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This document contains a summary of Jaakko Pöyry Group Oyj's financial statements for 2002. The complete financial statements have been published separately. The financial statements are available in pdf format on the Group's web site at [www.poyry.com](http://www.poyry.com), where the printed version also can be ordered.



Jaakko Pöyry Group has three core areas of expertise:  
forest industry, energy, and infrastructure & environment

The Jaakko Pöyry Group is a client- and technology-oriented consulting and engineering firm with global operations.

The Group consists of four business groups:

- Forest Industry
- Forest Industry Consulting
- Energy
- Infrastructure & Environment

The Group's business concept is based on early involvement in its clients' business development. The Group offers services related to consulting, project development and implementation, and operations management and maintenance planning in all of its business sectors.

Jaakko Pöyry Group Oyj is listed on the Helsinki Exchanges.

## GLOBAL OFFICE NETWORK

The Jaakko Pöyry Group employs 4600 experts in 35 countries. With its unique office network, the Jaakko Pöyry Group can offer local services to clients through more than a hundred offices, combining knowledge of local conditions with global resources and expertise.

The Jaakko Pöyry Group's business groups are globally responsible for their operations. Synergies within the Group are realised through joint projects, complementary technological capabilities, joint marketing, and an integrated office network.

## PROJECT-ORIENTED BUSINESS APPROACH AND LIFECYCLE ENGAGEMENT

The Jaakko Pöyry Group's business is based on a deep understanding of its clients' core business. Mastering the entire life-cycle of an investment project, the Jaakko Pöyry Group adapts its services to meet each client's individual needs, including business development and financial and cost analyses, selection of appropriate technology, and development and implementation of investment projects. The Group's core expertise includes operations management and maintenance planning, and other after-sales services.

As a multidisciplinary company, the Jaakko Pöyry Group is equipped to provide its clients with value-added information technology services, side by side with its traditional expertise. By developing new procedures and solutions, by questioning prevailing practices and by making use of its comprehensive interdisciplinary expertise, the Jaakko Pöyry Group will continue to develop new product and service offerings which support project-oriented business needs.

## CLIENTELE

The Forest Industry and Forest Industry Consulting business groups' clients include forest industry companies, international financing institutions and equipment suppliers. The Energy business group's clients include privately or government-owned utilities, industrial companies, equipment suppliers, and financing institutions and development banks. The Infrastructure & Environment business group's clients include government and municipal organisations, international development institutions, and transport, water supply and telecommunications companies.



## BUSINESS GROUPS IN A NUTSHELL

### FOREST INDUSTRY



The Forest Industry business group provides engineering and project implementation services for pulp and paper industry investment projects worldwide. Services are divided into three main practice areas:

- engineering and implementation services for large projects
- services for rebuilds and improvement projects
- engineering and project services for maintaining existing machinery

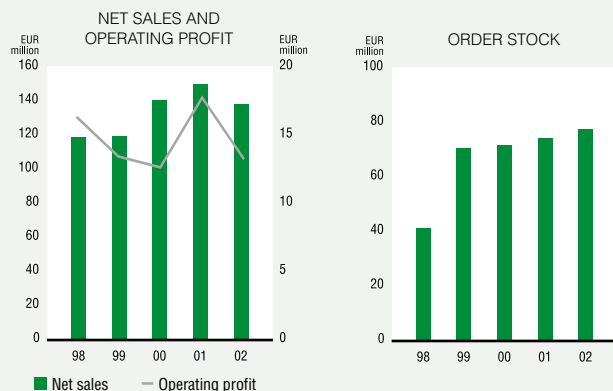
The business group's brand name is **Jaakko Pöyry**.

#### OFFICE NETWORK

- Brazil
- Canada
- China
- Finland
- France
- Germany
- Indonesia
- Norway
- Poland
- South Africa
- Sweden
- USA

#### MARKET POSITION

Jaakko Pöyry is a global market leader in providing engineering and project services for new forest industry projects and rebuilds. Its office network covers all leading pulp- and paper-producing regions in the world.



### FOREST INDUSTRY CONSULTING



The Forest Industry Consulting business group provides its clients advice in business strategy, processes and operations designed to enhance stakeholder value. The business group's expertise covers the complete supply chain, from raw materials to technology, markets and financing. Consulting and advisory services are provided in three main practice areas:

- management consulting
- investment banking
- operations management

The business group's brand name is

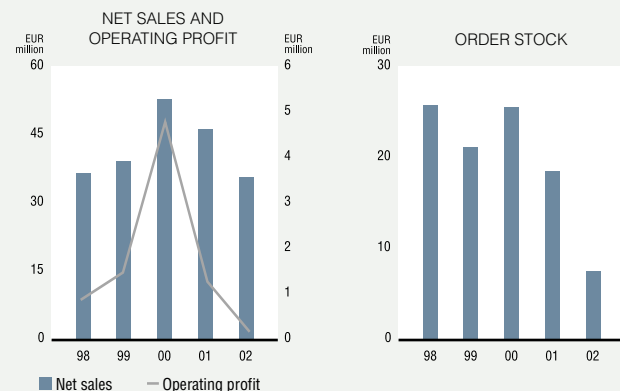
**Jaakko Pöyry Consulting.**

#### OFFICE NETWORK

- Australia
- Brazil
- Canada
- China
- Finland
- Germany
- Japan
- Mexico
- New Zealand
- Singapore
- United Kingdom
- USA

#### MARKET POSITION

Jaakko Pöyry Consulting is one of the world's leading advisors to the forest products industry cluster. The cornerstones of its operations are its strong business understanding and industry expertise. The business group's global network of experts and offices covers all major forest products regions in the world.



## ENERGY



The Energy business group combines technical, economic and environmental know-how to achieve the best overall result. Its services cover the entire lifecycle of energy projects, from strategic planning, project development and implementation to power plant operations and maintenance improvement. The business group's main practice areas are:

- hydropower
- renewable energy
- power and heat
- management consulting
- regional services: oil and gas, process industry, nuclear power

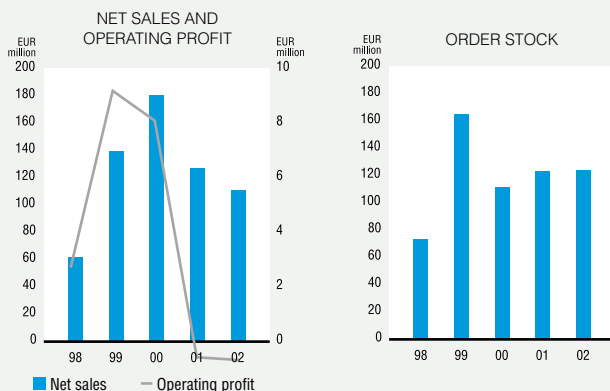
The business group's brand name is **Electrowatt-Ekono**.

### OFFICE NETWORK

- Argentina
- China
- Estonia
- Finland
- France
- Germany
- Italy
- Oman
- Peru
- Philippines
- Poland
- Qatar
- Saudi Arabia
- South Korea
- Spain
- Switzerland
- Thailand
- United Arab Emirates
- United Kingdom
- Vietnam

### MARKET POSITION

Electrowatt-Ekono is one of the world's biggest independent energy consulting and engineering firms and a leader in its main practice areas. Its local office network covers Europe, the Middle East and Asia.



## INFRASTRUCTURE & ENVIRONMENT



The Infrastructure & Environment business group offers sustainable solutions and versatile expertise to the infrastructure and environment sectors. The business group's activities are based on in-depth environmental expertise and a full range of services covering the entire lifecycle of the client's project. Its main practice areas are:

- transportation systems
- water and environment
- building services

The business group's brand name is **Jaakko Pöyry Infra**.

### OFFICE NETWORK

- China
- Estonia
- Finland
- France
- Germany
- Poland
- Russia
- Switzerland
- Taiwan
- Thailand
- Venezuela
- Vietnam

### MARKET POSITION

Jaakko Pöyry Infra has a solid position in the international markets for transportation systems, water treatment and environmental expertise. The business group is a leading provider of building engineering and project management services in selected markets. Its extensive office network covers Europe and Asia.



## PRESIDENT'S REVIEW

**As anticipated, the year 2002 turned out to be a difficult one, particularly in the forest industry and energy sectors. Slow demand and general uncertainty about the long-awaited economic recovery continued throughout the year. For the Jaakko Pöyry Group this meant that we failed to achieve our profitability targets; net sales, operating profit and earnings per share were lower than in the previous year.**

Although the Jaakko Pöyry Group has become much less dependent on economic cycles in recent years, we must be able to continuously adjust our operations to prevailing market conditions. During 2002 we continued to develop less cyclical service concepts, such as the local service and operation and maintenance services. To streamline the organisation and to improve our cost effectiveness we have initiated, in addition to ongoing everyday actions, further measures to encounter the declining demand and underutilisation of capacity in some units. Most of these have been successfully completed although further actions are needed in certain areas to safeguard our profitability under all market conditions.

One of our key strategic targets has been to become a Global Network Company with shared strategies, values and ways of working and providing products and services, which combine international know-how with high-quality service and knowledge of local conditions. We have made good progress during the past few years, but we can make even more effective use of the synergies between business groups and units to bring more value to client projects and to utilise the best and most cost-effective resources in each assignment.

To serve our clients globally throughout the life-cycle of their businesses, we will continue to pursue targeted acquisitions within our core businesses and to further strengthen our leading market position in selected areas of technology.

The global economic downturn is still continuing and major uncertainties could further delay the recovery. However, we have seen signs of favourable development in our client sectors and an improvement in our order stock and future prospects. Our market position has continued to improve and we look into 2003 with confidence. Notably, our consulting and engineering order stock is at an all-time high, providing a firm basis for improved profitability during 2003, particularly during the second half of the year.

Our clients' confidence in us, the expertise and dedication of our personnel and the constructive support of our shareholders are key elements of our business. These we are proud of and on these we can build our future success. In the face of the difficulties of the past year, all of these elements have gained further strength, which I am extremely grateful for and for which I would like to express my sincerest thanks to all of our main stakeholders.



Erkki Pehu-Lehtonen  
President and CEO



## FINANCIAL REVIEW 2002

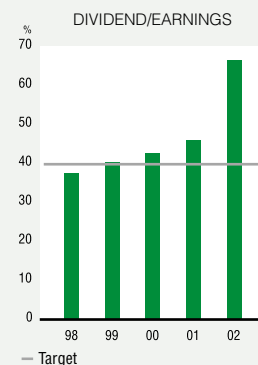
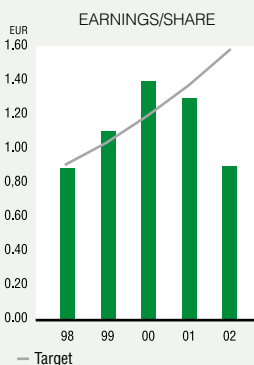
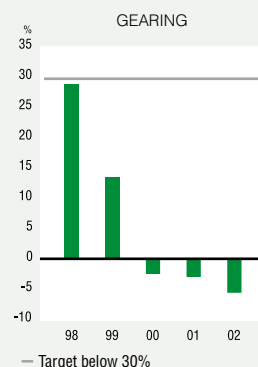
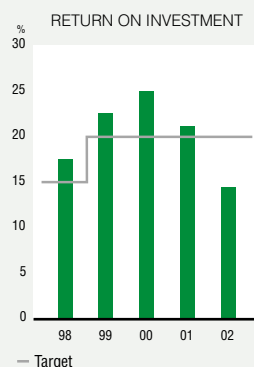
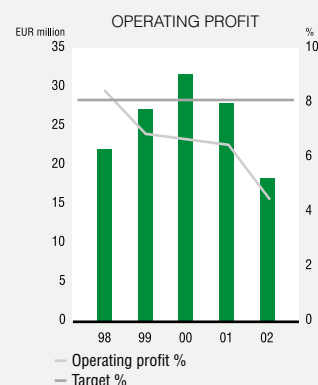
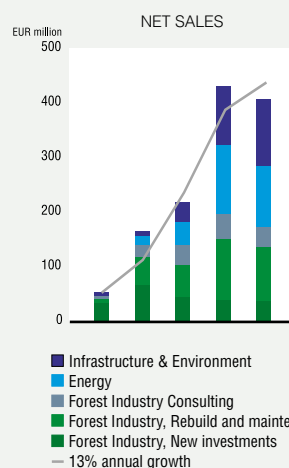


The Jaakko Pöyry Group's net sales in 2002 amounted to EUR 407.0 million. Operating profit was EUR 18.4 million, which equals 4.5 per cent of net sales. The earnings per share were EUR 0.90. The Jaakko Pöyry Group's Board of Directors proposes that a dividend of EUR 0.60 per share be paid. The proposed dividend corresponds to 66.7 per cent of earnings per share for the financial year.

The target for the Group's return on investment is 20 per cent; in 2002 the return on investment was 14.5 per cent. The consolidated balance sheet is healthy. The equity ratio was 51.0 per cent. The Group's liquidity is good. The net debt/equity ratio (gearing) was -5.6 per cent. The target for gearing is below 30 per cent.

The Group's order stock totalled EUR 308.4 million at the end of 2002. The order stock of the consulting and engineering businesses increased by EUR 3.5 million during the year, reaching the highest-ever figure in the Group's history. Consulting and operation and maintenance account for a larger share of the order stock.

In view of current political uncertainties, the market situation and economic prospects will be challenging in 2003. However, the Jaakko Pöyry Group's market position, order stock and balance sheet are good. The Group's cost structure has improved as a result of streamlining actions. Based on the business group's prospects and the Group's order stock, consolidated earnings are expected to improve in 2003 provided that the general economic cycle does not further decline. The earnings improvement will take place in the second half of the year as some of the recently received major assignments will improve capacity utilisation from the second quarter onwards.



### FINANCIAL TARGETS

Operating profit	8%
Earnings/share, annual growth	15%
Return on investment	> 20%
Gearing	< 30%
Dividend/earnings ratio	40%

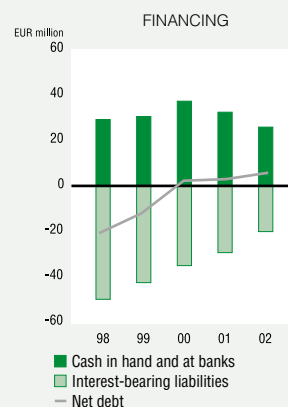
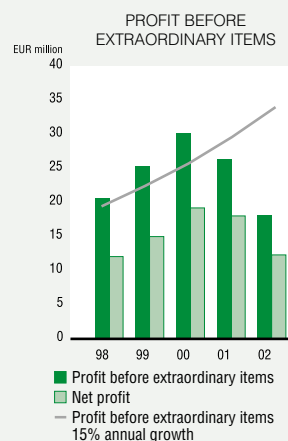
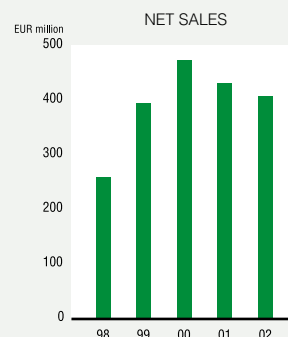
### KEY FIGURES

	2001	2002
Net sales, EUR million	431.8	407.0
Operating profit, EUR million	28.0	18.4
Operating profit, %	6.5	4.5
Profit before extraordinary items, EUR million	26.3	18.1
Profit before extraordinary items, %	6.1	4.5
Earnings/share, EUR	1.30	0.90
Dividend/share, EUR	0.60	0.60 <sup>1)</sup>
Dividend/earnings ratio, %	46.1	66.7
Return on investment, %	21.2	14.5
Gearing, %	-3.0	-5.6
Order stock, EUR million	319.9	308.4
Personnel in Group companies	4 584	4 632

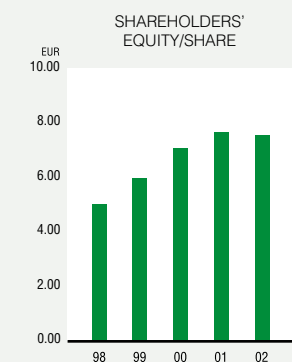
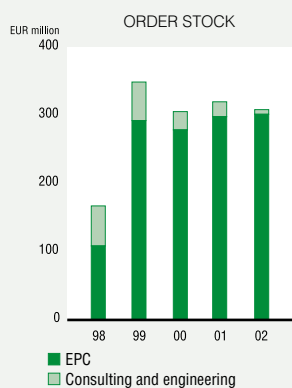
1) Board of Directors' proposal.

## FINANCIAL REVIEW 2002

EUR million	1998	1999	2000	2001	2002
<b>STATEMENT OF INCOME</b>					
Consulting and engineering	230.3	363.8	408.2	405.0	386.0
EPC	29.4	31.6	66.3	26.8	21.0
<b>Net sales total</b>	<b>259.7</b>	<b>395.4</b>	<b>474.5</b>	<b>431.8</b>	<b>407.0</b>
Change in net sales, %	18.4	52.3	20.0	-9.0	-5.7
Other operating income	2.0	5.1	2.2	2.0	1.4
Share of associated companies' results	1.5	0.7	-0.1	0.2	-0.1
Operating expenses	231.5	360.8	431.7	392.8	376.6
Depreciation of consolidation goodwill	2.9	3.7	4.0	4.0	4.5
Other depreciation and value decrease	6.7	9.5	9.1	9.2	8.8
<b>Operating profit</b>	<b>22.1</b>	<b>27.2</b>	<b>31.8</b>	<b>28.0</b>	<b>18.4</b>
Proportion of net sales, %	8.5	6.9	6.7	6.5	4.5
Financial income and expenses	-1.5	-1.9	-1.7	-1.7	-0.3
Proportion of net sales, %	0.6	0.5	0.4	0.4	0.1
<b>Profit before extraordinary items</b>	<b>20.6</b>	<b>25.3</b>	<b>30.1</b>	<b>26.3</b>	<b>18.1</b>
Proportion of net sales, %	7.9	6.4	6.4	6.1	4.5
Extraordinary items	0.0	0.0	0.0	0.0	0.0
<b>Profit before taxes and minority interest</b>	<b>20.6</b>	<b>25.3</b>	<b>30.1</b>	<b>26.3</b>	<b>18.1</b>
Proportion of net sales, %	7.9	6.4	6.4	6.1	4.5
Income taxes	-8.0	-8.9	-9.0	-7.3	-5.7
Minority interest	-0.5	-1.4	-1.9	-1.0	-0.1
<b>Net profit for the period</b>	<b>12.1</b>	<b>15.0</b>	<b>19.2</b>	<b>18.0</b>	<b>12.3</b>
<b>BALANCE SHEET</b>					
Intangible assets	2.7	5.3	6.6	6.1	5.9
Consolidation goodwill	32.6	40.0	35.8	31.9	34.0
Tangible assets	24.8	33.3	32.7	31.4	26.8
Non-current investments	29.1	17.6	13.4	13.2	12.5
Work in progress	10.2	44.7	62.0	46.9	36.1
Receivables	72.8	126.9	122.3	105.5	110.0
Current investments, cash in hand and at banks	29.4	30.7	37.5	32.5	26.0
<b>Assets total</b>	<b>201.6</b>	<b>298.5</b>	<b>310.3</b>	<b>267.5</b>	<b>251.3</b>
Shareholders' equity	65.9	82.1	97.4	104.7	104.3
Minority interest	5.3	4.9	5.2	5.1	5.0
Interest bearing liabilities	49.8	42.4	34.9	29.2	19.9
Advances received	21.3	55.6	67.5	42.8	37.2
Other non-interest bearing liabilities	59.3	113.5	105.3	85.7	84.9
<b>Liabilities total</b>	<b>201.6</b>	<b>298.5</b>	<b>310.3</b>	<b>267.5</b>	<b>251.3</b>







EUR million 1998 1999 2000 2001 2002

### PROFITABILITY AND OTHER KEY FIGURES

Return on investment, %	17.6	22.6	25.1	21.2	14.5
Return on equity, %	18.0	20.7	22.3	17.8	11.3
Equity ratio, %	39.5	36.5	42.2	48.9	51.0
Equity/assets ratio, %	35.3	29.1	33.3	41.1	43.5
Net debt/equity ratio (gearing), %	28.8	13.5	- 2.5	- 3.0	- 5.6
Current ratio	1.4	1.1	1.2	1.3	1.4
Consulting and engineering, EUR million	108.4	292.3	278.7	298.1	301.6
EPC, EUR million	58.7	56.6	26.8	21.8	6.8
Order stock total, EUR million	167.1	348.9	305.5	319.9	308.4
Capital expenditure, operating, EUR million	4.9	11.1	9.9	7.9	9.1
Proportion of net sales, %	1.9	2.8	2.1	1.8	2.2
Capital expenditure in shares, EUR million	2.2	16.3	1.3	0.1	2.5
Proportion of net sales, %	0.8	4.1	0.3	0.0	0.6
Personnel in group companies in average	2 919	4 222	4 558	4 584	4 635
Personnel in associated companies in average	2 710	239	159	199	195
Personnel in group companies at year-end	2 977	4 472	4 572	4 584	4 632
Personnel in associated companies at year-end	2 577	146	174	197	194

### KEY FIGURES FOR THE SHARES

Earnings/share, EUR	0.89	1.11	1.40	1.30	0.90
Corrected with dilution effect	0.81	1.00	1.28	1.24	0.86
Shareholders' equity/share, EUR	5.03	6.00	7.10	7.69	7.57
Dividend, EUR million	4.4	6.2	8.2	8.2	8.3 <sup>1)</sup>
Dividend/share, EUR	0.34	0.45	0.60	0.60	0.60 <sup>1)</sup>
Dividend/earnings, %	37.6	40.5	42.8	46.1	66.7
Effective return on dividend, %	4.1	3.1	3.3	3.7	4.0
Price/earnings multiple	9.2	13.1	12.8	12.3	16.7
Issue-adjusted trading prices, EUR					
Average trading price	9.71	10.18	18.64	18.09	16.43
Highest trading price	11.60	16.80	24.00	21.00	19.00
Lowest trading price	6.56	7.70	15.00	15.00	11.40
Closing price at year-end	8.22	14.50	18.00	16.00	15.00
Total market value of outstanding shares, EUR million	107.8	198.2	247.0	218.0	206.7
Total market value of own shares, EUR million	4.9	8.7		4.9	0.2
Trading volume of shares					
Shares, 1 000	6 996	11 747	2 385	2 280	1 615
Proportion of total volume, %	51.1	83.4	17.4	16.5	11.8
Issue-adjusted number of outstanding shares, 1 000 <sup>2)</sup>					
In average	13 480	13 492	13 692	13 838	13 696
At year-end	13 103	13 670	13 724	13 624	13 782

1) Board of Directors' proposal. 2) Total number of shares, see page 28.

