.

Approximately 5% of Betonika's production was exported to Latvia and Russia.

Innovations and investments

The TT slabs production line was launched to the Lithuanian market. These new products were used already in 2001 in several projects.

I-beams have proven to be another significant product. Betonika has produced various cross-sectional types of I-beams starting from 0.9 m height up to 1.8 m height.

RIMI Hypermarket in Vilnius – the largest project in Betonika's history.

Outlook for the future

Betonika's objectives are to increase its sales volume and to acquire a larger market share in Lithuania.

The growth of the construction market is forecast to continue in 2002 both in the non-residential and housing sectors.

Precast multistory dwellings are forecast also to experience resurgence, principally due to the favorable terms offered on bank loans.

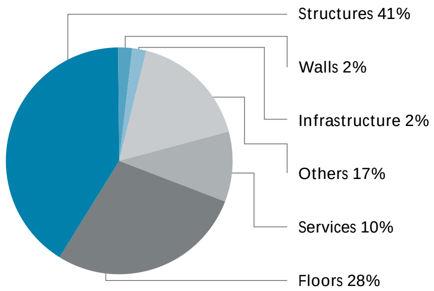
BETONIKA

- Modern precast solutions for all segments of construction

KEY RATIOS 2001

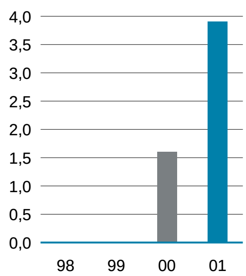
Net Sales, EUR m	3.9
Investments, EUR m	0.9
Personnel (average)	133

NET SALES by Product Group 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



SWETRAK | *Estonia*

Ove Johansson, Managing Director

Swetrak is an Estonian company jointly owned by Addtek (50%) and Scancem (50%). The company has been active in the Baltics since 1996. The company utilises the know-how of its owner companies in the design and manufacturing of pre-stressed concrete sleeper technology. In Lithuania, Swetrak owns 60% of the local company UAB Swetrak, which manufactures sleepers for the renewal of the Lithuanian Railway network.

Operations in 2001

Net sales of sleepers decreased due to the privatisation process of Estonian Railways. A test-run of the new factory in Lithuania was completed satisfactorily.

Swetrak successfully installed 2000 sleepers in a test line of the Uzbekistan Railways in 2001. Rehabilitation work will be initiated during 2003 with a large investment financed by the Asian Development Bank (ADB).

Outlook for the future

The railway networks in all the Baltic countries as well as in Russia and other CIS-countries are in need of upgrading.

Development banks including EBRD, EIB, EU-Phare, ADB are supporting the railway renewal programs by financing the projects and setting purchasing requirements.

Swetrak maintains high expectations for future entry into the Russian market.

Market growth is forecast in Lithuania in 2002.

STRÄNGBETONG LATVIA | *Latvia*

Juris Mors, Managing Director

Strängbetong Latvia is the supplier of modern prefab concrete solutions on the Latvian market.

Strängbetong Latvia was established in May 1999 with the aim of increasing the sales and market penetration of modern prefab solutions on the Latvian market. The current supply subcontractors for concrete elements to Strängbetong Latvia are the Estonian and Lithuanian subsidiaries E-betoon-element and Betonika.

GDP increased 25.6% between 1995 and 2000, averaging 4.7% per annum.

The construction market has developed into one of the most dynamic sectors of the Latvian economy. Construction output between 1995 and 2000 increased an average of 9.3% per annum. The construction market demonstrated a growth rate of 56.2% in comparison with 1995.

Net sales of Strängbetong Latvia have increased by approximately 100% each year since the company's inception, attaining EUR 1.8 million in 2001.

Operations in 2001

A design team comprising 3 individuals were employed and trained during 2001. Sales were generated from an extensive variety of building solutions and products, attributable to an adapted Strängbetong concept of the "Basic Building System" which the company successfully marketed throughout 2001.

This system provides the framework and façades (shell) for a building in conjunction with project design management and site production skills.

Outlook for the future

Strängbetong Latvia forecasts continuous growth as a consequence of the burgeoning economic situation within Latvia.

Strängbetong Latvia has high expectations for the future due to increasing foreign investments in commercial buildings for supermarkets and shops.

Demand for warehouses and industrial facilities are also forecast to increase.

Leo Sandqvist, Managing Director

ELEMATIC Batching & Mixing plant lays a solid foundation for the manufacture of precast concrete also in Dubai.

Business environment and market development

PCE's perspective on 2001 clearly demonstrated a positive result. Annual forecasts were met and exceeded concerning invoicing, earnings from operations and orders received.

The positive forecasts for demand in Western Europe, the Middle East and in the USA were realised, however, market demand in Asia and the CIS countries was weaker than forecasted. PCE's Elematic Inc. (USA) operations remained at a satisfying level throughout 2001. PCE's Custom Service sales development progressed satisfactorily.

Operations

The capacity utilisation rate was extremely high throughout 2001. PCE suffered only occasional shortages in capacity, however, the company's sales activities remained unaffected.

Overall, the increase in purchasing and sales prices was moderate.

Completed projects were successful in demonstrating higher than forecasted sales margin percentages with little impact from unprofitable projects. Principal projects PCE commissioned in Italy, USA, UAE, Norway and Sweden.

PCE bought-out Acotec Oy's business activities in November. These products complete the company's product range and enhance PCE's position as one of the leading companys in this business sector.

Outlook for the future

The economic perspective suggests a slight decrease in total demand in comparison with 2000. Europe and the US markets are expected to slow whilst other regions are tentatively forecast to recover.

The depression in Asia's precast concrete industry continues, however, the market is forecast to recover in the second half of 2002. Demand is forecast to decrease marginally in North America, Eastern, Western and Central Europe whilst the Middle East region will remain stable.

Europe and the US remain the principal markets for 2002 with high expectations for the Asian region. The burgeoning market indicators in Russia and China will be closely scrutinised in order to react promptly to any business opportunities. Development in Russia and China will be closely scrutinised in order to react promptly to any market opportunity.

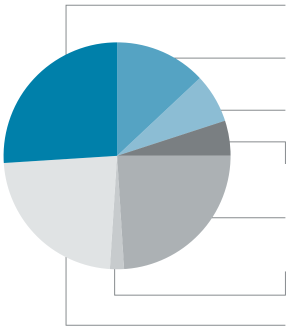
PCE Engineering

▸ Production technology and know-how to the prefab industry world-wide

KEY RATIOS 2001

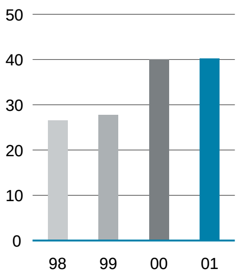
Net Sales, EUR m	40.2
Investments, EUR m	1.4
Personnel (average)	135

NET SALES by Geographic Area 2001



NET SALES DEVELOPMENT

1998–2001, EUR m



ADDTEK RESEARCH AND DEVELOPMENT | *Finland*

Petri Janhunen, Managing Director

Addtek Research & Development (ARD), co-ordinates R&D efforts in the Group. ARD is also vital in the Group's Transfer of Best Practice activities. This work encompasses a broad range of individual projects aimed at increasing standardisation and continuous improvement, utilising the entirety of the Group's know-how and experience.

ARD's role as a tool of Group Management, was enhanced as ARD's Nummela office relocated to the same premises as Group Management.

Transfer of Best Practice

TOB-groups continued their activities in all core areas; floors, structures, walls, railway sleepers and procurement. A specialist team was nominated with the task of reviewing the flow of plant production processes and lay outs, thus supporting factory management in finding ways to enhance productivity.

Personnel training and additional support mechanisms, continued in Poland and Lithuania. TOB-activities also continued in the design, marketing, IT and environmental sectors.

Development projects in 2001

Considerable input was focused on the planning and coordination of the AddCAD development project initiated during the previous year. Partial implementation of this 3-D modeling program was initiated at Spenncon at the beginning of 2001. Parma Betonila, Spanbeton, Strängbetong and Spenncon organised several working groups to participate in the programming work and develop national applications.

