



**Annual Report  
2001**

**PI**  
PI-GROUP

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### Financial information

During financial year 2002, the company will draw up to two interim reports published on the Internet pages of PI-Group at [www.pigroup.fi](http://www.pigroup.fi) in June (January-April 2002) and in October (May-August 2002).



## Innovative expert partner

PI-Group is a major consulting and engineering company operating mainly in Europe. The company provides consulting, engineering and project management services for industrial customers in R&D, investment projects and production.

The objective of the PI-Group is to improve the competitiveness of its customers and to provide them with added value through innovative expertise, efficiency and customer-focused service. Confidence and long-term co-operation constitute the cornerstones of our operations.

### Mission

Engineering and information management partner for industrial customers

### Strategy

We focus on selected industrial customer segments, and develop and supply expert services based on our core competencies. We aim at constant and profitable growth through expanding services to our key accounts, through extending our international operations in co-operation with local partners, and through developing new business areas.

In the development of our services, particular emphasis is placed on technical knowhow, information technology, operational processes and project management.

In customer co-operation and business processes, we emphasise customer-focused service, technical and co-operation skills as well as resource management. Some of the expertise relating to our services and products is acquired through a partnership network.

We ensure efficient and flexible operations by developing and utilising the expertise possessed by our personnel, the best available working methods and information technology. The key areas in the development of personnel and working community are challenging assignments, continuous learning, team work and an encouraging compensation system.

## OUR SERVICES

Consulting services  
Project management services  
Engineering services

## OUR CUSTOMERS

Metal, engineering and electrotechnical industries  
Pulp and paper industry  
Energy industry  
Chemical industry  
Electronics industry  
Offshore and shipbuilding industry

### Visions

- Expert partner providing added value
- One of the leading consulting companies in Europe in the selected customer segments
- Forerunner in its field in the application of information technology
- Flexible, customer-oriented expertise and resource networks
- Profitable growth and good return on investments

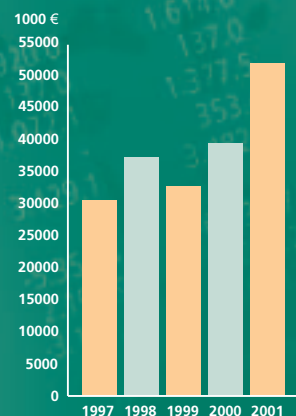
### Core values

- Customer satisfaction
- Expertise and development
- Respect for the individual
- Atmosphere inspiring co-operation
- Profitability

## Year 2001 in a nutshell

### Growth and expertise through alliances

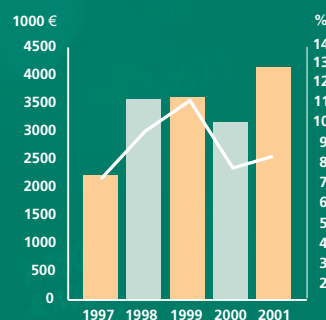
- Joint venture PI-Mecaplan Oy established with Mecanova Oy in the Electronics division.
- Partnership agreement with Empower Oy, part of the PVO Group. This co-operation concerns engineering and consulting services for power plants.
- Nokia Networks outsourced its engineering for R&D in electromechanics in Finland to PI.
- Oy Aga Ab outsourced engineering within its technical service to PI.



Turnover grew by **29 %**

### Ahead in the international arena

- Joint venture PAB engineering GmbH established in Germany with an Austrian and a German engineering consultant. The new company will focus on engineering services for the process industries.
- Technip-Coflexip, the French engineering company, became co-owner in PI-Rauma Ltd.
- Significant orders and new partners in Eastern Europe.



Operating profit improved by **33 %**

### Expanded IT utilisation

- More advanced, tailored Extranet solutions introduced in customer co-operation and project work.
- Launching of an Internet based system in project document management, publication and distribution.

## Key figures

	1997	1998	1999	2000	2001
Turnover, 1000 €	30,468	37,283	32,733	39,286	50,875
Operating profit, 1000 €	2,217	3,583	3,622	3,082	4,100
Operating profit, %	7.3	9.6	11.1	7.8	8.1
Profit before extraordinary items, reserves and taxes, 1000 €	1,640	3,173	2,824	2,669	3,750
Profit before extraordinary items, reserves and taxes, %	5.4	8.5	8.6	6.8	7.4
Return on investment, %	23.8	35.4	39.4	31.2	34.3
Return on equity, %	128.1	85.9	50.2	35.5	39.9
Equity ratio, %	11.2	23.1	36.2	31.1	34.8
Current ratio	0.95	1.1	1.1	1.2	1.2
Investments in fixed assets, million €	0.7	0.9	0.7	1.1	1.6
Investments in fixed assets, %	2.4	2.5	2.0	2.8	3.2
Order backlog, million €	13.2	10.1	10.7	21.8	19.1
Personnel, average	561	594	594	648	718



The year 2001 was a period of profitable growth for the entire PI-Group. Our operating profit improved by 33 per cent and turnover grew by 29 per cent from the year 2000. This growth came partly through partnership acquisitions and was partly due to the favourable market situation in the early part of the year. A good workload also contributed to improved profitability.

The market situation changed in the spring of 2001 when the volume of new industrial investments took a downward turn. The production and export volumes of Finnish industries decreased also. However, industrial research and development investments continued to grow. These factors had a net decreasing effect on the demand for engineering services in Finland. The volume of new orders booked by PI during the entire year 2001 exceeded the volume achieved in the previous year by 10 per cent even though the volume of orders decreased during the latter half of the year.

As far as the various divisions are concerned, Engineering and Manufacturing, Electronics and Marine Technology exceeded their growth and profitability objectives. Growth in the Electronics division was particularly rapid. Workload in the Forest and Chemical Industry division started to decrease towards the end of the autumn, but the order backlog of the other divisions remained good or satisfactory. At the end of the year, the order backlog of the entire Group was almost at the same level as a year before.

Operational development focus was on the integration of the new alliances, internationalisation, deepening knowhow, and on the more efficient utilisation of information technology. In April, PI signed an agreement with Nokia Networks whereby its engineering for R&D in electromechanics in Finland with the related personnel were transferred to PI.

The international network was expanded by pursuing co-operation with local European partners belonging to PI-Network in Sweden, Great Britain, Germany and Austria. In September, PAB engineering GmbH, a new joint venture, was established in Germany with an Austrian and a German engineering consultant. Long-term marketing efforts carried out in Eastern Europe yielded significant orders and new partners.

In 2002, the total demand for industrial engineering and consulting services is expected to decrease slightly in PI's main market areas. However, the market situation is expected to pick up towards the end of the year. Demand is influenced by factors such as industrial machinery and plant investments, investments in R&D as well as industrial production and export volumes.

The volume of new industrial investments will decline in 2002. Industrial production and export volumes in Finland will decrease or remain at the level of 2001. On the other hand, R&D investments by the metal and electronics industries will probably stay at least at the current level. Structural changes in industry together with new IT solutions will continue to create new opportunities in the demand for consulting services.

Due to the present unstable market situation, short-term workload and capacity management as well as flexibility require particular attention. Our development and growth efforts continue to focus on internationalisation, IT utilisation as well as personnel and expertise development.

PI's 30th anniversary year 2001 was a favourable period to the company, and the outlook for the future seems to be improving. I wish to thank our personnel for their exemplary work input and our customers and partners for their constructive co-operation.

Lauri Hintikka  
President

## Number and age structure of personnel

In 2001, the number of personnel in the PI-Group grew by approx. 14 per cent. At the end of the year, the Group had 764 permanent employees. Approximately half of this increase came from natural growth and the remainder through alliances. The number of temporary and part-time employees grew somewhat, mainly as a result of student recruitment.

The average age and service period of personnel in the entire Group decreased in the year 2001. The average age of permanent employees was 40 years (42 in 2000), and their average service period was 5.5 years (9). In the oldest companies of the Group, Projekti-insinöörit Oy and PI-Rauma Ltd, the average service period was approx. 10 years. One quarter (25 per cent) of the personnel were over 50 years of age and 16.5 per cent under 30 years of age.

The turnover rate of personnel, 7.9 per cent, was slightly lower than in the year 2000.

## Personnel development

Personnel development and training integrate both the individual and organisational needs for constant learning. Learning primarily takes place on the job and in various projects and assignments. PI supports the development of its employees' skills and knowledge by offering numerous and versatile learning opportunities in information technology, foreign languages, professional expertise and interaction skills. The company also supports and encourages its employees in their own further education plans.

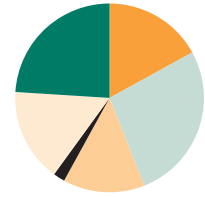
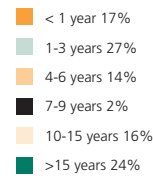
The team work programme launched in 2000 continued in 2001. The teams drew up their operating and development plans for 2002; the objective of this is to shift development responsibility to the persons who actually carry out the work. This objective was achieved very well.

