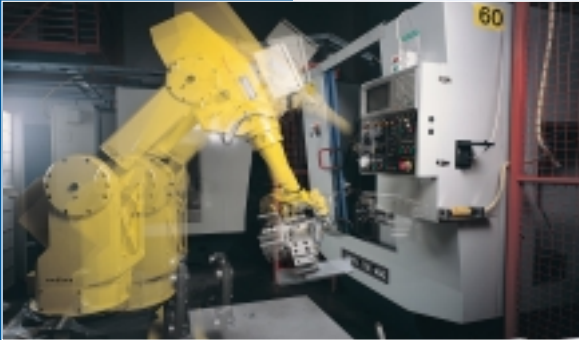


Annual Report 2001



NORDIC  ALUMINIUM



Information for Shareholders

Annual General Meeting

Nordic Aluminium Plc's Annual General Meeting will be held on March 27, 2002 at 1 p.m. in the auditorium of the Satakuntatalo building at Lapinrinne 1, 3rd floor, FIN-00180 Helsinki, Finland.

Shareholders who have been entered in the book-entry shareholders' register kept by the Central Securities Depository of Finland by March 15, 2002 at the latest, are entitled to attend.

Shareholders who wish to attend the AGM should notify the company of their intention to do so by 9 a.m. on March 26, 2002:

- in writing to Nordic Aluminium Plc, AGM, P.O. Box 117, FIN-02401 Kirkkonummi, Finland, or
- by fax to +358 9 298 2178, or
- by e-mail to jaana.honkonen@nordicaluminium.fi

Proxies for representing a shareholder voting rights at the Meeting, should be forwarded to the company by the notification date.

Dividend

The Board proposes to the Annual General Meeting that a dividend of EUR 0.13 per share be paid for 2001. The record date for the dividend is April 4, 2002 and the payment will commence on April 11, 2002, assuming the Annual General Meeting approves the Board's proposal.

Financial information in 2002

In 2002 Nordic Aluminium Plc publishes the following financial reports:

Financial Statements Bulletin	February 11, 2002
Annual Report	March 15, 2002
Annual General Meeting	March 27, 2002
Interim Report January–March 2002	April 24, 2002
Interim Report January–June 2002	August 8, 2002
Interim Report January–September 2002	October 23, 2002

Bulletins and reports are published in Finnish and English. The bulletins will be available on the Nordic Aluminium website at www.nordicaluminium.fi, item Financial Info, immediately upon their disclosure.

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The key ratios are calculated in accordance with the guidelines of the Accounting Board. The calculation formulae and the notes to the financial statements are presented on the Nordic Aluminium website at www.nordicaluminium.fi.

Introduction to the Group

The Nordic Aluminium Group comprises the parent company Nordic Aluminium Plc, operating in Kirkkonummi, Espoo and Nivala, and the subsidiaries Nordic Aluprofiler AB in Sweden and Nordic Aluminium, Inc. in the United States. The Group's operations are divided into three business areas: Electrotechnical Products, Components and Profiles.

Business Operations

Managing Director
Vesa Siitari

Economy
Torolf Theman

Quality and environment
Folke Jansson

Technology
Seppo Helin

Personnel development and internal communications
Päivi Karimaa

MIS
Jorma Hirvelä

Common purchases, metal & currency trading
Elina Puromies

Nordic Aluminium, Inc.
Kalevi Turkia

	Electrotechnical Products	Components		Profiles
	Stig Winstén	Ralf Sohlström	Pauli Koivuniemi	Matti Savolainen
	Lighting Tracks	Components for the electrotechnical and electronics industries	Components for the telecommunications industry	Customer Profiles Building Systems
	Office Trunking Systems			
	Cable Ladders	Components for the telecommunications industry		
	Kirkkonummi	Espoo	Nivala	Kirkkonummi
	Nordic Aluminium, Inc. Atlanta GA, USA		Nordic Aluminium, Inc. Hutchinson MN, USA	Nordic Aluprofiler AB Sweden

Business Areas

Electrotechnical Products

Nordic Aluminium is the leading manufacturer of lighting tracks in Europe, and these products have also gained a strong foothold in North America, where they are sold both as OEM products and under their own brand name. In Cable Management Systems Nordic Aluminium is the market leader in office trunking systems in Finland and it has a strong position in the other Nordic countries, too. Most of Nordic Aluminium's cable ladders are sold in Finland and in Continental Europe.

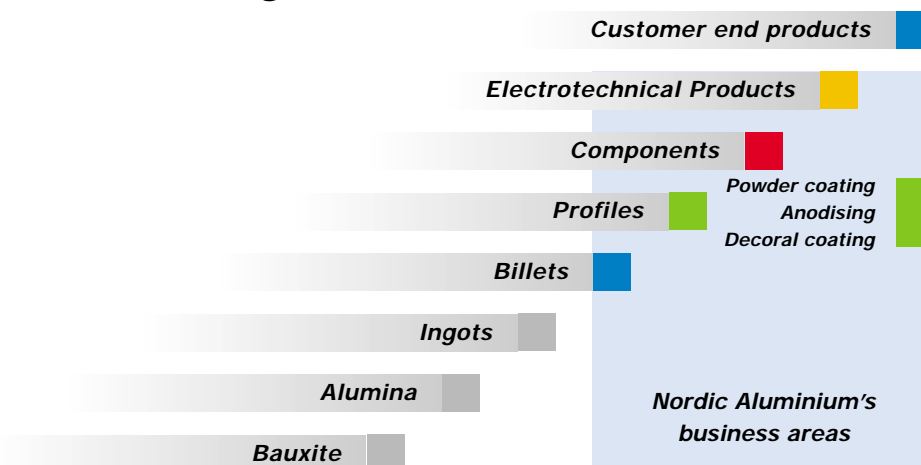
Components

The Components business area comprises three factories, two in Finland and one in the United States. The Espoo factory manufactures heat sinks and other aluminium components mainly for electrotechnical and electronics industries. The factories in Nivala and Hutchinson, Minnesota, both manufacture components for telecommunications industry.

Profiles

The Profiles business area designs and manufactures customised aluminium profiles and building systems. It also supplies aluminium profiles as input material for other Nordic Aluminium business areas. Production takes place at the Kirkkonummi factory near Helsinki, where the Group has a complete production chain reaching from the foundry to advanced value-added production. Its Swedish subsidiary, Nordic Aluprofiler AB, markets Nordic Aluminium's profiles in its own market area.

Nordic Aluminium's Position in the Aluminium Processing Chain



The Group has a comprehensive production chain at the Kirkkonummi factory, extending from foundry to highly processed output. Aluminium extrusions are processed into profiles for the construction and interior decoration businesses, and semifinished products for further processing into electro-technical products or components for the electrotechnical and electronics industries. Products are made for customers both under Nordic Aluminium brands and on a contract manufacturing basis.

Year 2001 in brief

- Net sales remained nearly at the 2000 level despite a weaker market situation.
- Profit declined but remained positive.
- The Group adjusted its operations to lower demand and strengthened the foundations for its operations by raising the automation level, through market-driven product development and new technology and production capacity, and by improving delivery processes.
- The Group's key financial data declined during 2001, but the basis for long-term industrial and financial capacity improved.

Financial key figures are published on page 5 of the Annual Report.

Immediate aims for operations and business strategy

The adjustments and organisational changes made in all Nordic Aluminium's business areas create the potential for boosting efficiency and profitability. The unstable market situation is expected to continue in the first half of 2002. In this situation, Nordic Aluminium expects net sales to remain at the 2001 level and profit to improve as a consequence of higher productivity.

Electrotechnical Products aims to strengthen its position as the leading supplier of lighting tracks in Europe and to expand its successful operations in North America. In Cable Management Systems, Nordic Aluminium aims to hold the position of market leader in Finland and to improve its position in Europe through business partnerships.

The Components business area aims to strengthen and expand its customer relationships and to utilise the competitiveness of its efficient delivery processes whenever the market situation allows. The competitive edge of Components is further boosted by its good capacity to respond to customers' rapidly changing component needs.

Profile manufacturing at the Kirkkonummi factory has gone through renovations related to the paint shop investment. The factory is now equipped to increase the proportion of processed products in its product range. The design support that Nordic Aluminium provides for its customers has proved a clear competitive advantage in the marketing of customer profiles. By renewing and improving production and increasing its flexibility, the Profiles business area can now readily respond to rapid changes in demand. This has created good potential for profitable operations also when demand is low.



The Quality Management System of Nordic Aluminium Plc has been approved by Lloyd's Register Quality Assurance Limited to the following Quality Management Standards: ISO 9001: 1994, SFS EN ISO 9001: 1994 and the Environmental Management System SFS EN ISO 14001: 1996.

Managing Director's Review



A year of challenges

In 2001 the market weakened and this hampered both the operating conditions and the profit making capability of the Group. Owing to the weaker prospects, customers in the electrotechnical and telecommunications industries postponed their investment decisions, and the expected rise in demand did not materialise. The brisk construction activity of business and office premises in Finland was a positive exception in the general market scene and was reflected favourably in the demand for cable management products. On the whole, 2001 was one of the most challenging years in the Group's history.

In a difficult market environment Nordic Aluminium performed well in Electrotechnical Products. Net sales were roughly on the level of the previous year, even though total demand in the sector is expected to have decreased. The Components' factory in Espoo was able to form new customer relationships and to improve profitability despite the weakened market demand. The year was particularly trying for telecommunications components. Demand for profiles was reasonably good at the beginning of the year but gradually declined towards the end.

Considerable restructuring

Although the profit declined and fell short of expectations, it remained positive. The Group also succeeded in the difficult task of adjusting the operations of all its business areas to the current level of demand. Management and business structures were reorganised, responsibilities were redefined and the marketing activities were increased. The long-term investment programme to boost competitiveness and productivity, was completed. Nordic Aluminium now has the potential to respond adequately to even considerable growth in customer demand.

Operational efficiency

The Group's financial data deteriorated in 2001, but its long-term industrial and financial potential improved. Investments in a higher degree of automation in production, market oriented product development, new technology, capacity and improved delivery processes reinforced the basis of the Group's operations, making it ready for profitable growth and increased output when market trends start looking up.

In the past few years, business cycles have begun to change more and more rapidly in the markets where Nordic Aluminium operates. Customers react quickly to their own market prospects, causing demand to fluctuate rapidly. They expect their business partners to be flexible and able to deliver on time. Nordic Aluminium is well equipped to operate successfully in this market environment.

I would like to thank our customers for their good sustained partnerships and cooperation, which leads to success in the long run. Our personnel have shown exceptional dedication in situations where this has been vital. Such strengths are the makings of a promising future.