The Finnish component of the Eureka project 'Inducon', continued as planned in co-operation with the principal partners Parma Betonila and YIT Construction Ltd. The focus is on the construction process as a whole with a goal towards increasing profitability and quality improvement. The project team was awarded second prize in a competition concerning 'flexible construction systems for housing', organised by the City of Helsinki and TEKES (The National Technology Agency of Finland).

The final decision for governmental funding of the German component is still pending.

Testing of the prototype line using the new type of hollow core slab technology was finalised. Implementation of this technology awaits future investment decisions.

ARD continued its involvement in a project examining more appropriate and accurate measurement procedures. A laser-based projection system was brought to the market as a direct consequence of the project. Development continued into a promising additional system based on machine vision.

Funding by the European Commission was granted to a project proposal focused on analysing the interactional effects of shear and torsional forces in prestressed hollow core slabs and developing a calculation model verified by experimental results.

The principal partners are Chalmers University of Technology in Sweden and the Technical Research Centre of Finland (VTT).

The ARD laboratory continued its research of the material properties of concrete with the aim of attaining improved quality consistency.

The practical usage of self-compacting concrete continued with increasing volumes in factories in Sweden, the Netherlands, Finland and Norway. Studies and tests continued with the aim of increasing implementation.

Within the Inducon-project hollow core slabs, which can be utilized as ventilation ducts, were developed.

Spanbeton goes for Glovia

Background

The role integrated IT applications serve in relation to customer order orientated manufacturing has become increasingly significant.

A multitude of IT systems of varying standards and quality are currently being employed by Addtek Group's subsidiaries. Consequently, Addtek realises the potential of incorporating a new flexible ERP application concept. This concept would correctly integrate production and financial modules in such a way that can be effectively utilised by Addtek's subsidiary companies.

Development of this goal directed package started in 1998 at Spanbeton. Spanbeton's existing IT system's adaptability and functionality limitations were met making this an ideal situation in which to implement such a project.

Project scope

The new application's foremost requirement was that it met the demands for accurate real-time views in all operational aspects within the company. Enterprise Resource Planning Systems, or ERP systems, make such demands possible by using the same integrated information flows throughout the entire system.

ERP systems also encompass the business perspective by allowing internal processes and procedures to be streamlined enhancing data accuracy and quality, effectively a value added process.

Project phases

The initial step was to define the key performance indicators at all levels. In order to receive optimal and effective business support, business processes were defined within a framework and matched accordingly with standard integrated software modules from different ERP suppliers.

Glovia International, a wholly owned subsidiary of Fujitsu Limited, was chosen as the ERP supplier for Spanbeton after a thorough and intensive selection process. The modular nature of the supplier's application facilitated the implementation of only the most pertinent modules. Glovia was deemed the most suitable choice in light of Addtek's new concept and IT policy.

Implemented modules:

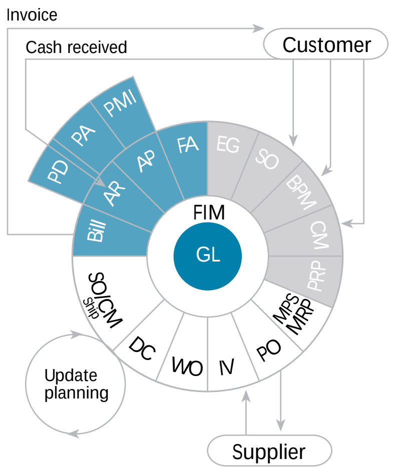
- Products and services
- Sales and marketing
- Production planning & control
- Materials
- Purchasing and stock management
- Project planning & control
- Finance

Reporting and Payroll were linked to the new application using several external software packages. Spanbeton have already implemented the usage of these modules apart from the production planning & control module.

Project status

Data conversion is the one outstanding component required to complete the project. This essentially involves the transfer of data from the old to the new system and "fine tuning" the user interface functions to allow a more user friendly design. The "go live" is anticipated to take place in the near future. Additional customisation is required in order to achieve a comprehensive ERP system suitable for the entire Addtek Group.

PROCESS CHART in Spanbeton



EG	Engineering
SO	Sales Order
BPM	Bid Process Management
CM	Contract Management
PRP	Project Resource Planning
MPS	Master Production Scheduling
MRP	Material Resource Planning
PO	Purchase Order
IV	Inventory
WO	Work Order
DC	Detail Capacity
Bill	Billing
AR	Account Receivable
AP	Account Payable
FA	Fixed Assets
PD	Project Definition
PA	Project Accounting
PMI	Project Management Interface
FIM	Financial Interface Management
GL	General Ledger

Report of the Board of Directors

General

Economic growth declined strongly in most of the European countries during year 2001. The increase of GDP in the Euro zone was 1.6%, which was the lowest annual growth since 1996. The development in the building sector was unfavourable and the change in Western Europe was only +0.1% whereas it was -2.2% in eastern Europe. The development on Addtek's markets during the second half of the year was negative.

Net sales, orders received and order backlog

The Group's net sales decreased from EUR 542 million in year 2000 to EUR 531 million in 2001. Sales increased in the Baltic countries and Poland, whereas the volumes on the other markets decreased. Slowdown in the building activity and sharpened price competitiveness, due to over-capacity, were the main reasons for the decrease.

Orders received were EUR 515 million (EUR 535 million in 2000) and the order backlog was EUR 169 million at the end of the year (EUR 179 million in 2000).

Result and profitability

The result before taxes and minority shares was EUR 20.3 million (EUR 35.4 million in 2000). Other operational items with a net amount of EUR -1.3 million are included in the result.

Taxes totalled EUR 6.9 million, equivalent to an effective tax rate of 33.9% (32.8% in 2000).

Return on capital employed was 16.9% (25.9% in 2000) and return on equity was 10.2% (19.2% in 2000). Earnings per share was EUR 0.99 (EUR 1.84 in 2000).

Liquidity and capital

At the end of the year, Addtek made a new financing agreement with the banks concerning the Group companies excluding Parma Betonila. This agreement released all earlier pledged assets of the previous financier. At the same time half of the total capital loan of EUR 45.5 million was repaid. The remaining capital loan now amounts to EUR 22.8 million. Liquidity during the year was good.

The interest-bearing net debt excluding the capital loan increased from EUR 49.4 million to EUR 79.4 million. Equity, including the capital loan amounting to EUR 22.8 million and the minority share of EUR 4.1 million, was EUR 125.5 million by the end of the year, which gives an equity ratio of 35.7% (40.4% in 2000). The distributable funds in the Group amounted to EUR 64.4 million by the end of the year (EUR 53.0 million in 2000), whereas they were EUR 35.9 million in the parent company (EUR 18.7 million in 2000).

Research and development activities

The Group company Addtek Research & Development co-ordinates the research and development activities in the Group. ARD's specialist knowledge has been utilised in diverse areas and projects. The "Transfer of Best Practice" activities are important and cover all main product groups as well as design, marketing, information technology and environmental issues.

The development of the AddCAD system has been greatly emphasised during 2001. At the end of the year, the AddCAD system was partly taken into use in Spenncon.

Capital expenditure

The Group's annual capital expenditure amounted to EUR 22.8 million (EUR 37.2 million in 2000).

Year 2001 was the year of stabilising investment levels close to the depreciations. The major part of the investments was replacements of machinery, equipment and casting moulds. The Group continued strongly to develop and standardise used IT and CAD-software.

Parma Betonila renovated the Hyrylä mixing plant and a new mixing plant in Moscow was taken into use. In Sweden, Strängbetong commenced the new road barrier element production line in Norberg and in Norway, Spenncon completed a services hall in Sandnes.

In October, PCE Engineering bought the Acotec® technology rights. This technology enhances the PCE product family with a production system for lightweight partition walls and floor elements.

Changes in Group structure

In September, the Group structure was simplified and the total Group owning of 75% of the shares in the Estonian company E-Betoonelement was concentrated to the parent company, Addtek International Oy Ab.

In October, the minority share of Addtek Gorzkowice in Poland was acquired and the company is now a fully owned subsidiary.

Board of Directors, company management and auditors

At the end of the year, the Board of Directors consisted of Olof Ljunggren, Chairman, Kari Heinistö, Vice Chairman, Andrejs Cakste, Bengt Jansson, Stefan Linder, Michael Rosenlew and Olav Uppgård.