The induction programme intended for new employees was revised to better correspond to the needs of new employees and of the Group.

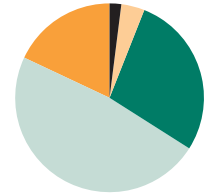
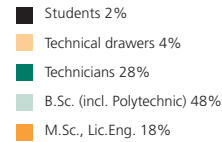
The personnel development measures start off from personal appraisal interviews where the key targets and personal learning plans are agreed upon, supporting the constant development of personnel. The objective is that the appraisal interview is conducted at least once a year with all employees. In this way, it can be ensured that information is conveyed in each direction within the organisation. In 2001, the appraisal interviews were carried out with a coverage of approx. 90 per cent. Appraisal interview training was arranged for some heads of teams and project managers, practising the interview situations through practical examples.

To support individual performance, PI's Intranet and Extranet pages, personnel newsletters as well as information sessions and team meetings of the various divisions offer plenty of information on the company's operations.

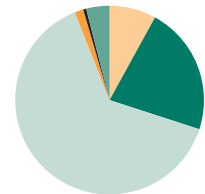
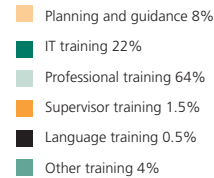
## Distribution of service period



## Training distribution, technical personnel



## Distribution of training costs



## Personnel welfare

The company supports the personnel's physical exercise and leisure time activities and encourages independent physical exercise.

Regular health examinations are arranged for all those above the age of 30 at intervals of 5 years and for those above the age of 50 every 3 years. In addition to a medical examination, these examinations also include the definition of working ability index and a voluntary measurement of physical performance, covering BMI (body mass index), muscle performance test and oxygen intake. In the definition of working ability index developed by the Finnish Institute of Occupational Health, the participating persons assess themselves as to how well they can cope now and in the near future in their work, taking into account the requirements of the relevant work. The average of the work ability index was 41, which is a good result on a scale of 7 to 49.

During the year 2001, the working facilities were inspected for their ergonomics. Related improvements were carried out by paying attention to individual needs and as instructed by an occupational physiotherapist.

Absences on account of illness were approx. 2 per cent. In 2001, two employees reached retirement age, and 10 persons were on semi-retirement.

## Incentive bonus

The Group applies company-specific incentive bonus systems covering the entire personnel. The incentive bonus is based on financial and operational results.

**Training and development**

Input in expertise and operational development in 2001 was very extensive. The target level set was clearly exceeded, which can be considered as a good result in a situation where the workload was high. The total input in expertise and operational development was 38 person work years (24 in 2000). The biggest relative growth in development and training took place in the Electronics division as a result of extensive increase in the number of personnel and new partnerships.

Of the total work input, 45 per cent (42 per cent) was allocated to the maintenance and enhancement of the personnel's level of expertise and 55 per cent (58 per cent) to the implementation of development measures. 25 per cent (20 per cent) of the former input was directed at training which enhances professional skills, 6 per cent (9 per cent) at information technology training and 1 per cent (1 per cent) at improving the skills of supervisors. The proportion of professional training was raised by 5 percentage units as planned.

One of the significant duties completed was the basic model for the Career project. This model describes the contents and basic requirements of various duties offered by PI to current and new employees.

**Investments and costs**

A clear majority of the investments in monetary terms was related to the updating and further development of information technology. Software purchases accounted for 49 per cent (35 per cent), and servers, workstations and network components for 38 per cent (56 per cent) of the investments. Furnishing of new facilities and enhancing the comfort of the working environment received 13 per cent (9 per cent) of the total IT and office investments. Software update and data communications costs grew faster than other costs among IT and office costs.

Among the main duties in 2001 were making preparations for a transfer to Win2000 environment during 2002, revising the network concept of the Group and developing customer connections.

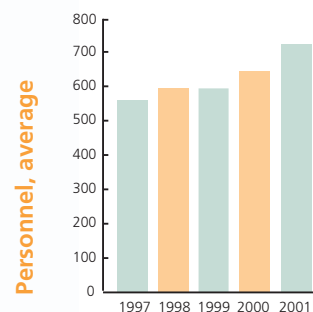
**Customer satisfaction**

PI has been utilising the customer feedback system in the development of its operations for several years. The average result from the 2001 customer feedback survey, 3.87/5 (3.80/5 in 2000) improved by 2 per cent on the previous year.

**Outlook for 2002**

During 2002, PI will continue to focus on expertise and development in accordance with the basic model adopted in 2001. The proportion of training will be boosted further as stated in the related plan. New development measures will be carried out through deeper consideration than before, and their management and follow-up processes will be improved from the current level.

The IT investments planned for 2002 will have the same level as in 2001. However, maintenance costs will rise especially because of software purchases made during previous years.





*PI has served as a consultant in several projects examining environmental impacts in different parts of the world.*

©Digital Photo DTP Oy

## Environment

It is increasingly important that when processes, plants and equipment are engineered, attention is paid to all aspects comprehensively – to the consumption of raw materials, use of energy and impacts on the environment, health, safety and society. Environmental impacts need to be viewed over the entire life cycle of the plant and product, from the procurement of raw materials to decommissioning.

In September 1996, the European Union ratified the IPPC directive which was included in the environmental legislation of the member states by the end of October 1999. New production plants need to be built and products need to be manufactured immediately in accordance with the directive, and existing plants need to be modified to conform to the directive by 2007.

The primary objective of the directive is that the environmental impacts of industrial production are minimised and that the BAT (Best Available Technology) principle is applied for each purpose. However, this must take place judiciously and by optimising the various options, because extensive efforts to remove a certain source of contaminants completely usually involves excessive use of resources and hence new sources of contaminants.

The engineer has a key role here, because the environmental impacts of production plants and individual products can be influenced crucially at the logistics, process, plant and product engineering phases. This means that production is perceived very comprehensively and that attention is paid to the fact that industrial production encompasses not only the plant itself but also the procurement and transport of raw materials and other commodities and the distribution of products.

In order to ensure that environmental considerations are observed in all our engineering assignments, we have included environmental, safety and health issues as an integral part of our quality system, and we have commenced systematic training of our personnel in this area. In this way, we wish to make sure that the units engineered by us are both economically and environmentally competitive.



# Information technology

The focus in information technology development and utilisation within the PI-Group in 2001 was on the expanded use and integration of engineering systems and on the further building and enhancement of internal and external networks.

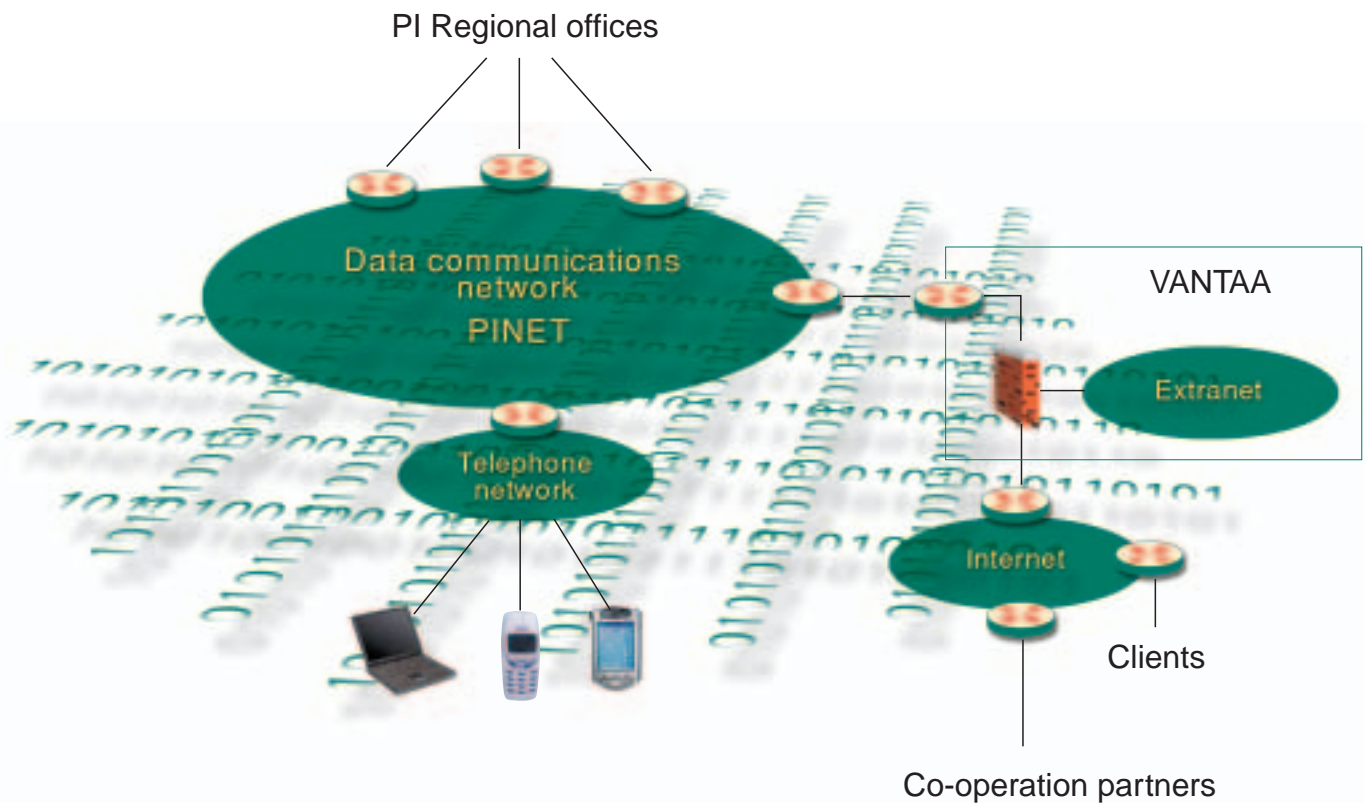
For strategic reasons, we outsourced some of our network services in 2001. Through the reorganisation of our corporate network, we will improve data security, quality, service standard and network management, and we will also obtain sufficient and scaling network services for use by our own offices and partners. The new concept will intensify communications between our offices and facilitate the introduction of networked operating models both in corporate administration and engineering.