## SHAREHOLDERS AND SHARES

### MAJOR SHAREHOLDERS

	Number of shares	Per cent of shares and voting rights
Corbis S.A.	3 491 990	25.3
Mutual Pension Insurance Company Varma-Sampo	606 150	4.4
Procurator Oy	556 750	4.0
Odin Norden	537 500	3.9
Sampo Life Insurance Company Ltd	280 000	2.0
Suomi Insurance Company Ltd	275 000	2.0
Nordea Life Assurance Ltd	223 000	1.6
Suomi Mutual Life Assurance Company	210 000	1.5
Odin Finland	142 400	1.0
Nordea Nordic Small Cap Fund	113 750	0.8
Others	7 345 061	53.5
	13 781 061	100.0

5 952 736 of the shares were nominee-registered, representing 43.2 per cent of the shares.

Source: The Finnish Central Securities Depository Ltd, December 31, 2002.

The figures are based on the total number of shares 13 791 601, excluding 10 000 own shares.

### SHARE CAPITAL AND SHARES

According to the company's Articles of Association, the issued share capital must not be less than EUR 10 000 000 nor more than EUR 40 000 000. The book value of the share is EUR 1.00. The company has one series of shares.

### DIVIDEND POLICY

The dividend distributed by Jaakko Pöyry Group Oyj is dependent on the company's earnings and investment requirements. The objective is to increase the dividend per share from year to year, and to ensure that at least 40 per cent, or more, of earnings are distributed each year. Should the company need to expand its technology base by investing in acquisitions, or to expand its office network, the dividend-to-earnings ratio may be changed.

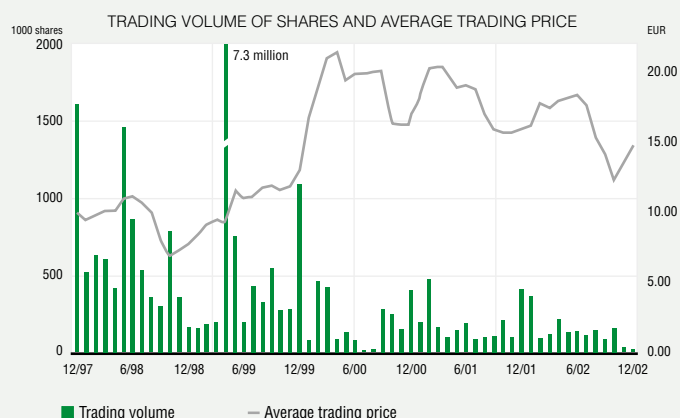
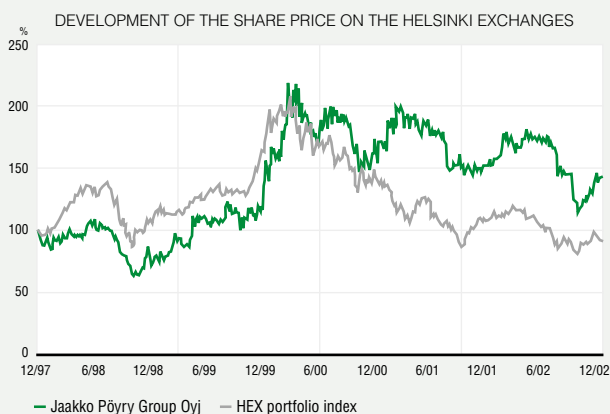
The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.60 per share, i.e. 66.7 per

cent of earnings, be paid for 2002. The corresponding figures for 2001 were EUR 0.60 and 46.1 per cent.

### MARKET CAPITALISATION

Jaakko Pöyry Group Oyj's market capitalisation at the end of 2002 was EUR 206.9 million. The share price decreased during the year from EUR 16.00 to EUR 15.00 equalling 6.3 per cent. The HEX portfolio index of Helsinki Exchanges decreased during the same period by 16.7 per cent. In 2002 the highest share price was EUR 19.00 and the lowest EUR 11.40.

1 615 351 shares (11.8 per cent) of Jaakko Pöyry Group Oyj were traded on the Helsinki Exchanges in 2002. The corresponding number in 2001 was 2 279 657 shares (16.5 per cent). The monthly average number of shares traded in 2002 was 134 613 shares compared to 189 971 shares in 2001.



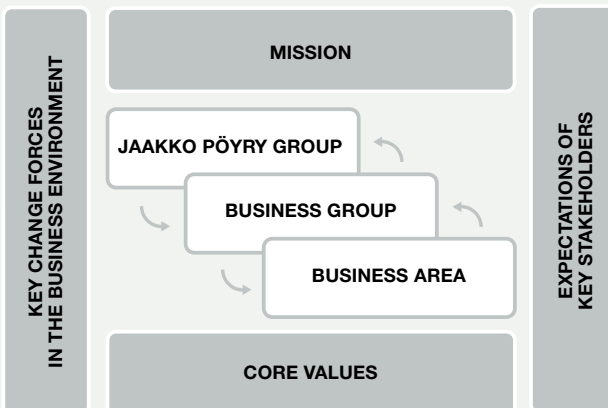
## BUSINESS CONCEPT AND STRATEGY

### BUSINESS CONCEPT

The Jaakko Pöyry Group's business concept is based on early involvement in its clients' business development, the provision of innovative and value-added solutions, and a full range of services from individual consulting and engineering assignments to management and implementation of complex projects. Services are provided through the Group's own resources in key areas of consulting, technology, engineering and project management, supplemented by partnerships and alliances.

### STRATEGY FRAMEWORK

The Jaakko Pöyry Group's strategy framework consists of four elements: the key change forces reshaping the business environment, the expectations of key stakeholders, the Group's mission and its values. These elements create the basis for the strategies at Group level, at business group level and at business area level.



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### KEY CHANGE FORCES

Key change forces influencing the Jaakko Pöyry Group's business operations are:

**Consolidation.** Client companies continue to consolidate. The consulting and engineering business is also being consolidated.

**Networking.** Networking will promote co-operation through partnership agreements and alliances. It will create new business opportunities and expand the Group's service mix.

**Digital revolution.** The digital revolution makes information management and utilisation increasingly important. Information is no longer seen as a production factor dependent on time and place.

**Speed of change and volatility.** The business environment is changing faster and becoming more volatile.

**Scarcity of resources.** Shortages of natural resources, such as fibre, energy and water, are becoming more acute in some parts of the world.

**Competition for talent.** Talent is an important competitive advantage of any company.

### EXPECTATIONS OF KEY STAKEHOLDERS

The Jaakko Pöyry Group's most important stakeholders are its clients, employees and owners. Stakeholders' primary expectations are:

#### Clients

- An understanding of the client's business
- Value-added solutions and a full range of services
- Long-term and lifecycle relationships
- Experiences and innovations
- Reliability and integrity
- Cost effectiveness

#### Personnel

- Motivating work and working environment
- Continuous development
- Responsible employer

#### Owners

- EPS growth and ROI in accordance with set targets
- Business growth and attractiveness

### MISSION

The Jaakko Pöyry Group's mission is to anticipate and fulfil its clients' requirements in order to improve their long-term competitiveness. This objective is pursued by providing clients globally with a full range of leading-edge solutions and services within consulting, project development and implementation, operations improvement and maintenance engineering.

The Jaakko Pöyry Group aims at attracting people with drive and ability to work towards the company's objectives. The employees are offered a challenging international working environment in an expert organisation emphasising quality and continuous development.

The Jaakko Pöyry Group aims at securing a competitive long-term return for its shareholders by actively managing and integrating the Group's resources, know-how and operations, and by safeguarding its leading position in selected business areas. The target is to reach an average operating margin of 8% and to invest in continuous growth of the core business areas on a sustainable basis.

### VALUES

The Jaakko Pöyry Group's business activities are guided by the following common values:

**Client.** We exist to generate success for our clients.

**Team.** The best solutions come from competent people working together and sharing knowledge.

**Drive.** We have a passion for improvement.

**Excellence.** Success is the outcome of our professional approach to everything we do.

## BUSINESS ENVIRONMENT

### SECTOR-SPECIFIC MARKET PROSPECTS

**Forest Industry.** Demand for forest industry products will continue to grow in line with long-term GNP growth, equalling an average volume growth of 8.5 million tons a year. Investment activity will focus on fast-growing regions, such as China, and on selected product segments, such as graphic papers. The industry has responded promptly to changes in demand, investing in improvements to its existing production capacity and in rebuilds, and in boosting the competitiveness and efficiency of selected mills. Shut-downs of outdated mills and construction of new paper machines are normal features of the forest industry's restructuring. The industry will continue to consolidate through small and medium-sized mergers and acquisitions around the world.

**Energy.** The liberalisation of the energy markets and the consolidation of the energy sector will continue in Europe, while in developing countries growth rates will slow down. The increased competition and economic downturn have depressed electricity prices and the general level of investment in the energy sector. This trend is about to change, though there will be regional variations. Environmentally driven investments in renewable energy and hydropower will increase, but these forms of energy will continue to represent a low proportion of total production. As power plants get older, environmental regulations continue to tighten and profitability requirements increase, the number of rebuilds of power plants and efficiency-improving projects will rise. In spite of short-term fluctuations, demand for electricity will continue to grow in pace with economic growth throughout the world, so long-term investments will be needed to meet this growth. In the short term, capacity increases will come from small and medium-size power plants to be built for the needs of local industry and communities.

**Infrastructure and environment.** Population growth and increased economic activity will result in growing environmental pressures. Investments in resource-lean and cleaner technologies, better management of natural resources and environmentally sound infrastructure will be playing a key role in alle-

viating these environmental impacts. Local shortages of natural resources are getting more acute, so lean technologies and resource management will become more important. New solutions to eliminate shortages of pure drinking water, efficient rail-bound mass transit systems and more effective control of atmospheric emissions are examples of business opportunities in this sector. The greater incidence of climatic disturbances has also made flood control more important all over the world. These trends will affect both developing countries and the rapidly growing urban areas in industrialised countries. Development projects involve national and local administrative organisations as decision-makers, with investors including both multinational financing institutions and private investors.

### GROWTH TRENDS

Continued growth of its core businesses is an integral part of the Jaakko Pöyry Group's strategy. This growth will be derived from organic growth, expansion of the local office network and acquisitions. The growth prospects of the Jaakko Pöyry Group are influenced by the following major trends in the business groups' operating environment.

#### Forest industry

**Operations improvement.** The industry continues to take measures aimed at optimising the return on its fixed assets. The Jaakko Pöyry Group is actively involved in this process, offering consulting and engineering services related to operations improvement with the aim of strengthening the forest industry's asset base and improving its economic performance.

**Outsourcing of services.** The industry trend, originating from the Nordic countries, towards outsourcing non-core activities offers additional opportunities for the Jaakko Pöyry Group to expand its local services. Engineering services related to mill maintenance are gradually becoming as important as conventional greenfield projects and rebuilds.

**Effective capital allocation.** A forest industry priority is to allocate capital resources effectively. Investment planning procedures are being streamlined and capital utilisation im-



proved, which offers sales potential for the Jaakko Pöyry Group's strategic expertise, efficient engineering design and comprehensive implementation packages.

## Energy

**Changes in energy markets.** The continued consolidation and restructuring in the energy market, in combination with increased profitability pressures, are generating increased demand for the Jaakko Pöyry Group's consulting services and its operations improvement expertise.

**Environmental protection.** International and national programmes are being implemented to reduce emissions and to promote clean energy technologies, such as renewable energy. The Jaakko Pöyry Group is actively involved in this development in many ways.

**Power plant rebuilds.** More and more power plants approach the end of their service life and are in need of modernisation. The Jaakko Pöyry Group has developed solutions that are technically and economically optimised for rebuilds.

## Infrastructure and environment

**Private public partnerships.** The public and private sectors have become increasingly interested in sharing responsibility and know-how, and demand for this expertise has grown locally, although this development has been slower than expected. Outsourcing of operations and strategic co-operation create new business opportunities for the Jaakko Pöyry Group's infrastructure and environment business.

**Rapid urbanisation and limited natural resources.** Worsening traffic congestion and increased pollution are creating demand for rail-bound mass transit systems to replace road and street traffic and for IT solutions and telecommunications to replace physical travel. The growing shortage of pure water requires solutions for water resource protection.

**E-infrastructure.** The Jaakko Pöyry Group's ability to merge its life-cycle expertise in different practice areas with informa-

tion technology into functional e-infrastructure offers new sales potential for the Jaakko Pöyry Group's product range.

## COMPETITORS

All of the Jaakko Pöyry Group's business groups have several regionally or locally operating competitors. Most of these competitors are privately owned. The Jaakko Pöyry Group's peer group as a whole offers an opportunity to compare the Group's financial information against that of corresponding listed consulting and engineering firms.

In the forest industry competitors are often small or medium-sized, locally operating engineering firms. In forest industry consulting Jaakko Pöyry Consulting competes against leading management consultancies. In the energy and infrastructure and environmental markets there are numerous companies, most of which operate locally. Some of the European and North American players also have an international office network.

## PEER GROUP

The Jaakko Pöyry Group has identified an international peer group for itself, against which the Group's financial information and business operations can be compared. The peer group consists of listed companies which are wholly or at least to some extent international, and which focus mainly on consulting and engineering services. The peer group companies are active within one or several of the Jaakko Pöyry Group's three core business areas: forest industry, energy, and infrastructure and environment. The Jaakko Pöyry Group uses the peer group to benchmark its financial performance against that of other companies. However, the peer group alone does not give an adequate picture of the Group's competitors because most of these are not listed companies. The peer group consists of the following companies:

- Amec Plc., London Stock Exchange
- ARCADIS NV, Amsterdam, Euronext Exchange
- Jacobs Engineering Group Inc., New York Stock Exchange
- SCC - Scandiaconsult AB, Stockholm Stock Exchange
- Semcon AB, Stockholm Stock Exchange
- SNC-Lavalin Group, Toronto Stock Exchange
- WS Atkins plc, London Stock Exchange
- AB Ängpanneföreningen, Stockholm Stock Exchange



## FOREST INDUSTRY



### FOREST INDUSTRY

KEY FIGURES						SHARE OF GROUP, %
EUR MILLION	1998	1999	2000	2001	2002	
NET SALES	118.9	119.6	140.8	150.2	137.9	33.9
OPERATING PROFIT	16.4	13.5	12.7	17.8	13.3	72.1
OPERATING PROFIT, %	13.8	11.3	9.0	11.9	9.6	
ORDER STOCK	41.3	70.5	71.8	74.2	77.7	25.2
PERSONNEL	1 440	1 665	1 745	1 842	1 891	40.8

■ The Forest Industry business group is a world leader in pulp and paper know-how. Mills designed by Jaakko Pöyry are completed on schedule and within budget, with excellent start-up curves and operating efficiency.

**The Forest Industry business group, operating under the brand name Jaakko Pöyry, provides engineering and project implementation services for pulp and paper industry investment projects of varying size worldwide. Projects cover the entire lifecycle of clients' mills: greenfield mill projects, rebuilds and local services. The business group has carried out about 400 major pulp and paper industry projects. At the end of the year, the business group employed a total of 1891 people.**

The business group's success stems from project work tailored to clients' requirements and its pool of know-how accumulated over several decades. Combining modern technology for project co-ordination and high-quality engineering work with its industry expertise, the business group provides its clients with a complete range of value-added services. Jaakko Pöyry's success is reflected in its market leadership in Europe, its long-term client relationships and its solid track record. Jaakko Pöyry is a global market leader in its sector.

#### FINANCIALS AND PERFORMANCE IN 2002

The Forest Industry business group's net sales for the financial year were EUR 137.9 (the previous year's figure 150.2) million, and operating profit EUR 13.3 (17.8) million. The profitability was satisfactory, taking into account the prevailing conditions. The order stock at the end of the year was EUR 77.7 (74.2) million.

The weak economic development depressed the forest industry's investment activity in 2002. Several pre-studies and preliminary engineering projects have been in progress, but implementation projects were delayed. This affected the business group's earnings in the second half of the year. The engineering capacity in the business group was underutilised, especially in the Swedish and US units. The capacity was adjusted to meet current demand, so the number of staff in the above-mentioned and also some other units decreased by about 50. Following streamlining and savings, the annual cost burden was reduced by about EUR 4 million.

Jaakko Pöyry was involved in numerous major projects around the world. The largest projects completed during the

year were Aracruz Celulose S.A.'s pulp mill expansion in Brazil, Madison Paper Company's paper mill rebuild in the United States and Rhein Papier GmbH's new paper mill in Germany. The engineering work for Stora Enso Oyj's new paper machine at Langerbrugge in Belgium continued. The most important new projects were UPM-Kymmene Wisaforest's pulp mill chemicals recovery plant in Finland and Papier Gaspésia's new LWC paper line in Canada.

The Jaakko Pöyry Group's strategic long-term objective is to expand its activities in the North American market for pulp and paper industry engineering services. Accordingly, Jaakko Pöyry acquired the Canadian forest industry engineering business of Ajami, Bédard, Gagnon, Sexton Inc. during 2002. Based in Montreal, the company employs a total of about 100 pulp and paper experts.

#### TRENDS

The world's forest industry companies continued to focus on their core business during the year under review. The trend towards outsourcing of services, which has been visible for some time, gained further momentum. Jaakko Pöyry's aim is to strengthen its market position in the business area, and as a result of this, sales of local services grew in all markets.

The Forest Industry business group intends to expand its local office network further in North America and Continental Europe. At present, the business group's office network serves its forest industry clients locally in 12 countries throughout the world.

#### PROSPECTS FOR 2003

The forest industry's investment activity was low during the period 2001–2002. In preparation for the growth of demand for forest products resulting from the economic recovery, the forest industry is stepping up its investment activity. Some previously postponed projects are also gradually moving ahead. Demand prospects for the Group's local services are stable and improving in line with the trend towards outsourcing in the industry. The Forest Industry business group's order stock grew during 2002. The business group's operating profit will improve somewhat in 2003 compared with 2002.



## FOREST INDUSTRY CONSULTING



### FOREST INDUSTRY CONSULTING

KEY FIGURES						SHARE OF GROUP, %
EUR MILLION	1998	1999	2000	2001	2002	
NET SALES	36.6	39.2	53.0	46.4	35.8	8.8
OPERATING PROFIT	0.9	1.5	4.8	1.3	0.2	0.9
OPERATING PROFIT, %	2.5	3.8	9.1	2.8	0.4	
ORDER STOCK	25.8	21.2	25.6	18.5	7.5	2.4
PERSONNEL	291	299	316	311	272	5.9

■ The Forest Industry Consulting business group is one of the world's leading advisers to the forest industry cluster. Jaakko Pöyry Consulting offers a unique combination of business intelligence, consulting expertise and industry experience.



**Operating under the brand name Jaakko Pöyry Consulting, the Forest Industry Consulting business group provides advice in strategy, operations and investment banking. Jaakko Pöyry Consulting focuses on both innovative ideas and value-added solutions to help clients improve financial performance.**

Jaakko Pöyry Consulting has established a leading position as a provider of high-quality research in the forest industry sector. The ability to combine business intelligence and hands-on industry expertise provides a solid basis for the advisory services offered by the business group. Whenever necessary, the business group's services are supplemented with in-depth technological expertise available in the Forest Industry business group, known under the brand name Jaakko Pöyry. With 272 professionals at the end of 2002, the Forest Industry Consulting business group operates in 14 countries. Jaakko Pöyry Consulting is one of the world's leading advisors to the forest industry cluster.

#### FINANCIALS AND PERFORMANCE IN 2002

The Forest Industry Consulting business group's net sales for the financial year were EUR 35.8 (the previous year's figure 46.4) million, and operating profit EUR 0.2 (1.3) million. Earnings for the financial year were disappointing and clearly below targets. The order stock at the end of the year was EUR 7.5 (18.5) million; the decline compared with last year is primarily due to the removal of JP Development's order stock, following the sale of this unit in January 2002.

As predicted at the beginning of the year, 2002 turned out to be a challenging year for the Forest Industry Consulting business group. During 2002, the business group's clients focused on achieving their short-term profitability targets and on cost-cutting. For this reason, demand for consulting services was weak during the year under review. The market situation deteriorated further towards the end of the year, especially in the United States and Asia, and in investment banking. Commissions from mergers and acquisitions advice were not

recorded in the last quarter, contrary to expectations earlier in the autumn. The business group's activities were streamlined to meet the reduced demand. The number of staff was reduced by about 20. Following streamlining actions and cost-cutting, the annual cost burden was reduced by about EUR 2.5 million.