Bengt Jansson has been acting as the company's President and CEO. The Authorised Public Accountants KPMG Wideri Oy Ab and SVH PriceWaterhouseCoopers Oy have been serving as auditors.

Shares and shareholders

Addtek International Oy Ab's share capital is EUR 21,090,766. At the end of the year, the largest shareholders of the parent company were the investors in Industri Kapital's 1994 Fund, Partek Corporation, Sampo Life Insurance Company Ltd, Veritas Pension Insurance Company Ltd and Veritas Life Insurance Company Ltd. Nearly 10% of the shares were owned by the management of the company, whereas the remaining shares were hold by private and institutional investors.

Outlook for year 2002

Although some national economic indicators show that economic development would not get worse any more, the growth in Europe during year 2002 will be on the same low level as during year 2001. However, the Addtek Group expects a slightly positive development regarding orders received and result for year 2002, despite a weak first half of the year.

Income Statement

1 January – 31 December

In million euro	Note	Group 2001	%	Group 2000	%	Parent company 2001	Parent company 2000
Net sales	1, 2	531.2	100	541.6	100	2.4	3.2
Cost of goods sold		-440.3	-83	-441.0	-82	0.0	0.0
Gross profit		90.9	17	100.6	18	2.4	3.2
Selling and marketing costs		-29.8		-28.2		0.0	0.0
Administration costs		-32.3		-30.5		-3.8	-4.7
Other operating income	5	0.5		1.2		0.0	0.0
Other operating expenses	5	-1.8		-0.9		0.0	-0.1
Earnings of associated companies		0.2		0.2		0.0	0.0
		-63.2	-12	-58.2	-11	-3.8	-4.8
Operating profit	3, 4, 5	27.7	5	42.4	7	-1.4	-1.6
Financial income and expenses	6	-7.4	-1	-7.0	-1	17.8	21.5
Result before extraordinary items, taxation and minority interest		20.3	4	35.4	6	16.4	19.9
Extraordinary income	7	0.0		0.0		2.9	2.7
Result before taxation and minority interest		20.3		35.4		19.3	22.6
Taxes	8	-6.9	-2	-11.6	-2	-2.1	-1.0
Minority interest		-1.0		-0.8		0.0	0.0
Result for the period		12.4	2	23.0	4	17.2	21.6

Cash Flow Statement

1 January – 31 December

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Operating activities				
Operating profit/loss	27.7	42.4	-1.4	-1.6
Depreciation	18.3	16.7	0.1	0.1
Other adjustments	-0.9	-2.7	0.0	0.0
Cash flow before changes in working capital	45.1	56.4	-1.3	-1.5
Change in working capital				
Interest free short-term receivables, increase (-), decrease (+)	-6.5	-1.7	1.3	-0.5
Inventories, increase (-), decrease (+)	2.3	-10.7	0.0	0.0
Interest free short-term liabilities, increase (+), decrease (-)	-0.3	9.4	-0.3	-1.4
Cash generated from operations before financial items and taxes	40.6	53.4	-0.3	-3.4
Interest paid and other financial expenses	-17.6	-7.6	-16.0	-5.4
Dividends received	0.0	0.0	17.3	21.3
Interest received and other financial income	2.0	4.0	6.1	6.5
Income taxes	-9.7	-8.5	0.0	0.0
Cash flow from operating activities	15.3	41.3	7.1	19.0
Investing activities				
Investments in fixed assets	-22.2	-36.2	-2.5	-0.1
Proceeds from sale of fixed assets	0.9	0.9	0.0	0.0
Change in loan receivables	0.0	0.4	-27.8	-18.5
Cash flow from investing activities	-21.3	-34.9	-30.3	-18.6
Financing activities				
Change in minority	-2.0	0.6	0.0	0.0
Translation differences	0.4	0.4	0.0	0.0
Change in short-term debt	-3.2	2.1	0.7	-1.9
Change in long-term debt	43.1	-7.4	47.7	-0.9
Change in capital loans	-22.8	0.0	-22.8	0.0
Group contribution	0.0	0.0	2.7	0.8
Cash flow from financing activities	15.5	-4.3	28.3	-2.0
Change in cash and cash equivalents	9.5	2.1	5.1	-1.6
Cash and cash equivalents at the beginning of the period	8.1	6.3	0.1	1.7
Adjustment due to change in exchange rates	0.0	-0.3	0.0	0.0
	8.1	6.0	0.1	1.7
Cash and cash equivalents at the end of the period	17.6	8.1	5.2	0.1
Change in cash and cash equivalents	9.5	2.1	5.1	-1.6

The figures above can not directly be found in the balance sheet because of the exchange rate differences occurred upon consolidation.

Balance Sheet

31 December

In million euro	Note	Group 2001	%	Group 2000	%	Parent company 2001	Parent company 2000
Assets							
Fixed assets	9, 10						
Intangible assets		6.5	2	5.0	1	0.1	0.1
Tangible assets		222.2	60	220.2	63	0.1	0.1
Investments		2.6	1	2.7	1	53.2	50.9
Fixed assets, total		231.3	63	227.9	65	53.4	51.1
Current assets and long-term receivables							
Long-term loan receivables	11	0.3	0	0.4	0	107.1	79.1
Deferred tax receivable	17	2.0	1	1.6	1	0.0	0.0
Inventories	12	30.7	8	33.0	9	0.0	0.0
Short-term receivables	11	86.1	23	80.8	23	10.1	13.3
Cash and bank		17.6	5	8.1	2	5.2	0.1
Current assets and long-term receivables, total		136.7	37	123.9	35	122.4	92.5
Assets, total		368.0	100	351.8	100	175.8	143.6

In million euro	Note	Group 2001	%	Group 2000	%	Parent company 2001	Parent company 2000
Equity and liabilities							
Shareholders' equity	13, 14						
Share capital		21.1	6	21.1	6	21.1	21.1
Retained earnings		64.4	18	41.1	12	18.7	-2.9
Result for the period		12.4	3	23.0	7	17.2	21.6
Translation difference		0.7	0	0.4	0	0.0	0.0
Capital loan	14	22.8	6	45.5	13	22.8	45.5
Shareholders' equity, total		121.4	33	131.1	38	79.8	85.3
Minority interest		4.1	1	5.1	1	0.0	0.0
Provisions	15	3.8	1	4.5	1	0.0	0.0
Liabilities							
Long-term liabilities	16	89.0	24	56.2	16	83.1	45.2
Deferred tax liability	17	37.7	10	37.8	11	0.0	0.0
Short-term liabilities	18	112.0	31	117.1	33	12.9	13.1
Liabilities, total		238.7	65	211.1	60	96.0	58.3
Equity and liabilities, total		368.0	100	351.8	100	175.8	143.6

Accounting Principles

Basis of the financial statements

The consolidated financial statements, the financial statements of the parent company and the financial statements of the Finnish subsidiaries have been prepared in accordance with the legislation and current regulations in force in Finland. The financial statements of the foreign subsidiaries have been adjusted to conform to accounting practice in Finland.

Consolidation principles

The consolidated financial statements cover the parent company Addtek International Oy Ab and all the companies in Finland and abroad in which the parent company directly or indirectly controls more than 50% of the voting rights. One dormant company in Norway has been excluded.

The associated companies have been consolidated in accordance with the equity method. The associated company Parma Betonila Oy, of which the Group holds 50%, has, however, been consolidated on a row by row basis according to the ownership share. In the notes Parma Betonila has been consolidated in the same way.

The consolidated balance sheet has been prepared in accordance with the so-called direct acquisition method. Companies acquired during the year have been included in the consolidated income statement from the time they were acquired. In preparation of the consolidated financial statements internal transactions have been eliminated.

At the time of acquisition on 1.12.1997, the Group assets have been valued by taken into account the deferred tax. In accordance with the recommendation of the Accounting Board, the purchase price for shares in subsidiaries has been allocated to the acquired assets and liabilities. The allocation has been made on the basis of a valuation at market value according to the acquisition analysis and it covers the Group's share of the acquired assets and liabilities.

The value of the acquired assets and assumed liabilities is based on independent external valuations and well documented internal analyses. Deferred tax has been calculated for those balance sheet items for which the value in the Group deviates from the tax base values of the individual companies.