A significant customer project was carried out in project operations in the Extranet-based document management system. The experiences gained provide a good basis for the further development and implementation of the networked operating concept used in the project and of the related processes.

The document management system will also be utilised in the management of product processes, where the objective is to manage the customer's product, related product data and engineering documents throughout the life cycle of the product.

3D modelling services were especially expanded in industrial design, engineering of virtual models, animation and visualisation as well as in manufacture and assembly simulation.

Information technology development in 2002 will concentrate on intensifying the operation of current systems by integrating the systems and their functions both in administrative data systems and engineering applications. The utilisation and introduction of Data Warehouse technology, corporate portal solutions and Bi applications will provide challenges in these areas. The lack of standards for data communications within networked operations has turned out to be a major problem which obstructs the development of operating concepts. In this area, development co-operation opportunities are also sought between competitors.



	2001	2000	change
Turnover, 1000 €	10,928	12,148	-10%
Personnel 31 Dec	160	156	3%
Proportion of the turnover of the Group	21%	31%	

**PI's Forest and Chemical Industry division develops and supplies engineering, consulting and project management services required in investments and production process development within the pulp and paper industry and the chemical industry. The main customers comprise enterprises engaged in the pulp, paper and chemical industries as well as related equipment suppliers.**

The reduction in the volume of investments by the pulp and paper industry, which had started at the end of the year 2000, continued in the early part of 2001. As a result, the order backlog of the Forest and Chemical Industry division decreased, the workload declined and profitability diminished during the latter part of the year. Reduced investments in the pulp and paper industry were also reflected somewhat in the volume of orders received from the chemical industry.

During 2001, the division obtained several orders for modernisation projects from the Finnish pulp and paper industry, with customers such as UPM-Kymmene Oyj Wisaforest and Simpele as well as Stora Enso Oyj's Kaukopää Mill. Engineering services for the fibre line project at Kaukopää were also rendered to Andritz-Ahlstrom Corporation, which served as the equipment supplier. Metso Oyj ordered assignments e.g. for plant projects delivered to Italy and China. In the chemical industry, the biggest customer continued to be Neste Engineering Oy, part of the Fortum Group.

Among the projects engineered by PI and successfully started in 2001 were M-real Oyj's Joutseno BCTMP plant, Oy Metsä-Botnia Ab's Joutseno Pulp Mill's new cooking department and Stora Enso Oyj's modernised fibre line 2 at Kaukopää as well as the modernised fibre line at Tainionkoski.

In exports, focus was on the further development and advancement of PI-Network, the international marketing and sales network. The members of the network are leading engineering consultants in Sweden, Great Britain, Germany, Austria and Poland.

The foremost development projects in 2001 included enhanced efficiency in engineering work, especially 3D modelling and procedures for project management, such as the introduction of the Kronodoc® data flow control system.

In 2002, the demand for engineering services in the chemical industry will remain at the current level or improve. The demand for engineering services in the pulp and paper industry is expected to decrease somewhat. Several new plant projects are being planned in Europe while in Finland the investments will mainly focus on modernisation projects. The proposal backlog which grew rapidly at the end of 2001 supports positive expectations.

Good references, enhanced expertise, an increasingly international network of partners and extended utilisation of information technology will provide a sound basis for further growth and for advanced co-operation with both current and new customers.

*M-real Oyj's BCTMP plant started in Joutseno, Finland, in the early autumn of 2001.*





*At the beginning of 2002, PI's Forest and Chemical Industry division and Energy division were combined into a new Process Industry division headed by Kari Harsunen.*

	2001	2000	change
Turnover, 1000 €	5,908	4,307	37%
Personnel 31 Dec	59	60	-2%
Proportion of the turnover of the Group	12%	11%	

## Energy

**PI's Energy division offers engineering and consulting services required in power plant investments and energy conservation projects primarily carried out by energy-intensive industries. The objective is to use networking to achieve efficient engineering expertise which utilises leading-edge information technology. The main customer segments are industrial power plants, power plant suppliers and utility companies.**

In 2001, the volume of new investments launched in the energy industry decreased from that in the year 2000. On the other hand, there were much more power plant investments involving biofuels, subsidised through tax concessions, in Western Europe. This provided orders for Finnish equipment suppliers and hence engineering assignments for PI. Due to numerous orders received, the operational and financial objectives of the Energy division were attained.



Several significant detail engineering assignments for recovery boilers and power plant boilers were received from a number of equipment suppliers with end customers such as Norrköping EFW and Jämtkraft in Sweden, Papelera de Zicunaga in Spain, Eesti Energia in Estonia and Cengiz Bartin in Turkey. Recovery boiler projects of Bowater Pulp and Paper in Canada and of Burgo Ardennes in Belgium moved over to the commissioning phase, and detail engineering for Kymin Voima Oy's power plant in Finland was completed at the end of the year. Ekokem's Waste Heat Recovery project and M-real TAKO's power plant investigations were the foremost new orders in Finland.

PI's position as a partner of international financial institutions strengthened further. The European Bank of Reconstruction and Development together with the German Hypovereinbank ordered a feasibility study concerning a gas line as well as monitoring work in the Ukraine. TACIS projects continued in the same area.

In the year 2001, PI's Energy division continued its input in both 3D-PDMS and PDS modelling systems. Development efforts focused on the efficient utilisation of information technology, especially to back up the expanding international operations.

It is anticipated that new investments within the energy industry in Finland will remain at the level of 2001 for the next two years. Investments in power plants firing biofuels will increase in Western Europe as they are prompted by tax concessions. Networking in both Finland and elsewhere in Europe will strengthen PI's capacity to compete for engineering assignments in the energy industry.

*Recovery boiler plant, 2,000 tds/24 h, for Burgo Ardennes' ECP pulp mill in Virton in Belgium, supplied by Kvaerner Pulping Oy.*



Tuomo Nevalainen,  
Vice President

**The Engineering and Manufacturing division creates added value as the strategic partner of enterprises operating in the metal, engineering and manufacturing industries by assuming responsibility for their outsourced operations and by simultaneously offering its own personnel interesting and challenging assignments.**

We develop new services and customer-oriented operating concepts which are integrated with PI's expertise. These operating concepts have been commercialised in the form of two customer processes: projects and partnership. The partnership concept focuses on either resourcing or operational responsibility (outsourcing). The concepts support flexible and reliable outsourcing of our clients' operations.

Expertise comes from a combination of professional skills, advanced systems and their management, and insight into our clients' business and products. The assignments of the Engineering and Manufacturing division consist of consulting services, project management services and engineering services concerning investments, delivery projects or R&D. The role and relative proportion of R&D services is increasing.

The Engineering and Manufacturing division achieved both its financial and development objectives set for 2001. Turnover increased and financial result improved. However, minor changes took place in the customer structure and operating degrees towards the end of the year as the economic trend deteriorated.

The clients of the division include leading enterprises in the metal and electrotechnical industries such as ABB, Kone, KCI, Metso, Maillefer, Nextrom, Raute and Sorex. We provide these with both R&D and delivery project services relating to their products. The assignments typically encompass mechanical and automation engineering.