To improve its profitability, the business group has divested 75 per cent of its 90 per cent-owned JP Development business. JP Development's net sales amounted to about EUR 7 million in 2001, and it posted a slight loss.

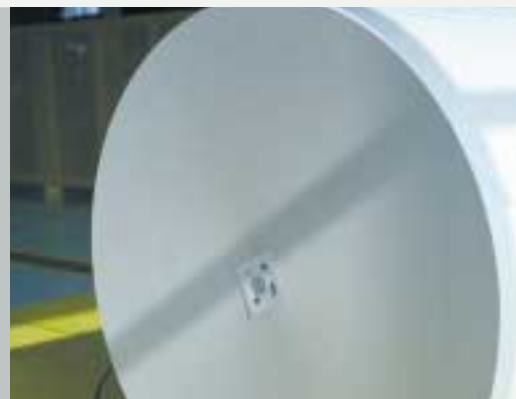
#### TRENDS

Paper production started growing slowly during 2002, recovering from the decline experienced in 2001. According to Jaakko Pöyry Consulting's forecast, paper consumption will grow only slightly in 2003 because of the uncertainties affecting the world economy. In North America, forest industry capacity utilisation rates are expected to rise, and in Europe favourable signs of a recovery are foreseen in the second half of the year.

Jaakko Pöyry Consulting will continue to work actively with its clients benefiting from the growth and restructuring opportunities the prolonged recession offers for winning companies. The business group is also well equipped to serve its clients in analysing business and investment opportunities in fast growing markets, such as China, EU accession countries and Russia.

#### PROSPECTS FOR 2003

There has been no major improvement in the business environment of forest industry consulting. The forest industry's consolidation and restructuring are expected to continue, which offers new business opportunities for the Forest Industry Consulting business group both in consulting and investment banking. The business group's cost burden has been reduced and measures to improve its profitability will be continued. The business group's operating profit will improve in 2003 compared with 2002.



## ENERGY



### ENERGY

KEY FIGURES						SHARE OF GROUP, %
EUR MILLION	1998	1999	2000	2001	2002	
NET SALES	61.6	139.7	180.9	127.0	111.2	27.3
OPERATING PROFIT	2.7	9.2	8.1	- 0.6	- 0.7	- 3.9
OPERATING PROFIT, %	4.4	6.6	4.5	- 0.5	- 0.7	
ORDER STOCK	73.7	165.4	111.6	123.5	123.8	40.1
PERSONNEL	512	1 277	1 321	1 193	1 094	23.6

■ The Energy business group is the world's fifth biggest international energy consulting firm (ENR Sourcebook 2002). Electrowatt-Ekono's success stems from its leading technical know-how and many years' experience in its key practice areas.

**The Energy business group, operating under the brand name Electrowatt-Ekono, is a leading international energy consulting and engineering firm. It provides sustainable and competitive solutions from strategic consulting to project implementation, operation and maintenance, and modernisation projects.**

Electrowatt-Ekono has successfully carried out hundreds of projects over several decades. Its main business areas are hydropower, renewable energy, power and heat, and management consulting. In addition, local services include oil and gas, nuclear safety and process industry. At the end of the year, the business group employed a total of 1094 energy experts in its office network covering 19 countries. Electrowatt-Ekono is one of the three to five largest companies in its field worldwide.

#### FINANCIALS AND PERFORMANCE IN 2002

The Energy business group's net sales for the financial year were EUR 111.2 (the previous year's figure 127.0) million, and operating profit EUR -0.7 (-0.6) million. The profitability was unsatisfactory. Earnings developed favourably in the final quarter of the year, resulting in an operating profit of EUR 1.5 million. The order stock at the end of the year was EUR 123.8 (123.5) million.

Because of the weak economic development, low demand in the energy sector and major restructurings in this field, 2002 was a difficult year. The Energy business group continued to streamline its activities since 2001 to meet the decline in demand. The total number of staff was reduced by about 200 compared with the beginning of 2001. During 2002, the number of staff decreased by about 100. The annual cost burden was reduced by about EUR 9.5 million.

Major projects in progress during the year included the Deriner hydropower project in Turkey, the Shuangyushu boiler project in China and several waste-to-energy and bioenergy projects in Finland, Sweden, Germany, Switzerland, France, the Netherlands and Thailand. The most important new orders were the engineering contracts for Lough Ree and West Offaly peat fired projects in Ireland, contractors engineering for the Uong Bi power plant in Vietnam, the engineering service con-

tract for PDO in Oman, the expansion of GMVA Niederrhein's waste-to-energy plant in Germany and several operation and maintenance contracts in Asia.

At the beginning of the year, the Energy business group acquired the Imatra air laboratory of Stora Enso Oyj's research centre. The laboratory specialises in air emission measurements and process analyses. In addition, the business group signed a co-operation agreement with GreenStream Network Oy, acquiring a 13.3 per cent shareholding in this company. GreenStream Network is the first company in the Nordic countries to act as a broker in the trade in emission units and green certificates.

#### TRENDS

The depressed world economy, political uncertainty and generally low electricity prices during 2002 have had a negative impact on investment activity, impairing the profitability of companies acting in the energy sector. On the other hand, these trends have boosted the need for improved competitiveness through better energy solutions and higher efficiencies. At the same time, the trend towards clean energy solutions has gained greater momentum.

The Energy business group has developed new service offerings, including management consulting, operations improvement services, ESCO energy saving projects and operation and maintenance services. These new service offerings, and the strategic decision to focus on the selected four core business areas, have been favourably received in the marketplace.

#### PROSPECTS FOR 2003

In the energy sector, demand for services related to renewable sources of energy, power plant modernisations and consulting services has grown. Strong fluctuations in the price of crude oil are also contributing to the implementation of alternative and multi-source energy solutions. The Energy business group's new service offerings, life-cycle engagement and the selected strategic practice areas create a firm basis for improved demand and earnings. The business group's annual operative expenses have declined notably. The order stock grew towards the end of 2002. The business group's operating profit will improve clearly compared with 2002.



## INFRASTRUCTURE & ENVIRONMENT



### INFRASTRUCTURE & ENVIRONMENT

KEY FIGURES						SHARE OF GROUP, %
EUR MILLION	1998	1999	2000	2001	2002	
NET SALES	43.9	97.3	102.7	107.5	122.7	30.2
OPERATING PROFIT	3.8	7.6	8.6	7.9	8.5	46.3
OPERATING PROFIT, %	8.7	7.8	8.4	7.3	6.9	
ORDER STOCK	26.3	91.8	96.5	103.7	99.4	32.2
PERSONNEL	716	1 198	1 162	1 206	1 342	29.0

■ The Infrastructure & Environment business group has a leading market position in its key business areas in several countries. Jaakko Pöyry Infra offers a solid combination of project experience and IT-based tools.

**The Infrastructure & Environment business group, operating under the brand name Jaakko Pöyry Infra, is active in three business areas: transportation, water and environment, and building services. At the end of the year, the business group employed a total of 1342 infrastructure and environment experts in its office network covering 12 countries around the world.**

The business group offers consulting and engineering services, building and project management services, operation and maintenance expertise, and services related to technology transfer in all of its main business areas. Jaakko Pöyry Infra is among the biggest companies in its sector in Europe.

#### FINANCIALS AND PERFORMANCE IN 2002

The Infrastructure & Environment business group continued to perform well. Net sales increased during the financial year to EUR 122.7 (previous year's figure 107.5) million, and operating profit was EUR 8.5 (7.9) million. The profitability was good and in line with targets. The order stock at the end of the year was EUR 99.4 (103.7) million.

Investment activity in the railway sector in Finland and the rest of Continental Europe remained strong, and the business group received several major orders in this area. Examples include engineering services for the Metrorapid railway line between Dusseldorf and Dortmund, and site supervision of the construction work and signalling installations of the Hamburg-Berlin railway. Other important assignments included railway design of Botniabanan in Sweden, supervisory tasks and tunnelling design for the Gotthard tunnel in Switzerland, and engineering services and tunnelling design for the Vuosaari harbour project in Finland. In the water and environment sector major assignments included environmental studies concerning Cairo's west bank, engineering services for the Ali-Juhakkala waste water treatment plant in Finland, engineering services for the waste water treatment systems of several medium-sized towns in France and several water supply projects in Russia. In building services, the renewed demand for underground shelters in the Middle East has boosted exports in this sector.

Jaakko Pöyry Infra has given up telecommunications as a separate area of expertise. However, the business group has at its disposal the telecommunications experience and references of more than 100 experts. When this sector recovers, this expertise will be reactivated for project work.

In February, the business group extended its German operations by acquiring the transport consulting business of Heusch/Boesefeldt GmbH in Germany. The acquired business units, employing a total of 55 people, are situated at Aachen, Hamburg and Munich. Through this acquisition Jaakko Pöyry Infra notably strengthened its expertise and resources in the demanding telematics sector.

#### TRENDS

Jaakko Pöyry Infra's development efforts focused on products related to life-cycle engagement and information technology. This new expertise was increasingly sold as a part of larger project entities. The order stock for railway projects expanded significantly both in Germany and Finland. The exports of water and environment services to Russia recovered. A major disappointment was the near-total disappearance of the telecommunications market, another the slower-than-expected growth of the business derived from outsourcing of water- and environment-related operations.

#### PROSPECTS FOR 2003

Demand prospects for the Infrastructure & Environment business group's services are variable. In the water and environment sector, demand is expected to be unchanged, in transportation systems it will remain good. Demand for building services deteriorated towards the end of 2002 and prospects are not expected to improve in the immediate future.

Bullet train and light-rail traffic projects in Germany, tunnel projects in Switzerland, water and flood control projects in France, and investments in the Vuosaari harbour and its traffic routes in Finland create a firm basis for the business group's operations in 2003. Engineering services related to security systems, telematics and flood control are examples of Jaakko Pöyry Infra products which are in demand also outside Europe. The business group's market position and order stock are good. Operating profit will remain stable in 2003.



# HUMAN RESOURCES

## STRATEGY AND HUMAN RESOURCES DEVELOPMENT

One aim of the Jaakko Pöyry Group's strategy process, which was renewed in 2001, was to sharpen the company's business focus and to put greater emphasis on sub-sectors that are of vital importance to its performance and success. During the past year, the strategy discussion has continued in all business groups and at all levels of the organisation, for example in staff communication meetings and seminars. The aim of this effort has been to put the strategy into practice in a concrete way, so that every employee in the Jaakko Pöyry Group will understand the strategy's impacts on his or her own work and realise how each individual can help to achieve its objectives.

The renewed strategy process also called for refining of the objectives of the Group's human resources development. Based on the business strategies, human resources development during 2002 focused on three key areas: defining the human resources vision and strategy, defining strategic areas of expertise more accurately, and developing our Global Network Company.

## HUMAN RESOURCES VISION AND STRATEGY

The Jaakko Pöyry Group's human resources vision centres around the following objectives:

- We are the company of choice for people with professional talent and drive
- We attract the best people by providing excellent opportunities for professional and personal growth through challenging projects with leading clients
- We keep the best people through challenging systematic career planning and competence development
- We encourage entrepreneurship and support continuous learning

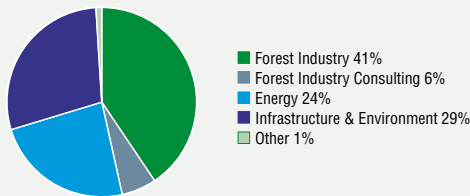
Our human resources strategy is designed to make sure that human resources development focuses on core issues. For example, we develop our human resources systematically, maintain the best combination of competences, create interesting and challenging career paths for our experts and offer continuous leadership training. The human resources strategy also makes it easier to prioritise alternative development projects. The business group focus in human resources ensures that development inputs are directed to meeting the most acute needs within each group.

## DEFINING STRATEGIC AREAS OF EXPERTISE MORE ACCURATELY

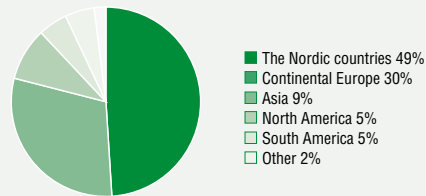
Development action cannot be effectively targeted in line with the Group's business objectives and requirements without constantly monitoring changes in the business environment and in clients' needs, and interpreting the impacts of these changes correctly.

In defining the Group's strategic areas of expertise more accurately, the objective has been to arrive at a consensus on the factors and competences that determine the company's competitiveness during a certain period. In addition, an effort has been made to specify which of these factors are related to personal skills and which to the organisation's structures, processes and methods. In defining strategic areas of expertise, an effort has also been made to identify areas offering synergistic benefits for developing the Group's business and client offerings.

PERSONNEL BY BUSINESS GROUP



PERSONNEL BY MARKET AREA



**GLOBAL NETWORK COMPANY**

There has been a strong focus on developing our Global Network Company in recent years. The objective is to provide the Group's international clientele with products and services combining the know-how, high-quality service and superior knowledge of local conditions available within the Jaakko Pöyry Group's global network of offices. Uniform operating practices, methods and tools guarantee that clients get access to the Group's entire expertise and the same standard of service and quality through all of its offices around the world.

To promote global co-operation, new integrating mechanisms have been put forward in all business groups, such as modes of co-operation and operating models that promote networking at unit and personal level, and IT solutions supporting these. Whenever feasible, the operations of different business groups have been concentrated in joint offices. The aim is to strengthen group-wide co-operation in sharing knowledge, expertise and best practices at all levels of the organisation and to strengthen staff members' commitment to common values and operating practices.

**HUMAN RESOURCES AND EXPERTISE DEVELOPMENT**

Employees' expertise and professional skills were developed in many ways during the year under review. Side by side with traditional training, learning was promoted through mentoring and by assigning tasks directly linked to personal development objectives. Apart from the efforts to improve professional skills, project-related training programmes were in progress in all business groups. Part of the development work was

aimed at training project managers, part at developing project management skills of a more general nature.

The Jaakko Pöyry Group Business Academy's sixth Leadership Programme was completed and the next twelve-month programme will start in early 2003. The content of the programme has been continuously improved and renewed to meet the changing needs of the participants and the organisation. The Leadership Programme attracts participants from all business groups. In this way, it promotes group-wide networking and global co-operation across business group borders.

**COMMON VALUES GUIDING THE GROUP'S BUSINESS**

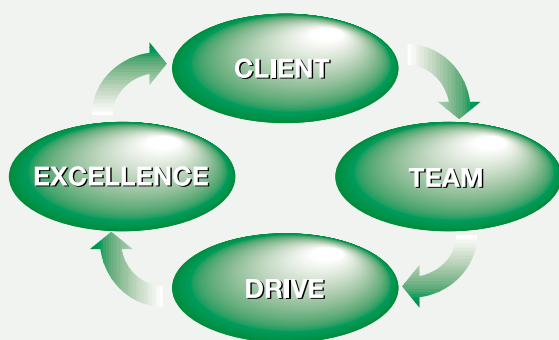
Common values guiding the Group's business were defined as a part of the Jaakko Pöyry Group's renewed strategy process. The aim is to continue the discussion concerning the Group's values and to make sure that their importance and impacts on each employee's day-to-day work are understood as widely as possible. The Jaakko Pöyry Group's values can be summarised under four core principles:

**Client.** Our activities at all levels of the organisation are characterised by client orientation and a service attitude. Our ultimate objective is to improve our clients' business performance and to offer solutions that promote their success.

**Team.** The best solutions are created through co-operation between competent and skilled people. When working in teams, our experts can share their expertise and experience and develop innovative solutions for our clients' needs. Openness and respect for other people are the basis for fruitful co-operation.

**Drive.** Our initiative and readiness to question traditional ways of working safeguard the continuous development of our work. Every employee has a passion for improvement but is also personally responsible for improving his own work and expertise to achieve the best possible result.

**Excellence.** Our success stems from our solid expertise and professional approach and working methods. Good financial performance is a natural outcome of our determination to deliver excellence and high-quality results in everything we do.



## BOARD OF DIRECTORS



**Heikki Lehtonen**



**Henrik Ehrnrooth**



**Jaakko Pöyry**



**Olle Alsholm**



**Matti Lehti**



**Harri Piehl**



**Franz Steinegger**

### Chairman

**Heikki Lehtonen**, born 1959, M.Sc. (Eng.) Componenta Corporation, President and CEO 1993–; Otava Books and Magazines Group Ltd., Member of the Board of Directors 1991–; Raute Plc, Vice Chairman of the Board of Directors 1998–

Jaakko Pöyry Group shares: 4 150  
Warrants entitling to subscribe 10 000 shares

### Vice Chairman

**Henrik Ehrnrooth**, born 1954, M.Sc. (Forest Econ.), B.Sc. (Econ.) Evox Rifa Group Oyj, Member of the Board of Directors, 2002–; Otava Books and Magazines Group Ltd., Member of the Board of Directors 1988–

Jaakko Pöyry Group shares: 1 500  
Warrants entitling to subscribe 10 000 shares

Henrik Ehrnrooth together with his brothers Georg Ehrnrooth and Carl-Gustav Ehrnrooth indirectly holds a controlling interest in Corbis S.A.

### Vice Chairman

**Jaakko Pöyry**, born 1924, M.Sc. (Mech. Eng.), Dr.Tech. h.c. Jaakko Pöyry Consulting Oy, Honorary Chairman of the Board of Directors 1999–

Jaakko Pöyry Group shares: 564 130  
Warrants entitling to subscribe 10 000 shares

**Olle Alsholm**, born 1937, M.Sc. (Chem. Eng.)

Swedish Pulp and Paper Research Institute, President 1990–2001; Swedish Pulp and Paper Research Institute, Associate Board Member 1990–2001

Jaakko Pöyry Group shares: 2 000  
Warrants entitling to subscribe 16 000 shares

**Matti Lehti**, born 1947, Ph.D. (Econ.) TietoEnator Corporation, President and CEO 1999–; Employers' Confederation of Service Industries, Vice Chairman of the Board of Directors 1990–; Foundation for Economic Education, Chairman of the Board of Directors 2000–; Helsinki School of Economics, Vice Chairman of the Board of Directors 1996–

Jaakko Pöyry Group shares: 130  
Warrants entitling to subscribe 10 000 shares

**Harri Piehl**, born 1940, M.Sc. (Eng.)

JP Operations Management Ltd Oy, Chairman of the Board of Directors 2000–

Jaakko Pöyry Group shares: 1 500  
Warrants entitling to subscribe 30 000 shares

**Franz Steinegger**, born 1943, LL.Lic. Steinegger & Wipfli, Attorney-at-law and notary 1970–; Member of the Swiss Parliament 1980–; AG für die Neue Zürcher Zeitung, Member of the Board of Directors 1998–; Dätwyler Holding AG, Member of the Board of Directors 1994–; C.S.C Impresa Costruzioni SA, Chairman of the Board of Directors 1996–; Siemens Schweiz AG, Member of the Board of Directors 1995–; Swiss National Accident Insurance Fund, Chairman of the Board of Directors 1991–

Jaakko Pöyry Group shares: 0  
Warrants entitling to subscribe 10 000 shares



## GROUP EXECUTIVE COMMITTEE

President and CEO

**Erkki Pehu-Lehtonen**, born 1950, M.Sc. (Mech. Eng.)  
 Confederation of Finnish Industry and Employers, Member of the Board of Directors 1998–

Jaakko Pöyry Group shares: 1 500  
 Warrants entitling to subscribe 60 000 shares

Deputy to President and CEO

**Teuvo Salminen**, born 1954, M.Sc. (Econ.)  
 CapMan Plc, Member of the Board of Directors 2001–; Tapiola Insurance Company, Member of the Supervisory Board 1999–; YIT Corporation, Member of the Board of Directors 2001–

Jaakko Pöyry Group shares: 4 000  
 Warrants entitling to subscribe 44 500 shares

Executive Vice President

**Jukka Nyrölä**, born 1945, LL.Lic., LL.M., Columbia University

Jaakko Pöyry Group shares: 8 000  
 Warrants entitling to subscribe 30 000 shares

Director, Forest Industry business group

**Kari Kalliala**, born 1955, M.Sc. (Technical Physics), MBA

Jaakko Pöyry Group shares: 0  
 Warrants entitling to subscribe 15 000 shares

Director, Forest Industry Consulting business group

**David Walker**, born 1962, BCA (Bachelor of Commerce and Administration)

Jaakko Pöyry Group shares: 0  
 Warrants entitling to subscribe 7 000 shares

Director, Energy business group

**Richard Pinnock**, born 1962, B.Sc. (Eng.), B.Comm. (Hons)

Jaakko Pöyry Group shares: 0

Director, Infrastructure & Environment business group

**Risto Laukkanen**, born 1951, Dr.Tech. (Environmental Eng.)

Jaakko Pöyry Group shares: 0  
 Warrants entitling to subscribe 17 000 shares

Chief Financial Officer

**Lars Rautamo**, born 1949, M.Sc. (Econ.)

Jaakko Pöyry Group shares: 0  
 Warrants entitling to subscribe 10 000 shares

Group General Council

**Anne Viitala**, born 1959, LL.M.

Jaakko Pöyry Group shares: 0

*Ownership information about shares and warrants on this double page is as of December 31, 2002. Figures include direct and controlled ownership.*

## INFORMATION FOR INVESTORS

### QUOTATION AND TRADING CODES

The shares of Jaakko Pöyry Group Oyj have been quoted on the Helsinki Exchanges since December 1997. The trading code and trading lot are:

Helsinki Exchanges JPG1V  
Trading lot 100 shares

The warrants attached to Jaakko Pöyry Group Oyj's bond loan with warrants issued in 1998 have been quoted on the Helsinki Exchanges since September 2001. The trading code and trading lot are:

Helsinki Exchanges JPG1VEW198  
Trading lot 100 warrants

### FINANCIAL INFORMATION

In 2003 Jaakko Pöyry Group Oyj will publish its interim reports as follows:

January–March	April 28
January–June	July 31
January–September	October 31

The reports will be published at 8.30 a.m. Finnish time. The interim reports are available in Finnish and English for reading and printing on the website directly after their release.