Possible untaxed reserves in the acquired companies at the time of acquisition have been divided into equity and a deferred tax liability at applicable tax rates.

Valuation of long-term assets

Shares included in fixed assets in the individual companies are entered at their acquisition value. The parent company's values of shares in subsidiaries are entered at their acquisition value.

Foreign currency

Group companies

Transactions in foreign currency are translated to the reporting currency at the rate applicable at the transaction date. In the financial statements the monetary assets and liabilities in foreign currencies are translated to the reporting currency at the central bank rates applicable at 31.12.2001.

Group

Foreign subsidiaries are considered to have independent operations and they are therefore not an integral part of the operations of the parent company. Foreign subsidiary assets and liabilities are therefore translated at central bank rates applicable at the year end, while income and expenditure are translated at the average rate during the accounting period. Translation differences are transferred to equity.

Rates of exchange

The following exchange rates have been used compared to euro:

EMU countries	Currency	Fixed rates
Finland	FIM	5.94573
Germany	DEM	1.95583
The Netherlands	NLG	2.20371

Other countries	Currency	Year end rates 31.12.2001	Average rates 2001
Sweden	SEK	9.30120	9.25598
Norway	NOK	7.95150	8.04959
Estonia	EEK	15.64660	15.64660
Latvia	LVL	0.55630	0.56013
Lithuania	LTL	3.52280	3.58241
Poland	PLN	3.49530	3.66969
USA	USD	0.88130	0.89566

Taxes

Tax costs are calculated on the result before tax after taking into account permanent differences between taxable and recorded profit. Tax on differences due to the fact that items are recorded and taxed during different periods is included in the balance sheet as a deferred tax liability or receivable.

Deferred tax receivables and liabilities are calculated on the periodisation differences between the accounting and taxation with the tax rates applicable during the following year, or if these are not known, with the tax rates of the period.

The credit on corporation tax in connection with internal dividend payments has been eliminated in the Group from direct taxes.

Inventory

Inventory has been valued either at the direct acquisition value or net realisable value, whichever is lowest. The FIFO-principle has been applied in the valuation. The value of finished and semi-finished goods includes in addition to the acquisition cost a reasonable proportion of indirect production costs and depreciation.

Fixed assets

Land, factory buildings, machines and other equipment are recorded according to their historic acquisition cost less depreciation according to plan in the individual companies. The Group assets have been valued at the date of acquisition taking into account the deferred tax. The valuation is based on the current values and the depreciation in the Group is based on the remaining economic life of the assets, which has been estimated as 20 to 25 years for buildings and constructions and 5 to 15 years for machinery and equipment.

The depreciation rates in the individual companies are based on the following economic life times:

Goodwill	5 – 20 years
Intangibles	10 years
Other capitalised expenditure	3 – 17 years
Buildings and constructions	15 – 40 years
Machinery and equipment	3 – 25 years
Other tangible assets	5 – 10 years

Leasing

There are no material leasing contracts on fixed assets. Leased assets are not included in the balance sheet and the lease fees are charged to income.

Income recognition

Net sales for product deliveries include invoiced amounts after the deduction of indirect taxes and discounts given. Project deliveries are recognised on the basis of the percentage of completion. Advance payments equivalent to completed work are deducted from the accrued sales income calculated in accordance with the percentage of completion of ongoing projects. The rest is treated as accrued income.

Research and development

Research and development costs are charged to income during the year they arise. Investments related to research and development are activated and deducted according to their economic life.

Pension arrangements

In the parent company and in the Finnish subsidiaries the pension responsibility is covered by means of pension insurance and the pension costs are charged to income at the same rate as pension rights are earned. The pension costs in other countries are recorded according to the practice of the country in question.

Minority interest

The minority share of the result after taxes is shown separately in the consolidated income statement. The minority share of equity is shown separately in the balance sheet.

Provisions

Costs, which are based on agreements or other liabilities and have not yet been realised, are shown as provisions in the balance sheet. The change of the provisions during the year is included in the income statement as a correction of the corresponding expense item.

Notes to Financial Statements

1. Net sales

In million euro	Group 2001	2000
By geographic area		
Finland	78.1	82.4
Sweden	128.3	128.1
Norway	94.8	110.3
The Netherlands	150.0	147.2
Germany	25.7	33.3
Other countries	54.3	40.3
	531.2	541.6
By product group		
Floors	192.2	194.1
Structures	51.3	55.6
Walls	36.9	42.6
Infrastructure	36.1	29.0
Other products	35.9	30.9
Engineering	34.3	28.4
Service	144.5	161.0
	531.2	541.6

2. Income from projects according to percentage of completion

In million euro	Group 2001	2000
Amount of total annual net sales	323.9	429.6
Ongoing projects 31 Dec		
Amount included in net sales	204.0	241.1
Sales not yet booked	99.7	118.4

3. Wages and salaries

In million euro	Group 2001	2000	Parent company 2001	2000
Salaries				
Salaries and fees				
To Board members and Managing Directors	2.0	1.5	0.3	0.3
To others	115.3	114.3	0.8	1.0
Bonus to Managing Directors	0.3	0.2	0.2	0.1
	117.6	116.0	1.3	1.4

In million euro	Group 2001	2000	Parent company 2001	2000
Other salary-related costs				
Pensions and pension premiums	8.7	8.6	0.4	0.5
Other salary-related costs	35.0	33.1	0.1	0.2
	43.7	41.7	0.5	0.7
Total	161.3	157.7	1.8	2.1
Managing Directors' pension age, years	60–65	60–65	60	60
Average number of employees				
Workers	2,914	2,899	0	0
Clerical	1,290	1,270	13	13
Total	4,204	4,169	13	13

Salaries and fees of the Board of Directors and CEO

The fees of the Board of Directors are defined by the Annual General Meeting and the salary and other benefits of the CEO by the Board. The CEO of the parent company has during the year received a salary including fringe benefits totalling 264,835 euro and a bonus of 165,597 euro. The fees to the Board during the year were 88,685 euro. The employees of Addtek International who also are Board members of Group companies have received no separate fees.

Pension terms

The retirement age of the CEO of the parent company is 60 years. The full old-age pension is 60% of the salary on which the pension is determined. The pension liabilities are covered in full by pension insurances, which have been taken out with pension insurance companies.

Dismissal

The dismissal time is both for the company and the CEO six months. If the company dismisses the CEO, he will be paid compensation for the dismissal, which will correspond to 18 months of the fixed salary including fringe benefits in addition to the salary for the dismissal period.

4. Depreciation

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Depreciation per function				
Production	16.0	14.3	0.0	0.0
Sales and marketing	0.7	0.7	0.0	0.0
Administration	1.3	1.4	0.1	0.1
Other operating expenses				
Goodwill	0.3	0.3	0.0	0.0
Total	18.3	16.7	0.1	0.1
Depreciation according to plan per type of asset				
Goodwill	0.3	0.3	0.0	0.0
Intangible rights	0.1	0.1	0.0	0.0
Other capitalized expenditure	0.5	0.7	0.0	0.0
Land	0.4	0.7	0.0	0.0
Buildings and constructions	5.0	4.1	0.0	0.0
Machinery and equipment	10.9	9.4	0.0	0.0
Other tangible assets	1.1	1.4	0.1	0.1
Total	18.3	16.7	0.1	0.1

5. Other operating income and expenses

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Income				
Profit on sale of fixed assets	0.2	0.2	0.0	0.0
Public regional development subsidy	0.1	0.3	0.0	0.0
Other income	0.2	0.7	0.0	0.0
	0.5	1.2	0.0	0.0
Expenses				
Loss on sale of fixed assets	0.1	0.1	0.0	0.0
Depreciation of goodwill	0.3	0.3	0.0	0.0
Product liability	1.0	0.0	0.0	0.0
Other expenses	0.4	0.5	0.0	0.0
	1.8	0.9	0.0	0.0

