Partners for better business

BELTTON

Beltton-Group Plc.

annual report 2003

beltton's values

customer orientation

internal entrepreneur-ship

profitability

Beltton-Group defined its corporate **values** in 1998. Together with our committed personnel, Beltton's most important asset, these values have contributed, year after year, to our successful performance. The following values are tools that help our personnel to make the right decisions.

- customer orientation: added customer value
- internal entrepreneurship: personal responsibility and commitment
- profitability: continuity and profitable customers.

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beltton in a nutshell

The Beltton-Group Plc (Beltton) specialises in sales and marketing of office supplies, offering a direct and efficient distribution network between producers and users. Beltton caters for the needs of companies representing various sizes and industries through its direct sales organisations and contract customer services. Beltton offers its customers a versatile product range, from specialities to basic office supplies for everyday use. Beltton's product range includes office supplies, computer accessories, ergonomic products and corporate promotional products. Beltton is the Finnish market leader in office supplies in all of these four product groups. The Beltton-Group recorded a turnover of MEUR 62.9 and an operating profit of MEUR 4.39 in 2003.

Beltton-Group's first subsidiary, Vinstock Oy, which originally concentrated on office supplies, started operations in April 1984. Later on, new companies were founded as new product groups and market areas were adopted. The Beltton-Group was formed in 1999, and in October 2000, Beltton-Group Plc went public on the Helsinki Exchanges. In twenty years, a two-man company had grown into a group employing more than 500 people. Today, Beltton has 17 subsidiaries with operations in Finland, Sweden, Norway and Estonia. Beltton's goal is to achieve market leadership in its field in the Nordic and Baltic countries.

Cost-efficient purchasing processes and our performance-related pay policy that is applied to our sales force ensure Beltton's profitable growth. During the past three years, the average annual growth of our turnover has been 30 per cent. Beltton has also grown through acquisitions, the most important of which has been the acquisition of Wulff Oy Ab on 11 November 2002.

Jukka Tommola, area sales manager

Beltton's aims are growth, profitability and internationalisation. The first Beltton-Group company, Vinstock Oy, will celebrate its 20th anniversary in April 2004.

Beltton-Group Plc is listed on the main list of the Helsinki Exchanges with the stock abbreviation BEL1V (from 1 April 2004 BTN1V).

the year 2003 in brief

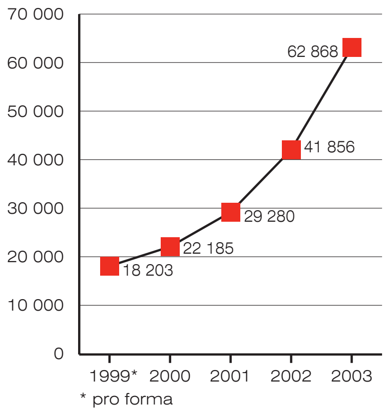
2003 was a year of growth for Beltton. Consolidated turnover increased by a hefty 50.2 per cent year on year, to MEUR 62.9, mainly due to the acquisition of Wulff Oy Ab in November 2002. Beltton's operating profit totalled MEUR 4.39, or 7 per cent of turnover, at the end of the period.

One of the most significant events of 2003 was the transfer of the Beltton share from the NM List **to the Trade section on the Helsinki Exchanges' Main List** on 22 April. The aim of this transfer was to increase trading in Beltton shares and further enhance its visibility as an investment opportunity.

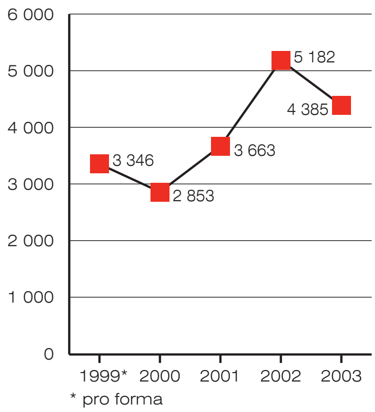
In July 2003, Beltton strengthened its operations in Norway by acquiring the business of Gundersen A/S, an office supplies company, and merging it with Beltton's Norwegian subsidiary, Beltton A/S (former Rader Norge A/S). This acquisition boosted the company's office supplies product group and also made it possible to promote other Beltton products to the new customer base.