Jaakko Pöyry Group Oyj will observe a silent period prior to announcing its result. The silent periods in 2003 are as follows:

April 7–April 27
July 10–July 30
October 10–October 30

### INVESTOR RELATIONS

For any questions regarding the Jaakko Pöyry Group, please contact:

Satu Perälampi, Investor Relations  
Tel +358 9 8947 3002  
E-mail satu.peralampi@poyry.fi

### INVESTMENT ANALYSES

According to currently available information, the following brokerage firms are regularly following the Jaakko Pöyry Group. Detailed contact information is available on the company's website. The Jaakko Pöyry Group takes no responsibility for the opinions of the brokerage firms' analysts.

Cazenove, London  
Conventum Securities Ltd, Helsinki  
D. Carnegie Ab Finland Branch, Helsinki  
Enskilda Securities, Helsinki  
Evli Bank Plc, Helsinki  
FIM Securities Ltd, Helsinki  
Impivaara Securities Limited, London  
Mandatum Stockbrokers Ltd, Helsinki  
Nordea Securities Oyj, Helsinki  
Opstock Securities, Helsinki

### TO ORDER ANNUAL REPORTS AND INTERIM REPORTS

Jaakko Pöyry Group Oyj's annual report and interim reports are available in Finnish and English. The annual report will be sent to all shareholders. The interim report is sent on request.

For orders please contact  
Sari Mäkelä, tel. +358 9 8947 2828  
or use our website [www.poyry.com](http://www.poyry.com)

### WEBSITE

Updated and more detailed information about the Jaakko Pöyry Group as an investment option is available on the company's website [www.poyry.com](http://www.poyry.com)

## CONTACT INFORMATION

### **JAAKKO PÖYRY GROUP OYJ**

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Deputy to President and CEO:  
Teuvo Salminen  
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FIN-01621 VANTAA  
Finland  
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Fax +358 9 878 5855  
E-mail: general.jp@poyry.fi

Updated contact information  
is available at:

**[www.poyry.com/contacts](http://www.poyry.com/contacts)**

### **FOREST INDUSTRY**

Business group director: Kari Kalliala  
Jaakko Pöyry Oy  
P.O.Box 4, Jaakonkatu 3  
FIN-01621 VANTAA  
Finland  
Tel. +358 9 894 71  
Fax +358 9 878 1818  
E-mail: general.jp@poyry.fi

### **ENERGY**

Business group director: Richard Pinnock  
Electrowatt-Ekono AG  
Hardturmstrasse 161, P.O. Box  
CH-8037 ZURICH  
Switzerland  
Tel. +41 1 355 5554  
Fax +41 1 355 5556  
E-mail: energy@ewe.ch

### **FOREST INDUSTRY CONSULTING**

Business group director: David Walker  
Jaakko Pöyry Consulting Oy  
P.O.Box 4, Jaakonkatu 3  
FIN-01621 VANTAA  
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Tel. +358 9 894 71  
Fax +358 9 878 2482  
E-mail: consulting@poyry.fi

### **INFRASTRUCTURE & ENVIRONMENT**

Business group director: Risto Laukkanen  
Jaakko Pöyry Infra  
P.O.Box 4, Jaakonkatu 3  
FIN-01621 VANTAA  
Finland  
Tel. +358 9 894 71  
Fax +358 9 878 2563  
E-mail: infra@poyry.com

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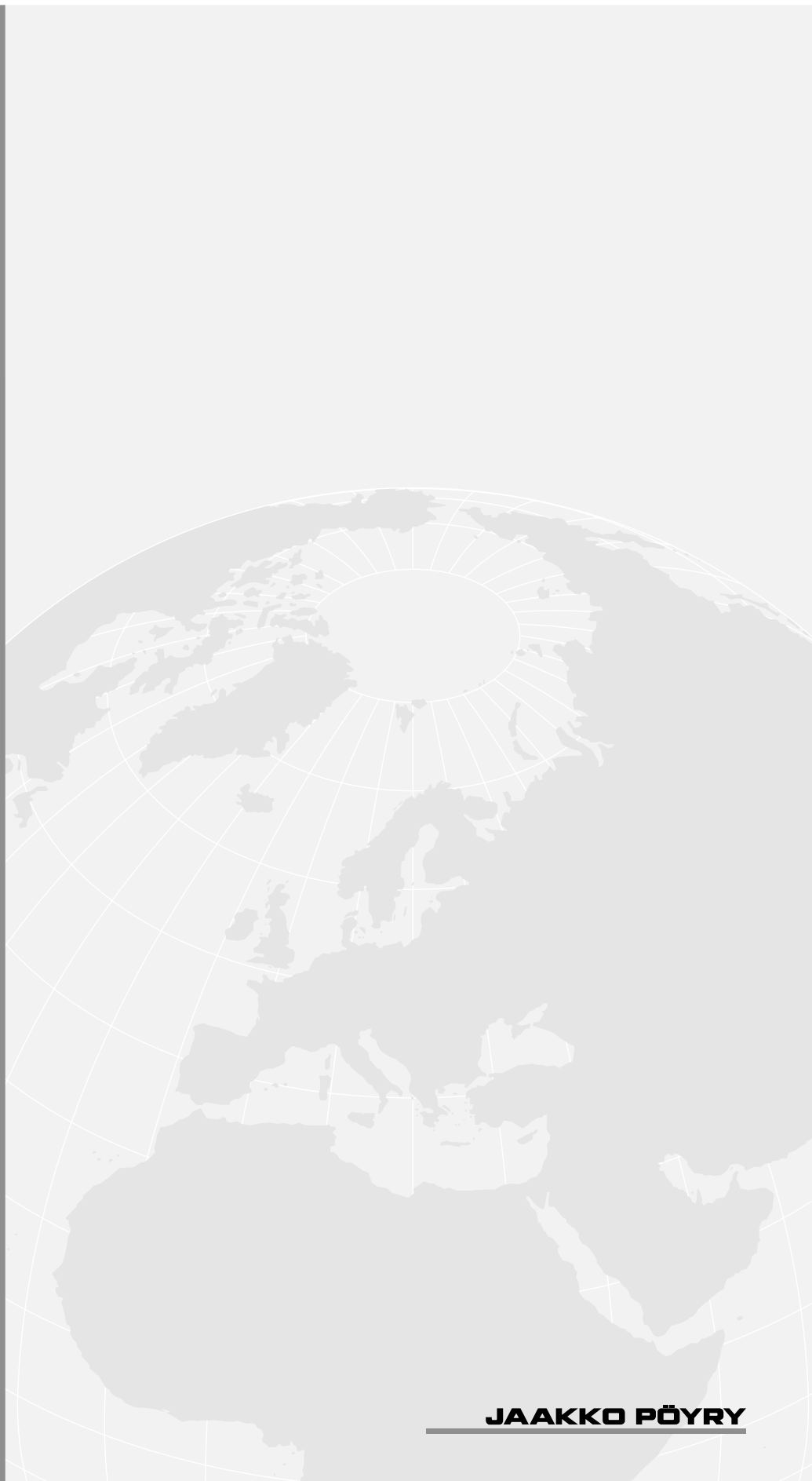
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Spokesman Oy / Libris Oy 2003

**Jaakko Pöyry Group Oyj**  
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*Trade Reg No: 618.197*  
*Domicile: Vantaa, Finland*  
**[www.poyry.com](http://www.poyry.com)**

**JAAKKO PÖYRY**



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### ANNUAL GENERAL MEETING

The shareholders of Jaakko Pöyry Group Oyj are invited to attend the Annual General Meeting to be held on Wednesday, March 5, 2003 at 4.00 p.m. at the Pöyry House, Jaakonkatu 3, FIN-01620 Vantaa, Finland.

Shareholders wishing to attend the Annual General Meeting are requested to confirm their attendance by Monday, March 3, 2003, 12.00 a.m. This can be done by telephone +358 9 8947 2224, by email to [marja.hulphers@poyry.fi](mailto:marja.hulphers@poyry.fi), by telefax +358 9 878 1816 or by letter to Jaakko Pöyry Group Oyj, Legal Matters, P.O. Box 4, FIN-01621 Vantaa, Finland. Any letters of proxies shall be included when confirming attendance at the Annual General Meeting.

A complete notice to convene the Annual General Meeting has been mailed to all shareholders at their registered addresses.

### DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.60 per share be paid for the fiscal year 2002. To qualify for dividends, shareholders must be entered in the shareholder register on the record date March 10, 2003. The dividend will be payable starting on March 17, 2003.

### FINANCIAL INFORMATION IN 2003

In 2003 Jaakko Pöyry Group Oyj will publish its interim reports as follows:

January–March	April 28
January–June	July 31
January–September	October 31

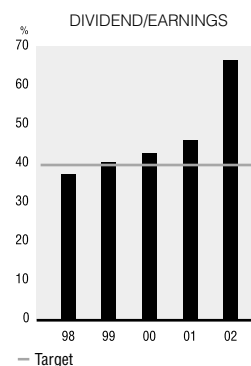
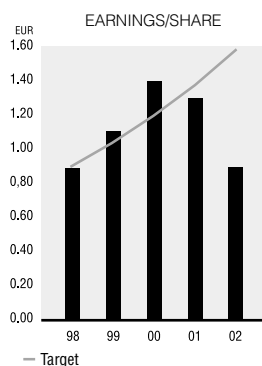
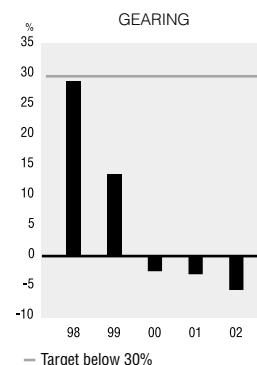
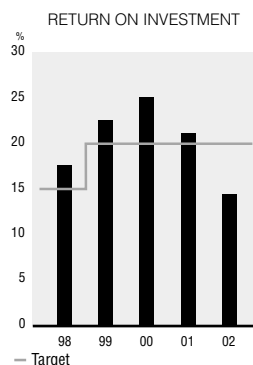
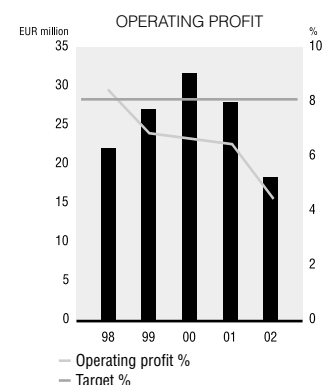
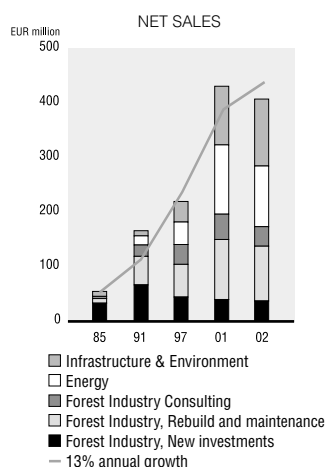
## HIGHLIGHTS 2002

The Jaakko Pöyry Group's net sales in 2002 amounted to EUR 407.0 million. Operating profit was EUR 18.4 million, which equals 4.5 per cent of net sales. The earnings per share were EUR 0.90. The Jaakko Pöyry Group's Board of Directors proposes that a dividend of EUR 0.60 per share be paid. The proposed dividend corresponds to 66.7 per cent of earnings per share for the financial year.

The target for the Group's return on investment is 20 per cent; in 2002 the return on investment was 14.5 per cent. The consolidated balance sheet is healthy. The equity ratio was 51.0 per cent. The Group's liquidity is good. The net debt/equity ratio (gearing) was -5.6 per cent. The target for gearing is below 30 per cent.

The Group's order stock totalled EUR 308.4 million at the end of 2002. The order stock of the consulting and engineering businesses increased by EUR 3.5 million during the year, reaching the highest-ever figure in the Group's history. Consulting and operation and maintenance account for a larger share of the order stock.

In view of current political uncertainties, the market situation and economic prospects will be challenging in 2003. However, the Jaakko Pöyry Group's market position, order stock and balance sheet are good. The Group's cost structure has improved as a result of streamlining actions. Based on the business group's prospects and the Group's order stock, consolidated earnings are expected to improve in 2003 provided that the general economic cycle does not further decline. The earnings improvement will take place in the second half of the year as some of the recently received major assignments will improve capacity utilisation from the second quarter onwards.



### FINANCIAL TARGETS

Operating profit	≥	8%
Earnings/share, annual growth	≥	15%
Return on investment	>	20%
Gearing	<	30%
Dividend/earnings ratio	≥	40%

### KEY FIGURES

	2001	2002
Net sales, EUR million	431.8	407.0
Operating profit, EUR million	28.0	18.4
Operating profit, %	6.5	4.5
Profit before extraordinary items, EUR million	26.3	18.1
Profit before extraordinary items, %	6.1	4.5
Earnings/share, EUR	1.30	0.90
Dividend/share, EUR	0.60	0.60 <sup>1)</sup>
Dividend/earnings ratio, %	46.1	66.7
Return on investment, %	21.2	14.5
Gearing, %	- 3.0	- 5.6
Order stock, EUR million	319.9	308.4
Personnel in Group companies	4 584	4 632

1) Board of Directors' proposal.

## BOARD OF DIRECTORS' REPORT

### CONSOLIDATED EARNINGS AND BALANCE SHEET

The world economy has been in recession since 2001. Any major change for the better is unlikely before the second half of 2003. World economic development is also overshadowed by political uncertainties.

The Jaakko Pöyry Group's clients, as well as the Group's own business, were affected by the economic weakness. Consolidated net sales decreased by 5.7 per cent to EUR 407.0 (the previous year's figure 431.8) million.

The operating profit of the Jaakko Pöyry Group amounted to EUR 18.4 (28.0) million, which equals 4.5 (6.5) per cent of net sales. Taking into account the difficult business environment, the Group's operating profit was satisfactory, though still below the target for 2002. The operating profit includes EUR 4.5 (4.0) million depreciation on consolidation goodwill. Profit before extraordinary items was EUR 18.1 (26.3) million. The Group's profit for the year was EUR 12.3 (18.0) million and earnings per share EUR 0.90 (1.30). The return on investment was 14.5 (21.2) per cent.

The consolidated balance sheet is healthy. Actions were continued during the year under review to further improve the balance sheet. The equity ratio rose to 51.0 (48.9) per cent. The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks amounted to EUR 26.0 (32.5) million. Interest-bearing debts totalled EUR 19.9 (29.2) million. The net debt/equity ratio (gearing) was -5.6 (-3.0) per cent.

### BUSINESS GROUPS

The parent company of the Jaakko Pöyry Group is Jaakko Pöyry Group Oyj.

The Jaakko Pöyry Group has three core areas of business expertise: forest industry, energy, and infrastructure and environment.

The Group's operations are conducted through four business groups: Forest Industry, Forest Industry Consulting, Energy, and Infrastructure & Environment.

#### Forest Industry

The Forest Industry business group, operating under the brand name Jaakko Pöyry, provides engineering and project implementation services for pulp and paper industry investment projects of varying size worldwide. Projects cover the entire life-cycle of clients' mills: greenfield mill projects, rebuilds and local services. At the end of the year, the business group employed a total of 1891 people. The business group is a global market leader in its sector.

The weak economic development depressed the forest industry's investment activity in 2002. Several pre-studies and preliminary engineering projects have been in progress, but implementation projects were delayed. This affected the business group's earnings in the second half of the year. The engineering capacity in the business group was underutilised, especially in the Swedish and US units. The capacity was adjusted to meet current demand, so the number of staff in the above-mentioned and also some other units decreased by about 50. Following streamlining and savings, the annual cost burden was reduced by about EUR 4 million. Non-recurring expenses due to streamlining actions amounted to about EUR 0.5 million during the financial year.

Net sales for the financial year were EUR 137.9 (150.2) million, and operating profit EUR 13.3 (17.8) million, which equals 9.6 (11.9) per cent of net sales. The profitability was satisfactory, taking into account the prevailing conditions. The order stock at the end of the year was EUR 77.7 (74.2) million.

#### Forest Industry Consulting

The Forest Industry Consulting business group, operating under the brand name Jaakko Pöyry Consulting, provides advice in strategy, operations and investment banking. At the end of 2002, the business group had a total of 272 employees. The business group is one of the world's leading advisors to the forest industry cluster.

During 2002, the business group's clients focused on achieving their short-term profitability targets and on cost-cutting. For this reason, demand for consulting services was weak during the year under review. The market situation deteriorated further towards the end of the year, especially in the United States and Asia, and in investment banking. Commissions from mergers and acquisitions advice were not recorded in the last quarter, contrary to expectations earlier in the autumn. In addition, some receivables from Asian clients had to be written off in the last quarter. The business group's activities were streamlined to meet the reduced demand. The number of staff was reduced by about 20. Following streamlining actions and cost-cutting, the annual cost burden was reduced by about EUR 2.5 million. Non-recurring expenses due to streamlining actions amounted to about EUR 1 million.

Net sales for the financial year were EUR 35.8 (46.4) million, and operating profit EUR 0.2 (1.3) million, which equals 0.4 (2.8) per cent of net sales. Earnings for the financial year were disappointing and clearly below targets. The order stock at the end of the year was EUR 7.5 (18.5) million; the decline compared with



last year is primarily due to the removal of JP Development's order stock, following the sale of this unit in January 2002.

## Energy

The Energy business group, operating under the brand name Electrowatt-Ekono, is a leading international energy consulting and engineering firm. It provides sustainable and competitive solutions from strategic consulting to project implementation, operation and maintenance, and modernisation projects. At the end of 2002, it had a total of 1094 employees. The business group is one of the three to five largest companies in its field worldwide.

Because of the weak economic development, low demand in the energy sector and major restructurings in this field, 2002 was a difficult year. The Energy business group continued to streamline its activities since 2001 to meet the decline in demand. The total number of staff was reduced by about 200 compared with the beginning of 2001. During 2002, the number of staff decreased by about 100. The annual cost burden was reduced by about EUR 9.5 million. Non-recurring costs due to the adjustment of activities amounted to about EUR 1.2 million during the financial year. In addition, in the first quarter of the year a reservation EUR 1.5 million was made to cover losses in Latin America, especially due to projects in Argentina.

Net sales for the financial year were EUR 111.2 (127.0) million, and operating profit EUR -0.7 (-0.6) million, which equals -0.7 (-0.5) per cent of net sales. The profitability was unsatisfactory. Earnings developed favourably in the final quarter of the year, resulting in an operating profit of EUR 1.5 million. The order stock at the end of the year was EUR 123.8 (123.5) million.

## Infrastructure & Environment

The Infrastructure & Environment business group, operating under the brand name Jaakko Pöyry Infra, is active in three business areas: transportation, water and environment, and building services. The business group offers consulting and engineering services, building and project management services, operation and maintenance expertise, and services related to technology transfer in all of its main business areas. At the end of the year, Jaakko Pöyry Infra had a total of 1342 employees. The business group is among the largest companies in its sector in Europe.

The Infrastructure & Environment business group continued to perform well. Net sales increased during the financial year to EUR 122.7 (107.5) million, and operating profit was EUR 8.5 (7.9) million, which equals 6.9 (7.3) per cent of net sales. The

profitability was good and in line with targets. The order stock at the end of the year was EUR 99.4 (103.7) million.

Jaakko Pöyry Group Oyj, the parent company, has invoiced service fees for general administration and parent company costs from the business groups. The invoiced relative share is derived from the business groups' payroll costs.

## GROUP STRUCTURE AND DEVELOPMENT OF OPERATIONS

The Jaakko Pöyry Group's clients are globalising and consolidating their operations. Through its global network of offices the Group serves its clients as an adviser and project implementation specialist, globally and locally. The Jaakko Pöyry Group's local network of offices offers clients a good alternative for outsourcing their internal engineering services. The Jaakko Pöyry Group is actively expanding its office network. The Group also intends to expand its technology and know-how base by acquiring technology leaders within its main business sectors. These companies' expertise can also be efficiently marketed via the Group's global network of offices.

The effort to focus operations increasingly on consulting and engineering services is designed to improve the Group's relative profitability. Turn-key project operations have been reduced and earnings targets for individual turn-key projects have also been raised. Turn-key projects are only undertaken by the Energy business group and the objective is to keep their volume at a maximum of 30–40 per cent of net sales. This equals about 10–15 per cent of consolidated net sales.

## Forest Industry

The Jaakko Pöyry Group has expanded its operations in North America by acquiring the business of Ajami, Bédard, Gagnon, Sexton Inc., a Canadian forest industry engineering company. Its operations have been continued in Jaakko Pöyry ABGS Inc., a company 100 per cent owned by the Group. The company has been consolidated into the Jaakko Pöyry Group as of July 1, 2002. The acquired business employs about 100 forest industry experts and its net sales for 2001 were about EUR 14 million.