Plant projects for manufacturing industries consisted

of investments in new plants or of the operational development of existing plants. Our clients here include AvestaPolarit Finland Oy, NK Cables Oy, Outokumpu Oyj, Rautaruukki Oyj, Saint-Gobain Isover, Sinebrychoff Oy Ab and VR-Group.

Project management is a natural part of the expertise possessed by the Engineering and Manufacturing division. As an example, the development project for VR-Group's Ilmala Wheel Set Service required not only technical proficiency but also good scheduling and purchasing management.

Development efforts were focused on developing client co-operation, personnel training and IT applications. In the long term, these will provide added value in client co-operation when working as a part of the network of co-operation partners. The structural changes launched at the end of 2000 were completed; as an example, the Lahti office was turned into a regional unit of 22 employees. At the end of 2001, Oy AGA Ab outsourced its engineering for technical service to PI.

The business conditions in the engineering and manufacturing industries are expected to decline, but some plant projects are still in sight.

Development will continue to concentrate on the operating concepts and their performance within the network of co-operation partners so that PI is well equipped to assume duties outsourced by its clients, including R&D. 3D modelling will be adopted in stages, with Pro E and IDEAS used as the main tools.

	2001	2000	change
Turnover, 1000 €	11,395	8,699	31%
Personnel 31 Dec	124	126	-2%
Proportion of the turnover of the Group	22%	22%	

### **PICSI Automation Oy**

PICSI Automation Oy is PI's centre of expertise for Siemens systems. PICSI is a progressive expert in automation solutions, offering engineering and project management services and consulting services to suppliers and users of industrial and municipal automation systems. The goal is to advance to partnership in the customer relationships.

As the volume of orders obtained through Siemens Osakeyhtiö started to decrease towards the end of the year and as PICSI's own sales were initially slow, the company did not reach the financial goals set for 2001.

The biggest individual project has been the engineering of automation for a walking beam furnace, supplied to AvestaPolarit Finland Oy in Tornio through Siemens.

The year 2001 represented rapid growth and development. Working rules were defined during the

early part of the year, and PICSI was integrated as a part of the PI-Group. In early April, PICSI moved to new premises in Ulvila, and operations in Oulu commenced in May, with six persons working in Oulu at the end of the year. In all, 14 new engineers were hired.

At the end of 2001, an agreement was signed with Siemens Osakeyhtiö on project co-operation, and the company's vision and values were defined; these will be put into practice during 2002. The objective is continued growth as well as development of PICSI's own customer relationships.

The workload for 2002 appears to be good. PICSI has received new direct orders, and demand is clearly picking up.

*Soredex, Cranex TOME*





**PI's Electronics division provides engineering service involving total responsibility, offered for the needs of the electronics industry. The service encompasses electromechanics engineering, hardware and software engineering relating to equipment as well as R&D testing service.**

The objectives set for the growth and profitability of the division were achieved in 2001.

The foremost customers were Nokia's various units in Finland and two units in Europe. The biggest individual customer was Nokia Networks, and other customers included Nokia Mobile Phones, Kone Elevators, Orbis Oy, Electrobit Oy and Mecanova Oy.

The most important new assignment in 2001 was PI Electronics' first total delivery project, ordered by Nokia Networks in Camberley in Britain. This project will employ almost 20 persons in various duties for a couple of years.

Enhanced electromechanics expertise and increased number of personnel to serve comprehensive projects were the focal areas in development in 2001. The development of electromechanics was essentially boosted when Nokia Networks outsourced its electromechanics engineering in the Helsinki region and Oulu, and about 50 designers moved over to PI. The total service expertise was complemented through recruitment in the areas of hardware, software and R&D testing.

In March 2001, PI and Mecanova Oy established PI-Mecaplan Oy, a new joint venture, in Ylivieska in Finland, and PI's mechanics engineers in Ylivieska were transferred to the new company. This enables increasingly production-oriented engineering as the engineers are working close to the production plant.

In early 2002, new competence centres SW and Testing will start their operations in this division. The objective is to increase the number of personnel significantly also in the future and to further enhance expertise in hardware and software. Electromechanics expertise will also be developed over a long time span, especially in the selected areas of core expertise: thermal, FEM and acoustics engineering. The management of comprehensive projects is supported by R&D testing expertise and production expertise in sheet technology possessed by PI-Mecaplan Oy.

The first signs of slower development in the electronics industry started to emerge in the summer of 2001. Towards the end of the year, the trend returned to normal, but there is no extensive growth to be expected in this business during the next 12 months. So far, the change in the market situation has been reflected in PI as small fluctuations in workload when customers focus their R&D on new products of the future. Despite the evening out of growth in the electronics industry, the market situation in 2002 appears to be promising, and turnover is anticipated to continue to grow rapidly.

	2001	2000	change
Turnover, 1000 €	5,562	1,580	252%
Personnel 31 Dec	105	27	289%
Proportion of the turnover of the Group	11%	4%	



*Matti Mattila, Managing Director, PI-Rauma Ltd*

	2001	2000	change
Turnover, 1000 €	13,078	10,390	26%
Personnel 31 Dec	185	195	-5%
Proportion of the turnover of the Group	26%	27%	

**Our core competence areas in the offshore and shipbuilding industries are the engineering of hull structures for oil production platforms and the engineering and structural analyses of car-passenger ferries. Our operations are based on long-term co-operation with the key customers.**

In 2001, our turnover grew by more than 20 per cent. The number of our own personnel remained almost unchanged while the working hour input by our subcontractors increased to 15 per cent. Profitability was satisfactory due to the high degree of capacity utilisation and because we did not face negative surprises relating to the projects in spite of new types of products.

The market situation in the main customer area in the offshore industry, especially with spar type oil production platforms, was good. The engineering of four spar type hulls proceeded to the production phase, and the engineering of two of them had already commenced in the previous year. In addition, preliminary engineering was carried out for two platforms and AFC engineering for one platform. At the end of the year, demand was still active, but the number of orders was lower than at the end of the year 2000.

The other main customer area, the shipbuilding industry, suffered from the uncertainty of the markets and from the over capacity of luxury cruise ship owners. The order book was good for the main part of the year, but it weakened towards the end of the year.

One of the most important projects was the completion of the engineering of two truss spar type hulls of oil production platforms with demanding load-out and trans-Atlantic sea transportation analyses. The engineering of the third truss spar was almost completed, and the AFC engineering of two other truss spar hulls and the fabrication engineering for

another of them commenced. The engineering of the car-passenger ferries for Seafrance and Tallink was completed, as was the strength analysis for a hovercraft for Aker Finnyards Oy. Moreover, the engineering of a car-passenger ferry for a Scottish owner was launched.

During the year 2001, the development activities were focused on deepening and strengthening the knowledge of personnel, especially in the strength analysis group, and on extending the utilisation of 3D engineering. As a result of the development and extension of the co-operation network, our customers entrusted us with more comprehensive assignments. The activities with our own subcontractors were extended and developed further. When setting the objectives for the quality system and in the auditing of the system, the requirements of the new version of the ISO 9001 quality standard were taken into consideration. The biggest change in the internal organisation was the establishment of competence centres.

The demand in the offshore industry during the year 2002 is expected to strengthen, but the market situation in the shipbuilding industry is still uncertain.

*PI-Rauma Ltd operates in the west of Finland as a regional office of PI-Group, providing offshore technology services and also serving the other customer segments. The proportion of the process, engineering and automation industries of PI-Rauma's turnover is about 20 per cent.*



*The car-passenger ferry delivered by Aker Finnyards to Seafrance shipping company for traffic at the English Channel. PI-Rauma carried out e.g. the engineering of half of the hull, the main engine room and the navigation bridge.*

**PIC Estonia Ltd's main businesses are the design of potable water purification and waste water treatment plants, building design (architectural, structural, HVAC and electrical engineering), environmental protection, feasibility studies and installation supervision.**

In 2001, the growth of Estonian economy slowed down, and the market in the construction and consulting business only grew by 2 per cent.

PIC Estonia Ltd's turnover grew by 12.5 per cent, and the company consolidated its position as the market leader in water and environmental projects in Estonia. Exports accounted for 40 per cent of turnover. The company employed 30 persons at the end of the year.

The bulk of the projects, 63 per cent, were related to potable water treatment and waste water treatment. Construction projects accounted for 20 per cent and environmental and waste management studies for approx. 17 per cent.

The biggest engineering assignments included the Kogalym potable water treatment plant in Russia and waterworks and waste water treatment plant

projects in Viljandi and Rakvere in Estonia. The foremost customers of the company were Estonian building companies and public services. The EU's ISPA programme and local authorities financed the biggest potable water and waste water investments as well as projects related to the treatment of solid waste.

Several modern environmental protection projects engineered by PIC Estonia Ltd were taken into use in Estonia in 2001, such as the waste water treatment plants for the towns of Valga and Keila and the Kohtlajärvi landfill site.