Kirkkonummi, February 2002

Vesa Siitari
Managing Director

Financial Summary

Extent of operations	2001	2000	1999	1998	1997
Net sales, EUR million	86.45	90.84	70.54	61.26	57.49
Change, %	-4.8	28.8	15.1	6.6	8.6
Exports and international operations, share of net sales, %	34.6	31.9	32.6	33.1	29.9
R&D expenditure, EUR million	1.77	1.73	1.59	1.37	1.25
share of net sales, %	2.0	1.9	2.3	2.2	2.2
Gross capital expenditure, EUR million	7.80	8.81	15.97	3.49	2.95
share of net sales, %	9.0	9.7	22.6	5.7	5.1
Personnel, average	492	516	442	383	368
Net sales/employee, EUR million	0.18	0.18	0.16	0.16	0.16
Order backlog, EUR million	5.47	7.42	5.98	3.57	4.51
Profitability					
Operating profit, EUR million	2.89	6.99	6.01	3.89	4.19
of net sales, %	3.3	7.7	8.5	6.4	7.3
Profit before extraordinary items, EUR million	2.32	6.37	5.70	3.76	4.10
of net sales, %	2.7	7.0	8.1	6.1	7.1
Profit before taxes, EUR million	2.32	6.37	5.70	3.76	3.52
Net profit, EUR million	1.76	4.55	3.85	2.70	2.50
of net sales, %	2.0	5.0	5.5	4.4	4.4
Return on equity (ROE), %	8.5	24.7	24.4	19.8	25.1
Return on capital invested (ROI), %	8.5	21.3	23.4	20.7	22.1
Share related indicators					
Earnings/share, EUR	0.38	0.98	0.83	0.59	0.64
Net profit/share, EUR	0.38	0.98	0.83	0.59	0.55
Dividend/share, EUR	*0.13	0.34	0.29	0.25	0.25
Dividend to earnings ratio, %	*34.2	34.6	34.2	43.1	39.1
Effective dividend yield, %	*2.0	4.3	2.7	5.4	3.5
Equity/share, EUR	4.45	4.40	3.71	3.12	2.79
P/E ratio	17.4	8.2	12.6	8.0	11.2
Quotations					
Year's lowest, EUR	5.82	7.32	4.50	4.37	6.90
Year's highest, EUR	10.00	13.00	10.55	9.75	10.01
Year's average, EUR	9.29	11.24	7.75	7.49	8.73
Average quotation, last trading day, EUR	6.78	8.00	10.37	4.59	7.08
Market capitalisation, EUR million	30.6	36.9	48.5	21.7	33.4
Other share data					
Nominal value, EUR/share	1.28	1.28	1.26	1.26	1.26
Taxation value, EUR/share	4.760	5.425	7.350	3.364	4.877
Turnover of shares, million shares	0.6	0.3	2.2	4.9	4.3
Total dividend, EUR million	*0.6	1.6	1.3	1.2	1.2
Financing and financial position					
Liquidity (Current ratio)	1.1	1.0	1.2	1.5	1.4
Internal funding of investments, %	94	106	54	175	196
Equity ratio, %	40.0	35.9	34.4	47.6	41.0
Interest-bearing debt, EUR million	16.41	14.68	16.16	5.79	7.09
Gearing, %	76.1	51.8	61.8	6.8	17.5
Balance sheet total, EUR million	51.45	56.73	49.82	30.31	31.43

* the Board's proposal to the Annual General Meeting convening on March 27, 2002

The figures have been calculated in accordance with the guidelines of the Accounting Board. The calculation formulae are presented on the Nordic Aluminium website at www.nordicaluminium.fi.



GLOBAL trac®

The GLOBAL trac® lighting track system allows for versatile solutions in demanding and elegant power supply applications. Light sources and power take-off points can be freely positioned exactly where required.



For most of the year, the Electro-technical Products business area was divided into two independent product areas, Lighting Tracks and Cable Management Systems. As a result of restructuring in the business area, however, these product areas were integrated at the end of the year.

EUR million	2001	2000	Change, %
Net sales	29.3	29.9	-2.2
Operating profit	4.4	5.3	-15.9
Num. of pers. Dec. 31	83	89	-6.7

Stig Winstén, General Manager of Electrotechnical Products (on the right), and Paula Ristoja, Marketing Manager.

Nordic Aluminium is the leading manufacturer of lighting tracks in Europe, and these products have also gained a strong foothold in North America, where they are sold both as OEM products and under their own brand name. Nordic Aluminium is also the market leader in office trunking systems in Finland and has a strong position in the other Nordic countries, too. Most of Nordic Aluminium's cable ladders are sold in Finland and in Continental Europe.

Electrotechnical Products are manufactured in Kirkkonummi, where Nordic Aluminium also operates a separate production line dedicated to its important US partner Lithonia Lighting. Nordic Aluminium, Inc., the subsidiary in Atlanta, handles imports and marketing in North America. The business area relies heavily on advanced electro-technical design and customer partnerships as strong competitive factors.

Good performance over a difficult period

Demand for Electrotechnical Products decreased from the previous year, but considering market situation was nevertheless satisfactory. Total demand for electrotechnical products manufactured by Nordic Aluminium is estimated to have declined during 2001. Many important customers postponed their investments and even delayed some projects that were already at the implementation stage. At the end of the year, however, the situation seemed to improve somewhat and the number of requests for tenders started increasing again.

Lighting Tracks

Customers postponed projects

Deliveries of lighting tracks to retail outlets decreased as customers postponed their projects. Many large international retail chains delayed renovations planned for their stores in order to adjust to lower consumer demand. In Europe, lighting track deliveries continued along

the established channels and the decrease in demand had less of an impact than in the USA. Lighting track deliveries to Lithonia Lighting, Nordic Aluminium's US partner, fell short of expectations. OEM deliveries, mainly to small and medium-sized specialist lighting manufacturers in the USA, Canada and Mexico, grew, however.

Competitive products to several market areas

The Electrotechnical Products business area supplies lighting tracks to the USA and Europe both under its own brand name and as contract products for its OEM customers. In the United States, Nordic Aluminium, Inc. takes care of marketing. Active efforts have been made to find new customers and these have produced good results. Hitherto unexplored market areas have also been targeted: a sizeable order for lighting tracks was received from Australia, for example. All in all, lighting tracks exports go to more than 30 countries.

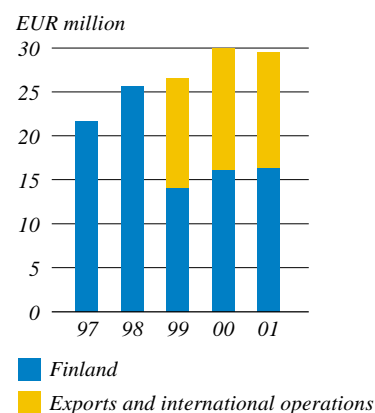
The year 2001 saw the introduction of the GLOBAL base adapter designed for the single-circuit lighting track system. The new product was very well received on the market.

Additions were made to the GLOBAL trac lighting track range designed for the US, which is now ready for tough competition on the market. For instance, the market share of the GLOBAL tek two-circuit system has been constantly on the increase thanks to its compatibility with various electrical applications, such as circuit-specific dimmers.

The higher degree of automation increases the products' competitiveness. Quality interpretation is now fully automatic.

Nordic Aluminium's lighting tracks have established their market standing as high-quality special products. By basing their solutions on Nordic Aluminium's lighting tracks, OEM customers in the lighting business are able to focus on their own core competences, thus adding diversity to their product range.

External sales 1997–2001



The figures for 1999–2001 are presented according to the current Group structure.

Focused investments in customer service

The marketing of lighting tracks is based on quality products and quality customer service. In a customer satisfaction survey, Nordic Aluminium's lighting track personnel were commended on their ability to communicate with customers from different cultures all over the world. Nordic Aluminium aims to serve all customers in their own language. One of the most important recruitment criteria for the export organisation is the ability to provide customer service in as many languages as possible.

Recovery expected

Demand for lighting tracks is expected to revive during 2002. Customers will likely resume investments in their stores and new building projects are also forecast. These growth expectations are based on the larger volume of projects at the tendering stage and new customer relationships. Major projects are expected to play a greater role in net sales, and the price competition will naturally be keener than ever when it comes to such projects. Nordic Aluminium's customers have cut down their stocks during periods of weaker demand. A revival in demand would consequently have a direct impact on Nordic Aluminium's delivery volumes.



Cable Management Systems

A good year

The year 2001 was a good year for Cable Management Systems. Volumes and profits improved. Demand for the market leader's products was good in Finland and deliveries made within Finland rose to 80 per cent of the total cable management sales. This strong demand was due to the very strong up-cycle in the construction of business and office premises.

Products popular

Power poles yielded the strongest growth in Finland. As open-plan offices are becoming more and more popular, demand increased for DUCTEL pole power poles, which offer flexible power and IT solutions. Nordic Aluminium also strengthened its market position by showing readiness to give designing assistance in customers' projects and to tailor solutions for individual customers.

The PARTEL office trunking system was launched in summer 2001. The new product was received with great interest by customers. It has a new type of structure and is easy to alter and quick to install, thanks to its ready-to-connect fittings.

International partners

Office trunking systems for established export markets in the Nordic countries, the Baltic regions and Russia are supplied from Finland. The aim is to open up the markets of Continental Europe and Great Britain via local contract manufacturers.

In 2001, Nordic Aluminium designed a new office trunking system for its Dutch business partner Van Geel. This new aluminium solution provides a complementary alternative to the plastic and steel trunking systems often used in Continental Europe.

Similarly, a new office trunking system was designed for the British market in cooperation with Caradon MK Electric in the UK. Caradon is a major supplier of electric appliances. The aluminium system was successfully launched and demand even exceeded expectations.

Cable ladders for special purposes

The SYSTEMAL cable ladder system strengthened its position on the Finnish market in 2001. Sizeable special deliveries were also exported to customers such as electric utilities and paper mills. Aluminium cable ladders are at their best in solutions where lightness and resistance to corrosion are



PARTEL

The PARTEL office trunking system was launched in summer 2001. It has a new type of structure and can easily be altered and quickly installed, thanks to its ready-to-switch fittings.



SYSTEMAL®

The SYSTEMAL® cable ladder system's wide range offers the optimum solution for demanding industrial and business layout applications.



DUCTEL® poles

The DUCTEL® pole power poles are at their best when building electrical, telecommunications and data networks at open-plan offices.

important qualities. These can be found in the paper and petrochemical industries, for instance. In terms of exports, the most encouraging prospects are found in large cable ladder deliveries for individual projects where customer partnerships and the characteristics of the material are decisive factors.