The Jaakko Pöyry Group has sold Jaakko Pöyry Electrowatt (Chile) S.A. to the company's management. The company's net sales for 2001 amounted to EUR 0.6 million and it employs about 20 people. The company has been loss-making in 2001 and 2002. The sale of the company had no effect on the Group's earnings in 2002.

In response to the continued globalisation of the forest products industry, the Forest Industry business group's local office network will be expanded further in Continental Europe.

## BOARD OF DIRECTORS' REPORT

### Forest Industry Consulting

To improve its profitability and to focus its core business on consulting and investment banking, the business group has, in a deal concluded on January 28, 2002, divested 75 per cent of its 90 per cent-owned JP Development business. JP Development's net sales amounted to about EUR 7 million in 2001, and it posted a slight loss.

### Energy

Efforts to improve the Group structure in 2002 were primarily aimed at improving the business group's profitability.

In January 2002, the business group acquired Stora Enso's air laboratory in Finland. The laboratory specialises in process analyses and in measuring power plant emissions. Furthermore, the Energy business group has concluded a co-operation agreement with GreenStream Network Oy, Finland, acquiring a 13.3 per cent shareholding in this company. GreenStream Network is the first company in the Nordic countries to act as a broker in the trade in emissions and green certificates.

The business group aims to expand its local office network in Europe and Asia. Another aim is to expand the business group's technological expertise, especially in the area of renewable energy resources and environmental protection.

### Infrastructure & Environment

The Infrastructure & Environment business group acquired the transport consulting business of Heusch/Boesefeldt GmbH in Germany at the beginning of 2002. The acquired business employs 55 people, with net sales amounting to EUR 3.4 million.

The business group intends to expand its office network and know-how base in the areas of transportation, and water and environment in Europe and Asia.

### ORDER STOCK

The Group's order stock has remained good during the year under review. At the end of 2002, the order stock totalled EUR 308.4 million, compared with EUR 319.9 million at the end of 2001. The order stock of the consulting and engineering businesses increased by EUR 3.5 million during the year, reaching the highest-ever figure in the Group's history (EUR 301.6 million). The order stock for turn-key projects decreased by EUR 15.0 million. In the final quarter of the year, the Group's order stock increased by EUR 6.6 million.

The growth in consulting and engineering work reflects the Group's intention to increase these businesses' relative share of consolidated net sales, which will improve the Group's relative profitability.

Consulting services and operation and maintenance services account for a larger share of the order stock. Assignments in these areas are short-term and are partly booked in net sales without being recorded in the order stock.

### RESEARCH AND DEVELOPMENT

The Jaakko Pöyry Group's research and development co-operation committee consists of representatives of the business groups, IT staff and the company's management. Its main objectives are to promote internal R&D, to assist in obtaining supplementary financing and engaging clients in development processes, and to keep the Group's focus on its strategic objectives.

The Jaakko Pöyry Group is engaged in hundreds of research and development projects each year, relying on the expertise, experience and innovativeness of the company's employees. Research and development efforts are conducted in partnership with clients and research institutions, often in an interdisciplinary manner, making use of technical and technological expertise to improve the competitiveness of the Group and its clients.

The income and expenses due to research and development are part of the Group's client work and therefore cannot be defined in exact monetary terms. The income and expenses have been taken into account in the statement of income for the financial year.

### CAPITAL EXPENDITURE AND DEPRECIATION

The Group's capital expenditure totalled EUR 11.6 (8.0) million, of which EUR 9.1 (7.9) million consisted of computer software, systems and hardware and EUR 2.5 (0.1) million were capital expenditure due to business acquisitions.

The depreciation for the financial year amounted to EUR 13.3 (13.2) million, of which depreciation on consolidation goodwill was EUR 4.5 (4.0) million.

### FINANCING

The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks totalled EUR 26.0 (32.5) million and interest-bearing liabilities EUR 19.9 (29.2) million. At the end of the year, the Group had unutilised credit facilities amounting to EUR 26.2 million. The net debt/equity ratio (gearing) at the end of the year was -5.6 (-3.0) per cent. The Group generated a strong positive cash flow of EUR 14.7 million in the final quarter of the year.

## **SHARE CAPITAL AND SHARES**

Pursuant to the decision made by the Annual General Meeting of Jaakko Pöyry Group Oyj on March 6, 2002, 309 300 own shares in the company's possession have been cancelled. As a result of the cancellation, the registered share capital was decreased by EUR 309 300 from EUR 13 932 861 to EUR 13 623 561 and the total amount of authorized shares decreased to 13 623 561. A total of 168 040 new shares were subscribed during 2002 based on warrants pursuant to the bond loan with warrants of 1998. Following these subscriptions, the number of shares totalled 13 791 601 at the end of 2002.

## **THE COMPANY'S OWN SHARES**

The Annual General Meeting of Jaakko Pöyry Group Oyj on March 6, 2002 authorised the Board of Directors to acquire and sell 662 332 shares, which is less than 5.0 per cent of the total number of shares. The shares can be acquired with capital available for distribution of profit. The shares will be acquired in order to strengthen the company's capital structure and also to be used as compensation in business acquisitions or the acquisition of assets related to the company's business.

During the period from September 30 to October 7, 2002 the company acquired on the Helsinki Exchanges 10 000 of its own shares, with a total nominal value of EUR 10 000. The average acquisition price was EUR 12.88 per share, with the acquisitions totalling EUR 0.1 million. The highest acquisition price was EUR 13.00 and the lowest EUR 12.82. The number of acquired shares equals 0.1 per cent of the total number of shares and voting rights, with no major effect on the structure of the share ownership or voting rights. In force until March 6, 2003 the authorisation still allows acquisition of 652 332 shares.

## **AUTHORISATION TO ISSUE NEW SHARES**

The Annual General Meeting on March 6, 2002 authorised the Board of Directors to decide on an increase of share capital by a new issue and/or by taking a convertible loan and/or by issuing option rights, so that based on the new issue, the convertible bonds and option rights, the share capital can be increased by a maximum of EUR 1 000 000 million by issuing for subscription a maximum of 1 000 000 million new shares upon terms otherwise to be determined by the Board of Directors. The authorisation is in force until March 6, 2003.

## **BOND LOAN WITH WARRANTS**

In 1998, Jaakko Pöyry Group Oyj issued a bond loan with warrants to the Group's personnel and the parent company's Board of Directors. The warrants carry subscription rights for a maximum of 1.3 million of the company's shares. The subscription period begun partly (390 000 shares) on April 1, 2000, partly (390 000 shares) on April 1, 2001 and partly (520 000 shares) on April 1, 2002. The subscription period ends for all warrants on April 30, 2005. A total of 430 615 shares have been subscribed based with warrants.

## **DIVIDEND POLICY**

The dividend distributed by Jaakko Pöyry Group Oyj is dependent on the company's earnings and investment requirements. The objective is to increase the dividend per share from year to year, and to ensure that at least 40 per cent, or more, of earnings are distributed each year. Should the company need to expand its technology base by investing in acquisitions, or to expand its office network, the dividend-to-earnings ratio may be changed.

## **BOARD OF DIRECTORS' PROPOSAL**

The Board of Directors proposes to the Annual General Meeting on March 5, 2003 that a dividend of EUR 0.60 per share be paid, totalling EUR 8.3 million. The proposed dividend corresponds to 66.7 per cent of the earnings per share for the financial year. The corresponding figures for year 2001 were EUR 0.60 and 46.1 per cent.

## **BOARD OF DIRECTORS AND PRESIDENT**

Members of the Board of Directors of Jaakko Pöyry Group Oyj elected at the Annual General Meeting on March 6, 2002 are Mr. Heikki Lehtonen (Chairman), Mr. Henrik Ehrnrooth, (Vice Chairman), Mr. Jaakko Pöyry, (Vice Chairman), Mr. Olle Alsholm, Mr. Matti Lehti, Mr. Harry Piehl and Mr. Franz Steinegger.

Mr. Erkki Pehu-Lehtonen, M.Sc.(Eng.) is President and CEO of Jaakko Pöyry Group Oyj and Mr. Teuvo Salminen, M.Sc. (Econ.) Deputy to President and CEO.

## **AUDITORS**

Auditors have been KPMG Wideri Oy Ab, Authorised Public Accountants, with Mr. Albrecht Hagert, Authorised Public Accountant, as responsible auditor.

## BOARD OF DIRECTORS' REPORT

### EVENTS AFTER THE BALANCE SHEET DATE

Nordisk Renting Oy, a subsidiary of Nordea, has on February 5, 2003 bought Jaakko Pöyry Group Oyj's headquarter property at Vantaa, Finland. At the same time, Jaakko Pöyry Group Oyj and Nordisk Renting Oy have signed a rental agreement for the property, extending over the next 20 years.

Before the present deal, the Jaakko Pöyry Group rented its headquarter office building from Nordea Finance Ltd, with the option to buy back the property. Following the deal, the entire office property, including the Jaakko Pöyry Group's headquarter office building, the site and half of the Martinparkki Oy car park, will be taken over by Nordisk Renting Oy. Jaakko Pöyry Group Oyj has an option to buy back these at a later date.

The deal is a continuation of Jaakko Pöyry Group Oyj's effort to focus its financial resources on the company's core business, consulting and engineering. The deal improves the Jaakko Pöyry Group's profit before extraordinary items for 2003 by about EUR 11 million. The Group's net debt/equity ratio (gearing) improves from -5.6 per cent to about -21 per cent.

The profit from the deal is not taken into account in the expected earnings stated in the future prospects below.

### FUTURE PROSPECTS

The world economic and political climate is uncertain. Attempts have been made to stimulate national economies through repeated interest rate cuts and tax relieves, but even so the recession, which has now lasted for nearly three years, is unlikely to end in the immediate future. On the other hand, there are large liquid funds in the market and corporate balance sheets are basically healthy. Accordingly, once the biggest political uncertainties have been eliminated, we may even see a rapid economic recovery.

The Jaakko Pöyry Group's balance sheet, liquidity and order stock are good, having improved in the course of 2002. The price level of the order stock is normal. Also the Group's market position has improved during the year.

The forest industry's investment activity was low during the period 2001-2002. In preparation for the growth of demand for forest products resulting from the economic recovery, the forest industry is stepping up its investment activity. Some previously postponed projects are also gradually moving ahead. Demand prospects for the Group's local services are stable and improving in line with the trend towards outsourcing in the industry. The Forest Industry business group's order stock grew during 2002. Some of the recently received assignments will improve capacity utilisation only from the second quarter onwards. The business group's operating profit will improve somewhat in 2003 compared with 2002.

There has been no major improvement in the business environment of forest industry consulting. The forest industry's consolidation and restructuring are expected to continue, which offers new business opportunities for the Forest Industry Consulting business group both in consulting and investment banking. The business group's cost burden has been reduced and measures to improve its profitability will be continued. The business group's operating profit will improve in 2003 compared with 2002.

In the energy sector, demand for services related to renewable sources of energy, power plant modernisations and consulting services has grown. Strong fluctuations in the price of crude oil are also contributing to the implementation of alternative and multi-source energy solutions. The Energy business group's new service offerings, life-cycle engagement and the selected strategic practice areas create a firm basis for improved demand and earnings. The business group's annual operative expenses have declined notably. The order stock grew towards the end of 2002. The business group's operating profit will improve clearly compared with 2002.

Demand prospects for the Infrastructure & Environment business group's services are variable. In the water and environment sector, demand is expected to be unchanged, in transportation systems it will remain good. Demand for building services deteriorated towards the end of 2002 and prospects are not expected to improve in the immediate future. Bullet train and light-rail traffic projects in Germany, tunnel projects in Switzerland, water and flood control projects in France, and investments in the Vuosaari harbour and its traffic routes in Finland create a firm basis for the business group's operations in 2003. Engineering services related to security systems, telematics and flood control are examples of Jaakko Pöyry Infra products which are in demand also outside Europe. The business group's market position and order stock are good. Operating profit will remain stable in 2003.

In view of current political uncertainties, the market situation and economic prospects will be challenging in 2003. However, the Jaakko Pöyry Group's market position, order stock and balance sheet are good. The Group's cost structure improved in 2002 as a result of streamlining actions. Based on the business group's prospects outlined above and the Group's order stock, consolidated earnings are expected to improve in 2003 provided that the general economic cycle does not further decline. The earnings improvement will take place in the second half of the year as some of the recently received major assignments will improve capacity utilisation from the second quarter onwards.

## STATEMENT OF INCOME

EUR million	Group		Parent company	
	2002	2001	2002	2001
1 <b>Net sales</b>	<b>407.0</b>	431.8	<b>4.0</b>	
2 Other operating income	<b>1.4</b>	2.0	<b>4.9</b>	5.0
Share of associated companies' results	<b>- 0.1</b>	+ 0.2		
3 Materials and supplies	<b>- 57.8</b>	- 61.8		
4 Personnel expenses	<b>- 228.0</b>	- 226.2	<b>- 2.7</b>	- 2.5
5 Depreciation	<b>- 13.3</b>	- 13.2	<b>- 0.1</b>	- 0.1
Other operating expenses	<b>- 90.8</b>	- 104.8	<b>- 12.7</b>	- 7.0
<b>Operating profit</b>	<b>18.4</b>	28.0	<b>- 6.6</b>	- 4.6
6 Financial income and expenses	<b>- 0.3</b>	- 1.7	<b>- 3.0</b>	+ 12.4
<b>Profit before extraordinary items</b>	<b>18.1</b>	26.3	<b>- 9.6</b>	7.8
7 Extraordinary items	<b>0.0</b>	0.0	<b>+ 14.5</b>	+ 11.6
<b>Profit before taxes and minority interest</b>	<b>18.1</b>	26.3	<b>4.9</b>	19.4
8 Income taxes	<b>- 5.7</b>	- 7.3	<b>- 1.0</b>	- 1.9
Minority interest	<b>- 0.1</b>	- 1.0		
<b>Net profit for the period</b>	<b>12.3</b>	18.0	<b>3.9</b>	17.5

## BALANCE SHEET

EUR million	Group		Parent company		
	2002	2001	2002	2001	
<b>ASSETS</b>					
<b>Fixed assets</b>					
1	Intangible assets	5.9	6.1	0.9	0.2
1	Consolidation goodwill	34.0	31.9		
2-3	Tangible assets	26.8	31.4	4.1	4.1
4-5	Non-current investments	12.5	13.2	112.6	121.9
		<b>79.2</b>	82.6	<b>117.6</b>	126.2
<b>Current assets</b>					
6	Non-current receivables	7.1	7.6		
7-8	Current receivables	139.0	144.8	24.6	22.4
	Investments	6.9	5.2	3.6	2.9
	Cash in hand and at banks	19.1	27.3	0.8	0.8
		<b>172.1</b>	184.9	<b>29.0</b>	26.1
	<b>Total</b>	<b>251.3</b>	<b>267.5</b>	<b>146.6</b>	<b>152.3</b>

EUR million	Group		Parent company		
	2002	2001	2002	2001	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
9	<b>Shareholders' equity</b>				
	Share capital	13.8	13.9	13.8	13.9
	Share premium reserve	24.8	23.1	24.8	23.1
	Legal reserve	18.2	18.1	18.0	18.0
	Retained earnings	35.2	31.6	18.6	9.4
	Net profit for the period	12.3	18.0	3.9	17.5
		<b>104.3</b>	104.7	<b>79.1</b>	81.9
	<b>Minority interest</b>	5.0	5.1		
<b>Liabilities</b>					
10-12	Non-current liabilities	23.1	20.3	26.0	25.4
13-14	Current liabilities	118.9	137.4	41.5	45.0
		<b>142.0</b>	157.7	<b>67.5</b>	70.4
	<b>Total</b>	<b>251.3</b>	<b>267.5</b>	<b>146.6</b>	<b>152.3</b>

## STATEMENT OF CHANGES IN FINANCIAL POSITION

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>FROM OPERATIONS</b>				
Operating profit	18.4	28.0	- 6.6	- 4.6
Depreciation and value decrease	+ 13.3	+ 13.3	+ 7.0	+ 0.4
Gain on sale of fixed assets	- 0.3	- 0.3	- 0.0	- 0.1
Share of associated companies' results	+ 0.1	- 0.2		
Change in net working capital	- 3.4	- 14.1	- 1.3	- 0.8
Financial income and expenses	+ 0.2	- 1.2	- 0.1	- 0.5
Taxes	- 7.0	- 6.1	- 1.8	+ 2.5
<b>Total from operations</b>	<b>+ 21.3</b>	<b>+ 19.4</b>	<b>- 2.8</b>	<b>- 3.1</b>
<b>CAPITAL EXPENDITURE</b>				
Investments in shares in subsidiaries	- 2.5	- 0.1	- 0.9	- 3.2
Investments in shares in associated companies	- 0.0	- 0.0	- 0.0	- 0.0
Investments in other shares	- 0.2	- 0.0		
Investments in fixed assets	- 9.1	- 7.9	- 0.9	- 0.0
Sales of shares in subsidiaries			+ 1.7	0.0
Sales of shares in associated companies	+ 0.1	+ 0.0		
Sales of other shares	+ 0.4	+ 0.5	+ 0.0	+ 0.3
Sales of fixed assets	+ 2.5	+ 0.6	+ 0.0	+ 0.0
<b>Capital expenditure total</b>	<b>- 8.8</b>	<b>- 6.9</b>	<b>- 0.1</b>	<b>- 2.9</b>
<b>Cash flow before financing</b>	<b>+ 12.5</b>	<b>+ 12.5</b>	<b>- 2.9</b>	<b>- 6.0</b>
<b>FINANCING</b>				
New loans	+ 0.0	+ 5.1	+ 2.7	+ 13.3
Repayments of loans	- 7.7	- 15.9	- 9.7	- 15.0
Change in current financing	- 1.5	+ 5.1	+ 4.5	+ 10.4
Change in non-current investments	- 0.1	+ 0.0	- 0.6	- 4.8
Dividends	- 8.6	- 9.1	- 8.2	- 8.2
Acquisition of own shares	- 0.1	- 4.9	- 0.1	- 4.9
Share subscription	+ 1.6	+ 2.2	+ 1.6	+ 2.2
Group contribution			+ 13.4	+ 10.0
Translation difference	- 2.6	+ 0.0		
<b>Financing total</b>	<b>- 19.0</b>	<b>- 17.5</b>	<b>+ 3.6</b>	<b>+ 3.0</b>
<b>Change in liquid assets</b>	<b>- 6.5</b>	<b>- 5.0</b>	<b>+ 0.7</b>	<b>- 3.0</b>
Liquid assets January 1	32.5	37.5	3.7	6.7
<b>Liquid assets December 31</b>	<b>26.0</b>	<b>32.5</b>	<b>4.4</b>	<b>3.7</b>

## NOTES TO THE FINANCIAL STATEMENTS

### **BASIS OF PRESENTATION**

The consolidated financial statements of the Jaakko Pöyry Group have been prepared in accordance with the Finnish Accounting Standards (FAS). The financial statements are presented in euros and have been prepared under the historical cost convention.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The actual results may differ from these estimates.

### **GROUP FINANCIAL STATEMENTS**

The consolidated financial statements include the parent company and those subsidiaries in which the Group owns more than 50 per cent of the voting rights at the end of the fiscal year. The companies in which the Group owns between 20 and 50 per cent have been accounted for as associated companies. Companies acquired during the fiscal year are included in the consolidated financial statements from the date of acquisition. Closed or sold companies have been included until the closing or sales date.

### **CONSOLIDATION PRINCIPLES**

Group companies are consolidated and the inter-company share ownership is eliminated in accordance with the acquisition method.

Internal transactions between Group companies are eliminated.

Minority interest is presented as a separate item in the consolidated statement of income and in the consolidated balance sheet.

The difference between the acquisition cost and shareholders' equity on the acquisition date, the consolidated goodwill, is depreciated over 10 years. The consolidation goodwill related to the acquisition of the Jaakko Pöyry companies in 1995 is depreciated over 20 years.

Associated companies are consolidated into the consolidated statement of income and the consolidated balance sheet in accordance with the equity method.

### **FOREIGN GROUP COMPANIES**

The statement of income figures of non-Finnish subsidiaries are translated into euros at the European Central Bank's average rates during the fiscal year. The balance sheet figures of non-Finnish subsidiaries are translated into euros at the European Central Bank's middle rates prevailing at the balance sheet date. The difference between the translation of statement of income and balance sheet figures at different exchange rates, as well as the translation adjustment on the non-Finnish subsidiaries' equity between the balance sheet date and the date of acquisition, are included as a separate item in shareholders' equity.

### **FOREIGN CURRENCY TRANSLATION**

Receivables and liabilities in foreign currencies are valued at the exchange rates prevailing at the balance sheet date. Balance sheet items in foreign currency, which have been protected by binding agreements, are valued at agreed exchange rates. The results for the forward exchange transactions and currency options have been booked on the basis of realisation. Open forward contracts are translated at the exchange rates prevailing at the balance sheet date, except for forward contracts related to order stock. The parent company values all open derivative instruments at the exchange rates prevailing at the balance sheet date.

Exchange gains and losses from realisation and from valuation are taken into account in the statement of income. The interest rate differential of the forward contracts is included in the exchange gains or losses. Exchange gains and losses related to business operations are included in net sales or operating expenses. Exchange gains and losses related to financing operations are included in financial income and expenses.

### **INCOME FROM LONG-TERM PROJECTS**

The Jaakko Pöyry Group's long-term projects are recognized as income in proportion to the degree of completion of each project. The degree of completion is calculated based on the ratio between the project cost and the total estimated cost of the project. In the beginning of a project special prudence is exercised. When it is probable that the total project costs will exceed the total project revenue the entire expected loss is recognised as an expense immediately.