Although the Estonian economy is expected to grow slowly in 2002, environmental and infrastructure investments are assumed to grow by 10 per cent, mainly as a result of the EU's ISPA and Phare programmes. In engineering services for water and environmental projects, demand is expected to remain good.

One of the most important development goals in 2002 is to further increase the number of engineers for environmental projects. The creation of the company's own e-strategy and the intensification of IT utilisation will continue.

**The main businesses of PI-HUN Engineering Ltd Co. are the engineering of industrial and public facilities and project management services from preliminary engineering to installation supervision. The company possesses special expertise in the engineering of cooling towers made of steel.**

One of the foremost customers in 2001 was one of the three owners of PI-HUN, EGI Contracting Engineering Co. Ltd. Other customers included Iparterv Rt, No 22 Construction Co., Strabag Rt, Paksi nuclear power plant, E-ON Hungary, Argosz Insurance Co., Aquastella Ltd and the Ministry of Education of Hungary.

Among the most important assignments were the seismic reinforcement of the structures of the Paksi nuclear power plant and the engineering of conference facilities for the Ministry of Education of Hungary. PI-HUN's development project for cooling towers made of steel, which has been going on for a couple of years, obtained 50 per cent in subsidy from the government of Hungary.

The construction industry in Hungary grows at an annual rate of 10 to 15 per cent. The investments mainly concern commerce and the real estate and industrial sectors. Growth in these sectors is also expected to continue in 2002. It is currently difficult to forecast the trend in the power plant sector. The most important factor contributing to growth is Hungary's future membership in the EU.

Development efforts in 2002 will be directed at the further development of cooling towers, amending the quality system to conform to the new version of the ISO 9001 quality standard, purchase of new engineering software for steel and concrete structures, and at the professional training of personnel.







The business idea of consulting is to enhance the competitiveness and profitability of the customers' business together with them. Here, more and more emphasis is placed on the management of entities, corporate economics and international aspects.

Competition takes place between entire supply chains or networks rather than between individual enterprises. Corporate success depends on how well the entire chain can be synchronised together and how well the invested capital can be utilised on the terms of logistics and service degree.

More than half of the assignments in 2001 consisted of analyses relating to the improvement of plant profitability and of development projects for order-fulfilment processes. The main focus in feasibility studies for investments in new plants was on flexible production solutions and on intensifying profitability and capital turnover rate.

PI's consulting business was developed extensively in 2001. A new type of product concept, Plant Business Performance Management, was launched, integrating all operations, technology and economics of a plant and utilising cutting edge modelling and simulation technology. The goal of the concept is to improve the profitability of a plant as a part of the supply chain.

Development focus in 2002 will be on business consulting, which especially involves the study of the mutual impacts of the markets, products and production architecture on overall corporate profitability.

#### **Business Consulting**

- Business activity management
- Facility and logistics structure management
- Operations change management

#### **Plant Development**

- Plant business performance management
- Capacity efficiency management
- Logistics management

#### **Investment Appraisal**

- Investment opportunity study
- Feasibility study

# International network



*Rune Franzén,  
Vice President, Sales*

One of PI's strategic goals is profitable growth both in Finland and in international operations. The objective is to grow the proportion of direct exports and international operations to more than 30 per cent of turnover by the year 2004.

The basic strategy in internationalisation is to create a network referred to as PI-Network, which works close to the customers and knows the local conditions and standards. The network is made up of both PI's own companies and joint ventures established with the partners. International opportunities are also sought as a partner of Finnish customers which operate in the international arena. The main market areas are the Nordic countries, Great Britain and the German-speaking parts of Europe.

The companies belonging to PI-Network are specialised in the process industries, but the network is gradually expanded to cover all PI's customer segments. Co-operation will also be strengthened with Technip-Coflexip, the French co-owner of PI-Rauma Ltd.



In 2001, particular attention was paid to joint marketing efforts and increased internal efficiency of PI-Network. The members of the network participated in several international fairs, and various combinations of the network were involved in competing for engineering and project management services for several major pulp and paper mill projects.

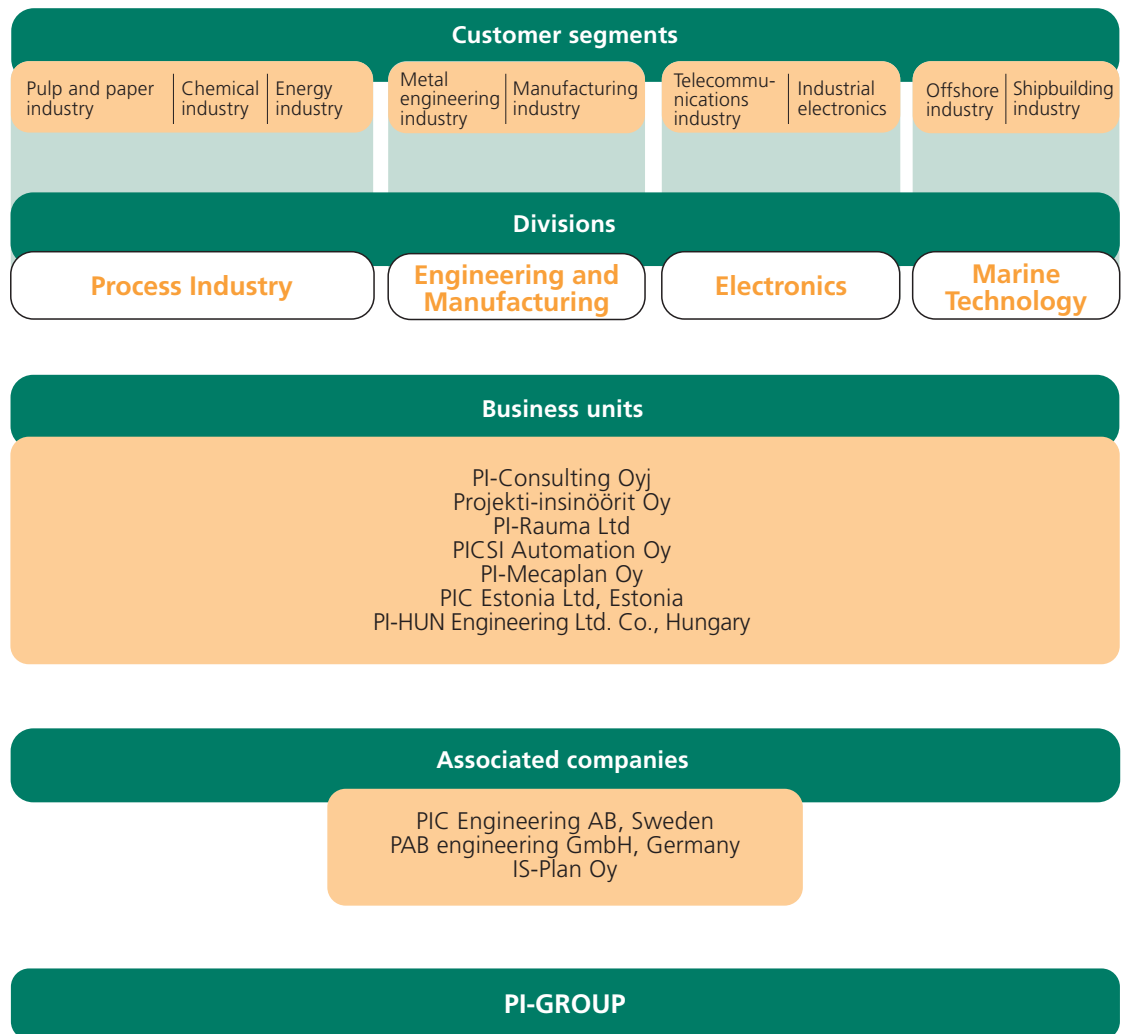
The presence of PI-Network in the German-speaking parts of Europe was strengthened by establishing a new joint venture, PAB engineering GmbH in Stuttgart in Germany. The new company is owned by PI, the Austrian company TBP-Piesslinger and the German fischer+bhm INGENIEURE. PAB will initially serve mainly the pulp and paper industry and expand its clientele to the energy and chemical industries as the number of its personnel grows.

In the two other main market areas, Sweden and Great Britain, co-operation was consolidated with PIC Engineering AB and Millwide Engineering Services Ltd, which are the local representatives of PI-Network in these countries. Several joint engineering assignments were carried out with PIC Engineering AB in Sweden.

PI has also expanded its operations in Eastern Europe and Asia. PI has an owner's consultant role in project management and engineering for the new glass wool factory to be built for Isover Saint Gobain near Moscow. The foothold gained in the energy industry in the Ukraine as a result of TACIS projects has become firmer in line with new projects. PIC Estonia Ltd, PI's subsidiary in Estonia, has been able to expand its market share in the engineering and consulting of environmental investments. In China, PI is studying the total environmental impacts of the wood-processing industry in one of the most densely-populated parts of China and examining options to improve the situation: this assignment came from the World Bank.