October 2003 saw the transfer of the logistics units of two subsidiaries, Beltton Oy and Vinstock Oy, to the Wulff Oy Ab premises owned by the Group in Vantaa. Towards the end of the year, the administration of these companies, as well as the head office of the whole Group, were also transferred to the said location. The joint premises, logistics skills and an automated order picking system helped Beltton cut its fixed costs and improve its product turnover rates.

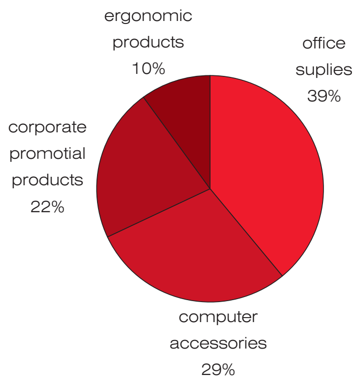
turnover
1 000 €



operating profit
1 000 €



turnover by product groups



customer specific service concepts

direct sales concepts

Beltton's direct sales organisations cover all corners of Finland. Beltton's sales consultants cater for the needs of the company's customers with **personal and local services**. Beltton's direct sales companies provide products from each of the company's four product groups.

Beltton's Finnish direct sales companies are Beltton Oy, Everyman Oy, KB-tuote Oy, Looks Finland Oy, Naxor Finland Oy, Suomen Rader Oy, Vinstock Oy and Visual Globe Oy. Beltton's overseas subsidiaries functioning under the direct sales concept are Beltton Svenska AB in Sweden and Beltton A/S in Norway.

The direct sales companies are divided into departments, each of which handles a specific product range. Each sales consultant has independent responsibility for customers within a specific sales region. Sales consultants are experts in their defined product areas, which means large sales volumes for individual products.

Beltton's direct sales concept is based on personal selling. Sales consultants meet up to 12 customers a day and present products in the customer's premises. Usually, the person who buys the product is also its user. Beltton's Nordic direct sales organisations employ about 300 sales consultants.

contract customer concepts

Beltton offers a specific contract customer concept for large enterprises and corporations. This concept is marketed and sold by Wulff Oy Ab, a time-honoured company established in 1890 and specialising in office supplies and computer accessories; Torkkelin Paperi Oy, its subsidiary; and KB-tuote Oy, Finland's oldest supplier of corporate promotional products.

Wulff's contract customer concept for office supplies and computer accessories is based on **MiniBar**, a highly automated product management system. Wulff's 20 sales consultants serve their customers on a national basis, each being responsible for specific customers which have been divided in accordance with geographical regions and private and municipal sectors. Wulff's sales consultants define the contents of the customer's MiniBar in co-operation with the customer, tailoring a selection of 150–400 products from a portfolio of more than 4,400 products. Ordering and invoicing take place electronically. The contract customer concept ensures rapid and reliable delivery of products to the customer within 24 hours from the order. At present, there are more than 1,000 MiniBars in Finnish companies.

KB-tuote Oy provides its customers with an **outsourced service of corporate promotional products,** in which it specialises. Within this service, KB-tuote's sales consultant and the customer design an individual selection of promotional products for the company, which is updated on a seasonal basis. This selection may include, for example, corporate textiles in designs specified by the customer, and personalised gifts. At the customer's behest, KB-tuote can also store the products and take care of deliveries.

KB-tuote Oy has 35 sales consultants in Finland. Each consultant has his or her own designated customer companies which he or she serves independently. As well as from sales consultants' visits, customers can get to know KB-tuote's products at its local sales exhibitions in Finland. In the Estonian market, KB-tuote's contract customer services are provided by its subsidiary, KB Eesti Oü.

ceo's review

Heikki Vienola

2003 was a year of strong growth for Beltton. Our turnover increased by a hefty 50.2 per cent to MEUR 62.9. This growth was attributable to the acquisition of Wulff Oy Ab in November 2002. Profits totalled MEUR 4.39, showing a decrease of 15.4 per cent year on year.