Foreign currency cash flows in long-term projects have been mainly hedged for changes in exchange rates.



## RESEARCH AND DEVELOPMENT

The income and expenses due to research and development are part of the Group's client work and therefore they cannot be defined in exact monetary terms. The income and expenses have been taken into account in the statement of income for the financial year.

## DEPRECIATION PRINCIPLES

A predetermined schedule has been used in depreciation according to plan on depreciable fixed assets. Depreciation according to plan has been calculated on a straight-line basis.

Goodwill is depreciated over five years. The difference between the acquisition cost and shareholders' equity on the acquisition date, the consolidated goodwill, is depreciated over 10 or 20 years. Capitalised expenditure is depreciated over three to five years. For buildings the depreciation period is 20 to 40 years. Machinery and equipment are depreciated over four to eight years. Land areas are not depreciated.

## LEASING

Lease payments are treated as rent expenses.

## PROPERTY VALUES

Properties, land areas, buildings and equipment are valued at their original acquisition cost less accumulated depreciation.

Gains on sales of fixed assets are included in other operating income. Losses on sales of fixed assets are included in other operating expenses.

## CAPITALISED EXPENDITURE

Capitalised expenditure includes mainly purchases of computer software and systems. Research and development expenses are booked as they arise.

## TAXES

In its decision dated November 23, 2000, the Tax Office for Major Corporations concluded that the Jaakko Pöyry Group's Swiss subsidiary Electrowatt Infra AG (former Electrowatt Engineering AG) is not subject to the Controlled Foreign Company -legislation (CFC-legislation). As a result of this decision, EUR 1.5 million has reduced the Group's taxation annually year 2000 and 2001. The tax agent in the Tax Office for Major Corporations has made an appeal concerning the decision. The appeal was dismissed on December 11, 2001. The tax agent has made an appeal against this decision to the Supreme Administrative Court dated January 28, 2002 to which Jaakko Pöyry Group Oyj has on April 24, 2002 given its response.

## DEFERRED TAX RECEIVABLES AND LIABILITIES

The deferred tax receivables include EUR 0.7 million booked by the Group companies and a receivable of EUR 0.3 million due to booked items on Group level. The total amount of the deferred tax receivables is EUR 1.0 million.

Accumulated depreciation in excess of plan and other voluntary reserves are presented as appropriations in the financial statements of separate Group companies. On Group level, the appropriations are divided into shareholders' equity, EUR 0.6 million, and deferred tax liability, EUR 0.2 million. In addition the liabilities include EUR 0.8 million booked by the Group companies. The total amount of the deferred tax liabilities is EUR 1.0 million.

## PENSION ARRANGEMENTS

For Finnish companies, the statutory pension liabilities are generally satisfied through contracts with insurance companies. Voluntary pensions are organised through pension insurances.

The Jaakko Pöyry Group's pension fund's liabilities are insured in an outside insurance company since the beginning of 2000.

Soil and Water Ltd has their own pension fund. The employees who are members of this pension fund have the right to retire at the age of 62. The pension fund is closed.

Subsidiaries outside Finland organise their pension arrangements in accordance with the practice of each country.

## NOTES TO THE FINANCIAL STATEMENTS

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>1. NET SALES</b>				
Net sales	<b>407.0</b>	<b>431.8</b>	<b>4.0</b>	
Net sales by business group and by area are presented on page 26. The parent company's net sales are Group internal service fees.				
<b>2. OTHER OPERATING INCOME</b>				
Rent income	1.1	1.7	4.9	4.8
Gain on sales of fixed assets	0.3	0.3	0.0	0.1
Other	0.0	0.0	0.0	0.1
	<b>1.4</b>	<b>2.0</b>	<b>4.9</b>	<b>5.0</b>
<b>3. MATERIALS AND SUPPLIES</b>				
Materials and supplies	19.8	19.7		
External charges, subconsulting	38.0	42.1		
	<b>57.8</b>	<b>61.8</b>		
<b>4. PERSONNEL EXPENSES</b>				
Wages and salaries	184.2	186.2	2.1	1.7
Profit bonuses	3.9	4.2	0.2	0.1
Pension expenses <sup>1)</sup>	23.0	18.4	0.4	0.7
Other personnel expenses	16.9	17.4	0.0	0.0
	<b>228.0</b>	<b>226.2</b>	<b>2.7</b>	<b>2.5</b>

<sup>1)</sup> Of the additional accumulated pension surplus of EUR 2.5 million returned by the pension insurance company in beginning of 2003, EUR 1.6 million has been reduced from the Group companies' pension expenses.

In 2001 the Group's pension expenses were reduced by refunding from the Swedish Staff Pension Society EUR 4.5 million.

To members of Board of Directors and Presidents

Wages and salaries	8.1	9.1	0.6	0.5
Profit bonuses	1.0	1.2	0.1	0.1
Pension expenses	1.3	1.2	0.2	0.1
Other personnel expenses	0.9	0.7	0.0	0.0
	<b>11.3</b>	<b>12.2</b>	<b>0.9</b>	<b>0.7</b>

Salaries paid to the President and the Deputy to the President to the parent company were EUR 431 000 in 2002.

The fringe benefits were EUR 24 000.

The President of the parent company has the right to retire at the age of 60.

<b>5. DEPRECIATION</b>				
Depreciation according to plan				
Goodwill	0.1	0.3		
Consolidation goodwill, 10 years' depreciation	2.8	2.3		
Consolidation goodwill, 20 years' depreciation	1.7	1.7		
Other capitalized expenditure	2.2	2.2	0.1	0.1
Buildings and structures	0.3	0.3		
Machinery and equipment	6.1	6.2	0.0	0.0
Other tangible assets	0.1	0.2		
	<b>13.3</b>	<b>13.2</b>	<b>0.1</b>	<b>0.1</b>

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>6. FINANCIAL INCOME AND EXPENSES</b>				
Dividend income				
From group companies			1.1	14.8
From associated companies				
From other	0.0	0.0		
	0.0	0.0	1.1	14.8
Interest income from non-current investments				
From group companies			0.6	0.6
From associated companies	0.0	0.0	0.0	0.0
From other				
	0.0	0.0	0.6	0.6
Other interest and financial income				
From group companies			0.2	0.3
From associated companies				
From other	1.0	1.3	0.1	0.3
	1.0	1.3	0.3	0.6
Interest expenses and other financial expenses				
To group companies			-0.8	-1.0
To associated companies				
To other	-1.5	-2.4	-1.2	-1.8
	-1.5	-2.4	-2.0	-2.8
Differences in exchange rates				
Exchange rate gains	1.2	1.7	2.1	1.8
Exchange rate losses	-1.0	-2.3	-2.0	-1.9
	+0.2	-0.6	+0.1	-0.1
Value decrease on non-current investments	0.0	0.0	-3.1	-0.6
<b>Total</b>	<b>-0.3</b>	<b>-1.7</b>	<b>-3.0</b>	<b>+12.4</b>
<b>7. EXTRAORDINARY ITEMS</b>				
Extraordinary income				
Group contribution			18.1	17.6
Extraordinary expenses				
Group contribution			-3.6	-6.0
			<b>14.5</b>	<b>11.6</b>
<b>8. INCOME TAXES</b>				
Taxes for the fiscal year	4.4	7.1	1.4	1.9
Taxes for previous years	-0.3	0.6	0.2	0.0
Change in deferred tax receivables	1.6	-0.4	-0.6	0.0
	<b>5.7</b>	<b>7.3</b>	<b>1.0</b>	<b>1.9</b>

## NOTES TO THE FINANCIAL STATEMENTS

EUR million	Goodwill	Other capitalized expenditure	Intangible assets total	Consolidation goodwill 10 years' depr.	Consolidation goodwill 20 years' depr.	Consolidation goodwill total
<b>1. INTANGIBLE ASSETS</b>						
<b>Group</b>						
Acquisition value Jan. 1	1.7	12.7	14.4	20.2	34.7	54.8
Translation difference	0.0	- 0.4	- 0.4			
Increase	0.0	2.2	2.2	6.7	0.0	6.7
Decrease	0.4	1.0	1.4	0.0	0.0	0.0
Acquisition value Dec. 31	1.3	13.5	14.8	26.9	34.7	61.5
Accumulated depreciation Jan. 1	1.0	7.3	8.3	11.2	11.7	22.9
Accumulated depreciation of decrease	0.4	1.2	1.6			
Depreciation for the period	0.1	2.2	2.3	2.8	1.7	4.5
Accumulated depreciation Dec. 31	0.7	8.2	8.9	14.1	13.4	27.5
Book value Dec. 31, 2002	<b>0.6</b>	<b>5.3</b>	<b>5.9</b>	<b>12.8</b>	<b>21.2</b>	<b>34.0</b>
Book value Dec. 31, 2001	0.7	5.4	6.1	8.9	23.0	31.9
<b>Parent company</b>						
Acquisition value Jan. 1		0.8	0.8			
Increase		0.8	0.8			
Decrease		0.3	0.3			
Acquisition value Dec. 31		1.3	1.3			
Accumulated depreciation Jan. 1		0.6	0.6			
Accumulated depreciation of decrease		0.3	0.3			
Depreciation for the period		0.1	0.1			
Accumulated depreciation Dec. 31		0.4	0.4			
Book value Dec. 31, 2002		<b>0.9</b>	<b>0.9</b>			
Book value Dec. 31, 2001		0.2	0.2			
<b>2. TANGIBLE ASSETS</b>						
<b>Group</b>						
Acquisition value Jan. 1		5.1	14.2	43.4	1.6	64.3
Translation difference		- 0.2	- 2.4	- 1.0	- 0.1	- 3.8
Increase				6.3	0.2	6.5
Decrease			2.2	2.4	0.8	5.3
Acquisition value Dec. 31		4.9	9.6	46.3	0.9	61.7
Accumulated depreciation Jan. 1			2.0	29.8	0.3	32.1
Accumulated depreciation of decrease			0.2	3.4		3.6
Depreciation for the period			0.3	6.1	0.1	6.5
Accumulated depreciation Dec. 31			2.1	32.5	0.4	34.9
Book value Dec. 31, 2002		<b>4.9</b>	<b>7.6</b>	<b>13.8</b>	<b>0.5</b>	<b>26.8</b>
Book value Dec. 31, 2001		5.1	11.4	13.6	1.3	31.4
<b>Parent company</b>						
Acquisition value Jan. 1		3.8		0.5	0.1	4.4
Increase						
Acquisition value Dec. 31		3.8		0.5	0.1	4.4
Accumulated depreciation Jan. 1				0.3		0.3
Depreciation for the period						
Accumulated depreciation Dec. 31				0.3		0.3
Book value Dec. 31, 2002		<b>3.8</b>		<b>0.2</b>	<b>0.1</b>	<b>4.1</b>
Book value Dec. 31, 2001		3.8		0.2	0.1	4.1

EUR million		Book value	Rental income		Tenant
<b>3. LAND AND BUILDINGS</b>					
	Jaakko Pöyry Group Oyj (Land area)	Finland	3.8	0.2	Kiinteistö Oy Vantaan Jaakonkatu 3
	JP Fastighets AB	Sweden	2.2	0.1	External
	SCI J.P.R.	France	0.8	0.2	Retma S.A.S., Jaakko Pöyry S.A.S.
	JP Representacoes e Participacoes Ltda	Brazil	4.6	0.6	External
	Jaakko Pöyry Tecnologia Ltda	Brazil	1.0	0.2	(net result) External
	Other		0.1		
			<b>12.5</b>		

	Shares in group companies	Receivables from group companies	Shares in associated companies	Receivables from associated companies	Other shares	Other receivables	Total
<b>4. NON-CURRENT INVESTMENTS</b>							
<b>Group</b>							
Jan. 1			4.5	0.5	6.8		11.7
Increase				0.1	0.2		0.3
Decrease			0.1		0.3		0.4
Dec. 31			4.4	0.6	6.6		11.6
Accumulated influence on the earnings Jan. 1			1.5				1.5
Share of the profit for the period			0.2				0.2
Share of the loss for the period			-0.3				-0.3
Translation difference			-0.5				-0.5
Accumulated influence on the earnings Dec. 31			0.9				0.9
Book value Dec. 31, 2002			<b>5.3</b>	<b>0.6</b>	<b>6.6</b>	<b>0.0</b>	<b>12.5</b>
Book value Dec. 31, 2001			6.0	0.5	6.8	0.0	13.2
<b>Parent company</b>							
Jan. 1	93.7	22.0	3.5	0.4	2.2		121.9
Increase	2.2	5.9					8.1
Decrease	8.5	5.8					14.3
Value decrease	2.4	0.6					3.1
Book value Dec. 31, 2002	<b>85.0</b>	<b>21.5</b>	<b>3.5</b>	<b>0.4</b>	<b>2.2</b>	<b>0.0</b>	<b>112.6</b>
Book value Dec. 31, 2001	93.7	22.0	3.5	0.4	2.2	0.0	121.9

## NOTES TO THE FINANCIAL STATEMENTS

	Group ownership/ voting rights, %	Parent company ownership/ voting rights, %	Book value Parent company EUR million	Other group company EUR million	Net sales EUR million	Personnel
<b>5. SHARE OWNERSHIP</b>						
<b>Group companies</b>						
<b>Forest Industry</b>						
Jaakko Pöyry Oy, Finland	100.0	100.0	40.7		42.5	397
JP Engineering Ltd, Finland	100.0			3.6	39.7	580
Papes Oy, Finland	100.0			0.2	1.2	14
JP-Kakko Oy, Finland	100.0	100.0	2.1		8.4	106
Jaakko Pöyry AB, Sweden	100.0			7.2	16.7	209
Jaakko Pöyry Norge AS, Norway	100.0			0.9	3.8	40
Jaakko Pöyry Deutschland GmbH, Germany	100.0			1.0	2.8	36
Jaakko Pöyry S.A.S. (former JP Engineering S.N.C.), France	100.0			0.0	3.2	29
Jaakko Pöyry Polska Sp. z o.o., Poland	55.0			0.6	1.5	36
Jaakko Pöyry Southern Africa (Pty) Ltd, South Africa	100.0			0.5	2.8	43
Marathon Engineers/Architects/Planners LLC, USA	85.0			5.9	9.2	79
Jaakko Pöyry ABGS Inc., Canada	100.0			2.4	4.6	112
P.T. Jaakko Pöyry Engineering, Indonesia	100.0	1.0		0.3	0.5	9
Jaakko Pöyry (Thailand) Co. Ltd, Thailand	100.0			0.0		
Jaakko Pöyry Tecnologia Ltda, Brazil	100.0			5.0	15.5	201
<b>Forest Industry Consulting</b>						
Jaakko Pöyry Consulting Oy, Finland	77.0	77.0	3.4		0.6	4
JP Management Consulting Oy, Finland	69.5			3.3		
JP Management Consulting (Europe) Oy, Finland	69.5			3.0	13.9	113
Jaakko Pöyry Consulting AB, Sweden	69.5			0.4	0.5	
JP Management Consulting (Europe) Ltd, United Kingdom	69.5			0.1	2.7	19
JP Management Consulting (Europe) GmbH, Germany	69.5			0.0	1.8	15
JP Management Consulting (North America) Inc., USA	69.5			0.4	6.6	31
JP Management Consulting (Asia-Pacific) Pte Ltd, Singapore	69.5			1.0	5.5	35
JP Management Consulting (Asia-Pacific) Pty Ltd, Australia	69.5			0.4	1.4	12
JP Management Consulting (Asia-Pacific) Ltd, New Zealand	69.5			0.5	2.3	17
JP Operations Management Ltd Oy, Finland	66.9			0.2	2.7	10
JP Capital International Ltd, United Kingdom	61.6			0.6	4.3	16
<b>Energy</b>						
Electrowatt-Ekono Oy, Finland	100.0	100.0	2.3		23.1	154
JPI Process Contracting Oy, Finland	100.0	100.0	3.9		0.5	10
Electrowatt-Ekono AB, Sweden	100.0			0.0	1.1	7
Electrowatt-Ekono AG, Switzerland	100.0	100.0	12.8		24.5	132
Electrowatt Engineering AG, Branch Office, Oman					10.2	178
Electrowatt-Ekono GmbH, Germany	100.0			2.3	3.5	41
Electrowatt Engineering Mannheim GmbH, Germany	100.0			0.7	2.1	16
Jaakko Pöyry S.A.S., France	100.0			1.7	0.8	5
Beture-Environnement S.A., France	70.0			0.5	6.1	58
RETMA S.A.S., France	100.0			1.0	5.1	56
SEEI S.A.S., France	100.0			0.6	3.3	33
Heymo Ingenieria S.A., Spain	60.8	60.8	1.3		12.7	172
Electrowatt-Ekono (UK) Ltd, United Kingdom	100.0			4.9	7.0	68
Electrowatt Engineering (UK) Ltd, Branch Office, Saudi Arabia					0.8	3
Electrowatt-Ekono Sp. z o.o., Poland	57.1			0.0	0.1	
JES Energy Electrowatt Ekono Sp. z o.o., Poland	60.0			0.1	0.2	6
Electrowatt-Ekono (S) Pte Ltd, Singapore	100.0			0.0		
Electrowatt-Ekono (Thailand) Ltd, Thailand	100.0			0.3	13.7	77
Electrowatt-Ekono (Philippines) Inc., Philippines	100.0			0.1	1.4	68
Electrowatt Engineering (Peru) S.A., Peru	100.0			0.0	0.6	12
Electrowatt Engineering (Argentina) S.A., Argentina	100.0			0.0		3

	Group ownership/ voting rights, %	Parent company ownership/ voting rights, %	Book value Parent company EUR million	Other group company EUR million	Net sales EUR million	Personnel
<b>Infrastructure &amp; Environment</b>						
Soil and Water Ltd, Finland	100.0	100.0	1.5		16.1	186
PSV-Soil and Water Ltd, Finland	100.0			0.5	4.2	63
Geokeskus Oy, Finland	100.0			0.2	1.6	21
JP-Transplan Ltd, Finland	100.0			1.4	6.8	70
JP-Suoraplan Ltd, Finland	100.0			0.4	2.1	13
Electrowatt Infra AG, Switzerland	100.0	100.0	12.3		36.7	181
Rätia Ingenieure AG, Switzerland	100.0			0.1	1.4	13
BPI-Consult GmbH, Germany	100.0			1.2	29.9	310
BPI-Consult Sp. z o.o. Polska, Poland	100.0			0.0	0.5	16
HB-Verkehrsconsult GmbH, Germany	100.0			0.1	3.7	48
Beture-Cerec S.A., France	60.0	60.0	0.3		6.0	95
JP Building Engineering Ltd, Finland	100.0			1.8	12.2	190
JP-Projektipalvelu Oy, Finland	100.0	100.0	0.0		0.2	4
JP-Terasto Oy, Finland	100.0	100.0	1.1		10.1	104
Jaakko Pöyry Group Projects Ltd Oy, Finland	100.0			0.0		
East Engineering Ltd Oy, Finland	100.0			0.0	0.4	
JP-Terasto Eesti Oü, Estonia	80.0			0.0	0.3	5
SIA JP-Terasto, Latvia	100.0			0.0		
ZAO JP-Terasto, Russia	100.0			0.0	0.8	7
Electrowatt Infra (Thailand) Ltd, Thailand	100.0			0.3	0.1	11
Electrowatt Engineering (S) Pte Ltd, Singapore	100.0			0.0		
<b>Real estates</b>						
Jaakko Pöyry Holding AB, Sweden	100.0	100.0	0.5			
Jaakko Pöyry Fastighets AB, Sweden	100.0			2.2		
SCI J.P.R., France	100.0			0.2		
JP-Finanz AG, Switzerland	100.0	100.0	1.9			
JP Representacoes e Participacoes Ltda, Brazil	100.0			5.3		
<b>Other</b>						
Inforbis Oy, Finland	100.0	100.0	0.5		0.3	3
JP-Sijoitus Oy, Finland	100.0	100.0	0.5			
Electrowatt Engineering (Deutschland) GmbH, Germany	100.0			3.0		
Jaakko Pöyry (USA) Inc., USA	100.0			7.7		
Intelligent Buildings Systems & Services AG, IBS+S Zürich, Switzerland	100.0			0.0		
BfÖ Bürogemeinschaft für angewandte Oekologie, Switzerland	100.0			0.0		
Electrowatt Engineering Altdorf AG, Switzerland	100.0			0.1		
GEO Büro für Geotechnik GmbH, Germany	100.0			0.0		
Soil & Water Portugal-Consultores Lda, Portugal	100.0			0.0		
Jaakko Pöyry Engineering (South America) S.A., Uruguay	100.0	100.0	0.0			
Jaakko Pöyry Consulting (South America) S.A., Uruguay	100.0	100.0	0.0			
Jaakko Pöyry Pty Ltd, Australia	100.0			0.0		
J.P. New Zealand Ltd, New Zealand	100.0			0.0		
Proratio Engineering GmbH, Austria	100.0	100.0	0.0			
Jaakko Pöyry spol s.r.o., Czech Republic	100.0	100.0	0.0			
JP Projectos Industriais Lda, Portugal	100.0	100.0	0.0			
ZAO Konsofin, Russia	70.0			0.0		
			<b>85.0</b>	<b>74.1</b>		