6. Financial income and expenses

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Dividend income from group companies	–	–	12.2	16.3
Dividend income from associated companies	0.0	0.0	5.0	5.0
Dividend income from others	0.0	0.0	0.0	0.0
Credit on corporate tax	0.0	0.0	2.1	2.0
Interest income from group companies	–	–	5.0	4.1
Interest income from others	0.5	0.7	0.1	0.1
Interest expenses to group companies	–	–	-0.9	-1.4
Interest expenses to others	-4.7	-4.5	-2.2	-1.4
Interest expenses on capital loan	-3.1	-3.2	-3.1	-3.2
Other financial items to others	-0.1	0.0	-0.4	0.0
	-7.4	-7.0	17.8	21.5
Other financial items				
Other financial income				
Exchange rate differences	6.8	4.6	5.9	4.1
Other income	0.2	0.0	0.0	0.0
	7.0	4.6	5.9	4.1
Other financial expenses				
Exchange rate differences	6.6	4.4	5.9	4.1
Other expenses	0.5	0.2	0.4	0.0
	7.1	4.6	6.3	4.1
	-0.1	0.0	-0.4	0.0

7. Extraordinary income

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Group contribution	–	–	2.9	2.7

8. Taxes

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Taxes paid	-7.3	-8.5	-2.1	-1.0
Change in deferred taxes during the year	0.4	-3.1	0.0	0.0
	-6.9	-11.6	-2.1	-1.0

9. Fixed assets

In million euro	2001	Group 2000	2001	Parent company 2000
Intangible assets				
Goodwill				
Acquisition value 1 Jan	2.3	1.6	0.0	0.0
+ Investments	0.9	0.7	0.0	0.0
Acquisition value 31 Dec	3.2	2.3	0.0	0.0
- Accumulated depreciation	-1.0	-0.5	0.0	0.0
Residual value 31 Dec	2.2	1.8	0.0	0.0
Intangible rights				
Acquisition value 1 Jan	4.6	3.8	0.0	0.0
+ Investments	0.2	0.8	0.0	0.0
+ Other increase	1.3	0.0	0.0	0.0
Acquisition value 31 Dec	6.1	4.6	0.0	0.0
- Accumulated depreciation	-2.0	-1.6	0.0	0.0
Residual value 31 Dec	4.1	3.0	0.0	0.0
Other capitalized expenditure				
Acquisition value 1 Jan	1.2	1.1	0.2	0.2
+ Investments	0.1	0.1	0.1	0.0
- Decrease during the year	-0.1	0.0	-0.1	0.0
Acquisition value 31 Dec	1.2	1.2	0.2	0.2
- Accumulated depreciation	-1.0	-1.0	-0.1	-0.1
Residual value 31 Dec	0.2	0.2	0.1	0.1
Intangible assets, total	6.5	5.0	0.1	0.1
Tangible assets				
Land				
Acquisition value 1 Jan	28.4	27.4	0.0	0.0
+ Valuation	15.6	15.6	0.0	0.0
+ Investments	0.9	0.5	0.0	0.0
+ Other increase	0.0	0.5	0.0	0.0
- Decrease during the year	0.0	0.0	0.0	0.0
Acquisition value 31 Dec	44.9	44.0	0.0	0.0
- Accumulated depreciation	-5.6	-5.3	0.0	0.0
Residual value 31 Dec	39.3	38.7	0.0	0.0

In million euro	2001	Group 2000	2001	Parent company 2000
Buildings and constructions				
Acquisition value 1 Jan	80.1	75.1	0.0	0.0
+ Valuation	45.6	45.6	0.0	0.0
+ Investments	3.3	4.5	0.0	0.0
+ Other increase	5.7	0.5	0.0	0.0
- Decrease during the year	0.0	0.0	0.0	0.0
Acquisition value 31 Dec	134.7	125.7	0.0	0.0
- Accumulated depreciation	-43.5	-38.6	0.0	0.0
Residual value 31 Dec	91.2	87.1	0.0	0.0
Machinery and equipment				
Acquisition value 1 Jan	141.3	122.7	0.1	0.1
+ Valuation	18.8	18.8	0.0	0.0
+ Investments	12.6	19.1	0.1	0.1
+ Other increase	8.7	1.2	0.0	0.0
- Decrease during the year	-1.7	-1.7	-0.1	0.0
Acquisition value 31 Dec	179.7	160.1	0.1	0.2
- Accumulated depreciation	-99.4	-89.2	0.0	-0.1
Residual value 31 Dec	80.3	70.9	0.1	0.1
Other tangible assets				
Acquisition value 1 Jan	25.1	22.6	0.0	0.0
+ Investments	2.7	1.8	0.0	0.0
+ Other increase	0.9	0.7	0.0	0.0
- Decrease during the year	-0.1	0.0	0.0	0.0
Acquisition value 31 Dec	28.6	25.1	0.0	0.0
- Accumulated depreciation	-18.4	-17.2	0.0	0.0
Residual value 31 Dec	10.2	7.9	0.0	0.0
Construction in progress				
Acquisition value 1 Jan	15.6	7.7	0.0	0.0
+ Investments	2.2	9.9	0.0	0.0
- Decrease during the year	-16.6	-2.0	0.0	0.0
Acquisition value 31 Dec	1.2	15.6	0.0	0.0
Tangible assets, total	222.2	220.2	0.1	0.1
Investments				
Shares and participations in subsidiaries				
Acquisition value 1 Jan	–	–	37.6	35.8
+ Investments	–	–	2.4	1.8
- Other increase	–	–	1.5	0.0
Acquisition value 31 Dec	–	–	41.5	37.6

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Shares and participations in associated companies				
Acquisition value 1 Jan	2.3	1.8	13.3	13.3
+ Increase during the year	0.0	0.0	0.0	0.0
+ Other increase	0.5	0.5	0.0	0.0
- Decrease during the year	-0.6	0.0	-1.6	0.0
Acquisition value 31 Dec	2.2	2.3	11.7	13.3
Shares and participations. external				
Acquisition value 1 Jan2	0.4	0.8	0.0	0.0
+ Increase during the year	0.0	0.0	0.0	0.0
- Decrease during the year	0.0	-0.4	0.0	0.0
Acquisition value 31 Dec	0.4	0.4	0.0	0.0
Investments, total	2.6	2.7	53.2	50.9
Fixed assets, total	231.3	227.9	53.4	51.1

10. Shares and participations as per 31 December 2001

In million euro	Group holding %	Parent company holding %	Book value Parent company
Group and associated companies			
Addtek Holding Oy Ab, Helsinki Finland	100,0	100,0	0,0
Addtek Polska S.p. z o.o., Poland	100.0		
Addtek Gorzkowice S.p. z o.o., Poland	100.0		
UAB Betonika, Lithuania	100.0	100.0	2.6
A/S E-Betoonelement, Estonia	75.0	75.0	3.0
PCE Engineering Oy Ab, Toijala Finland	100.0	100.0	5.6
PCE International Oy Ab, Toijala Finland	95.0		
Rimera Oy, Riihimäki Finland	100.0		
PCE Roth GmbH, Germany	100.0		
PCE Elematic Inc., USA	100.0		
Addtek Research & Development Oy Ab, Helsinki Finland	100.0	100.0	0.7
Addtek International AB, Sweden	100.0	100.0	29.5
Strängbetong AB, Sweden	100.0		
A/S Swetrak, Estonia*)	50.0		
SIA Strangbetong Latvija, Latvia	100.0		
Addtek International BV, The Netherlands	90.0		
Spanbeton BV, The Netherlands	90.0		
VBI Verenigde Bouwprodukten Industrie BV, The Netherlands	90.0		
Waalwijk Elementen Betonindustrie BV, The Netherlands	100.0		
Brespa GmbH, Germany	100.0		
Addtek International AS, Norway	100.0		
Spenncon AS, Norway	100.0		
Elematic Engineering AS, Norway	100.0		
Parma Betonila Oy, Forssa Finland*)[1]	50.0	50.0	11.8
Parastek Holding Oy, Vihti Finland*)	50.0		
A/O Parastek, Russia*)	50.0		
A/O Parastek Beton, Russia*)	50.0		
ZAO Mospart, Russia*)	50.0		
Parent company's total holding in Group and associated companies			53.2

*) Associated company

[1] The Parma Betonila Group consolidated according to the row by row method in accordance with the holding of the Addtek Group

11. Long and short-term receivables

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Subsidiaries				
Long-term loan receivables	–	–	107.1	79.1
Accounts receivables	–	–	0.0	1.1
Accrued income and prepaid expenses	–	–	0.8	0.6
Other short-term receivables	–	–	6.3	6.4
	–	–	114.2	87.2