Exploiting strengths

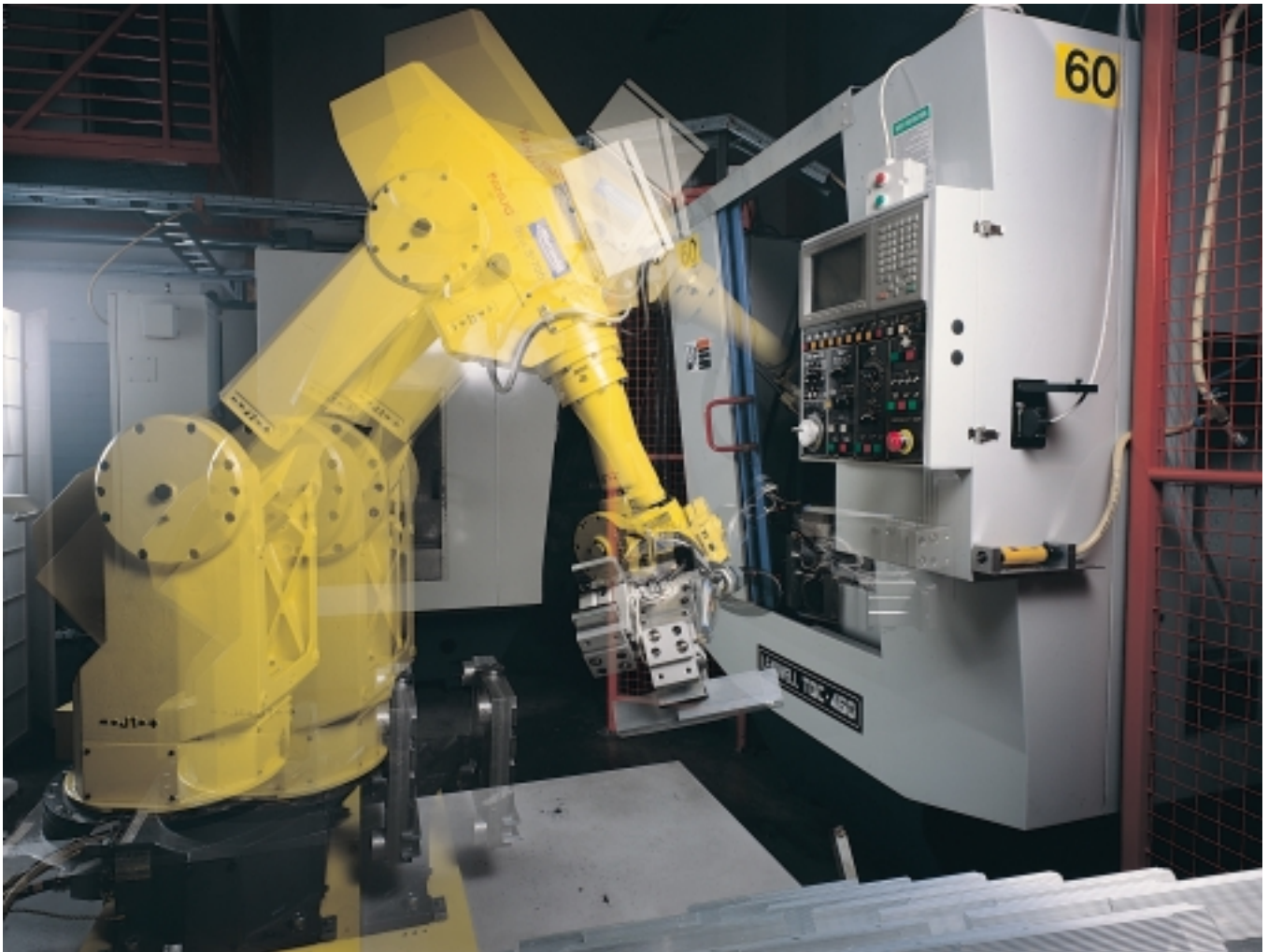
The prospects for office trunking systems largely depend on trends in the construction of business and office

premises in Finland and the other Nordic countries. In many other markets, Nordic Aluminium's strength lies in its business partnerships with local companies. In the cable ladder sector, demand is largely determined by the level of industrial investments. The automatic cable ladder assembly line to be opened in March 2002 will contribute to a boosting of production and improvement in competitiveness.



DUCTEL®

The DUCTEL® office trunking systems and power pole products form stylish and well-functioning solutions, including specially designed outlets and accessories.



The machinery and production capacity of Components have been developed and the business area is in a good position to respond to growing customer demand.



The Components business area has three factories, two in Finland and one in the United States. The Espoo

factory manufactures aluminium components, mainly for the electrotechnical and electronics industries, and the factories in Nivala and Hutchinson, Minnesota, make components for the telecommunications industry.

EUR million	2001	2000	Change, %
Net sales	21.1	21.3	-0.9
Operating profit	-1.0	-1.0	-4.2
Num. of pers. Dec. 31	110	149	-26.2

Ralf Sohlström, General Manager of the Espoo factory (left), and Pauli Koivuniemi, General Manager of the Nivala factory.

The main products of the Espoo factory are heat sinks and customised aluminium components. The Nivala factory produces mostly mechanical bodies for the RF filters used by the telecom industry. Both factories deliver the precision machined products to their Finnish and international customers as OEM deliveries. Over 90 per cent of the Components business area's production ends up outside Finland.

Potential demand

Nordic Aluminium has invested in developing the Components business area into a flexible entity able to respond to the needs of its customers regardless of whether demand is high or low. Demand was particularly low in the telecommunications sector in 2001, and total net sales and operating profit showed no change in the previous year. Deliveries within Finland fell in 2000, but this was compensated for by increasing exports. Exports and international operations grew by some 38 per cent and were far stronger than expected.

Components for the Electrotechnical and Electronics Industries

A year of proof

The previous financial year's difficulties formed a challenging basis for the production and marketing of components for the electrotechnical and electronics industries. The measures taken to improve efficiency and new business relations greatly boosted the performance of the Espoo factory. Market demand was much as expected at the beginning of the year and deteriorated a little after the summer, but improved again. Financial performance improved gradually as the year went on and the factory's operations were profitable throughout.

Greater product diversity

Components for the electrotechnical and electronics industries achieved a stronger market standing and new business relations were established by concentrating the focus on key products, i.e. top-effective air- and water-cooled heat sinks, and by increasing cooperation with the clientele. The acquisition of the Hyvinkää heat sink manufacturing operations of

Lajupek Oy brought Nordic Aluminium more manufacturing capacity, thereby adding to its flexibility and diversity.

In 2001, the Espoo factory improved its delivery and production processes, with "Model Factory 2002" status as its objective. In order to achieve this, the entire personnel of the factory contributed to the development of quality benchmarks and objectives. Delivery reliability was considerably improved, coming close to exceeding 97 per cent towards the end of the year.

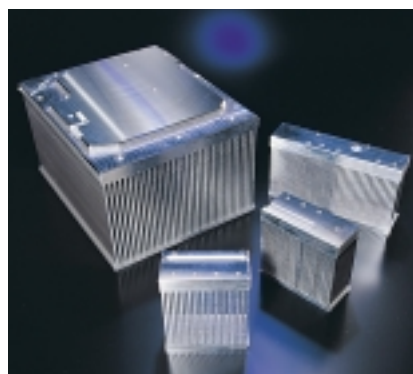
Positions strengthened

Demand for components for the electro-technical and electronics industries is expected to remain unchanged in 2002. Nordic Aluminium's wider clientele and improved, more efficient delivery processes will add to its competitiveness and capacity to respond to the rapidly changing component needs of its customers. Europe continues to be the most important market for the Espoo factory, but products are also supplied to the United States and China.

Telecommunications Components

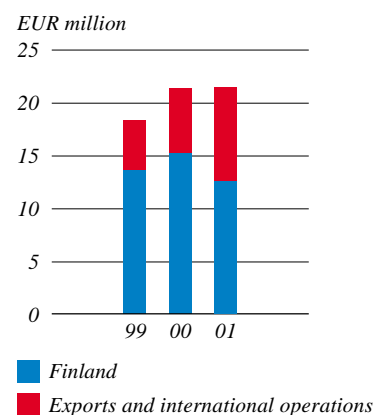
A difficult year

In 2001, the Nivala factory, which manufactures components for telecommunications industry, had to launch a restructuring programme to adjust its capacity utilisation rate to market demand. As a result of the sharp fall in demand during the winter, a part of the personnel were made redundant. As about 75 per cent of the factory's output went to the Finnish market, exports



High performance heat sinks manufactured by the Espoo factory.

External sales 1999–2001



The figures for 1999–2001 are presented according to the current Group structure.

were unable to correct the situation. The position was also exceptionally difficult in the market area of the Hutchinson factory in the United States, which showed considerable excess capacity, especially towards the end of the year.

Machine capacity not reduced

The Nivala factory's machine capacity was upgraded to be ready for use when demand picks up. In 2001, introduction of the FMS 3 line provided additional diversity. Expectations of growth in the telecommunications sector have not faded, but current market trends suggest they will not materialise until later than was originally thought. No great improvement in demand or net sales is forecast for the immediate future, but it is realistic to expect a positive performance. The sales volume of the Hutchinson factory improved a little in 2001.

The division of work between the Nivala and Hutchinson factories has been made more clear-cut. Having production facilities in both the euro and the dollar zone is a distinct competitive advantage which has demonstrated its importance, especially in times of low demand when the price competition for orders is usually keen.

Performance improving

In components for telecommunications industry, the main focus in 2002 will be on increasing sales and, consequently, improving productivity. Safeguarding profitability has been ranked the first priority, even with a lower sales volume.



Nordic Aluminium's new vertical paint shop is the first of its kind in the Nordic region.



The Profiles business area designs and manufactures customised aluminium profiles and building systems. It also supplies aluminium profiles as input material for other Nordic Aluminium business areas. Production takes place at the Kirkkonummi factory near Helsinki, where the Group has a complete production chain reaching from the foundry to a wide range of processing options.

EUR million	2001	2000	Change, %
Sales	49.3	53.8	-8.4
./. internal invoicing	13.1	14.2	-7.7
Net sales	36.2	39.7	-8.8
Operating profit	0.2	2.7	-93.2
Num. of pers. Dec. 31	212	235	-9.8

Internal invoicing, which accounts for about 27% of total sales, comprises aluminium profiles supplied to other Nordic Aluminium business areas for further processing. It is based on market prices.

Matti Savolainen, General Manager of the Profiles business area (center), with Anders Åström, Sales and Marketing Manager (left) and Satu Vormaa, Production Manager.

A Swedish subsidiary, Nordic Aluprofiler AB, markets Nordic Aluminium's profiles in its own market area. Overall management of the production chain is an important competitive advantage for both the Profiles business area and the entire Group. The production process begins with aluminium ingots, and special expertise is required to process these into the final products. Aluminium can be recycled easily and economically, even 100 per cent. Nordic Aluminium's quality and environmental management systems have been granted ISO 9001 and ISO 14001 certificates.

Market slump

In the first quarter, demand for Nordic Aluminium's aluminium profiles was as good as expected, but weakened gradually as the year progressed. This decline in demand is mainly due to the unexpected and sudden plunge of the telecommunications industry, and was also reflected in the Group's other business areas in the form of lower internal profile deliveries. In the autumn, the production capacity of the Kirkkonummi factory was adjusted to the level of demand. Value-added products accounted for a higher proportion of the entire product range, however, and the processing value rose as a result.



The year 2001 was the first year of full production for the new R54[®] building system, which comprises front wall, roof, partition wall, door and window profiles.



Decoral[®]

Decoral[®] is a surface treatment method which makes it possible to reproduce any image that can be photographed, such as wood, mineral, leather or drawing, on all surfaces that can be powder coated. Decoral is a trademark registered in Italy for which Nordic Aluminium has the exclusive sales and manufacturing rights in Finland.

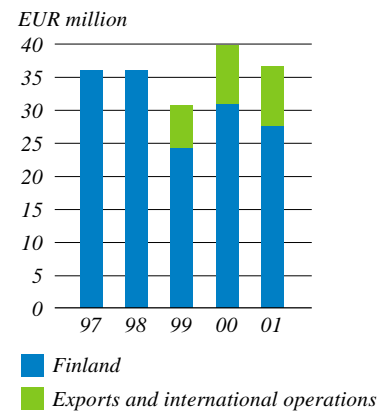
Investments completed

Nordic Aluminium Profiles has carried out a sizeable investment programme to modernise its production processes and make them more efficient. Work on the foundry was finished in the spring as planned, and the modern vertical paint shop started operations. This is the first vertical aluminium profile paint shop in Scandinavia and it does not use environmentally harmful chromium compounds at all. The new paint shop will sharpen Nordic Aluminium's competitive edge considerably in the surface treatment of aluminium profiles. Profiles as tall as eight metres can be painted there. The factory is now equipped to increase the proportion of processed products in its product range.