beltton-group plc to helsinki exchanges' main list

One of the most significant events of 2003 was the transfer of the Beltton share, BEL1V (from 1 April 2004 BTN1V), to the main list of Helsinki Exchanges. We wanted to shift from the technology-weighted NM list to our appropriate control group along with the other trade operators. Moreover, the purpose of the change was to activate trading in Beltton shares, and increase the number of shareholders as well as the share's prominence as an investment opportunity. We have indeed achieved our goals: trading in Beltton shares increased and it's turnover was 19 per cent of the share capital (11 per cent in 2002). The number of shareholders more than doubled year on year, from 354 to 765. Beltton's share price also developed favourably, rising by almost 37 per cent in 2003.

challenging market situation

Beltton operates in a single industry, providing four product groups: office supplies, computer accessories, corporate promotional products and ergonomic products. In 2003, the market situation was challenging in all of these groups. In Finland, the market for corporate promotional products, which represents approximately one-fifth of Beltton's sales, declined by approximately ten per cent. Demand in office supplies, which is Beltton's biggest product group, declined by three per cent. As for Beltton's subsidiaries, Beltton Svenska AB, a Swedish company which celebrated its 10th anniversary in August 2003, was a good performer in terms of both sales and profits. In line with its internationalisation strategy, Beltton gained a strong foothold in the Norwegian market by acquiring Gundersen A/S.

combination of administration and logistics

Along with the acquisition of Wulff Oy Ab, Beltton's direct sales concept was supplemented by a contract customer service directed at large companies. These two concepts complement each other very well, enabling Beltton to provide an expanding number of customers with a broader range of products and services than before.

Wulff provides excellence in logistics, and we have taken full advantage of this by concentrating the logistics of two Beltton-Group companies, Vinstock Oy and Beltton Oy, to Wulff's logistics centre in Vantaa. Towards the end of 2003, Vinstock Oy, Beltton Oy and the parent company, Beltton-Group Plc, also transferred their administration to the Vantaa premises owned by the Group. While these arrangements, and the introduction of a new information system, caused non-recurring expenses for the year 2003, we expect the Group to benefit from future savings exceeding EUR 100,000 on an annual basis.

outlook

The expansion of Beltton's markets will depend on the increase in office working as well as financial growth. I am confident that both of these will have a positive impact on the demand for our products and services, and that our company will continue to grow in 2004, particularly by duplicating its business model. Furthermore, we are constantly prepared for new business acquisitions in line with our growth strategy.

During the three years that Beltton has been a listed company, we have tripled our turnover and doubled our personnel. In 2003, our staff exceeded 500 people, and we are ready to train 50–100 new Beltton employees in 2004. Our goal is to be the market leader in all of the markets in which we operate.

The outlook for 2004 is promising. We are tarketing an above market growth level that is strengthened through acquisitions. In the spring of 2004, it will be 20 years since I founded Vinstock Oy, the first of the companies that today form the Beltton-Group. Ever since Vinstock Oy was established, profitability has been one of our key values and goals, and a large part of a success story characterised by twenty years of solid growth.

In addition to profitability, our core values include internal entrepreneurship and customer orientation. Today, I look around with pride and see that our employees, shareholders and partners are committed to our shared values. I wish to express my gratitude to all of you who have contributed to making Beltton the largest company and market leader in its field in Finland. My warmest thanks go also to our customers for their belief in our products and services. You have all contributed to Beltton's success.

Heikki Vienola
ceo

from a garage company to a group employing over 500 people

In April 1984, two energetic students, Heikki Vienola and Sauli Frantsi, founded Vinstock Oy in the cafeteria of the Helsinki School of Economics. Sales of the company's first product, an archive box, propelled Heikki Vienola into business, and even today, the legendary archive box is part of Vinstock Oy's product range. In addition to the other invited guests, Vinstock's first sales consultant will also participate in the company's 20th anniversary celebrations in spring 2004.

leading brands in four product groups

Beltton's **direct sales companies** offer products covering each of the company's four product groups: office supplies, computer accessories, corporate promotional products and ergonomic products.

office supplies

computer assessories

corporate promotional products

ergonomic products

Direct sales companies provide their customers with quality and innovation through product family brands. Each organisation markets and sells products under its own brand, such as Vinstock Oy's Vinstock Clean cleaning products for computer hardware, and Looks Finland Oy's Looks Like You corporate textiles. For Beltton customers, the company's own brands are always a good choice.