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
External				
Long-term loan receivables	0.3	0.4	0.0	0.0
Accounts receivables	67.4	64.5	0.0	0.0
Accrued income and				
prepaid expenses	13.3	10.1	3.0	5.2
Other short-term receivables	5.4	6.2	0.0	0.0
	86.4	81.2	3.0	5.2
Total	86.4	81.2	117.2	92.4
Long-term receivables				
Interest-bearing				
Subsidiaries	–	–	105.5	79.1
External	0.3	0.3	0.0	0.0
	0.3	0.3	105.5	79.1
Interest free				
Subsidiaries	–	–	1.6	0.0
External	0.0	0.1	0.0	0.0
	0.0	0.1	1.6	0.0
Long-term receivables, total	0.3	0.4	107.1	79.1
Short-term receivables				
Interest-bearing				
Subsidiaries	–	–	2.5	2.7
Interest free				
Subsidiaries	–	–	4.6	5.3
External	86.1	80.8	3.0	5.3
	86.1	80.8	7.6	10.6
Short-term receivables, total	86.1	80.8	10.1	13.3
Total	86.4	81.2	117.2	92.4

The most important of the Group's accrued income and prepaid expenses is related to the periodisation of income based on the percentage of completion-method 8.4 million euro.

12. Inventories

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Materials and supplies	15.3	15.9	0.0	0.0
Finished and semi-finished goods	15.1	16.6	0.0	0.0
Advance payments	0.3	0.5	0.0	0.0
	30.7	33.0	0.0	0.0

13. Shareholders' equity

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Share capital 1 Jan	21.1	21.1	21.1	21.1
Share capital 31 Dec	21.1	21.1	21.1	21.1
of which *)				
– series A (new), 1 vote per share,				
dividends	5.3	–	5.3	–
– series B (new), 1 vote per share,				
no dividend	15.8	–	15.8	–
– series A (old), 4 votes per share,				
dividends	–	15.2	–	15.2
– series B (old), 4 votes per share,				
no dividend	–	3.2	–	3.2
– series C (old), 1 vote per share,				
no dividend	–	2.7	–	2.7
Retained earnings	64.4	41.1	18.7	-2.9
Result for the year	12.4	23.0	17.2	21.6
Translation differences	0.7	0.4	0.0	0.0
Capital loan 1 Jan	45.5	45.5	45.5	45.5
Change during the year	-22.8	0.0	-22.8	0.0
Capital loan 31 Dec	22.8	45.5	22.8	45.5
Shareholders' equity 31 Dec	121.4	131.1	79.8	85.3
Distributable funds 31 Dec				
Retained earnings	64.5	41.1	18.7	-2.9
Result for the year	12.4	23.0	17.2	21.6
Translation differences	0.7	0.4	0.0	0.0
The equity share deducted from				
untaxed reserves	-13.2	-11.5	0.0	0.0
Total	64.4	53.0	35.9	18.7

*) On the Shareholders' meeting 12 Dec 2001, the three old series of shares A, B and C with separate numbers of votes per share, were merged in two new series of shares A and B with one vote per share in both series. The shares in series A have still right to dividend, whereas the shares in series B do not have this right. All old share certificates were cancelled and no new ones were emitted.

14. Capital loan

The parent company Addtek International Oy Ab has a capital loan from the following investors:

In million euro	Parent company 2001	2000
Partek Oyj Abp	10.3	20.5
Investors represented by		
Industri Kapital 1994 Ltd.	12.5	25.0
	22.8	45.5

The booked but unpaid interest at 31 December 2001 was 0.1 million euro and it has been booked in the parent company as a long-term interest free liability.

Principle loan terms:

- The principle amount of the loan and the interest can in case of bankruptcy, reconstruction or liquidation only be repaid if other liabilities have been repaid.
- The loan and the interest can be repaid at any time assuming that the company's restricted equity is covered.
- The loan can be converted to equity assuming that the company's non-restricted equity is retained at an allowed level.
- The company is not allowed to reduce its share capital, merge with another company or demerge without permission from 2/3 of the lenders.
- The loan carries an interest charge of 7%. The payment of the interest and repayment of the loan have priority over the payment of dividends.
- The loan has to be repaid when the shareholders' agreement ceases to apply or on 31 December 2007 at the latest.

15. Provisions

In million euro	Group 2001	2000	Parent company 2001	2000
Pension liabilities	2.1	2.3	0.0	0.0
Guarantees	1.7	1.6	0.0	0.0
Restructuring costs	0.0	0.5	0.0	0.0
Other provisions	0.0	0.1	0.0	0.0
	3.8	4.5	0.0	0.0

16. Long-term liabilities

In million euro	Group 2001	2000	Parent company 2001	2000
Loans from financial institutions	88.8	46.1	83.0	12.6
Other interest-bearing liabilities,				
external	0.1	0.2	0.0	0.0
Other interest-bearing liabilities, internal	–	–	0.0	22.8
Other interest free liabilities, external	0.1	9.9	0.1	9.8
	89.0	56.2	83.1	45.2

In million euro	Group 2001	2000	Parent company 2001	2000
Of the long-term liabilities, the following will fall due in 2005 or later:				
Loans from financial institutions	68.3		68.0	
Other interest free liabilities, external	0.1		0.1	
Capital loan	22.8		22.8	
	91.2		90.9	

17. Deferred taxes

In million euro	Group 2001	2000
Deferred tax receivables		
From joining measures	0.8	0.9
From periodisation differences	1.2	0.7
	2.0	1.6
Deferred tax liabilities		
From joining measures	19.3	19.2
From periodisation differences	18.4	18.6
	37.7	37.8

18. Short-term liabilities

In million euro	Group 2001	2000	Parent company 2001	2000
Interest-bearing				
Subsidiaries				
Other interest-bearing liabilities	–	–	5.4	5.8
Other				
Amortisation on long-term loans	2.3	6.3	0.0	3.6
Other interest-bearing liabilities	6.2	5.3	6.2	1.7
	8.5	11.6	6.2	5.3
Interest-bearing, total	8.5	11.6	11.6	11.1
Interest free				
Subsidiaries				
Trade creditors	–	–	0.0	0.0
Accrued expenses and				
deferred income	–	–	0.0	0.0
	–	–	0.0	0.0
Associated companies				
Accrued expenses and				
deferred income	0.0	0.2	0.0	0.0
	0.0	0.2	0.0	0.0

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Others				
Advances received	16.4	14.3	0.0	0.0
Trade creditors	40.8	50.4	0.2	0.3
Accrued expenses and deferred income	26.4	25.2	1.0	1.6
Other interest free liabilities	19.9	15.4	0.1	0.1
	103.5	105.3	1.3	2.0
Interest free, total	103.5	105.5	1.3	2.0
Total	112.0	117.1	12.9	13.1

The most important of the Group's accrued expenses and deferred income items are related to the periodisation of personnel costs of 18.7 million euro, taxes of 0.8 million euro, purchase costs of 3.7 million euro and financial items of 0.9 million euro.

19. Pledged assets and contingent liabilites

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Pledged assets				
As security for own debt				
Real estate mortgages	17.1	115.5	0.0	0.0
Other mortgages	4.1	46.6	0.0	0.0
Shares	0.0	0.0	0.0	35.8
	21.2	162.1	0.0	35.8
Credit and guarantee lines for which collateral is pledged	19.3	125.3	0.0	47.6
– of which booked as loans on the balance sheet	7.8	56.7	0.0	17.9

Shares owned by the parent company were pledged as security for both own and Group company debt until 19 Dec 2001.

Guarantees given and other contingent liabilities				
For Group companies	–	–	106.4	142.6
For commercial obligations	55.5	60.8	0.0	0.0
Total	55.5	60.8	106.4	142.6
– of which guarantees for unused but committed credit and guarantee lines available for Group companies			39.7	57.1
Pension liabilities	1.1	0.8	–	–

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Lease and long term rent agreements				
Payments due during the coming year	3.2	3.1	0.3	0.1
Payments due thereafter	7.5	7.4	1.2	0.0
	10.7	10.5	1.5	0.1

20. Derivative instruments

In million euro	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Foreign exchange forward contracts				
Market value	-0.4	1.4	-0.4	1.1
Nominal amount	60.2	58.7	56.4	53.9

At the end of the financial period, the forward contracts were used for hedging loans between the parent company and subsidiaries and the sales in foreign currencies of some Group companies.
The forward contracts have been valued at the rate on the closing date, and the result has been booked among other financial income or expenses at the same pace as the bookings regarding the hedged items.