New building system a success

The year 2001 was the first year of full production for the new R54 building system, which was well received on the market. The system comprises front wall, roof, partition wall, door and window profiles. The Decoral surface treatment method fulfilled expectations

External sales 1997–2001



The figures for 1999–2001 are presented according to the current Group structure.

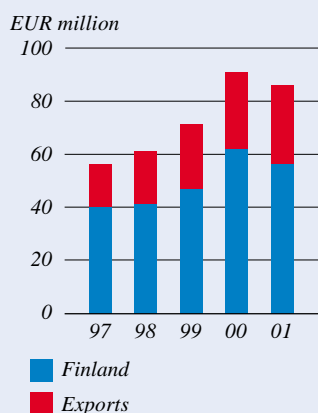
and new orders grew considerably. This product was particularly popular on cruise ships. Nordic Aluminium offers its customers a design service, and this proved to be a clear advantage in the competitive aluminium profile market. Other competitive factors included the company's product diversity and wide range of aluminium alloys. Nordic Aluminium is known on the market specifically for its technical expertise.

Speedy reaction

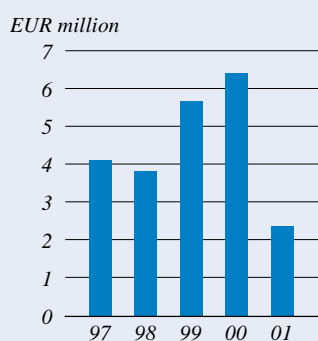
Thanks to its efforts to modernise its production processes and make them more efficient and flexible, Nordic Aluminium is now able to respond even to rapid changes in demand, and has the prerequisites to keep its operations profitable even at times of low demand. The most important customer segments for aluminium profiles are the mechanical engineering, transport equipment, construction, shipbuilding and electro-technical industries. The business trends prevailing in each of these sectors directly reflect in the demand for aluminium profiles. Exports account for 17.5 per cent of the Profiles business area's total sales.

Report of the Board of Directors January 1–December 31, 2001

Net sales



Profit before extraordinary items



The year in brief

The considerable weakening of the market situation in 2001 had a negative effect on the Group's operations and profit. In the Electrotechnical Products business area, Nordic Aluminium performed well in a difficult market situation. Net sales reached the 2000 level despite an estimated decline in overall market demand in the field. The Components business area, which serves the electrotechnical and electronics industries, managed to conclude new customer contracts and to improve its profitability, despite the weaker demand. Telecommunications components had a difficult year. Demand in the Profiles business area was reasonably good at the beginning of the year but fell off significantly later.

All Nordic Aluminium business areas had to adjust their operations to the decline in market demand and cut their personnel significantly.

Corporate structure

The Nordic Aluminium Group comprises the parent company Nordic Aluminium Plc, operating in Kirkkonummi, Espoo and Nivala, and the subsidiaries Nordic Aluprofiler AB in Sweden and Nordic Aluminium, Inc. in the United States. The Group's operations are divided into three business areas: Electrotechnical Products, Components and Profiles.

Net sales and profits

The consolidated net sales of the Nordic Aluminium Group came to EUR 86.45 million in 2001, compared with EUR 90.84 million the year before. The 4.8 per cent decrease in net sales was a result of weaker market demand in all business areas. Exports and international operations rose to 34.6 per cent of net sales, compared with 31.9 per cent the year before. The largest export markets in 2001 were the Nordic countries, Western Europe and North America.

Net sales per employee came to EUR 0.18 million, i.e. the same as the year before.

The company reacted to the deteriorating market situation by carrying out restructuring of operations, the costs of which also decreased the end-of-year result. Consolidated operating profit was EUR 2.89 million, against EUR 6.99 million in 2000.

Business areas

In Electrotechnical Products, Nordic Aluminium performed well in the difficult market situation. Net sales reached the previous year's level despite the estimated decrease in overall demand in the field.

In Components the Espoo factory, which produces components for the electrotechnical and electronics industries, managed to attract new customers and

Net sales by business area, EUR million

	2001	2000	Change, %
Electrotechnical Products	29.26	29.91	-2.2
Components	21.07	21.26	-0.9
Profiles	49.33	53.84	-8.4
Internal invoicing	-13.21	-14.18	
Total	86.45	90.84	-4.8

Operating profit by business area, EUR million

	2001	2000	Change, %
Electrotechnical Products	4.42	5.25	-15.8
Components	-1.00	-0.96	-4.2
Profiles	0.18	2.70	-93.3
Corporate	-0.71	0.00	
Total	2.89	6.99	-58.7

improve its profitability despite the weakened market demand. The Nivala factory, which mainly manufactures telecommunications components, had a difficult year.

Demand for Profiles was reasonably good at the beginning of the year but the situation deteriorated later on.

Order backlog

The order backlog of the Nordic Aluminium Group stood at EUR 5.47 million (2000: EUR 7.42 million) at the end of 2001, reflecting the cyclical nature and short throughput times of customer shipments. Nordic Aluminium has continued to improve its ability to respond to rapid changes in customer demand by cutting down lead times and improving its inventory service level.

Research and development

In 2001, Nordic Aluminium spent a total of EUR 1.77 million on research and development (2000: EUR 1.73 million), corresponding to 2.0 per cent (1.9%) of net sales. Research and development focused on new product generations designed jointly with customers.

Investments

Gross capital expenditure was EUR 7.80 million in 2001 (2000: EUR 8.81 million), mainly comprising machinery and equipment. The Electrotechnical Products business area invested in increasing the level of automation in

manufacturing processes and Components in increasing capacity, while in Profiles, a multi-year major investment programme was concluded with the completion of a new paint shop. The new paint shop is the first of its kind in the Nordic countries and will significantly strengthen the competitive advantages of the Profiles business area.

Profitability

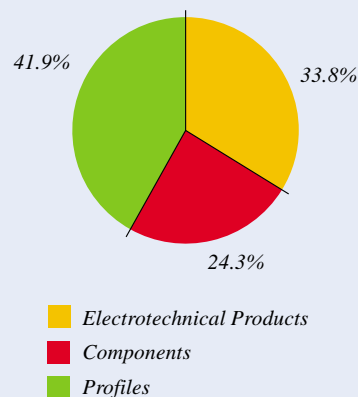
In 2001, Nordic Aluminium Group's return on capital invested (ROI) was 8.5 per cent (2000: 21.3%) while return on equity (ROE) stood at 8.5 per cent (2000: 24.7%). Earnings per share were EUR 0.38 (EUR 0.98). Equity per share came to EUR 4.45 (EUR 4.40).

Balance sheet and financing

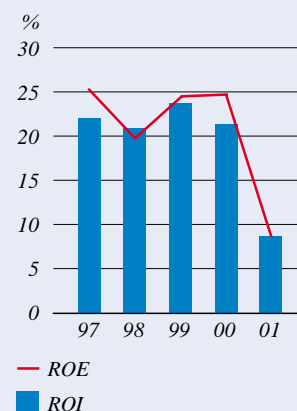
The consolidated balance sheet total stood at EUR 51.45 million (2000: EUR 56.73 million) at the end of the fiscal year. The fall resulted mainly from the decrease in financial assets and inventories caused by lower capacity utilisation, but partly also from the decline in non-interest-bearing debt. Cash flow from operations was EUR 4.76 million (2000: EUR 8.76 million).

At the end of the year, the equity ratio of the Nordic Aluminium Group stood at 40.0 per cent (2000: 35.9%), interest-bearing debt at EUR 16.41 million (EUR 14.68 million) and net gearing at 76.1 per cent (51.8%). Internal funding of investments stood at 94 per cent (106%).

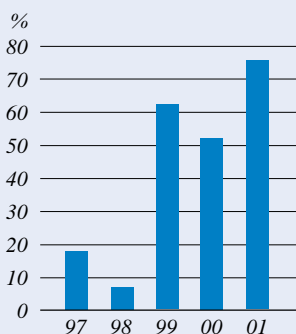
Net sales by business area



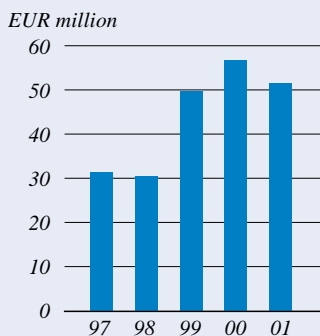
ROE and ROI



Gearing



Balance sheet total



Annual General Meeting

Nordic Aluminium Plc's Annual General Meeting on March 28, 2001 approved the company's financial statements and discharged the Board and the Managing Director from liability. The dividend declared for 2000 was EUR 0.34 (EUR 0.29) per share, totalling EUR 1.6 million.

The Annual General Meeting elected Pekka Bööck, Antti Lagerroos, Pertti Laine and Stig Lival-Lindström members of the Nordic Aluminium Plc Board. The Board elected Pekka Bööck Chairman.

The Annual General Meeting elected Authorised Public Accountants Tilintarkastajien Oy – Ernst & Young and Authorised Public Accountant Kristian Hallbäck auditors and Authorised Public Accountant Roger Rejström deputy auditor.

Authorisations

The Board of Directors holds no valid authorisations to increase share capital, acquire the company's own shares or issue convertible bonds and/or warrant bonds.

Share capital

The nominal value of the Nordic Aluminium Plc share is EUR 1.28 and the total number of shares was 4,616,132 at the end of the 2001 fiscal year. The registered share capital is EUR 5,908,648.96. All shares carry equal voting and dividend rights. Nordic Aluminium Plc shares have been listed on Helsinki Exchanges since 1997.

Nordic Aluminium option rights have been listed on Helsinki Exchanges at the request of the company as of September 17, 2001, when 225,000 warrants were issued. Each warrant gives entitlement to subscribe one Nordic Aluminium Plc share in stages between May 1, 1999 and May 30, 2006. At the end of 2001 the subscription price was EUR 10.05. No shares were subscribed under these option rights in 2001.

Turnover of shares

A total of 577,449 Nordic Aluminium Plc shares were traded on Helsinki Exchanges in 2001, corresponding to 12.5 per cent (2000: 6.6%) of the company's total capital stock. The year's highest quotation was EUR 10.00 and lowest EUR 5.82. The average was EUR 9.29 and the average quotation on the last trading day of the year EUR 6.78.

Insider issues

Nordic Aluminium observes the guidelines on insider trading issued by Helsinki Exchanges.

Management and personnel

The Board of Directors of Nordic Aluminium Plc elected Vesa Siitari, M.Sc. Eng, the company's new Managing Director as of September 1, 2001, following the resignation of Jukka Koskinen at his own request.

In 2001, the average number of employees in the Nordic Aluminium Group was 492, compared with 516 the previous year. As a result of the weaker market, many units in the Group had to follow-through negotiations required by the Act on Codetermination in Companies in order to adjust their capacity to the market situation. At the end of 2001, the Group personnel numbered 427, compared with 489 at the same time in 2000.