In 2002, emphasis will be placed especially on expanding PI's operations, strengthening its position in Europe, and Sweden in particular, on the active sales of the services of PI-Network, and on first-rate execution of assignments received.

PI-Group is a group of companies with PI-Consulting Oyj as the parent company. The subsidiaries and associated companies are engaged in the actual operations.



**Board of Directors of PI-Consulting Oyj**  
 Peter Buch Lund, Chairman  
 Carl G. Nordman  
 Lauri Hintikka  
 Ritva Hätönen, Secretary

**Executive management group of PI-Group**  
 Lauri Hintikka  
 Rune Franzén  
 Kari Harsunen  
 Ritva Hätönen  
 Matti Mattila  
 Tuomo Nevalainen  
 Esa Nieminen  
 Raimo Pehrsson



*Peter Buch Lund,  
Carl G. Nordman,  
Lauri Hintikka and  
Ritva Hätönen*

## General

PI-Consulting Oyj and its subsidiaries (PI-Group) is a network of consulting companies, providing consulting, engineering, maintenance and project management services for its customers in operational and technological development, investment projects and production.

PI-Consulting Oyj is the parent company of the PI-Group. Projekti-insinöörit Oy is the Group's fully-owned subsidiary. Moreover, the Group includes PICS Automation Oy (holding 70 per cent) having operations in Vantaa, Ulvila and Oulu in Finland, PI-Mecaplan Oy (54 per cent) operating in Nivala and Ylivieska in Finland, PI-Rauma Ltd (50 per cent) operating in Rauma, Pori and Vantaa in Finland, PIC Estonia Ltd (68 per cent) in Tallinn, Estonia, PI-HUN Engineering Ltd Co. (53 per cent) in Budapest, Hungary, as well as Kiinteistö Oy Sammonpiha (75 per cent) in Lappeenranta, Finland.

At the end of the year, the PI-Group also encompassed PAB engineering GmbH (40 per cent) in Germany, PIC Engineering AB (35 per cent) in Sweden and IS-Plan Oy (24 per cent) in Vantaa.

## Turnover

The Group's turnover during the financial year was 50.9 million € (39.3 million €), which was 29.5 per cent more than during the previous financial year. The growth in turnover was influenced by natural growth as well as acquisitions and alliances made during the latter part of the year 2000 and the outsourcing of electromechanics engineering by Nokia Networks into Projekti-insinöörit Oy's Electronics division in the spring of 2001. International operations accounted for 42 per cent (42 per cent) of turnover.

## Financial result

The Group's profit before appropriations, taxes and minority interests was 3.7 million € (2.7 million €). The operating profit was 4.1 million €, i.e. 8.1 per cent of turnover (3.1 million € and 7.8 per cent respectively). Profit before extraordinary items improved by 33.0 per cent. Profitability continued to be good in the Marine Technology division and Engineering and Manufacturing division, and the profitability of the Electronics division improved considerably on the previous year. The financial performance of the Energy division fulfilled the objectives set, but the Forest and Chemical Industry division did not attain all of its profitability objectives.

The consolidated balance sheet total stood at 24.1 million € (22.1 million €). The consolidated shareholders' equity was 6.4 million € (5.2 million €). The Group's equity ratio was 34.8 per cent (31.1 per cent). A subordinated loan of 2.8 million € (3.4 million €) has been taken into account in this. The equity ratio of the parent company was 61.9 per cent (50.5 per cent), including a subordinated loan of 0.3 million €.

## Financing

The Group's financial situation was good throughout the financial year. At the end of the financial year, net interest-bearing liabilities amounted to 6.4 million € (8.4 million €), representing 12.6 per cent of turnover (21.3 per cent). Net financial expenses accounted for 0.7 per cent of turnover (1.1 per cent). Gearing stood at 12.6 per cent (64.1 per cent). The Group's subordinated loans of 2.8 million € (3.4 million €) have been treated in all of the above figures as interest-bearing debt.

### Investments

The Group's investments in fixed assets totalled 1.6 million € (EUR 1.1 million €), i.e. 3.2 per cent of turnover (2.8 per cent). Investments continued to primarily comprise purchases of computer hardware and software as well as building of internal and external data communications networks.

### Ownership

The share capital is 1.92 million € divided into shares with a nominal value of 1 € each, totalling 1,920,000 shares.

PI-Management Oy owns 100 per cent of the company's shares.

### Board of Directors

During the financial year, the Board of Directors of the company consisted of Peter Buch Lund, Carl G. Nordman and Lauri Hintikka. Peter Buch Lund served as the Chairman of the Board and Ritva Hätönen as the Secretary of the Board.

Lauri Hintikka is the President of PI-Consulting Oyj.

### Outlook for the near future

Demand for engineering services is related to industrial research and development, plant and mill investments and production volumes. These factors, in turn, are affected by economic trends, and the outlook for the next few months is still poor. However, expanding PI-Group's market area into Europe together with structural changes in industry will provide additional opportunities for growth for the PI-Group. The Group's objective even in 2002 is profitable growth – primarily through exports and new alliances.

### Proposal by the Board of Directors concerning the use of profit

The distributable shareholders' equity of the Group is 0.40 million € and that of the parent company 3.17 million €. The Board of Directors proposes that no dividend be paid and that the net profit of the Group and parent company be included in retained earnings.

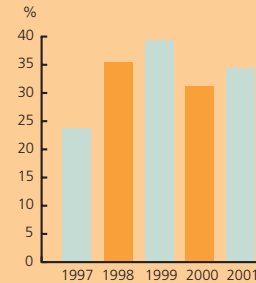
Vantaa, 27 February 2002

Peter Buch Lund  
Chairman of the Board

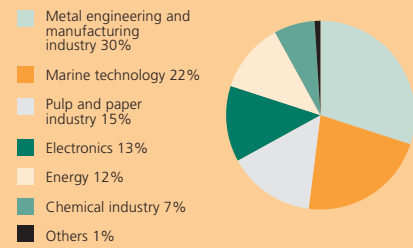
Carl G. Nordman

Lauri Hintikka  
President

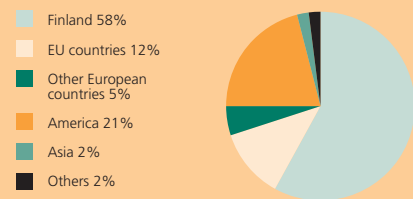
Return on investment



Turnover by business sectors



Projects by market areas



## Profit and loss account

1 Jan to 31 Dec 2001 and 1 Jan to 31 Dec 2000

1000 €	2001	2000
<b>Turnover</b>	<b>50,875.4</b>	<b>39,286.1</b>
Other operating income	103.8	163.2
Materials and services	- 5,707.0	- 4,585.9
Share of the financial results of associated companies	- 120.5	- 68.1
Personnel expenses	- 31,806.2	- 24,911.0
Depreciation and write-downs	- 1,398.3	- 1,056.8
Other operating expenses	- 7,847.0	- 5,745.4
<b>Operating profit</b>	<b>4,100.2</b>	<b>3,082.1</b>
Financial income and expenses	-350.6	-413.2
<b>Profit before taxes</b>	<b>3,749.6</b>	<b>2,668.9</b>
Direct taxes	-1,151.3	- 440.8
Minority interest	- 701.8	- 496.8
<b>Net profit for the financial year</b>	<b>1,896.5</b>	<b>1,731.3</b>

# Balance sheet

31 Dec 2001 and 31 Dec 2000

1000 €	2001	2000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	1,405.9	1,025.8
Consolidated goodwill	847.7	1,052.7
Tangible assets	3,993.0	3,870.6
Long-term investments	<u>2,065.2</u>	<u>1,746.3</u>
	<b>8,311.8</b>	<b>7,695.4</b>
<b>Current assets</b>		
Short-term receivables	10,449.0	10,450.0
Cash and bank receivables	<u>5,327.6</u>	<u>3,913.6</u>
	<b>15,776.6</b>	<b>14,363.6</b>
	<b>24,088.4</b>	<b>22,059.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	1,920.0	1,920.0
Issue premium fund	190.8	190.8
Contingency fund	<u>1,072.1</u>	<u>1,072.1</u>
	<b>3,182.9</b>	<b>3,182.9</b>
Retained earnings	- 1,425.2	- 3,157.8
Net profit for the financial year	<u>1,896.5</u>	<u>1,731.3</u>
	<b>471.3</b>	<b>- 1,426.5</b>
Subordinated loan	<b>2,778.4</b>	<b>3,429.0</b>
<b>Shareholders' equity, total</b>	<b>6,432.6</b>	<b>5,185.4</b>
<b>Minority interest</b>	<b>1,958.5</b>	<b>1,676.5</b>
<b>Liabilities</b>		
Deferred tax liability	27.5	39.0
Long-term liabilities	2,955.7	3,606.6
Short-term liabilities	<u>12,714.1</u>	<u>11,551.5</u>
	<b>15,697.3</b>	<b>15,197.1</b>
	<b>24,088.4</b>	<b>22,059.0</b>