21. Personnel at 31 Dec

	Group 2001	Group 2000
Per geographic area		
Finland	682	688
Sweden	994	962
Norway	586	612
Germany	121	142
The Netherlands	1,138	1,202
Estonia	398	362
Latvia	8	4
Lithuania	119	123
Poland	89	85
United States	10	7
Russia	2	4
	4,147	4,191

22. Distribution of shares

Distribution of shares by shareholder category at 31 December 2001

	Series of shares A	Series of shares B	Shares total	%
Private and public companies	3,149,170	655,959	3,805,129	30.3
Financial and insurance institutions		3,332,495	3,332,495	26.6
Investment companies and funds		3,590,712	3,590,712	28.6
Private persons		1,811,664	1,811,664	14.5
Total	3,149,170	9,390,830	12,540,000	100.0

Distribution of shares by shareholding at 31 December 2000

Number of shares	Shareholders	%	Shares	%
1 – 5 000	57	36.3	208,115	1.7
5 001 – 10 000	22	14.0	180,414	1.4
10 001 – 50 000	48	30.6	1,301,308	10.4
50 001 – 100 000	11	7.0	917,845	7.3
100 001 – 500 000	15	9.6	3,645,103	29.1
500 001 –	4	2.5	6,287,215	50.1
Total	157	100.0	12,540,000	100.0

Distribution of shares by shareholder at 31 December 2001

	Series of shares A	Series of shares B	Shares total	%
Investors represented by Industri Kapital		6,143,172	6,143,172	48.99
Partek Corporation	3,149,170	146,061	3,295,231	26.28
Sampo Life Insurance Company Ltd.		1,229,430	1,229,430	9.80
Veritas Pension Insurance Company Ltd.		395,293	395,293	3.15
Veritas Life Insurance Company Ltd.		219,607	219,607	1.75
Others		1,257,267	1,257,267	10.03
Total	3,149,170	9,390,830	12,540,000	100.00

Key Ratios

		2001	2000	1999	1998
Income Statement					
Net Sales	Million euro	531.2	541.6	489.4	442.0
Gross Profit	Million euro	90.9	100.6	97.6	86.1
% of Net Sales	%	17.1	18.6	19.6	19.5
Operating Profit	Million euro	27.7	42.4	41.1	36.7
% of Net Sales	%	5.2	7.8	8.4	8.3
Result before Extraordinary Items, Taxation and Minority Interest	Million euro	20.3	35.4	33.5	27.4
% of Net Sales	%	3.8	6.5	6.9	6.2
Result for the Period	Million euro	12.4	23.0	23.0	18.8
% of Net Sales	%	2.3	4.2	4.7	4.2
Balance Sheet and Key Ratios					
Total Assets	Million euro	368.0	351.8	318.7	304.0
Return on Capital Employed	%	16.9	25.9	25.4	21.4
Return on Equity					
– Capital Loan as equity	%	10.2	19.2	23.8	25.0
– Capital Loan not as equity	%	13.8	30.4	44.0	61.2
Equity Ratio					
– Capital Loan as equity	%	35.7	40.4	37.0	30.7
– Capital Loan not as equity	%	29.2	26.9	21.9	14.7
Gearing					
– Capital Loan as equity	%	63	36	50	85
– Capital Loan not as equity	%	99	105	154	288
Earnings per Share	euro	0.99	1.84	1.84	1.46
Equity per Share (excl. Capital Loan)	euro	7.87	6.82	4.96	3.06
Gross Investments	Million euro	22.8	37.2	20.0	18.7
% of Net Sales	%	4.3	6.9	4.1	4.2
Net Debt (incl. Capital Loan)	Million euro	102.1	94.9	101.7	119.6
Net Debt (excl. Capital Loan)	Million euro	79.4	49.4	56.2	74.1
Orderbook	Million euro	169.1	179.5	172.6	145.3
Average Number of Personnel	Number	4,204	4,169	3,786	3,765
of which in Finland	"	685	644	598	562
of which outside Finland	"	3,519	3,525	3,188	3,203

Definitions to Key Ratios

Return on Capital Employed, %	$\frac{\text{Profit after financial items + financial expenses}}{\text{Total assets - interest free liabilities, year average}} \times 100$
Return on Equity, %	$\frac{\text{Profit after financial items - taxes}}{\text{Equity + minority share, year average}} \times 100$
Equity Ratio, %	$\frac{\text{Equity + minority share}}{\text{Total assets - advances received}} \times 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities - cash - other interest-bearing receivables}}{\text{Equity + minority share}} \times 100$
Earnings per Share, in euro	$\frac{\text{Profit after financial items - taxes - minority share}}{\text{Number of shares, average}}$
Equity per Share, in euro	$\frac{\text{Equity}}{\text{Number of shares, closing balance}}$

Proposal for the Distribution of Profit to the Annual General Meeting

The net profit of the Group during the year was 12.4 million euro and the distributable funds amounted to 64.4 million euro on 31 December 2001.

The net profit of the parent company during the year was 17.2 million euro and the distributable funds amounted to 35.9 million euro on 31 December 2001.

The Board of Directors proposes that from the funds at the disposal of the Annual General Meeting, a dividend of 2.3 euro per share is to be paid out on a total of 3,149,170 A shares, amounting to 7.2 million euro.

Vantaa, 27 February 2002

Olof Ljunggren | *Chairman*

Kari Heinistö | *Vice Chairman*

Andrejs Cakste

Stefan Linder

Michael Rosenlew

Olav Uppgård

Bengt Jansson | *President and CEO*

Auditors' Report

To the shareholders of Addtek International Oy Ab

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Addtek International Oy Ab for the year ended 31 December 2001. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the 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 the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements, showing a profit of 12,393,000 euro in the consolidated income statement and a profit of 17,238,961.92 euro in the parent company income statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company result of operations, as well as the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial year audited by us. The proposal made by the Board of Directors on how to deal with the result is in compliance with the Finnish Companies Act.

Vantaa, 28 February 2002

KPMG WIDERI OY AB
Solveig Törnroos-Huhtamäki
Authorized Public Accountant

SVH PricewaterhouseCoopers Oy
Kim Karhu
Authorized Public Accountant

Quarterly Information

In million euro

	Quarter	1st *)	2nd *)	3rd *)	4th *)	Year total
				2001		
Income statement						
Net sales		129.1	144.0	123.6	134.5	531.2
Gross profit		21.1	26.7	21.4	21.7	90.9
% of net sales		16.3	18.5	17.3	16.1	17.1
Operating profit		5.6	11.4	8.3	2.4	27.7
% of net sales		4.3	7.9	6.7	1.8	5.2
Result before extraordinary items, taxation and minority Interest		4.1	10.1	6.0	0.1	20.3
% of net sales		3.2	7.0	4.8	0.1	3.8
Result for the period		2.7	6.6	3.8	-0.7	12.4
% of net sales		2.1	4.6	3.1	-0.5	2.3

	31 Mar *)	30 Jun *)	30 Sep *)	31 Dec
		2001		
Balance Sheet				
Assets				
Fixed assets	228.6	229.1	224.6	231.3
Long-term loan receivables	0.8	0.8	0.7	0.3
Deferred tax receivables	1.6	1.7	1.5	2.0
Inventories	35.6	33.9	31.9	30.7
Short-term receivables	86.7	94.8	99.8	86.1
Cash and bank	7.7	7.7	5.9	17.6
Current assets and long-term receivables, total	132.4	138.9	139.8	136.7
Assets, total	361.0	368.0	364.4	368.0
Equity and liabilities				
Shareholders' equity (excl. capital loan)	88.4	96.3	98.3	98.7
Shareholders' equity (incl. capital loan)	133.9	140.8	143.8	121.4
Minority interests	4.5	4.9	4.9	4.1
Provisions	5.0	5.1	4.6	3.8
Long-term liabilities	61.8	57.5	59.1	89.0
Deferred tax liability	37.2	37.2	36.6	37.7
Short-term liabilities	118.6	122.5	115.4	112.0
Liabilities, total	217.6	217.2	211.1	238.7
Equity and liabilities, total	361.0	368.0	364.4	368.0
Additional information				
Net debt (incl. capital loan)	100.9	96.0	99.9	102.1
Net debt (excl. capital loan)	55.4	50.5	54.4	79.4
Capital loan	45.5	45.5	45.5	22.8
Accrued unpaid interest on capital loan	10.6	11.4	12.2	0.1
Orderbook	204.8	192.4	174.7	169.1
Number of personnel, closing balance	4,176	4,390	4,295	4,147
Number of personnel, average	4,155	4,242	4,282	4,204