The direct sales companies' sales force gets valuable information on Beltton's products and their usability on a daily basis – directly from end users. Thus, it is possible to convert ideas into products within a short time span. Beltton's direct supplier contacts and skilled purchasing enable the rapid launch of exciting product innovations on the market.

Office Supplies, Computer Accessories and Corporate Promotional Products are sold through **contract customer service**.

Wulff Oy Ab, a Beltton-Group company, offers more than 4,400 items of basic office supplies and computer accessories. Wulff specialises in providing contract customer service to larger and middle-sized enterprises and corporations. Its product range includes world-famous brands, such as Canon, Esselte, HP and Lexmark. Furthermore, Wulff is the exclusive agent of Q-Connect and Pilot brands in Finland. Wulff is a member of an international interACTION consortium aimed at sharing know-how and making savings through joint purchasing.

KB-tuote Oy offers its customers an opportunity to outsource their corporate promotional product services. It offers a wide range of corporate textile brands, including Harvest and KB-tuote's own brand, Keeb. With regards to gifts, KB-tuote is the only corporate gift company in Finland that sells Rapala lures. Other brands on offer include Sagaform products, Menu houseware, Kassimatti bags and Inoxcrom pens.

Providing a direct and efficient distribution channel for office supplies in the Nordic countries, Beltton is a major partner for its suppliers. Beltton's customers benefit from the company's purchasing power stemming from the volume and synergy effects which only a market leader can achieve.

Petra Hyvärinen, sales consultant

market leadership through acquisitions and duplication of the business model

Beltton is **the market leader** in all of its product groups in Finland. In Sweden, Norway and Estonia, Beltton is the market leader in numerous products. Beltton aims to strengthen its position in all market areas. The company operates within a single industry, providing four product groups: office supplies, computer accessories, ergonomic products and corporate promotional products.

In Finland, the office supplies market totals approximately MEUR 420. The market is extremely fragmented and includes numerous small and medium-sized operators. Beltton holds around 15 per cent of the Finnish office supplies market.

Beltton has grown both by duplicating its direct sales concept and through acquisitions. Until 1999, the company's growth was based on duplication of its business model, but becoming a listed company also opened up possibilities for acquisitions. The first time that Beltton expanded through an acquisition was in 2001 when it acquired Everyman Oy, a company selling and marketing ergonomic products. In the same year, KB-tuote Oy, Finland's largest supplier of corporate promotional products, became a Beltton company. The purchase of Wulff Oy Ab in November 2002 marked so far the largest acquisition in Beltton-Group's history.

The office supplies market is relatively non-cyclical, which means that the sales of Beltton's office supplies, computer accessories and ergonomic product is stable throughout the year, excluding July, Finland's traditional holiday month. With regard to corporate promotional products, the peak periods are the quarters preceding summer and Christmas.

Because of the general economic stagnation, 2003 was a challenging year in the office supplies business. In particular, the weak economic situation cast a shadow over the sales of corporate promotional products, with sales decreasing by two per cent, year on year. Office supplies sales increased by over 150 per cent and computer accessories sales by 55 per cent. The substantial year-on-year increase in the sales of these product groups stemmed mainly from the acquisition of Wulff Oy Ab. Sales of ergonomic products increased by approximately three per cent.

Anna-Maija Eerola, area sales manager

In 2003, some 39 per cent of Beltton's turnover was attributable to office supplies, 29 per cent to computer accessories, 22 per cent to corporate promotional products and 10 per cent to ergonomic products.

Being the only listed company in its field in Finland, Beltton is confident that it will benefit from its market leadership. Beltton's solid market position makes it **a stable and reliable partner** in the office supplies business. As the market leader, Beltton also has the opportunity to shape the future of this fragmented sector through business acquisitions.

seeking leadership in nordic markets

Beltton aims to become the **Nordic market leader** in the office supplies sector by duplicating overseas those products and business models which have been tried and tested in Finland, Beltton's home market. Moreover, Beltton may fuel its expansion abroad through business acquisitions.