# Statement of changes in financial position

31 Dec 2001 and 31 Dec 2000

1000 €	2001	2000
<b>SOURCES OF FUNDS</b>		
<b>Funds from operations</b>		
Operating profit	4,100.2	3,082.1
Depreciation according to plan	1,398.3	1,056.8
Financial income and expenses	-350.6	- 413.2
Taxes	<u>-1,151.3</u>	<u>- 440.8</u>
	3,996.6	3,284.9
Sales of own shares	-	53.5
Sales of fixed assets	4.4	45.3
Increase in long-term debt	<u>232.4</u>	<u>5,103.1</u>
	<b>4,233.4</b>	<b>8,486.8</b>
<b>USE OF FUNDS</b>		
Investments	1,598.7	3,365.7
Decrease in long-term debt	2,206.6	2,742.6
Dividend distribution	<u>429.0</u>	<u>302.7</u>
	4,234.3	6,411.0
Change in net working capital	<u>-0.9</u>	<u>2,075.8</u>
	<b>4,233.4</b>	<b>8,486.8</b>
<b>CHANGE IN NET WORKING CAPITAL</b>		
Cash and bank receivables	1,834.4	980.9
Short-term liquid assets	-1.0	3,384.1
Short-term liabilities	<u>- 1,834.3</u>	<u>- 2,289.2</u>
	<b>-0.9</b>	<b>2,075.8</b>



## ACCOUNTING PRINCIPLES

### General principles

The financial statements are drawn up in accordance with the Finnish principles for financial statements. Leasing financing is treated as annual rentals. Outstanding payments are stated under other liabilities.

### Scope of consolidated financial statements

The consolidated financial statements include the accounts of the parent company, PI-Consulting Oyj, and of each of those companies in which it owns directly or indirectly more than 50 per cent of the voting rights. PI-Rauma Ltd, which is owned by Mäntyluoto Works Oy and PI-Consulting Oyj in equal proportions, is also consolidated.

### Accounting principles for consolidated financial statements

The consolidated financial statements are prepared in accordance with the purchase method of accounting. All inter-company transactions as well as internal receivables and debts are eliminated in consolidation.

All items in the financial statements of foreign Group companies are translated into Finnish marks at the average exchange rates on the closing date, given by the European Central Bank. Translation differences resulting from the elimination of the shareholders' equity of subsidiaries are stated under the unrestricted shareholders' equity of the Group.

Minority interests are separated from the shareholders' equity, reserves and profit of the Group, and they are shown as a separate item.

Associated companies are consolidated using the equity method of accounting. The Group's proportion of the profit or loss of associated companies based on the Group's share ownership in them less depreciation on consolidation assets is shown as a separate item in the operating expenses. PAB engineering GmbH, the associated company established in Germany during the latter part of the year, has not been consolidated as its operations are only at the initial stages and as it has no significant bearing on the shareholders' equity of the Group.

### Items in foreign currencies

Receivables and debts denominated in foreign currencies are translated into Finnish marks using the average rates on the closing date, given by the European Central Bank.

### Recognition of project income

The Group applies the percentage of completion method to project income. With incomplete projects, cost reserves conforming to the profit forecast are accounted for in the financial statements.

### Subordinated loans

Through agreements dated 14 January 2000, the funded loans have been converted into equity-rated subordinated loans, with the terms of the agreements corresponding to the regulations stated under Chapter 5 of the Companies Act concerning subordinated loans.

Loan terms of subordinated loans:

Interest 6 month euribor + 3 %, repayment of loan begins in 2001 in instalments of 20 % calculated from the original capital of the loan. The interest and instalments are paid only if the capital so permits.

The outstanding interests of subordinated loans have been recorded in the profit and loss account as expenses.

### Valuation of fixed assets

Fixed assets are accounted for in the balance sheet at immediate acquisition cost less planned depreciation. Planned depreciation is calculated on the basis of the economic lives of fixed assets as straight-line depreciation from the original acquisition prices. The depreciation plan is the same as in the previous year.

The depreciation periods are as follows:

Office buildings	50 years
Office furniture	5 - 15 years
Computer hardware and office equipment	3 - 5 years
Vehicles	5 years
Computer systems	5 - 10 years
Other long-term expenses	5 - 10 years
Goodwill	5 - 10 years

1000 €	2001	2000
<b>Turnover by market areas</b>		
Finland	58 %	58 %
Exports (direct and indirect)	42 %	42 %
<b>Other operating income</b>		
Gains on the disposal of fixed assets	0.1	35.8
Insurance indemnities/refunds	98.2	109.8
Others	5.5	17.6
	<u>103.8</u>	<u>163.2</u>
<b>Materials and services</b>		
Other materials and services	2,389.3	2,122.2
External services	3,317.7	2,463.7
	<u>5,707.0</u>	<u>4,585.9</u>
<b>Share of the profit or loss of associated companies</b>		
IS-Plan Oy	-0.3	5.5
PIC Engineering AB	-120.2	-73.6
	<u>-120.5</u>	<u>-68.1</u>

The figures include depreciation on consolidation assets.

#### Personnel and personnel expenses

At the end of the financial year, the Group employed 764 persons (669 in 2000). The average number of personnel was 718 persons (648 in 2000).

#### Personnel of Group companies 31 Dec

In Finland	724	630
Outside Finland	40	39
	<u>764</u>	<u>669</u>

#### Personnel expenses

Salaries, wages and bonuses	25,269.7	19,987.5
Pension expenses	4,626.3	3,399.6
Other personnel expenses	1,910.2	1,523.9
	<u>31,806.2</u>	<u>24,911.0</u>

The Presidents of the parent company and PI-Rauma Ltd have an additional pension insurance which enables retirement at the age of 60.

#### Management salaries and bonuses

Presidents	257.1	192.0
Board members	13.2	13.0

#### Depreciation and write-downs

Depreciation on tangible and intangible assets	<u>1,398.3</u>	<u>1,056.8</u>
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Depreciation itemised by the various balance sheet items is included in item tangible and intangible assets.

1000 €

2001

2000

**Financial income and expenses****Dividend income**

Group companies	-	-
Associated companies	-	-
Others	4.0	2.7
Dividend income total	<b>4.0</b>	<b>2.7</b>

**Interest and financial income**

Group companies	-	-
Others	148.5	80.8
Interest income total	<b>148.5</b>	<b>80.8</b>

**Interest and other financial expenses**

Group companies	-	-
Others	-503.1	-496.7
Interest expenses total	<b>-503.1</b>	<b>-496.7</b>

**Financial income and expenses total****-350.6****-413.2****Direct taxes**

Income taxes	1,162.8	440.1
Change in deferred tax liability	-11.5	0.7
	<b>1,151.3</b>	<b>440.8</b>

**Intangible assets**Intangible rights

Acquisition cost 1 Jan	89.5	312.6
Additions during the period	0.0	0.8
Disposals during the period	-70.9	-223.9
Acquisition cost 31 Dec	18.6	89.5
Accumulated depreciation 1 Jan	-70.9	-292.7
Depreciation on disposals	70.9	223.9
Depreciation during the period	0.0	-2.1
Book value 31 Dec	<b>18.6</b>	<b>18.6</b>

Long-term expenses

Acquisition cost 1 Jan	3,450.2	3,028.1
Additions during the period	695.0	466.5
Disposals during the period	0.0	-44.4
Acquisition cost 31 Dec	4,145.2	3,450.2
Accumulated depreciation 1 Jan	-2,443.0	-2,208.4
Depreciation on disposals	0.0	22.2
Depreciation during the period	-314.9	-256.8
Book value 31 Dec	<b>1,387.3</b>	<b>1,007.2</b>

**Intangible assets total****1,405.9****1,025.8****Goodwill**

Acquisition cost 1 Jan	1,127.9	0.0
Additions during the period	28.0	1,127.9
Acquisition cost 31 Dec	1,155.9	1,127.9
Accumulated depreciation 1 Jan	-75.2	0.0
Depreciation during the period	-233.0	-75.2
	<b>847.7</b>	<b>1,052.7</b>

**Tangible assets**

Land areas	<b>13.3</b>	<b>13.3</b>
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Buildings and constructions