## NOTES TO THE FINANCIAL STATEMENTS

	Group ownership/ voting rights, %	Parent company ownership/ voting rights, %	Book value Parent company EUR million	Other group company EUR million
<b>Associated companies</b>				
<b>Energy</b>				
Polartest Oy, Finland	22.8			0.2
Inesco Oy, Finland	50.0			0.5
Korea District Heating Engineering Company Ltd, Korea	50.0			0.2
Advance Ekono Co. Ltd, Thailand	49.0			0.0
Emerging Power Partners Oy, Finland	50.0			0.0
<b>Infrastructure &amp; Environment</b>				
JP-Skanska Water Oy, Finland	50.0	50.0	0.1	
EPStar Oy, Finland	30.0	30.0	0.2	
Entec A/S, Estonia	42.0			0.0
<b>Associated companies, real estate</b>				
Martinparkki Oy, Finland	50.0	50.0	2.9	
Kiinteistö Oy Manuntori, Finland	34.2	34.2	0.3	
Pembroke S.A., Uruguay	50.0	50.0	0.0	
Accumulated influence on the earnings and the balance sheet				0.9
			<b>3.5</b>	<b>1.8</b>
<b>Other share ownership</b>				
B. Grimm Bayernwerk Electrowatt Ltd (Amata Power), Thailand				3.0
Peak Pacific Investment Company Ltd, Singapore				0.9
Private Energy Market Fund Ky, Finland				0.1
Conox Oy, Finland	3.3			0.0
JP Development Oy, Finland	11.6			0.1
Devecon Oy, Finland	19.0			0.0
GreenStream Network Oy, Finland	17.2			0.0
Industry Council for Development Services B.V., Netherlands			0.0	
GT-Geotieto Oy, Finland	6.6			0.0
Shares in condominiums and in real estate companies, Finland			2.0	0.9
Other shares			0.2	0.2
Value decrease				-0.8
			<b>2.2</b>	<b>4.4</b>



EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>6. NON-CURRENT RECEIVABLES</b>				
Security deposits	0.3	0.4		
Deferred tax receivable	1.0	2.9		
Other receivables	3.6	4.3		
Prepaid expenses and accrued income	2.2	0.0		
	<b>7.1</b>	<b>7.6</b>		
<b>7. CURRENT RECEIVABLES</b>				
Accounts receivable	85.9	82.1		
Accounts receivable			0.7	0.3
Loans receivable			3.4	3.4
Other receivables			18.1	17.6
Prepaid expenses and accrued income			0.8	0.5
Total from group companies			23.0	21.8
Accounts receivable	0.1	0.3		
Total from associated companies	0.1	0.3		
Loans receivable	0.2	0.3		
Other receivables	5.8	7.0	0.2	0.5
Prepaid expenses and accrued income	46.9	55.1	1.3	0.1
	<b>139.0</b>	<b>144.8</b>	<b>24.6</b>	<b>22.4</b>
<b>8. PREPAID EXPENSES AND ACCRUED INCOME</b>				
Income from percentage-of-completion method	36.1	47.0		
Interest income	0.0	0.0	0.3	0.3
Social expenses	2.6	0.5		
Rents	0.5	0.5		
Taxes	3.3	1.0	0.7	0.0
Other	6.6	6.1	1.0	0.3
	<b>49.1</b>	<b>55.1</b>	<b>2.0</b>	<b>0.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

EUR million	Share capital	Share premium reserve	Legal reserve	Translation differences	Retained earnings	Total
<b>9. SHAREHOLDERS' EQUITY</b>						
<b>Group</b>						
Shareholders' equity Jan. 1, 2001	13.7	21.1	18.1	- 3.5	48.0	97.4
Shares subscribed with warrants	0.2	2.0				2.2
Acquisition of own shares					- 4.9	- 4.9
Payment of dividend					- 8.2	- 8.2
Translation differences				0.3		0.3
Net profit for the period					18.0	18.0
Shareholders' equity Dec. 31, 2001	13.9	23.1	18.1	- 3.2	52.8	104.7
Distributable earnings						
Retained earnings					52.8	
Translation differences					- 3.2	
Untaxed reserves included in retained earnings					- 1.3	
Distributable earnings Dec. 31, 2001					48.3	
Shareholders' equity Jan. 1, 2002	13.9	23.1	18.1	- 3.2	52.8	104.7
Cancellation of own shares	- 0.3	0.3				0.0
Shares subscribed with warrants	0.2	1.4				1.6
Acquisition of own shares					- 0.1	- 0.1
Payment of dividend					- 8.2	- 8.2
Transfer			0.1		- 0.1	0.0
Translation differences				- 5.5	- 0.6	- 6.1
Net profit for the period					12.3	12.3
Shareholders' equity Dec. 31, 2002	<b>13.8</b>	<b>24.8</b>	<b>18.2</b>	<b>- 8.7</b>	<b>56.2</b>	<b>104.3</b>
Distributable earnings						
Retained earnings					56.2	
Translation differences					- 8.7	
Untaxed reserves included in retained earnings					- 0.6	
Distributable earnings Dec. 31, 2002					<b>46.9</b>	
<b>Parent company</b>						
Shareholders' equity Jan. 1, 2001	13.7	21.1	18.0		22.5	75.4
Shares subscribed with warrants	0.2	2.0				2.2
Acquisition of own shares					- 4.9	- 4.9
Payment of dividend					- 8.2	- 8.2
Net profit for the period					17.5	17.5
Shareholders' equity Dec. 31, 2001	13.9	23.1	18.0		26.9	81.9
Shareholders' equity Jan. 1, 2002	13.9	23.1	18.0		26.9	81.9
Cancellation of own shares	- 0.3	0.3				0.0
Shares subscribed with warrants	0.2	1.4				1.6
Acquisition of own shares					- 0.1	- 0.1
Payment of dividend					- 8.2	- 8.2
Net profit for the period					3.9	3.9
Shareholders' equity Dec. 31, 2002	<b>13.8</b>	<b>24.8</b>	<b>18.0</b>		<b>22.5</b>	<b>79.1</b>

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>10. NON-CURRENT LIABILITIES</b>				
Loans from credit institutions	13.3	15.2	13.3	15.0
Liabilities to group companies			12.3	10.0
Deferred tax liability	1.0	1.2		
Other	8.8	3.9	0.4	0.4
	<b>23.1</b>	<b>20.3</b>	<b>26.0</b>	<b>25.4</b>
<b>11. LOANS WITH DUE DATE AFTER FIVE YEARS OR LATER</b>				
Loans from credit institutions	6.0	8.7	6.0	8.7
Other non-current loans	0.0	0.1	12.3	10.0
	<b>6.0</b>	<b>8.8</b>	<b>18.3</b>	<b>18.7</b>
<b>12. LOANS ACCORDING TO MATURITY</b>				
Year 2002		14.0		38.7
Year 2003	6.6	1.7	35.9	1.7
Year 2004	2.1	2.1	2.1	2.1
Year 2005	2.6	2.6	2.6	2.6
Year 2006	2.6	2.6	2.6	2.6
Later	6.0	6.2	18.3	16.1
	<b>19.9</b>	<b>29.2</b>	<b>61.5</b>	<b>63.8</b>
<b>13. CURRENT LIABILITIES</b>				
Loans from credit institutions	6.6	14.0	6.2	10.2
Advances received	37.2	42.8		
Accounts payable	12.8	17.0	0.1	0.2
Loans			29.7	28.5
Accounts payable			0.1	0.2
Other current liabilities			3.9	4.3
Accrued expenses and deferred income			0.5	0.6
Total to group companies			34.2	33.6
Total to associated companies	0.0	0.0	0.0	0.0
Other current liabilities	19.5	16.8	0.1	0.1
Accrued expenses and deferred income	42.8	46.8	0.8	0.9
	<b>118.9</b>	<b>137.4</b>	<b>41.5</b>	<b>45.0</b>
<b>14. ACCRUED EXPENSES AND DEFERRED INCOME</b>				
Expenses from percentage-of-completion projects	1.0	3.4		
Salaries and vacation accruals	25.9	25.1	0.5	0.5
Social expenses	6.0	6.1	0.2	0.1
Interest expenses	0.2	0.5	0.2	0.3
Rents	0.1	0.0		
Taxes	4.2	5.2		
Other	5.4	6.5	0.4	0.6
	<b>42.8</b>	<b>46.8</b>	<b>1.3</b>	<b>1.5</b>

## NOTES TO THE FINANCIAL STATEMENTS

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>1. CONTINGENT LIABILITIES</b>				
Pledged assets and mortgages and corresponding loans total	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Pledged assets and mortgages for own debts				
Mortgages on company assets	0.0	0.4		
	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
Other obligations				
Pledged assets	2.5	2.4	2.3	2.3
Mortgages, real estate	0.0	1.4		
Rent and leasing obligations	46.1	52.8	18.7	22.1
Pension obligations	0.0	0.0	0.0	0.0
Other obligations	25.1	31.9	0.0	0.0
	<b>73.7</b>	<b>88.5</b>	<b>21.0</b>	<b>24.4</b>
For group companies				
Other obligations			19.7	21.6
			<b>19.7</b>	<b>21.6</b>
For associated companies				
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
For others				
Pledged assets	0.1	0.2	0.0	0.0
Mortgages, real estate	3.8	3.8	3.8	3.8
Other obligations	0.1	0.0	0.1	0.0
	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>3.8</b>
Total				
Pledged assets	2.6	2.6	2.3	2.3
Mortgages, real estate	3.8	5.2	3.8	3.8
Mortgages on company assets	0.0	0.4	0.0	0.0
Rent and leasing obligations	46.1	52.8	18.7	22.1
Pension obligations	0.0	0.0	0.0	0.0
Other obligations	25.2	31.9	19.8	21.6

EUR million	Group		Parent company	
	2002	2001	2002	2001
<b>2. RENT AND LEASING OBLIGATIONS</b>				
Leasing contracts with due date after one year or later will be due followingly:				
Year 2002		13.4		2.6
Year 2003	12.7	10.0	2.5	2.5
Year 2004–2006	21.3	17.0	6.2	6.5
Later	12.1	12.4	10.0	10.5
	<b>46.1</b>	<b>52.8</b>	<b>18.7</b>	<b>22.1</b>
<b>3. DERIVATIVE INSTRUMENTS</b>				
Foreign exchange forward contracts, notional values	11.9	12.5	10.5	11.1
Foreign exchange forward contracts, fair values			0.3	

The notional amounts are not a measure of the foreign rate risk of the exposure outstanding.

#### 4. MANAGEMENT OF FINANCIAL RISKS

The financial risks of the Group are customer, counterpart, country, interest, currency, liquidity and refinancing risks. The Group's objective is to protect itself against any major risk. The realisation of any risk shall not overburden the financial result or the cash flow of the Group. The Board of Directors of Jaakko Pöyry Group Oyj has issued its Operational Authorities and Financing Policies, which are intended to limit and minimise the risk impact on the Group's net income, shareholders' equity and liquidity.

##### FOREIGN EXCHANGE RISK

Group subsidiaries hedge their foreign currency positions fully. The Group's financing unit is responsible for managing the maximum currency exposure within the limits defined in the Financing Policy. Hedging of subsidiaries' equity is decided separately. All derivative instruments are used for hedging purposes.

##### INTEREST RISK

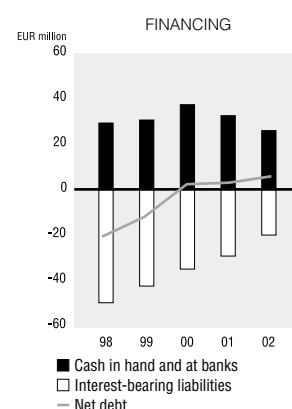
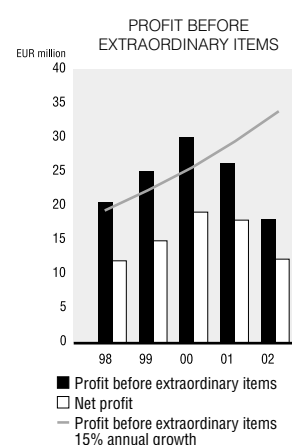
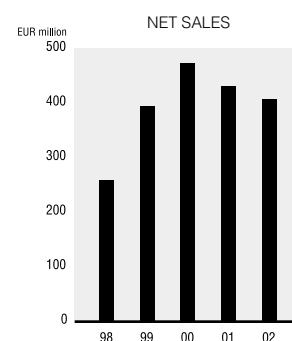
The Group's interest rate risk arises from interest-bearing liabilities and money market investments. The net amount of these items on December 31, 2002 was EUR 13.0 million. Thus an interest rate change of one percentage points corresponds to a change of EUR 0.1 million per year.

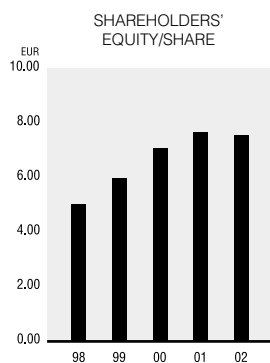
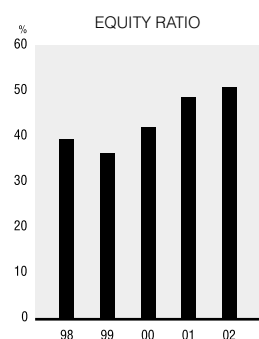
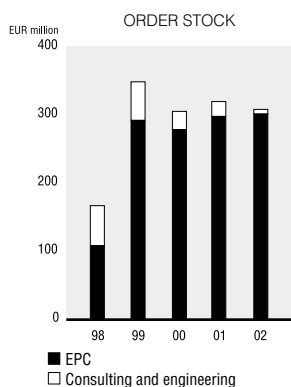
##### LIQUIDITY, REFINANCING AND COUNTERPART RISKS

In order to minimise the liquidity and refinance risk, the Group has defined minimum liquidity levels, maximum short-term loan restrictions and minimum average maturities for long-term loans. According to the Group Financing Policy investments and derivative instruments are allowed only with financial institutions that have a good credit standing and within a defined limit of each counterpart.

## KEY FIGURES

EUR million	1998	1999	2000	2001	2002
<b>STATEMENT OF INCOME</b>					
Consulting and engineering	230.3	363.8	408.2	405.0	386.0
EPC	29.4	31.6	66.3	26.8	21.0
<b>Net sales total</b>	<b>259.7</b>	<b>395.4</b>	<b>474.5</b>	<b>431.8</b>	<b>407.0</b>
Change in net sales, %	18.4	52.3	20.0	- 9.0	- 5.7
Other operating income	2.0	5.1	2.2	2.0	1.4
Share of associated companies' results	1.5	0.7	- 0.1	0.2	- 0.1
Operating expenses	231.5	360.8	431.7	392.8	376.6
Depreciation of consolidation goodwill	2.9	3.7	4.0	4.0	4.5
Other depreciation and value decrease	6.7	9.5	9.1	9.2	8.8
<b>Operating profit</b>	<b>22.1</b>	<b>27.2</b>	<b>31.8</b>	<b>28.0</b>	<b>18.4</b>
Proportion of net sales, %	8.5	6.9	6.7	6.5	4.5
Financial income and expenses	- 1.5	- 1.9	- 1.7	- 1.7	- 0.3
Proportion of net sales, %	0.6	0.5	0.4	0.4	0.1
<b>Profit before extraordinary items</b>	<b>20.6</b>	<b>25.3</b>	<b>30.1</b>	<b>26.3</b>	<b>18.1</b>
Proportion of net sales, %	7.9	6.4	6.4	6.1	4.5
Extraordinary items	0.0	0.0	0.0	0.0	0.0
<b>Profit before taxes and minority interest</b>	<b>20.6</b>	<b>25.3</b>	<b>30.1</b>	<b>26.3</b>	<b>18.1</b>
Proportion of net sales, %	7.9	6.4	6.4	6.1	4.5
Income taxes	- 8.0	- 8.9	- 9.0	- 7.3	- 5.7
Minority interest	- 0.5	- 1.4	- 1.9	- 1.0	- 0.1
<b>Net profit for the period</b>	<b>12.1</b>	<b>15.0</b>	<b>19.2</b>	<b>18.0</b>	<b>12.3</b>
<b>BALANCE SHEET</b>					
Intangible assets	2.7	5.3	6.6	6.1	5.9
Consolidation goodwill	32.6	40.0	35.8	31.9	34.0
Tangible assets	24.8	33.3	32.7	31.4	26.8
Non-current investments	29.1	17.6	13.4	13.2	12.5
Work in progress	10.2	44.7	62.0	46.9	36.1
Receivables	72.8	126.9	122.3	105.5	110.0
Current investments, cash in hand and at banks	29.4	30.7	37.5	32.5	26.0
<b>Assets total</b>	<b>201.6</b>	<b>298.5</b>	<b>310.3</b>	<b>267.5</b>	<b>251.3</b>
Shareholders' equity	65.9	82.1	97.4	104.7	104.3
Minority interest	5.3	4.9	5.2	5.1	5.0
Interest bearing liabilities	49.8	42.4	34.9	29.2	19.9
Advances received	21.3	55.6	67.5	42.8	37.2
Other non-interest bearing liabilities	59.3	113.5	105.3	85.7	84.9
<b>Liabilities total</b>	<b>201.6</b>	<b>298.5</b>	<b>310.3</b>	<b>267.5</b>	<b>251.3</b>





EUR million	1998	1999	2000	2001	2002
<b>PROFITABILITY AND OTHER KEY FIGURES</b>					
Return on investment, %	17.6	22.6	25.1	21.2	14.5
Return on equity, %	18.0	20.7	22.3	17.8	11.3
Equity ratio, %	39.5	36.5	42.2	48.9	51.0
Equity/assets ratio, %	35.3	29.1	33.3	41.1	43.5
Net debt/equity ratio (gearing), %	28.8	13.5	- 2.5	- 3.0	- 5.6
Current ratio	1.4	1.1	1.2	1.3	1.4
Consulting and engineering, EUR million	108.4	292.3	278.7	298.1	301.6
EPC, EUR million	58.7	56.6	26.8	21.8	6.8
Order stock total, EUR million	167.1	348.9	305.5	319.9	308.4
Capital expenditure, operating, EUR million	4.9	11.1	9.9	7.9	9.1
Proportion of net sales, %	1.9	2.8	2.1	1.8	2.2
Capital expenditure in shares, EUR million	2.2	16.3	1.3	0.1	2.5
Proportion of net sales, %	0.8	4.1	0.3	0.0	0.6
Personnel in group companies in average	2 919	4 222	4 558	4 584	4 635
Personnel in associated companies in average	2 710	239	159	199	195
Personnel in group companies at year-end	2 977	4 472	4 572	4 584	4 632
Personnel in associated companies at year-end	2 577	146	174	197	194
<b>KEY FIGURES FOR THE SHARES</b>					
Earnings/share, EUR	0.89	1.11	1.40	1.30	0.90
Corrected with dilution effect	0.81	1.00	1.28	1.24	0.86
Shareholders' equity/share, EUR	5.03	6.00	7.10	7.69	7.57
Dividend, EUR million	4.4	6.2	8.2	8.2	8.3 <sup>1)</sup>
Dividend/share, EUR	0.34	0.45	0.60	0.60	0.60 <sup>1)</sup>
Dividend/earnings, %	37.6	40.5	42.8	46.1	66.7
Effective return on dividend, %	4.1	3.1	3.3	3.7	4.0
Price/earnings multiple	9.2	13.1	12.8	12.3	16.7
Issue-adjusted trading prices, EUR					
Average trading price	9.71	10.18	18.64	18.09	16.43
Highest trading price	11.60	16.80	24.00	21.00	19.00
Lowest trading price	6.56	7.70	15.00	15.00	11.40
Closing price at year-end	8.22	14.50	18.00	16.00	15.00
Total market value of outstanding shares, EUR million	107.8	198.2	247.0	218.0	206.7
Total market value of own shares, EUR million	4.9	8.7		4.9	0.2
Trading volume of shares					
Shares, 1 000	6 996	11 747	2 385	2 280	1 615
Proportion of total volume, %	51.1	83.4	17.4	16.5	11.8
Issue-adjusted number of outstanding shares, 1 000 <sup>2)</sup>					
In average	13 480	13 492	13 692	13 838	13 696
At year-end	13 103	13 670	13 724	13 624	13 782

1) Board of Directors' proposal. 2) Total number of shares, see page 28.