Beltton Svenska AB – a decade of growth

Beltton-Group Plc founded its first foreign subsidiary, Beltton Svenska AB, in Nyköping, Sweden in 1993. After a mere two years of being in business, the company made its first profit and has continued its profitable growth year after year ever since. Today, Beltton Svenska is one of the most successful subsidiaries of the Group, and it has been led by the same Finnish-born Managing Director since it was founded. Beltton Svenska implements a direct sales concept through its nationwide network of sales consultants. The company has built an impressive customer portfolio, comprising approximately 36,000 companies, which corresponds to around 12 per cent of all Swedish companies. The Swedish office supplies market is estimated to total EUR 700 million. Today, Beltton Svenska consists of six sales departments which market and sell office supplies, computer accessories, ergonomic products and corporate promotional products. At the end of 2003, the company employed almost 100 people and is actively recruiting new staff.

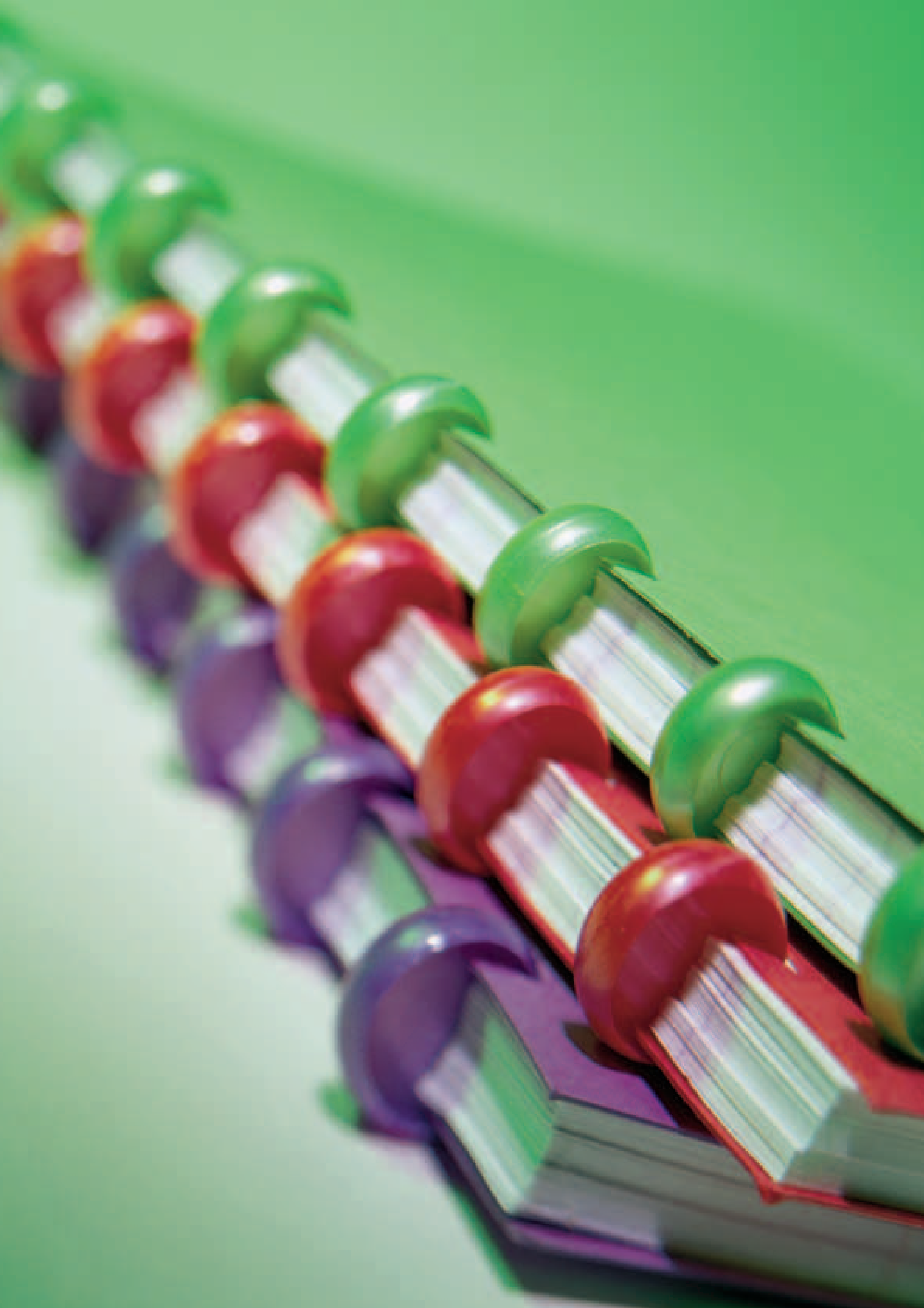
Beltton A/S – market share through a business acquisition