Shares and ownership

On February 15, 2001 Nordic Aluminium reported having been informed that Oy Lival Ab, which is majority-owned by Stig Lival-Lindström, had increased its holding in Nordic Aluminium Plc to more than one third of the company's share capital and votes. The combined holdings of Stig Lival-Lindström and Oy Lival Ab (shares and votes) rose to 35.987 per cent.

On February 16, 2001 Nordic Aluminium reported having been informed that Tapiola General Mutual Insurance Company, Tapiola Mutual Life Insurance Company and Tapiola Corporate Life Insurance Company had sold their entire 5.49 per cent holding in Nordic Aluminium on Helsinki Exchanges.

There were no other major changes in the ownership of Nordic Aluminium Plc during 2001. Ownership of Nordic Aluminium Plc shares at the end of 2001:

Biggest shareholders on December 28, 2001

Shareholder	Number of shares	Share of capital and votes, %
Oy Lival Ab	1,604,500	34.8
Veikko Laine Oy	1,314,095	28.5
Tapiola Mutual Pension Insurance Company	287,500	6.2
Ilmarinen Mutual Pension Insurance Company	232,300	5.0
Lival-Lindström Stig	165,300	3.6
Local Government Pensions Institution	120,000	2.6
HSS/Skandinaviska Enskilda Banken AB (publ.)	87,900	1.9
Federation of Finnish Metal, Engineering and Electrotechnical Industries (FIMET)	80,100	1.7
Laine, Mika	66,300	1.4
Böök, Pekka	52,800	1.1
Others	605,337	13.2
Total	4,616,132	100.0

At the end of 2001, nominee-registered shares totalled 113,000, corresponding to 2.45 per cent of the company shares and votes. There were 616 shareholders at the end of the year.

Shareholders by sector on December 28, 2001

	Number of shares	Share, %
Companies	3,028,697	65.6
Financial and insurance institutions	216,400	4.7
Associations	682,700	14.8
Non-profit associations	18,620	0.4
Households	658,815	14.3
Owners outside Finland	10,900	0.2
Total	4,616,132	100.0

Shareholders by size of holdings on December 28, 2001

Number of shares	Shareholders	%	Number of shares	%
1-200	288	46.8	32,044	0.7
201-2,000	281	45.6	177,748	3.9
2,001-20,000	32	5.2	227,345	4.9
20,001-200,000	11	1.8	740,600	16.0
200,001-2,000,000	4	0.7	3,438,395	74.5
Total	616	100.0	4,616,132	100.0

Prospects

The Group's key financial data deteriorated during the fiscal year but its long-range industrial and financial potential improved. Investments in raising the level of production automation, market-driven product development and new technology, and in improving capacity and delivery processes strengthened the foundation for operations.

The adjustments and organisational changes made in all business areas create the potential for boosting efficiency and profitability.

The uncertain market situation is expected to continue in the first half of 2002. Nordic Aluminium expects net sales this year to remain at the 2001 level and its profit to improve as a consequence of higher productivity.

The Board's proposal on the allocation of profits

According to the consolidated balance sheet of December 31, 2001, consolidated profits stand at EUR 12,587,489.01 and distributable earnings at EUR 7,856,421.96.

The parent company recorded a EUR 1,639,616.56 net profit, and has EUR 7,171,293.17 in distributable earnings.

The Board of Directors proposes that a dividend of EUR 0.13 per share, i.e. a total of EUR 600,097.16, be declared and that the remaining balance of EUR 6,571,196.01 be retained in profit and loss account.

Helsinki, February 11, 2002

Pekka Böök
Chairman

Antti Lagerroos

Pertti Laine

Stig Lival-Lindström

Income Statement

EUR million	Note	<i>Consolidated</i>		<i>Parent Company</i>	
		2001	2000	2001	2000
Net sales	4	86.45	90.84	82.02	83.47
Increase (+) or decrease (-) of finished goods and work in progress		-1.27	1.75	-1.37	1.62
Other operating income		0.36	0.60	0.57	0.45
Materials and services					
Raw materials and consumables:					
Purchases during the financial year		39.09	40.43	38.27	38.72
Increase (-) or decrease (+) in inventories		0.36	-0.81	0.35	-0.57
External services	5	6.36	7.06	5.20	5.78
Personnel expenses					
Wages, salaries and emoluments	6	15.83	16.05	15.19	14.27
Social security expenses	6	3.88	4.33	3.76	3.84
Depreciation and reduction in value					
Depreciation according to plan	9	5.86	5.22	5.79	4.66
Other operating expenses		11.27	13.92	10.13	12.39
Total operating expenses		82.65	86.19	78.69	79.10
Operating profit		2.89	6.99	2.54	6.44
Financial income and expenses:					
Income from other investments held as non-current assets		0.00	0.00	0.00	0.00
Other interest and financial income	7	0.37	0.19	0.47	0.15
Interest and other financial expenses	7	-0.94	-0.81	-0.86	-0.65
Total financial income and expenses		-0.57	-0.63	-0.39	-0.50
Profit before appropriations and taxes				2.15	5.94
Appropriations					
Increase (-) or decrease (+) in depreciation reserve	9			0.18	-2.14
Profit before taxes		2.32	6.37	2.33	3.80
Income taxes	8	-0.73	-1.92	-0.69	-1.06
Change in deferred tax		0.17	0.10	0.00	-0.06
NET PROFIT FOR THE PERIOD		1.76	4.55	1.64	2.68

The figures in the income statement, balance sheet and cash flow statements are presented in million euros with two decimals. Accordingly, in certain instances, the sum of the numbers in a column may not confirm exactly to the total figure given for that column.

Balance Sheet

EUR million	Note	Consolidated		Parent Company	
		Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000
ASSETS					
Non-current assets					
Intangible assets					
Intangible rights	10	1.04	1.09	1.04	1.09
Goodwill	10	0.48	0.67	2.66	3.58
Other long-term expenditure	10	0.35	0.23	0.35	0.23
Consolidated goodwill	10	3.08	3.50		
Advance payments	10	0.49	0.00	0.49	0.00
		5.44	5.49	4.54	4.91
Tangible assets					
Buildings	11	0.38	0.00	0.38	0.00
Machinery and equipment	11	22.03	23.75	20.10	21.66
Other tangible assets	11	0.22	0.24	0.22	0.24
Construction in progress	11	3.40	0.09	3.40	0.09
		26.03	24.08	24.10	21.99
Investments					
Holdings in Group undertakings	12, 13			0.61	0.61
Other shares and holdings	12	0.02	0.02	0.02	0.02
		0.02	0.02	0.63	0.63
Current assets					
Inventories					
Raw materials and supplies		1.68	2.01	1.43	1.78
Work in progress		2.91	4.40	2.87	4.37
Finished products		3.21	2.98	3.10	2.97
		7.80	9.40	7.40	9.12
Receivables					
Long-term					
Receivables from Group undertakings				1.88	0.93
Other receivables		0.27	0.35	0.27	0.35
Deferred tax assets	18	0.30	0.09		
		0.57	0.44	2.14	1.28
Short-term					
Trade receivables		9.48	11.70	7.99	10.59
Receivables from Group undertakings	14			0.63	0.56
Loan receivables		0.00	0.01	0.00	0.00
Other receivables		0.24	0.07	0.24	0.07
Deferred expenses and accrued income	15	1.03	1.23	0.93	1.04
Deferred tax assets	18	0.06	0.17		
		10.82	13.17	9.78	12.25
Cash in hand and at banks		0.77	4.13	0.12	3.63
TOTAL ASSETS		51.45	56.73	48.73	53.81

EUR million	Note	<i>Consolidated</i>		<i>Parent Company</i>	
		Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	16	5.91	5.91	5.91	5.91
Share premium account	16	2.06	2.06	2.06	2.06
Retained earnings	16	10.84	7.84	5.53	4.42
Translation difference	16	-0.01	0.02		
Net profit for the year	16	1.76	4.55	1.64	2.68
Total shareholders' equity		20.56	20.38	15.14	15.07
Appropriations					
Depreciation reserve				6.54	6.72
Liabilities					
Long-term liabilities					
Loans from financial institutions	20	10.49	7.70	9.54	7.26
Other long-term loans	19	0.00	0.20	0.00	0.20
Deferred tax liability	18	2.15	2.12		
		12.64	10.02	9.54	7.46
Short-term liabilities					
Loans from financial institutions		5.92	6.98	5.61	6.68
Advances received		0.04	0.00	0.04	0.00
Trade payables		5.94	12.28	5.92	11.26
Debts to Group undertakings	21			0.03	0.04
Other short-term liabilities		0.97	1.27	0.65	0.96
Accrued expenses and deferred income	22	5.39	5.80	5.25	5.63
		18.25	26.34	17.51	24.57
Total liabilities		30.89	36.36	27.05	32.03
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES					
		51.45	56.73	48.73	53.81

Cash Flow Statements

EUR million	Consolidated		Parent Company	
	2001	2000	2001	2000
OPERATIONS				
Income financing				
Operating profit	2.89	6.99	2.54	6.44
Depreciation	5.86	5.22	5.79	4.66
Financial income and expenses	-0.57	-0.63	-0.39	-0.50
Taxes for the year	-0.79	-1.97	-0.69	-1.06
Other adjustments	-0.05	-0.26	-0.05	-0.23
	7.34	9.35	7.20	9.31
Change in net working capital				
Inventories, increase(-)/decrease(+)	1.60	-2.56	1.72	-3.56
Short-term trade receivables, increase(-)/decrease(+)	2.47	-2.66	2.61	-4.93
Short-term non-interest-bearing liabilities, increase(+)/decrease(-)	-6.66	4.63	-5.62	5.21
	-2.58	-0.60	-1.29	-3.28
Cash flow from operations	4.76	8.76	5.91	6.03
INVESTMENTS				
Investment in fixed assets	-7.80	-8.81	-7.58	-17.75
Fixed assets disposal	0.09	0.65	0.09	8.32
	-7.71	-8.16	-7.49	-9.43
Cash flow before financing	-2.95	0.60	-1.58	-3.40
FINANCING				
Short-term receivables, increase(-)/decrease(+)	-0.05	0.15	-0.06	0.15
Short-term liabilities, increase(+)/decrease(-)	-1.43	2.90	-1.45	4.41
Long-term loans, increase(+)/decrease(-)	2.66	-3.79	2.09	-0.34
Long-term receivables, increase(-)/decrease(+)	0.00	0.00	-0.94	-0.93
Share capital, increase(+)/decrease(-)	0.00	0.09	0.00	0.09
Share premium account, increase(+)/decrease(-)	0.00	-0.09	0.00	-0.09
Dividend	-1.57	-1.32	-1.57	-1.32
	-0.40	-2.05	-1.93	1.97
Change in liquid funds according to statement, increase (+)/decrease (-)	-3.35	-1.45	-3.51	-1.43
Adjustment items (translation difference)	-0.01	0.02	0.00	0.00
Change in liquid funds according to the balance sheet, increase (+)/decrease (-)	3.36	-1.44	-3.51	-1.43

The calculation formulae and the notes to the financial statements are presented on the Nordic Aluminium website at www.nordicaluminium.fi.

Auditors' Report

To the shareholders of Nordic Aluminium Plc

We have audited the accounting, the financial statements and the corporate governance of Nordic Aluminium Plc for the period Jan. 1–Dec. 31, 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

In our opinion, the financial statements, which show a profit of EUR 1,639,616.56, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Finnish Companies Act.