Acquisition cost 1 Jan	2,550.4	2,545.9
Additions during the period	0.0	4.5
Disposals during the period	0.0	0.0
Acquisition cost 31 Dec	2,550.4	2,550.4
Accumulated depreciation 1 Jan	-529.1	-478.1
Depreciation during the period	-51.0	-51.0
Book value 31 Dec	<b>1,970.3</b>	<b>2,021.3</b>

1000 €	2001	2000
<b>Machinery and equipment</b>		
Acquisition cost 1 Jan	9,143.6	8,952.0
Additions during the period	973.2	828.9
Disposals during the period	-918.6	-637.3
Acquisition cost 31 Dec	9,198.2	9,143.6
Accumulated depreciation 1 Jan	-7,307.6	-7,250.0
Depreciation on disposals	917.9	614.1
Depreciation during the period	-799.1	-671.7
Book value 31 Dec	<b>2,009.4</b>	<b>1,836.0</b>
<b>Tangible assets total</b>	<b>3,993.0</b>	<b>3,870.6</b>
<b>Receivable</b>		
Accounts receivable	9,019.1	9,210.1
Receivable from associated companies		
Accounts receivable	4.0	-
Loans receivable	514.4	13.1
Other receivable	146.7	110.5
Prepaid expenses and accrued income	764.8	1,116.3
	<u>1,425.9</u>	<u>1,239.9</u>
<b>Receivable total</b>	<b>10,449.0</b>	<b>10,450.0</b>
<b>Prepaid expenses and accrued income</b>		
Invoicing carried forward	226.6	61.8
Insurance premium allocation	127.4	143.8
Social Security Institution	135.8	109.6
Tax receivable	92.5	473.0
Advance payments	26.3	128.8
Others	156.2	199.3
	<u>764.8</u>	<u>1,116.3</u>
<b>Shareholders' equity</b>		
<b>Share capital 1 Jan and 31 Dec</b>		
A series	<b>1,920.0</b>	<b>1,920.0</b>
Share issue premium 1 Jan	190.8	137.0
Gain on disposal	-	53.8
<b>Share issue premium 31 Dec</b>	<b>190.8</b>	<b>190.8</b>
<b>Reserve fund 1 Jan and 31 Dec</b>	<b>1,072.1</b>	<b>1,072.1</b>
Retained earnings 1 Jan	-1,426.5	-3,157.5
Translation difference	1.3	-0.3
<b>Retained earnings 31 Dec</b>	<b>-1,425.2</b>	<b>-3,157.8</b>
<b>Net profit for the financial year</b>	<b>1,896.5</b>	<b>1,731.3</b>
Subordinated loans 1 Jan	3,429.0	3,203.3
Additions	232.4	225.7
Reductions	-883.0	-
<b>Subordinated loans 31 Dec</b>	<b>2,778.4</b>	<b>3,429.0</b>
<b>Shareholders' equity total</b>	<b>6,432.6</b>	<b>5,185.4</b>
<b>Distributable shareholders' equity</b>		
Profit/loss from previous financial years	-1,425.2	-3,157.8
Net profit for the financial year	1,896.5	1,731.3
Proportion of shareholders' equity in		
accum. depreciation differences		
and voluntary reserves	-67.4	-95.4
	<u>403.9</u>	<u>-1,521.9</u>

1000 €	2001	2000
<b>Unaccounted deferred tax receivable</b>	<b>269.5</b>	<b>337.8</b>
<b>Long-term liabilities</b>		
Loans from financial institutions	2,790.0	3,393.3
Pension loans	165.7	213.3
	<u>2,955.7</u>	<u>3,606.6</u>
<b>Debt falling due in more than 5 years</b>		
Loans from financial institutions	381.4	985.1
Pension loans	-	22.8
	<u>381.4</u>	<u>1,007.9</u>
<b>Short-term liabilities</b>		
Loans from financial institutions	608.3	1,273.4
Pension loans	47.6	47.6
Accounts payable	1,200.0	1,398.4
Debt of associated companies	30.8	29.2
Other debt	2,708.4	2,278.2
Accrued expenses	8,119.0	6,524.7
	<u>12,714.1</u>	<u>11,551.5</u>
<b>Accrued expenses</b>		
Payroll allocation	5,877.3	5,088.4
Allocation relating to invoicing carried forward	1,294.6	822.9
Insurance premium allocation	593.7	208.4
Others	353.4	405.0
	<u>8,119.0</u>	<u>6,524.7</u>
<b>Commitments and contingencies</b>		
<b>Mortgages</b>		
General pledge/business mortgage	3,700.0	3,700.0
Financing loans	3,388.0	4,661.0
Mortgages on own obligations		
Mortgages on own obligations total	3,700.0	3,700.0
<b>Pledges</b>		
Financing loans	3,388.0	4,661.0
Pledges on own debt, book value	6,759.0	6,759.0
Financing loans	3,388.0	4,661.0
Pledges on behalf of Group companies, book value	623.0	623.0
Financing loans	0.0	10.0
Pledges on behalf of others, book value	0.0	10.0
<b>Guarantees</b>		
Bank guarantee	631.0	756.0
On own obligations	631.0	756.0
<b>Other liabilities</b>		
Leasing liabilities		
To be paid in the new financial year	361.7	144.0
To be paid later	548.8	118.0
Rent liabilities		
To be paid in the new financial year	600.0	600.0
To be paid later	4,200.0	4,800.0

Shares owned by parent company	Group holding	Group voting	Group share of shareholders' equity	Parent company holding	Shares owned by parent company		
					Qty	Nominal value	Book value
	%	%	t€	%			t€
Group companies							
Projekti-insinööri Oy	100	100	1,055.1	100	37,500	506.3 t€	3,670.5
Real estate company							
Sammonpiha	75	75	1,604.8	75	166	166.0 tFIM	2,128.9
PI-Rauma Ltd	50	50	1,392.6	50	2,000	2,000.0 tFIM	336.4
PICSI Automation Oy	70	70	111.1	70	700	70.0 t€	77.5
PI-HUN Engineering Ltd Co.	53	53	22.8	53		1,734.0 tHUF	13.8
PIC Estonia Ltd	68	68	161.4	68	346	346.0 tEEK	43.5
PI-Mecaplan Oy	54	54	-19.5	54	54	54.0 t€	9.1
							6,279.7
Associated companies							
IS-Plan Oy	24	24	30.7	24	88	88.0 tFIM	33.9
PIC Engineering AB	35	35	121.5	35	647	64.7 tSEK	854.2
PAB engineering GmbH	40	40	10.0	40		10.0 t€	10.0
							898.1
Other shares							87.8
							7,265.6
<b>Shares and interests owned by Group</b>	Holding	Qty				Nominal value	Book value
	%						t€
PIC Engineering AB	35.0	647				64.7 tSEK	660.4
IS-Plan Oy	24.0	88				88.0 tFIM	33.2
PAB engineering GmbH	40.0					4.4 tFIM	10.0
Real estate company							
Paalupuisto	13.3	444				2.5 tFIM	623.3
Kiilohippu Oy	16.7	5					39.0
Benalgolf Granada 73							139.1
Nordea bond fund							420.5
Other shares and interests							139.7
							2,065.2

The associated companies include 552,000 € of undepreciated consolidation assets.

To the shareholders of PI-Consulting Oyj

We have audited the accounting, the financial statements and the corporate governance of PI-Consulting Oyj for the period of 1 January to 31 December 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 President. Based on our audit, we express an opinion on these financial statements and on corporate governance.

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

and the President have legally complied with the rules of the Companies' Act.

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

Vantaa, 28 February 2002

**SVH Pricewaterhouse Coopers Oy**  
Authorised Public Accountants

Göran Lindell  
Authorised Public Accountant

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RETURN ON INVESTMENT, %

$$\frac{\text{Profit/loss before extraordinary items, reserves and taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$$

EQUITY RATIO, %

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

NET INTEREST-BEARING LIABILITIES, % OF TURNOVER

$$\frac{\text{Interest-bearing liabilities}}{\text{Turnover}} \times 100$$

NET FINANCIAL EXPENSES, % OF TURNOVER

$$\frac{\text{Financial expenses - financial income}}{\text{Turnover}} \times 100$$

CURRENT RATIO

$$\frac{\text{Short-term receivables}}{\text{Short-term liabilities}}$$

RETURN ON EQUITY, %

$$\frac{\text{Profit/loss before extraordinary items, reserves and taxes - taxes}}{\text{Shareholders' equity + minority interest + voluntary reserves and depreciation difference (average)}} \times 100$$

GEARING, %

$$\frac{\text{Interest-bearing liabilities - cash, bank receivables and financial securities}}{\text{Shareholders' equity + minority interest}} \times 100$$

A subordinated loan of 2,778,000 € has been taken into account when calculating the shareholders' equity. Extraordinary items have been taken into account in the calculation of profit/loss.



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