## KEY FIGURES

EUR million	1-3/01	4-6/01	7-9/01	10-12/01	1-3/02	4-6/02	7-9/02	10-12/02	1-12/01	1-12/02
<b>NET SALES</b>										
Forest Industry	40.0	38.9	33.3	38.0	39.6	34.6	29.7	34.0	150.2	137.9
Forest Industry Consulting	12.1	11.7	11.2	11.4	10.1	10.2	7.9	7.6	46.4	35.8
Energy	34.1	33.0	28.0	31.9	24.1	27.8	30.9	28.4	127.0	111.2
Infrastructure & Environment	26.9	26.3	24.6	29.7	27.0	30.9	28.0	36.8	107.5	122.7
Other	0.0	0.0	1.0	-0.3	-0.4	0.0	-0.4	0.2	0.7	-0.6
	<b>113.1</b>	<b>109.9</b>	<b>98.1</b>	<b>110.7</b>	<b>100.4</b>	<b>103.5</b>	<b>96.1</b>	<b>107.0</b>	<b>431.8</b>	<b>407.0</b>

<b>OPERATING PROFIT AND PROFIT BEFORE EXTRAORDINARY ITEMS</b>										
Forest Industry	5.1	4.7	4.3	3.7	5.6	2.9	2.3	2.5	17.8	13.3
Forest Industry Consulting	0.2	0.4	-0.1	0.8	0.4	0.6	0.0	-0.8	1.3	0.2
Energy	-4.4	0.6	1.5	1.7	-1.4	-0.5	-0.3	1.5	-0.6	-0.7
Infrastructure & Environment	2.1	1.4	1.0	3.4	1.8	1.8	2.3	2.6	7.9	8.5
Other	4.5	-0.6	-1.0	-1.3	-1.0	-0.1	-0.8	-1.0	1.6	-2.9
Operating profit	<b>7.5</b>	<b>6.5</b>	<b>5.7</b>	<b>8.3</b>	<b>5.4</b>	<b>4.7</b>	<b>3.5</b>	<b>4.8</b>	<b>28.0</b>	<b>18.4</b>
Financial items	-0.6	-0.4	-0.5	-0.2	-0.2	0.3	-0.4	0.0	-1.7	-0.3
Profit before extraordinary items	<b>6.9</b>	<b>6.1</b>	<b>5.2</b>	<b>8.1</b>	<b>5.2</b>	<b>5.0</b>	<b>3.1</b>	<b>4.8</b>	<b>26.3</b>	<b>18.1</b>

<b>ORDER STOCK</b>										
Forest Industry	93.5	82.2	76.7	74.2	66.5	60.3	72.2	77.7	74.2	77.7
Forest Industry Consulting	22.8	23.0	20.4	18.5	11.7	7.2	6.9	7.5	18.5	7.5
Energy	90.3	91.2	93.4	123.5	113.2	119.6	125.4	123.8	123.5	123.8
Infrastructure & Environment	95.5	96.2	96.6	103.7	96.9	93.8	97.3	99.4	103.7	99.4
	<b>302.1</b>	<b>292.6</b>	<b>287.1</b>	<b>319.9</b>	<b>288.3</b>	<b>280.9</b>	<b>301.8</b>	<b>308.4</b>	<b>319.9</b>	<b>308.4</b>
Consulting and engineering	278.6	272.6	265.9	298.1	270.5	266.8	292.6	301.6	298.1	301.6
EPC	23.5	20.0	21.2	21.8	17.8	14.1	9.2	6.8	21.8	6.8
	<b>302.1</b>	<b>292.6</b>	<b>287.1</b>	<b>319.9</b>	<b>288.3</b>	<b>280.9</b>	<b>301.8</b>	<b>308.4</b>	<b>319.9</b>	<b>308.4</b>

AREA	Net sales		Personnel	
	2001	2002	2001	2002
The Nordic countries	138.3	117.5	2 348	2 279
Continental Europe	159.9	172.8	1 309	1 380
Asia	66.4	60.3	452	422
North America	29.5	21.5	138	222
South America	25.4	22.2	268	250
Other	12.3	12.7	69	79
	<b>431.8</b>	<b>407.0</b>	<b>4 584</b>	<b>4 632</b>

BUSINESS GROUP	Personnel	
	2001	2002
Forest Industry	1 842	1 891
Forest Industry Consulting	311	272
Energy	1 193	1 094
Infrastructure & Environment	1 206	1 342
Other	32	33
	<b>4 584</b>	<b>4 632</b>



## SHAREHOLDERS AND SHARES

### MAJOR SHAREHOLDERS

	Number of shares	Per cent of shares and voting rights
Corbis S.A.	3 491 990	25.3
Mutual Pension Insurance Company Varma-Sampo	606 150	4.4
Procurator Oy	556 750	4.0
Odin Norden	537 500	3.9
Sampo Life Insurance Company Ltd	280 000	2.0
Suomi Insurance Company Ltd	275 000	2.0
Nordea Life Assurance Ltd	223 000	1.6
Suomi Mutual Life Assurance Company	210 000	1.5
Odin Finland	142 400	1.0
Nordea Nordic Small Cap Fund	113 750	0.8
Others	7 345 061	53.5
	13 781 601	100.0

5 952 736 of the shares were nominee-registered, representing 43.2 per cent of the shares.

### MANAGEMENT'S SHAREHOLDINGS

The members of the Board of Directors, the President and CEO and the Deputy to President and CEO own 7 630 shares through direct ownership, and 571 280 through controlled ownership, corresponding to 4.2 per cent of the shares. In addition, they own warrants entitling them to subscribe for 200 500 shares, representing 1.4 per cent of the shares after all subscriptions. Henrik Ehrnrooth, Vice Chairman of the Board of Directors, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth indirectly holds a controlling interest in Corbis S.A.

### OWNERSHIP STRUCTURE BY TYPE OF SHAREHOLDER

	Number of owners	Per cent of owners	Per cent of shares and voting rights
Companies	66	7.2	6.0
Financial and insurance institutions	26	2.8	12.1
Households	781	85.1	2.6
Ownership outside Finland and nominee registered	24	2.6	73.6
Public sector entities and non-profit associations	21	2.3	5.7
	918	100.0	100.0

### OWNERSHIP STRUCTURE BY NUMBER OF SHARES OWNED

Number of shares	Number of owners	Per cent of owners	Per cent of shares and voting rights
1 - 100	304	33.1	0.2
101 - 200	198	21.6	0.3
201 - 300	91	9.9	0.2
301 - 500	102	11.1	0.3
501 - 1 000	90	9.8	0.5
1 001 - 2 000	48	5.2	0.6
2 001 - 5 000	31	3.4	0.7
5 001 -	54	5.9	97.2
	918	100.0	100.0

Source: The Finnish Central Securities Depository Ltd, December 31, 2002.

The figures are based on the total number of shares 13 791 601, excluding 10 000 own shares.

## SHAREHOLDERS AND SHARES

### SHARE CAPITAL AND SHARES

Situation after changes	Share capital EUR 1000	Share pre- mium reserve EUR 1000	Legal reserve EUR 1000	Shares 1000	Nominal value EUR/share
December 2, 1997	11 521	15 058	20 183	13 700	0.84
June 11, 1999	11 998	20 117	20 183	14 267	0.84
March 20, 2000, cancellation of shares	11 496	20 619	20 183	13 670	0.84
March 20, 2000	13 670	20 619	18 008	13 670	1.00
Subscription with warrants 2000	13 724	21 149	18 008	13 724	1.00
Subscription with warrants 2001	13 933	23 084	18 008	13 933	1.00
March 22, 2002, cancellation of shares	13 624	23 393	18 008	13 624	1.00
Subscription with warrants 2002	13 792	24 842	18 008	13 792	1.00
April 30, 2005 if all warrants are exercised for subscription	14 661			14 661	1.00

According to the company's Articles of Association, the issued share capital must not be less than EUR 10 000 000 nor more than EUR 40 000 000. The book value of the share is EUR 1.00. The company has one series of shares.

### THE COMPANY'S OWN SHARES

The Board of Directors is authorised until March 6, 2003 to acquire or convey the company's own shares. The authorisation covers a maximum of 662 332 shares, equalling 5.0 per cent of the total number of shares. During the period from September 30 to October 7, 2002 the company acquired 10 000 own shares. The average acquisition price was EUR 12.88 per share, totalling EUR 0.1 million. The authorisation allows acquisition of a further 652 332 shares.

The Board of Directors proposes to the Annual General Meeting on March 5, 2003 that the Board be authorised to decide to acquire or convey the company's own shares to a maximum of 5.0 per cent of the company's share capital.

### AUTHORISATION TO ISSUE NEW SHARES

The Board of Directors is authorised until March 6, 2003 to decide on an increase of the share capital by a maximum of EUR 1 000 000 by issuing for subscription a maximum of 1 000 000 new shares.

The Board of Directors proposes to the Annual General Meeting on March 5, 2003 that the Board be reauthorised to raise the share capital by a maximum of EUR 1 000 000 by issuing a maximum of 1 000 000 new shares.

### BOND LOAN WITH WARRANTS

Jaakko Pöyry Group Oyj issued in 1998 a bond loan with warrants for subscription by group personnel, by the members of the parent company's Board of Directors, and by the Group company JP-Sijoitus Oy. The bond loan with warrants is part of the Group's employee incentive scheme. The loan was repaid in 2001.

The 1 300 000 warrants attached to the bond allow subscription of 1 300 000 new shares in the company. Should all warrants be used for subscription of shares, the new shares would equal 8.9 per cent of the total number of shares. The subscription period for 390 000 warrants started on April 1, 2000, for 390 000 warrants on April 1, 2001 and for 520 000 warrants on April 1, 2002. The subscription period for all warrants ends on April 30, 2005. A total of 430 615 shares have been subscribed for under these warrants.

The subscription price for one new share is EUR 11.60 reduced by the amount of dividend per share paid after March 30, 1998 and before the share subscription. The new subscription price enters into effect on the relevant record date of each dividend distribution.

### DIVIDEND POLICY

The dividend distributed by Jaakko Pöyry Group Oyj is dependent on the company's earnings and investment requirements. The objective is to increase the dividend per share from year to year, and to ensure that at least 40 per cent, or more, of earnings are distributed each year. Should the company need to expand its technology base by investing in acquisitions, or to expand its office network, the dividend-to-earnings ratio may be changed.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.60 per share, i.e. 66.7 per cent of earnings, be paid for 2002. The corresponding figures for 2001 were EUR 0.60 and 46.1 per cent.

#### MARKET CAPITALISATION

Jaakko Pöyry Group Oyj's market capitalisation at the end of 2002 was EUR 206.9 million. The share price decreased during the year from EUR 16.00 to EUR 15.00, equalling 6.3 per cent. The HEX portfolio index of Helsinki Exchanges decreased during the same period by 16.7 per cent. In 2002 the highest share price was EUR 19.00 and the lowest EUR 11.40.

1 615 351 shares (11.8 per cent) of Jaakko Pöyry Group Oyj were traded on the Helsinki Exchanges in 2002. The corresponding number in 2001 was 2 279 657 shares (16.5 per cent). The monthly average number of shares traded in 2002 was 134 613 compared to 189 971 shares in 2001.

#### QUOTATION AND TRADING CODES

The shares of Jaakko Pöyry Group Oyj have been quoted on the Helsinki Exchanges since December 1997. The trading code and trading lot are:

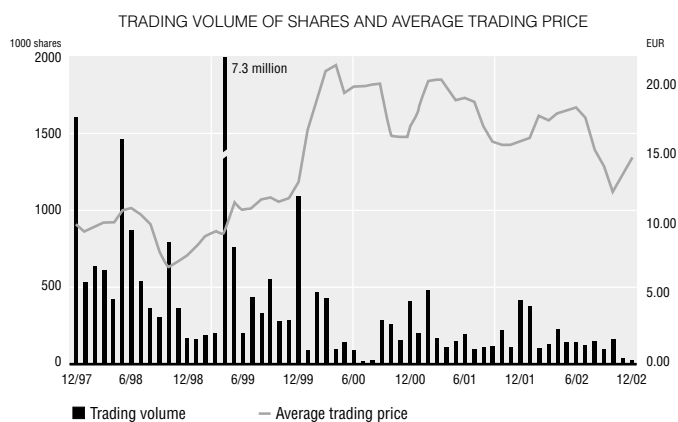
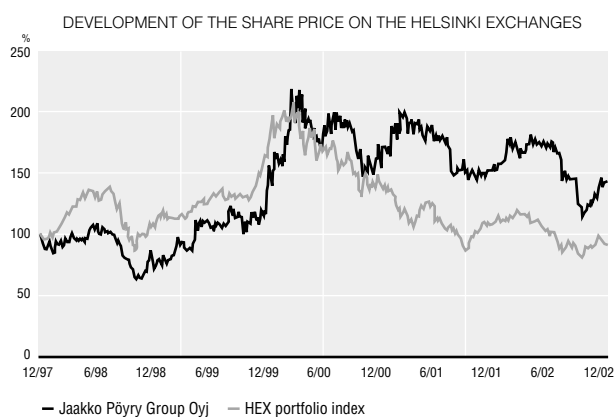
Helsinki Exchanges JPG1V

Trading lot 100 shares

The warrants attached to Jaakko Pöyry Group Oyj's bond loan with warrants 1998 have been quoted on the Helsinki Exchanges since September 2001. The trading code and trading lot are:

Helsinki Exchanges JPG1VEW198

Trading lot 100 warrants



## PROPOSAL OF THE BOARD OF DIRECTORS, AUDITOR'S REPORT

The Consolidated Balance Sheet as at December 31, 2002

shows the distributable retained earnings to stand at

EUR 46 932 000.00

The parent company's distributable earnings are

Retained earnings

EUR 18 616 258.90

Net profit for the period

EUR 3 885 740.57

EUR 22 501 999.47

The Board of Directors proposes that a dividend of EUR 0.60

per share be paid on the outstanding shares as at the record date.

On the proposal date the amount of the outstanding shares was 13 781 601.

Accordingly EUR 0.60 per outstanding share would be

EUR 8 268 960.60

The remainder will be transferred to retained earnings, thus

EUR 14 233 038.87

EUR 22 501 999.47

Vantaa, Finland, February 6, 2003

Jaakko Pöyry Group Oyj

Board of Directors



Heikki Lehtonen



Henrik Ehrnrooth



Jaakko Pöyry



Olle Alsholm



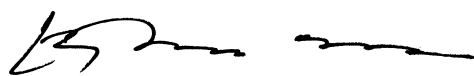
Matti Lehti



Harri Piehl



Franz Steinegger



Erkki Pehu-Lehtonen

President and CEO

### TO THE SHAREHOLDERS OF JAAKKO PÖYRY GROUP OYJ

We have audited the accounting records, the financial statements and the administration of Jaakko Pöyry Group Oyj for the period January 1–December 31, 2002. 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 the parent company's administration.

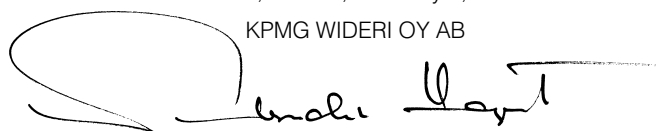
We have conducted the audit in accordance with Finnish Standards of Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the 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 administration of the parent company is to examine that the members of the Board of Directors, the Managing Director and the Deputy Managing Director have legally complied with the rules of the Finnish Companies Act.

In our opinion the financial statements showing a profit of EUR 3 885 740.57 for the parent company and EUR 12 332 000 for the Group have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors, the Managing Director and the Deputy 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.

Vantaa, Finland, February 6, 2003

KPMG WIDERI OY AB



Albrecht Hagert

Authorized Public Accountant

# CORPORATE GOVERNANCE

The corporate administration of Jaakko Pöyry Group Oyj is based on the Finnish Companies Act and the articles of association of the company. Accordingly, the control and management of the company is divided between the shareholders represented at the General Meeting of the Shareholders, the Board of Directors, and the President and CEO. The other governing bodies of the company have an assisting and supporting role.

## GENERAL MEETING

The supreme decision-making powers in the company rest with the General Meeting. Its duties are set out in the Companies Act. The Annual General Meeting decides, among other things, about the acceptance of the financial statements, distribution of dividends, release from liability of the Board of Directors and the President and CEO, acquisition and conveyance of own shares, and any changes to the articles of association. The Annual General Meeting elects the members of the Board of Directors and the auditor of the company.

## BOARD OF DIRECTORS

The duties of the Board of Directors are those specified in the Companies Act. The Articles of Association of the company do not define other tasks for the Board of Directors. Accordingly, the Board of Directors is responsible for the management of the company and for the proper organisation of its operations, and for the proper supervision and control of accounting and financial matters. Moreover, the Board of Directors decides about matters which are of significant nature to the company such as strategy, annual budgets and action plans, major investments, organisational structure, and supervisory and control policies. The Board of Directors elects the President and CEO and his Deputy, and monitors and evaluates their performance. The Board of Directors consists of a minimum of four (4) and a maximum of ten (10) members. The Annual General Meeting of 2002 decided that the number of the Board members is seven (7). The Board members are appointed for a term of one year lasting until the close of the following Annual General Meeting. The Board of Directors appoints among its members a Chairman and Vice Chairmen. In 2002, the Board of Directors convened nine (9) times.

## PRESIDENT AND CEO

According to the Companies Act, the President and CEO is in charge of the day-to-day management of the company in accordance with the guidelines and instructions of the Board of Directors. The duties of the President and CEO include ensuring that the company's accounting methods comply with law and other regulations, and that the financial matters are handled in a reliable manner. The President and CEO is also in charge of the preparation of matters presented to the Board of Directors and for the company's strategic planning, finance, financial planning and reporting, and risk management. The President and CEO is assisted in his duties by his Deputy. Erkki Pehu-Lehtonen has acted as President and CEO of the company and Teuvo Salminen as Deputy to the President and CEO since January 1, 1999. Both have service contracts with the company for an open-ended period and with the right to severance payments for up to 24 months of compensation in the event of termination by the company for reasons other than cause.

## EXECUTIVE COMMITTEE

The Executive Committee of Jaakko Pöyry Group Oyj is chaired by the President and CEO. The Executive Committee's main responsibility is to assist the President and CEO and his Deputy in their duties. The other tasks of the Executive Committee include the review and control of financial matters, sales and operative decisions, and investments and divestments. The Executive Committee has a standard minimum agenda for the meetings. Appointments to the Executive Committee are made by the President and CEO and approved by the Board of Directors. The Executive Committee presently consists of nine (9) members. The Executive Committee convenes regularly once a month.

## BUSINESS ORGANISATION STRUCTURE

The business operations of Jaakko Pöyry Group Oyj are conducted through four business groups: Forest Industry, Forest Industry Consulting, Energy, and Infrastructure & Environment. Each business group has a business group Director appointed by the President and CEO. The appointments are approved by the Board of Directors. All business groups have executive committees chaired by their business group Director. The business group Directors report to the President and CEO. The Group's parent company Jaakko Pöyry Group Oyj is responsible for the Group's administration, strategic planning, accounting, financing, and investor relations. It also provides the business groups with services related to common group functions.

## DECISION-MAKING ON EXECUTIVE APPOINTMENTS

All executive appointments, as well as the terms and conditions relating to the appointments, are approved by the superior of the director proposing the appointment.

## MANAGEMENT REMUNERATION AND OTHER BENEFITS

The Annual General Meeting decides about the remuneration to the members of the Board of Directors. The salary and other benefits of the President and CEO and his Deputy are resolved by the Board of Directors. Bonus schemes within the Group are profitability and performance based and part of the individual's total remuneration. The key principles on bonuses are defined in the Group Policy on Profit Bonuses. Members of the Board of Directors do not receive bonuses. The salaries, fees and benefits paid to the members of the Board of Directors are shown in the Notes to the Financial Statements. The Notes also detail the salaries, fees and benefits to the President and CEO and his Deputy as well as their pension rights.

## AUDITORS

Jaakko Pöyry Group Oyj has one (1) auditor. The auditor must be an authorised public accountant firm. The auditor is appointed until further notice. The present auditor of the company is KPMG Wideri Oy Ab, authorised public accounting firm, with Albrecht Hagert, authorised public accountant as the principal auditor.

## INSIDER CONTROL

The company fully complies with the Guidelines for Insiders issued by the Helsinki Exchanges. In 2002, Jaakko Pöyry Group Oyj issued revised company specific insider guidelines, which have been published and distributed throughout the Group. Jaakko Pöyry Group permanent insiders are the members of the Board of Directors, the President and CEO and his Deputy, the auditor in charge, the members of the Executive Committee as well as specifically named directors and persons responsible for financial, accounting and legal matters, and investor relations.

## SUPERVISORY PROCEDURES

To ensure the achievement of the Group's financial and other targets and to minimise risk exposure, the Board of Directors has approved general rules and principles governing

- the management organisation
- the management principles
- the operational authorities and approval matrix
- the Group policies for various disciplines such as financial planning and reporting, internal and external auditing, decision-making in the employment of executives, and profit bonus principles

## CALCULATION OF KEY FIGURES

Return on investment, ROI %	$\frac{\text{profit before extraordinary items} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest bearing liabilities (average)}}$	x 100
Return on equity, ROE %	$\frac{\text{profit before extraordinary items} - \text{taxes}}{\text{shareholders' equity} + \text{minority interest (average)}}$	x 100
Equity ratio %	$\frac{\text{shareholders' equity} + \text{minority interest}}{\text{balance sheet total} - \text{advance payments received}}$	x 100
Equity/assets ratio %	$\frac{\text{shareholders' equity} + \text{minority interest}}{\text{balance sheet total}}$	x 100
Net debt/equity ratio, gearing %	$\frac{\text{interest-bearing liabilities} - \text{current investments} - \text{cash in hand and at banks}}{\text{shareholders' equity} + \text{minority interest}}$	x 100
Current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	
Earnings/share, EPS	$\frac{\text{profit before extraordinary items} - \text{taxes including taxes from appropriations} - \text{minority interest}}{\text{issue-adjusted average number of shares for the fiscal year}}$	
Shareholders' equity/share	$\frac{\text{shareholders' equity}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$	
Dividend/share	$\frac{\text{dividend}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$	
Dividend/earnings %	$\frac{\text{dividend for the fiscal year}}{\text{profit before extraordinary items} - \text{taxes including taxes from appropriations} - \text{minority interest}}$	x 100
Effective return on dividend %	$\frac{\text{dividend/share}}{\text{issue-adjusted trading price at the end of the fiscal year}}$	x 100
Price/earnings multiple, P/E	$\frac{\text{quoted share price at the end of the fiscal year}}{\text{earnings per share}}$	
Market value of share capital	$\text{number of shares at the end of the fiscal year} \times \text{closing price at the end of the fiscal year}$	
Exchange of shares %	$\frac{\text{number of shares exchanged during the fiscal year}}{\text{average number of shares for the fiscal year}}$	x 100



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