Helsinki, February 11, 2002

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accounting Firm

Harri Pärssinen
Authorised Public Accountant

Kristian Hallbäck
Authorised Public Accountant

Nordic Aluminium

40 Years on the Cutting Edge of Electrical Engineering



Aluminium production began at the Pikkala factory in 1962. By the middle of the following decade the factory already operated a complete production chain from foundry to finished products. The Kirkkonummi production has since been continuously developed through dedicated investment programmes.

The Finnish Cable Works wasted no time when it started designing and producing aluminium products: by 1967, it had established a well-functioning engineering office, a machine shop and a good network of subcontractors. The company's first major product was an aluminium cable ladder that became the backbone of its machine shop operations. This product was first displayed at a trade fair in Moscow in 1966. The international renown achieved by the product was further increased by the Grand Prix award for the best profile product won in a competition organised by the US magazine *Modern Metals* in 1981.

Lighting tracks were developed to meet a need identified on the US market and soon became important export products. The successful combination of the aluminium department's technical expertise and this market impulse resulted in the lighting track products that have been Nordic Aluminium's flagship for several decades. The lighting track products made a successful "comeback" on the US market at the end of the 1990's and early 2000's, both as OEM products and under Nordic Aluminium's own brand name GLOBAL trac®.

Roots in Nokia

Nordic Aluminium is one of the offsprings in the early 1960's of the Finnish Cable Works. In order to meet market

needs and to boost competitiveness, the new cable factory founded in Pikkala included aluminium profiles among its product groups. The company was already familiar with aluminium technology, since the metal was used as an electricity conductor and to sheathe the cables.

The Finnish Cable Works acquired the Pikkala industrial area in the autumn of 1956, when the Soviet Union waived its lease of the Pikkala naval base. The first part of the factory started operations in 1959. Manufacturing of aluminium extrusions began in Pikkala in 1962, once the Finnish Cable Works had acquired its first 2,000-tonne extrusion press. Raw materials were readily available, thanks to the Cable Works' long-standing business

relations with the Soviet Union. The main challenge was to open up a market for aluminium extrusions and to establish export gateways for this business sector, which was new in Finland at the time. There were few users of aluminium profiles in Finland and not many designers were familiar with the properties of aluminium. Machine shop operations began in 1963, when the company received a sizeable order for the machined parts of the Virkkala-Naantali power line pylons.

Towards a comprehensive production chain

Expansion continued non-stop at the Pikkala factory. A new 3,500-tonne extrusion press was located in a hall

*Sven Laakso,
long-time head of Nokia
Cable Works and
aluminium department,
with Vesa Siitari,
Managing Director of
Nordic Aluminium.*



The Nivala factory manufactures telecommunications components using highly effective and automated production lines. Nordic Aluminium acquired the Nivala facility in 1999 in purchasing the entire capital stock of the former Megatyöstö Oy.



completed in 1966, making it possible to increase and diversify production. The following year a machine shop specialising in aluminium products was moved from Salmisaari to Pikkala. This initiated extension of production and the introduction of an anodising plant for the electrochemical surface treatment of aluminium products. In 1975 a new foundry was built for the aluminium department in a separate building. In 1977 a new 2,200-tonne aluminium extrusion press was installed. This long-span development eventually resulted in a complete industrial chain covering the entire process of aluminium production, with expertise ranging from foundry to finished products. The addition of advanced electrotechnical product development know-how and smooth-working partnerships with customers sharpened the company's competitive edge.

Lighting track becomes market leader

The first successful aluminium product was the cable ladder, later followed by a variety of building profiles. The rapid breakthrough of aluminium profiles is illustrated by the phrase coined in September 1969 during preparations for the opening of the brand new Helsinki-Vantaa airport: "Everything here that doesn't fly is a Nokia product." In 1968 the aluminium department displayed its lighting track innovation at a lighting trade fair in Gothenburg, Sweden. This successful launch yielded orders and business contacts in many countries. A network of representatives was established exceptionally rapidly in the 1970's, helping the lighting track to win market leadership in Europe.

A listed company

Between 1981 and 1985, the Cable Works' aluminium department operated under

the new Nokia Metal Product division, but subsequently returned to the Cable Works organisation. During the Nokia restructuring process in the 1980's the aluminium department functioned as a successful independent business unit, an enterprise within an enterprise, and part of Nokia's electrotechnical operations. The department was incorporated in 1990, and at the end of 1994 it was agreed that its business operations should be transferred to new owners comprising a group of investors and the company's executive management.

Officially, Nokia Aluminium Ltd started operating under the new ownership on March 20, 1995. On November 6, 1996 the company changed its name to Nordic Aluminium Ltd, and later, having listed on the stock exchange, into Nordic Aluminium Plc. Public trading in the company's shares on Helsinki Exchanges commenced on April 22, 1997, and the first share price was quoted on April 24, 1997.

The Espoo factory manufactures aluminium components mainly for electrotechnical and electronics industries, with heat sink as its main product. The Espoo factory was established in spring 2000 when component operations were transferred from Kirkkonummi to form a separate production unit.



Nordic Aluminium Key Events

The 1960's

Extrusion Presses Keep Busy

1962

The Finnish Cable Works starts to manufacture aluminium products at the Pikkala factory.

1963

The Cable Works' Turkish subsidiary Türkablo starts to manufacture aluminium profiles.

1966

The Finnish Cable Works and the Finnish Rubber Works merge with Nokia Oy, a forest industry company and a subsidiary of Finnish Rubber works, to form Oy Nokia Ab (December 31, 1966).

A new industrial hall is built in Pikkala. A second extrusion press is acquired.

1967

A machine shop for aluminium products is moved from Salmisaari to Pikkala.

1968

The lighting track is successfully displayed at a lighting trade fair in Gothenburg, Sweden.

1969

An anodising plant starts operations.

The 1970's

Exports Accelerates

1975

A new foundry starts operations.

1977

Third extrusion press.

The 1980's

Preparing for Independent Operations

1981

Incorporated into the Nokia Metal Products division.

1985

Return to the Cable Works and later transfer to Nokia Cables and Machinery.

1987

The paint shop starts operations.

The 1990's

Change of Ownership, Incorporation and Stock Exchange Listing

1990

Aluminium production is incorporated into a separate company.

1994

The Kirkkonummi factory's aluminium production is awarded an ISO 9001 quality certificate.

1995

Nokia Aluminium Ltd starts operating under new ownership.

1996

The company's name is changed to Nordic Aluminium Ltd.

1997

Nordic Aluminium Ltd is listed on the Helsinki Exchanges.

1998

Nordic Aluminium concludes an OEM agreement with the leading American lighting fittings manufacturer Lithonia Lighting, Inc.

1999

Nordic Aluminium acquires the total capital stock of Megatyöstö Oy. The Nivala, Kempele and Hutchinson production units become part of Nordic Aluminium's organisation.

First lighting track deliveries to Lithonia Lighting, Inc., USA.

The 2000's

Internationalisation Begins

2000

Component operations become independent, and the Espoo factory is established.

The Kempele factory's production is transferred to Nivala.

Megatyöstö Oy's operations are merged with Nordic Aluminium Plc.

Mega CNC Corp. in Hutchinson changes its name to Nordic Aluminium, Inc.

The lighting track operations of Kaltek, Inc. in Atlanta are transferred to Nordic Aluminium, Inc.

2001

The long-time development programme at the Kirkkonummi factory is completed. A new vertical paint shop is completed.

The Kirkkonummi factory is awarded an ISO 14001 environmental certificate.

The current structure and operations of Nordic Aluminium Plc are explained on pages 2–3 of the Annual Report.

Board of Directors and Management

BOARD OF DIRECTORS

Chairman

Pekka Böök

(b. 1937)

M.Pol.Sc

President, Telecommunication Business Group, NKF Holding N.V., Delft, 1996-1998

President, NK Cables Ltd, 1997-1998

President, Nokia Cables Ltd, 1996-1997

General Manager, Nokia Cables Ltd, Telecommunication Cables, 1991-1997

President, Nokia Data Systems Oy, 1990-1991

Other key positions:

Board Member, Europacable, Bryssel, 1996-1998

Board Member, Eurotelcab, Köln, 1992-1998

Chairman of the Board, Nokia Japan Co Ltd, 1989-1992

Board Member, Shanghai Nokia Optical Cables Ltd, 1994-1998

Owns personally 52,800 of Nordic Aluminium Plc shares.

Members

Antti Lagerroos

(b. 1945)

LL.Lic.

President & CEO, Finnlines Plc

Other key positions:

Board Member, Finnlines Plc

Member of Supervisory Board, Ilmarinen Mutual Pension Insurance Company

Board Member, Finnish Maritime Administration

Board Member, Finnish Shipowners' Association

Board Member, WM-data AB (publ.), Stockholm

Board Member, Fortum Plc

No personal shareholding of Nordic Aluminium Plc shares.

Pertti Laine

(b. 1941)

B.Sc. (Econ.)

Managing Director, Veikko Laine Ltd

Other key positions:

Board Member, Veikko Laine Ltd

Chairman of the Board, Finnlines Plc

Chairman of the Board, UB Finance Ltd

Chairman of the Board, Länsi-Auto Ltd

Owns personally 20,000 of Nordic Aluminium Plc shares.

Stig Lival-Lindström

(b. 1937)

M.Sc. (Econ.)

Managing Director, Oy Lival Ab

Other key positions:

Chairman of the Board, Oy Livalux Ab

Chairman of the Board, Oy Nibel Ab

Board Member, Eurolys AS

Owns personally 165,300 of Nordic Aluminium Plc shares.