Beltton expanded to Norway in 1998 by duplicating its direct sales model there. The company began operations under the name Rader Norge A/S, but, for the sake of consistency, it was renamed Beltton A/S in summer 2003. Following the acquisition of Gundersen A/S's business in July 2003, Beltton A/S employs a dozen people, who are led by the Managing Director of Beltton Svenska. Beltton A/S has offices and a warehouse in Kongsberg, approximately 100 kilometres from the capital, Oslo. Beltton A/S markets and sells office supplies to around 2,000 Norwegian companies through its direct sales organisations. The Norwegian office supplies market is estimated to total MEUR 400. Beltton's share of the Norwegian market is still small, but the company intends to build a nationwide network of direct sales organisations and recruit more salespeople.

Antti Leppäkorpi, area sales manager

KB Eesti Oü – the market challenger

KB Eesti Oü is the Estonian subsidiary of the Finnish Beltton-Group company, KB-tuote Oy. It is the first foreign company to have been connected to the Group through an acquisition. KB Eesti, the second largest company in its field in Estonia, markets and sells corporate promotional products to approximately 2,000 customers. The Estonian market for these products is still small. KB Eesti became a Beltton company in 2001, but it has been in the business since 1994. The company has a highly-motivated local management and 15 employees. It sells high-quality corporate promotional products to small and medium-sized enterprises through its direct sales organisations, supported by a permanent sales exhibition in Tallinn.



personnel, beltton's most important asset

Markus Achrén, sales consultant

As a listed and renowned trading company and the market leader in its field, Beltton wishes to recruit **sales-oriented people**. Motivated and committed people are the company's most important asset. Beltton's values, customer orientation, internal entrepreneurship and profitability, are part of its training and new employee induction process.

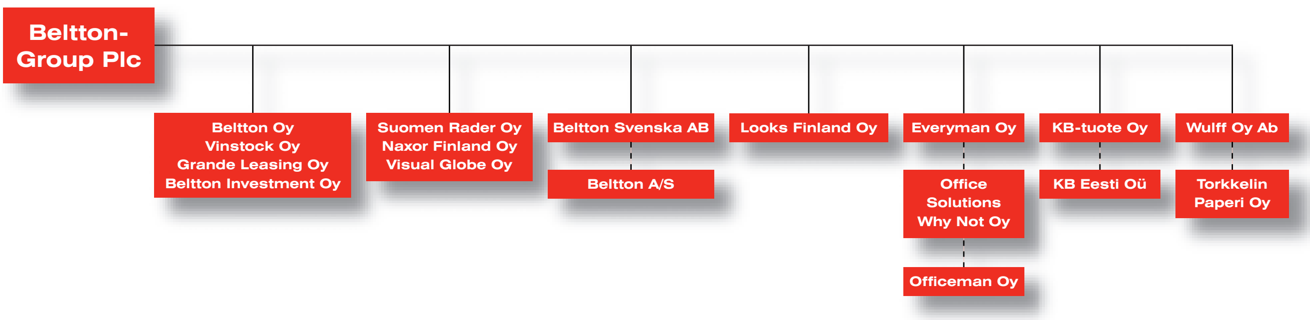
Beltton encourages profitability and internal entrepreneurship from its sales force through performance-related pay, various bonus systems, sales competitions and personal reward systems. The tools offered by Beltton – a broad customer portfolio, high-quality products and sales support – enable successful sales performance. Furthermore, Beltton's organisation structure ensures that personal success always means also success for the entire company.