*) Not separately audited as quarters

Board of Directors

From left: Andrejs Cakste, Kari Heinistö, Olof Ljunggren, Lennart Simonsen (Secretary), Michael Rosenlew, Bengt Jansson and Olav Uppgård. Absent: Stefan Linder

Olof Ljunggren
Born 1933. Chairman.
Chairman of the Board of Intentia AB and AMF Pension.
Vice Chairman of the Board of Liber AB.
Member of the Board of Försäkringsbolaget Pensionsgaranti (FGP).
Shareholding: 5,843 shares
Share of capital loan: EUR 8,560

Lennart Simonsen
Born 1960. Secretary.
Managing Partner of Roschier Holmberg, Attorneys Ltd.

Kari Heinistö
Born 1958. Vice Chairman.
Senior Executive Vice President of Partek Oyj Abp.
Vice Chairman of the Board of Paroc Group Oy Ab.
Member of the Board of Polar Kiinteistöt Oyj and Nordkalk Oyj Abp.
Chairman of the Board of Partek Cargotec Oy and Oy Sisu Auto Ab.
Member of the Board of Partek Forest AB, Kalmar Industries AB, Valtra Oy Ab and the Scout Foundation of Finland.
Shareholding: 2,811 shares.
Share of capital loan: 5,702 EUR

Andrejs Cakste
Born 1952. Member.
Chairman of Infologic AB.
Member of the Board of PartnerTech AB.
Shareholding: 111,572 shares.
Share of capital loan: EUR 226,339.

Bengt Jansson
Born 1946. Member.
President and CEO, Addtek International Oy Ab.
Chairman of the Board of major Group Companies.
Shareholding: 80,000 shares

Stefan Linder
Born 1968. Member.
Director of Industri Kapital AB.
Member of the Board of Oriflame International S.A. and Sydsvenska Kemi AB.
Alternate member of the Board of Intrum Justitia AB.

Michael Rosenlew
Born 1959. Member.
Director of Industri Kapital AB.
Member of the Board of Paroc Group Oy Ab, Enermet Group Oy, CPS Color Group Oy, Dynea Oy, Sydsvenska Kemi AB and City Link AB.

Olav Uppgård
Born 1955. Member.
Senior Vice President and Group Treasurer of Partek Oyj Abp.
Chairman of the Board of Green Arrow Insurance Ltd.
Member of the Board of Partek Finance N.V.

Group Management

From left: Lasse Lappalainen, Seppo Rajamäki, Bengt Jansson and Timo Linna

Bengt Jansson
President and CEO,
Addtek International

Timo Linna
Legal Counsel,
Addtek International

Lasse Lappalainen
Vice President,
Business Development,
Addtek International

Seppo Rajamäki
Vice President,
Technical Director,
Addtek International

Management Group

Bengt Jansson
President and CEO,
Addtek International

Lasse Lappalainen
Vice President,
Business Development,
Addtek International

Timo Linna
Legal Counsel,
Addtek International

Seppo Rajamäki
Vice President,
Technical Director,
Addtek International

Piotr Biskup
Managing Director,
Addtek Polska

Heikki Haikonen
Managing Director,
Brespa

Petri Janhunen
Managing Director,
Addtek Research &
Development

Ove Johansson
Chairman,
E-Betoonelement
Managing Director,
Swetrak

Heerke Kuiper
Managing Director,
VBI and Spanbeton

Hannu Martikainen
Managing Director,
Parma Betonila

Leo Sandqvist
Managing Director,
PCE Engineering

Johnny Ståhl
Managing Director,
Strängbetong

Terje Søhoel
Managing Director,
Spenncon

Kornelijus Valaitis
Managing Director,
Betonika

Jaan Valbet
Managing Director,
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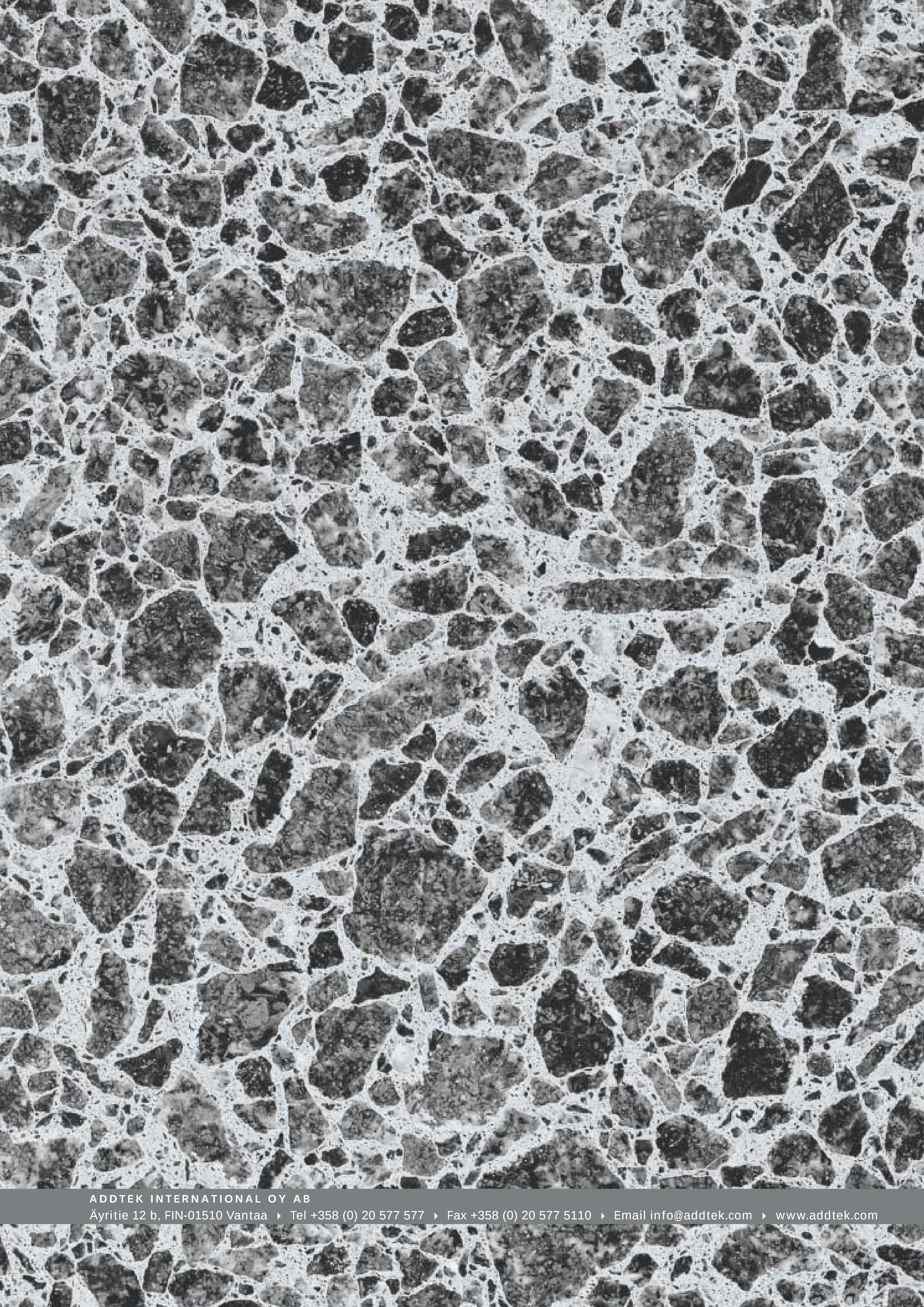

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