MANAGEMENT TEAM

Vesa Siitari,
Managing Director

Stig Winstén,
Electrotechnical Products
business area

Ralf Sohlström,
Components business area,
Espoo factory

Pauli Koivuniemi,
Components business area,
Nivala factory

Matti Savolainen,
Profiles business area

Seppo Helin,
Technology

Folke Jansson,
Quality and environment

Torolf Theman,
Economy

Contact Details

HEAD OFFICE

Kirkkonummi

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Pikkala Works
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Finland

FACTORIES

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REGIONAL SALES OFFICES

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SUBSIDIARIES

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USA

Factory, Hutchinson

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Nordic Aluprofiler AB

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Sweden

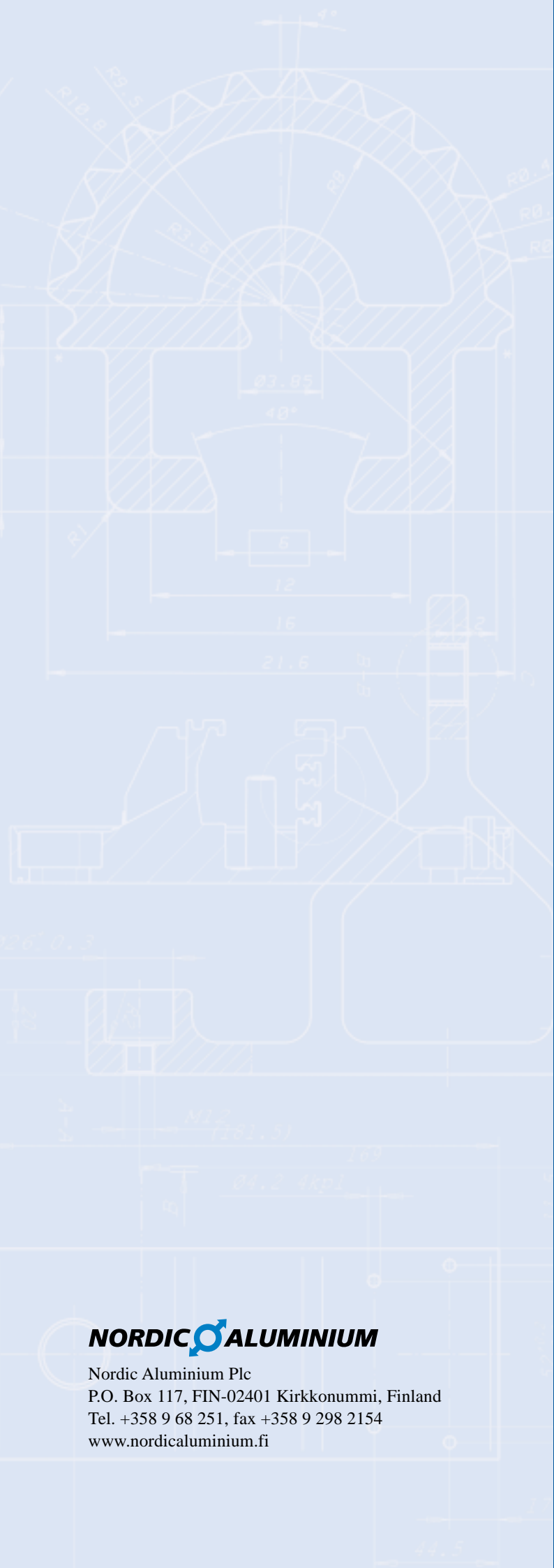
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NORDIC ALUMINIUM

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NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE STRUCTURE

The Nordic Aluminium Group comprises the parent company Nordic Aluminium Plc (Helsinki), and the subsidiaries Nordic Aluprofiler AB (Sweden) and Nordic Aluminium, Inc. (USA).

Copies of the Nordic Aluminium Group's financial statements are available from Nordic Aluminium Plc's head office, P.O. Box 117, FIN-02401 Kirkkonummi, Finland.

2. ACCOUNTING PRINCIPLES

"Net sales", "Purchases during the financial year", "Other interest and financial income" and "Interest and other financial expenses" in the income statement have been adjusted to reflect the definitions for the 2001 fiscal year.

Receivables and liabilities in foreign currency have been converted into euros applying the official exchange rates valid on the closing date.

The company concludes currency derivative contracts in order to hedge currency risks in connection with receivables and liabilities in the balance sheet and likely purchase and sales orders and contracts. Nordic Aluminium uses mainly currency futures as derivatives. The company concludes metal derivative contracts (mainly aluminium futures) in order to hedge price risks in sales and raw material purchases based on the world-market price of aluminium.

Realised and unrealised gains and losses on hedging and items deriving from periodisation of interest rate differentials in forward currency contracts are entered against the expenses and income from the position hedged. When future cash flow from the order backlog and binding or likely purchases and sales is hedged, any valuation gain from the hedge instrument is not included in the financial statements but is charged against the future income or expense item hedged when realised.

Investments in fixed assets are carried in direct acquisition cost. A predetermined plan is used in carrying out depreciation of depreciable fixed assets. The depreciation periods in the consolidated accounts are uniform.

Inventories are valued at the lower acquisition cost or replacement or probable sales value, according to the average price principle. In addition to variable costs inventory values include an appropriate proportion of the fixed expenses of their acquisition and manufacture.

3. CONSOLIDATION PRINCIPLES

The Group has used the euro as its reporting currency as of 2001, and the parent company started using the euro as its operating currency during the 2001 fiscal year.

Consolidation is based on the acquisition cost method.

The balance sheets of the foreign subsidiaries have been translated into euros at the official average rate on the balance sheet date. Income statements have been translated into euros at the means of the official Bank of Finland average rate on the last day of the month. The translation difference in the elimination of the subsidiaries' equity has been entered in full under non-restricted equity.

Deferred tax assets and liabilities have been handled in the consolidated financial statements in accordance with the Accounting Board's general guidelines.

	Group 2001 (EUR 1000)	Group 2000 (EUR 1000)	Parent Company 2001 (EUR 1000)	Parent Company 2000 (EUR 1000)
4. NET SALES BY MARKET AREA (COUNTRIES OF DELIVERY)				
Finland	56 570	61 878	56 570	58 099
Other Nordic countries	8 660	8 940	8 105	8 287
European Union (excl. Nordic countries)	10 956	10 857	10 956	10 709
Other Europe (excl. EU and Nordic countries)	3 471	2 603	3 471	2 603
Other market areas	6 798	6 557	2 914	3 775
Total	86 455	90 836	82 016	83 473
NET SALES BY BUSINESS AREA				
Electrotechnical Products	29 261	29 909	29 167	30 311
Components	21 072	21 261	17 282	13 596
Profiles	49 331	53 842	48 776	53 199
Internal invoicing	-13 209	-14 177	-13 209	-13 633
Total	86 455	90 836	82 016	83 473
5. EXTERNAL SERVICES				
Subcontractor expenses	4 166	4 343	3 007	3 068
Maintenance expenses	2 192	2 717	2 192	2 717
Total	6 358	7 059	5 199	5 785
6. PERSONNEL				
Wages and salaries	15 827	16 050	15 187	14 271
Pension costs	2 241	2 583	2 235	2 340
Other social security expenses	1 644	1 746	1 523	1 504
Total	19 712	20 380	18 945	18 115
Salaries and emoluments paid to Board Members and Managing Directors	189	207	189	171
Employees, average	492	516	478	430
7. FINANCIAL INCOME AND EXPENSES				
Other interest income				
From Group undertakings	0	0	113	21
Others	118	132	108	129
Total interest income	118	132	221	150
Other financial income				
From Group undertakings	0	0	0	0
Others	256	55	252	0
Total other financial income	256	55	252	0
Interest expenses				
To Group undertakings	0	0	0	0
Others	924	751	844	614
Total interest expenses	924	751	844	614

Other financial expenses				
To Group undertakings	0	0	0	0
Others	19	61	19	34
Total financial expenses	<u>19</u>	<u>61</u>	<u>19</u>	<u>34</u>

8. INCOME TAXES

Direct taxes				
From the fiscal year	564	1 822	691	1 120
From previous fiscal years	-2	-3	-2	-3
Total	<u>561</u>	<u>1 819</u>	<u>689</u>	<u>1 117</u>

9. DEPRECIATION

Depreciation is based on the economical life-span of various assets as follows:

Intangible rights	3-5 years
Consolidated goodwill	10 years
Other long-term expenditure	3-5 years
Buildings	10 years
Factory machinery	5-20 years
Factory equipment and tools	5 years
Office machines and other equipment	3-10 years
Other tangible assets	20 years

	Group	Group	Parent	Parent
	2001	2000	Company	Company
	(EUR 1000)	(EUR 1000)	(EUR 1000)	(EUR 1000)
Depreciation according to plan:				
Intangible assets				
Intangible rights	307	219	307	198
Goodwill	275	134	1 003	862
Other long-term expenditure	142	57	142	41
Consolidated goodwill	416	416	0	0
Tangible assets				
Buildings	9	0	9	0
Machinery and equipment	4 698	4 040	4 310	3 205
Extrusion dies	0	336	0	336
Other tangible assets	16	16	16	16
Total	<u>5 864</u>	<u>5 218</u>	<u>5 787</u>	<u>4 658</u>

Change in depreciation reserve:

Intangible assets				
Intangible rights	0	0	19	107
Goodwill	0	0	10	134
Other long-term expenditure	0	0	34	54
Tangible assets				
Buildings	0	0	18	0
Machinery and equipment	0	0	-275	1 832
Other tangible assets	0	0	16	16
Total	<u>0</u>	<u>0</u>	<u>-178</u>	<u>2 143</u>

10. INTANGIBLE ASSETS

Intangible rights

Acquisition cost, Jan 1	1 997	1 285	1 944	1 126
Additions	251	711	251	818
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-1 210</u>	<u>-903</u>	<u>-1 157</u>	<u>-849</u>
Book value, Dec 31	<u><u>1 038</u></u>	<u><u>1 094</u></u>	<u><u>1 038</u></u>	<u><u>1 094</u></u>

Goodwill

Acquisition cost, Jan 1	804	0	4 443	0
Additions	84	804	84	4 443
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-409</u>	<u>-134</u>	<u>-1 865</u>	<u>-862</u>
Book value, Dec 31	<u><u>479</u></u>	<u><u>670</u></u>	<u><u>2 663</u></u>	<u><u>3 581</u></u>

Other long-term expenditure

Acquisition cost, Jan 1	526	374	487	244
Additions	259	152	259	243
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-436</u>	<u>-293</u>	<u>-396</u>	<u>-254</u>
Book value, Dec 31	<u><u>350</u></u>	<u><u>233</u></u>	<u><u>350</u></u>	<u><u>233</u></u>

Consolidated goodwill

Acquisition cost, Jan 1	4 156	4 156	0	0
Additions	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-1 074</u>	<u>-658</u>	<u>0</u>	<u>0</u>
Book value, Dec 31	<u><u>3 082</u></u>	<u><u>3 498</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Advance payments

Acquisition cost, Jan 1	0	0	0	0
Additions	493	0	493	0
Disposals	0	0	0	0
Book value, Dec 31	<u><u>493</u></u>	<u><u>0</u></u>	<u><u>493</u></u>	<u><u>0</u></u>

11. TANGIBLE ASSETS

Buildings

Acquisition cost, Jan 1	0	0	0	0
Additions	388	0	388	0
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-9</u>	<u>0</u>	<u>-9</u>	<u>0</u>
Book value, Dec 31	<u><u>379</u></u>	<u><u>0</u></u>	<u><u>379</u></u>	<u><u>0</u></u>

Machinery and equipment

Acquisition cost, Jan 1	37 300	30 488	33 379	21 901
Additions	2 907	7 097	2 798	11 822
Translation difference	114	132	0	0
Disposals	-41	-417	-41	-344
Accumulated depreciation according to plan, Dec 31	<u>-18 246</u>	<u>-13 547</u>	<u>-16 034</u>	<u>-11 724</u>
Book value, Dec 31	<u><u>22 033</u></u>	<u><u>23 752</u></u>	<u><u>20 102</u></u>	<u><u>21 655</u></u>