Beltton invests actively in staff training, for example, through its special Leadership Academy training designed for sales management. Beltton-Group subsidiaries' Managing Directors receive further training in topical issues on a regular basis, and Beltton employees can acquire basic commercial training on the job.

The Group increased its number of staff from 489 to 514 in 2003. Seventy per cent of the employees work in sales tasks and thirty per cent in sales support, administration and logistics. The average age of a Beltton employee is 35.

All of the company's operations – sales, administration and logistics – are aimed at improving its competitiveness. Beltton offers its personnel a work environment that supports their commitment to the company's operating models.

Beltton's subsidiaries operate as individual units which each have their own Managing Director and administration.



board of directors' report

turnover

The Beltton-Group's turnover grew as targeted, to MEUR 62.9, up 50.2 per cent year on year, due mainly to the acquisition of Wulff Oy Ab in November 2002. As a result of this acquisition, the Beltton-Group became the Finnish market leader in office products.

With 2003 being characterised by challenging market conditions, the Finnish market for office supplies and computer peripherals declined by around three per cent, and that for business gifts fell by approximately ten per cent.

financial performance

The Group's operating profit came to MEUR 4.39 (MEUR 5.18), representing 7.0 per cent of turnover. Profit before extraordinary items decreased by 15.1 per cent, to MEUR 4.66 (MEUR 5.49). Return on investment (ROI) was 16.6 per cent (23.1 per cent), while return on equity (ROE) stood at 17.5 per cent (22.9 per cent). Earnings per share (EPS) fell to EUR 0.50, compared to EUR 0.59 in the previous year. Equity per share rose to EUR 2.96 from the previous year's EUR 2.76.

The Group's year-on-year net profit fell by 15.8 per cent, to MEUR 3.14. The Group failed to achieve its profit target, due mainly to the faltering office supplies market. Demand for business gifts remained lower than expected during the fourth quarter, in particular. Likewise, the fourth quarter results were eroded by non-recurring expenses, such as removal expenses incurred by two subsidiaries and the head office, and removal-related inventory write-downs.

On 7 July 2003, Beltton strengthened its position in Norway by acquiring the business of Gundersen A/S, an office supplies company, and merging it with Beltton's Norwegian subsidiary, Beltton A/S (former Rader Norge A/S). However, the acquisition had only a minor impact on results.

entry into the main list

Previously listed on the Helsinki Exchanges' NM List, Beltton's shares have been quoted on the Main List under the Trade sector since 22 April 2003. The company's aim of switching to another listing environment is to boost the trading of its shares and enhance the company's appeal as an investment. The company's share price rose by 36.8 per cent in 2003, and the share closed at EUR 8.00 (EUR 5.85) on 31 December 2003. The company's share turnover came to 18.9 per cent (10.6 per cent).

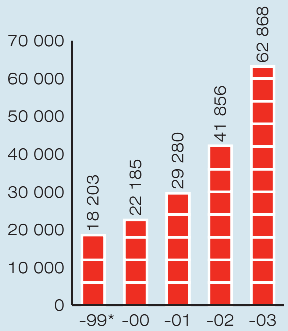
financing and capital expenditure

The consolidated balance sheet total stood at MEUR 38.7 (MEUR 37.5) at the end of the year. During the report period, the company's equity ratio came to 51.3 per cent (47.9 per cent), which more than met its 50 per cent target. The Group's year-end liquid assets amounted to MEUR 8.18 (MEUR 5.19). Gross capital expenditure for the financial year totalled MEUR 0.98, accounting for 1.6 per cent of turnover, and was allocated mainly to machinery and equipment.