Extrusion dies

Acquisition cost, Jan 1	6 728	6 728	6 728	6 728
Additions	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	<u>-6 728</u>	<u>-6 728</u>	<u>-6 728</u>	<u>-6 728</u>
Book value, Dec 31	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Other tangible assets				
Acquisition cost, Jan 1	322	322	322	322
Additions	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation according to plan, Dec 31	-100	-84	-100	-84
Book value, Dec 31	<u>222</u>	<u>238</u>	<u>222</u>	<u>238</u>
Construction in progress				
Acquisition cost, Jan 1	93	135	93	135
Additions	3 388	93	3 388	93
Disposals	-85	-135	-85	-135
Book value, Dec 31	<u>3 395</u>	<u>93</u>	<u>3 395</u>	<u>93</u>
Net book value of machinery and equipment	<u>23 014</u>	<u>23 440</u>	<u>21 088</u>	<u>21 339</u>
12. INVESTMENTS				
Holdings in Group undertakings				
Acquisition cost, Jan 1	0	0	612	7 896
Additions	0	0	0	463
Disposals	0	0	0	-7 747
Book value, Dec 31	<u>0</u>	<u>0</u>	<u>612</u>	<u>612</u>
Other shares and holdings				
Acquisition cost, Jan 1	20	20	20	13
Additions	0	1	0	6
Disposals	0	-1	0	0
Book value, Dec 31	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
13. SPECIFICATION OF SHARES OWNED BY THE COMPANY				
	Group	Group	Parent	Parent
	holding	holding	Company	Company
	2001	2000	holding	holding
			2001	2000
Nordic Aluprofiler AB, Sweden	100 %	100 %	100 %	100 %
Nordic Aluminium, Inc., USA	100 %	100 %	100 %	100 %
	Group	Group	Parent	Parent
	2001	2000	Company	Company
	(EUR 1000)	(EUR 1000)	2001	2000
			(EUR 1000)	(EUR 1000)
14. RECEIVABLES FROM GROUP COMPANIES				
Trade receivables	<u>0</u>	<u>0</u>	<u>627</u>	<u>560</u>
15. DEFERRED EXPENSES AND ACCRUED INCOME				
Accrued income tax	<u>295</u>	<u>696</u>	<u>295</u>	<u>616</u>

16. SHAREHOLDERS' EQUITY

Share capital, Jan 1	5 909	5 823	5 909	5 823
Increase in share capital	<u>0</u>	<u>86</u>	<u>0</u>	<u>86</u>
Share capital, Dec 31	<u><u>5 909</u></u>	<u><u>5 909</u></u>	<u><u>5 909</u></u>	<u><u>5 909</u></u>
Share premium account, Jan 1	2 061	2 147	2 061	2 147
Change	<u>0</u>	<u>-86</u>	<u>0</u>	<u>-86</u>
Share premium account, Dec 31	<u><u>2 061</u></u>	<u><u>2 061</u></u>	<u><u>2 061</u></u>	<u><u>2 061</u></u>
Retained earnings, Jan 1	12 408	9 163	7 101	5 738
Dividend	-1 569	-1 320	-1 569	-1 320
Net profit for the year	1 757	4 547	1 640	2 683
Translation difference	<u>-8</u>	<u>18</u>	<u>0</u>	<u>0</u>
Total profits, Dec 31	<u><u>12 587</u></u>	<u><u>12 408</u></u>	<u><u>7 171</u></u>	<u><u>7 101</u></u>

17. DISTRIBUTABLE RETAINED EARNINGS

Retained earnings	10 839	7 843	5 532	4 419
Net profit for the year	1 757	4 547	1 640	2 683
Translation/exchange rate differences	<u>-8</u>	<u>18</u>	<u>0</u>	<u>0</u>
Non-restricted shareholders' equity	<u>12 587</u>	<u>12 408</u>	<u>7 171</u>	<u>7 101</u>
Amount of accumulated appropriations shown under capital	<u>-4 731</u>	<u>-4 822</u>	<u>0</u>	<u>0</u>
Distributable earnings	<u><u>7 856</u></u>	<u><u>7 586</u></u>	<u><u>7 171</u></u>	<u><u>7 101</u></u>

18. DEFERRED TAX LIABILITIES AND ASSETS

Deferred tax assets				
On consolidation procedures	62	77	0	0
On timing differences	301	87	0	0
Deferred tax liabilities				
On appropriations	1 933	1 970	0	0
On timing differences	217	149	0	0

19. CONVERTIBLE BOND AND OTHER LONG-TERM LOANS

The 1998 Annual General Meeting decided to issue a FIM 300,000 (EUR 50,456.38) warrant bond targeted at the personnel of Nordic Aluminium Plc and its subsidiary Nordic Aluprofiler AB. The warrant bond was repaid in its entirety on May 29, 2001, in accordance with the loan conditions. The warrant certificates entitle their holders to subscribe a total of 300,000 shares as of May 1, 1999, May 1, 2000, May 1, 2001 and May 1, 2002.

Subscriptions with the warrants can increase share capital by a maximum of EUR 0.38 million, which is 6.1 per cent of the company's voting rights. The period for subscription for all warrants ends on May 30, 2006.

The subscription price for one share will be lowered by the amount of dividend paid out after May 1, 1998 and before the subscription on the record date of each dividend distribution. The subscription price on December 31, 2001 was EUR 10.05. However, the nominal value of the share remains the minimum subscription price.

A total of 75,750 of the warrant certificates are held by the company. The market value of these warrant certificates stands at EUR 35,455.00.

	Group 2001 (EUR 1000)	Group 2000 (EUR 1000)	Parent Company 2001 (EUR 1000)	Parent Company 2000 (EUR 1000)
20. LIABILITIES DUE MORE THAN FIVE YEARS AHEAD				
Loans from financial institutions	<u>2300</u>	<u>0</u>	<u>2300</u>	<u>0</u>
21. LIABILITIES TO GROUP COMPANIES				
Trade payables	<u>0</u>	<u>0</u>	<u>35</u>	<u>37</u>
22. ACCRUED LIABILITIES AND DEFERRED INCOME				
Accrued income tax	<u>39</u>	<u>936</u>	<u>0</u>	<u>864</u>
23. CONTINGENT LIABILITIES				
Pledged assets				
Liabilities secured with corporate mortgages				
Loans from financial institutions	<u>14 977</u>	<u>13 239</u>	<u>13 713</u>	<u>11 738</u>
Corporate mortgages given	<u>16 819</u>	<u>16 819</u>	<u>16 819</u>	<u>16 819</u>
Liabilities secured with moveable assets				
Loans from financial institutions	<u>1 436</u>	<u>2 199</u>	<u>1 436</u>	<u>2 199</u>
Chattel mortgages	<u>1 436</u>	<u>2 199</u>	<u>1 436</u>	<u>2 199</u>
Security provided for other company liabilities				
Financial assets pledged	<u>270</u>	<u>355</u>	<u>270</u>	<u>355</u>
Security provided for Group companies				
Guarantees	<u>0</u>	<u>0</u>	<u>1 264</u>	<u>1 501</u>
Off-balance-sheet contingent liabilities				
Guarantees	<u>0</u>	<u>161</u>	<u>0</u>	<u>161</u>
Rental and leasing liabilities				
Due in the next financial year	3 033	3 282	3 005	3 239
Due later	5 414	7 645	5 414	7 510
Total	<u>8 447</u>	<u>10 927</u>	<u>8 419</u>	<u>10 749</u>
Consignment liability	<u>2 587</u>	<u>3 816</u>	<u>2 587</u>	<u>3 816</u>
Financial liabilities				
Repayment liability in compliance with §33 of the Value Added Tax Act	<u>323</u>	<u>76</u>	<u>323</u>	<u>76</u>

24. DERIVATIVE CONTRACTS

VALUE OF UNDERLYING INSTRUMENTS

Currency futures	<u>10 491</u>	<u>17 534</u>	<u>10 491</u>	<u>17 534</u>
Metal futures	<u>3 008</u>	<u>4 257</u>	<u>3 008</u>	<u>4 257</u>

MARKET VALUES

Currency futures	<u>54</u>	<u>-322</u>	<u>54</u>	<u>-322</u>
Metal futures	<u>-85</u>	<u>-40</u>	<u>-85</u>	<u>-40</u>

The market values of all derivative contracts are based on market quotations on the closing date, and gains and losses in foreign currency have been translated into euros at the official rate of exchange on the closing date.

At the end of 2001, a total of EUR 0.002 million in gains on currency futures and EUR 0.09 million in losses on metal futures remained unentered. Both items apply to delivery contracts and budgeted sales for 2002.

25. RISK MANAGEMENT

The purpose of risk management is to soften the impact of fluctuating aluminium prices, exchange rates and changes in interest rates on the company's profits. The risks are buffered by various kinds of derivative contracts in accordance with the company's financial principles.

In hedging, the emphasis is on balance sheet items, order backlog, and sales, purchasing and financing contracts. Budgeted and estimated items and binding tenders are hedged on a case-by-case basis in accordance with the company's financial principles.

Managing the aluminium price risk

Nordic Aluminium bases the sales of its aluminium products and purchases of its aluminium supplies on world market prices. The purpose of price risk management is to keep purchases and sales in balance so that world market prices do not affect the company's profit.

This is done using aluminium derivatives, mainly aluminium futures, but also aluminium options, usually with a duration of less than a year.

Managing exchange rate risks

About 12 per cent of the company's sales and around a third of its purchases are currency-based. Introduction of the euro has decreased the sales-related currency risk. Currency surpluses and deficits arising from income and expenses in foreign currency are balanced using, for example, currency derivatives, usually currency futures and, if necessary, currency options. Most of the currency derivatives have a duration of less than a year.

The Group introduced the euro as its reporting currency in 2001. The parent company started using the euro as its operating currency during the 2001 fiscal year. The most important export currencies outside the euro zone are the Swedish krona and US dollar.

Calculation of Key Ratios

FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

Income before extraordinary items:
derived directly from the income statement

Taxes for the fiscal year:
Taxes from the income statement
+ - tax effect of the extraordinary items

Net profit:
Profit before taxes
less taxes from income statement

Return on equity (ROE):
Profit before extraordinary items
less taxes for the fiscal year x 100
Shareholders' equity + accrued appropriations
(based on the average at the end of each month)

Return on capital invested (ROI):
Profit before extraordinary items
+ interest expenses and other financial expenses x 100
Balance sheet total less non-interest-bearing
liabilities (based on the average at the end of each month)

Current ratio:
Inventories and financial assets
Short-term liabilities

Internal funding of investments:
Funds generated from operations from
the consolidated cash flow statement x 100
Gross investments

Equity ratio:
Shareholders' equity + accrued appropriations x 100
Balance sheet total less advances received

Gearing:
Interest-bearing liabilities at year end
less cash in hand and at banks at year end x 100
Shareholders' equity at year end

FORMULAE FOR CALCULATION OF ADJUSTED SHARE-RELATED INDICATORS

Earnings per share (EPS):

$$\frac{\text{Profit before extraordinary items} \\ \text{less taxes for the fiscal year}}{\text{Dilution-adjusted average number of shares} \\ \text{during the year}}$$

Net profit per share:

$$\frac{\text{Profit before taxes} \\ \text{less taxes from income statement}}{\text{Dilution-adjusted average number of shares} \\ \text{during the year}}$$

Nominal dividend per share:

$$\text{Dividend declared for the period per share}$$

Dividend to earnings ratio:

$$\frac{\text{Adjusted dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield:

$$\frac{\text{Adjusted dividend per share}}{\text{Share price on Dec 31} \\ \text{(Quotation on the last trading day in the fiscal year)}} \times 100$$

Equity per share:

$$\frac{\text{Shareholders' equity in the balance sheet}}{\text{Dilution-adjusted number of shares on Dec 31}}$$

P/E ratio:

$$\frac{\text{Adjusted share price on Dec 31}}{\text{Earnings per share (EPS)}}$$

Market capitalisation:

$$\text{Total number of shares x share price, Dec 31} \\ \text{(Quotation on the last day of trading in the fiscal year)}$$