stock-option schemes and changes in share capital

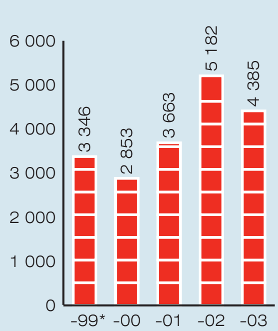
Beltton has two stock-option schemes in place; the first one, the Stock-Option Scheme 2000, was approved by the Annual General Meeting of 29 September 2000. The stock-option scheme includes 250,000 stock options for 150 persons, representing Board members and employees. The subscription period will expire on 31 October 2004.The subscription price for A stock options is 6.00 euros, B stock options 5.97 euros and C stock options 4.14 euros. The second, stock-option scheme 2002, approved by the Annual General Meeting of 3 April 2002, includes 200,000 stock options for ten persons, representing Board members and key employees, the subscription period of which will expire on 31 October 2005. The subscription price is 5.00 euros.

turnover
1 000 €



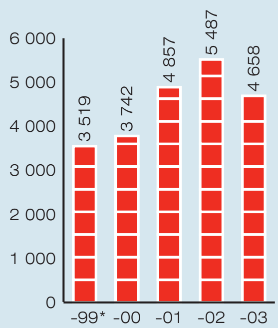
*pro forma

operating profit
1 000 €



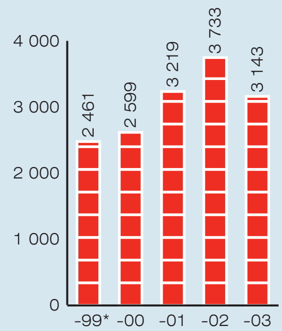
*pro forma

profit before extraordinary items
1 000 €



*pro forma

net profit
1 000 €



*pro forma

The company increased its share capital once during the report period. Based on the Stock-Option Scheme 2000, the period of 13 November and 20 November saw subscriptions for 27,000 company shares for a per-share nominal value of EUR 0.40, increasing the company's share capital by EUR 10,800. As a result, share capital increased to EUR 2,532,651.20 and the number of shares grew to 6,331,628. The increase of share capital was registered on 26 November 2003.

In addition, based on the Stock-Option Scheme 2000, the number of Beltton shares subscribed between 27 November and 31 December 2003 totalled 117,500, increasing the share capital by EUR 47,000. As a result, the share capital rose to EUR 2,579,651.20 and the number of shares grew to 6,449,128. The increase of share capital was registered on 9 January 2004.

personnel

At the end of 2003, the Beltton-Group had a staff of 514, up by 25 from the previous year. The average number of Group employees totalled 502 during the financial year. A total of 145 employees worked in Sweden, Norway and Estonia. The company is prepared to strengthen its salesforce in both its Finnish and foreign subsidiaries.

board authorisations

The Annual General Meeting authorised the Board to decide to issue one or several convertible bonds, stock options and/or increase share capital by one or more rights issues in such a way that the share capital increase may not exceed 1,260,925 shares, or EUR 504,370.

The Board is also authorised to decide to buy back own shares (treasury shares), using assets available for profit distribution, in such a way that it may buy a maximum of 315,231 shares, each at a nominal value of EUR 0.40, which account for less than 5 per cent of the company's share capital and all votes.

During 2003, the Board did not exercise its authorisations, both of which are valid until 3 April 2004.

board proposal for profit distribution

Earnings per share were EUR 0.50 (EUR 0.59). The Board of Directors proposes to the Annual General Meeting that a per-share dividend of EUR 0.40 be paid for 2003, accounting for 80 per cent (58 per cent) of the earnings per share reported for the financial year.

Beltton-Group Plc is celebrating its 20th anniversary during 2004. Its first Group company, Vinstock Oy, was established on 24 April 1984. In honour of the jubilee year, the Group is considering distributing an extra dividend by the end of 2004.

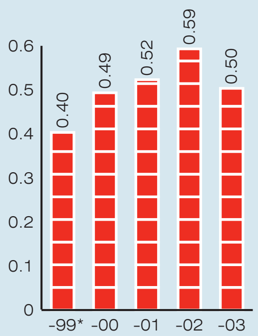
prospects for 2004

Beltton expects a recovery in the office supplies market by the end of 2004, at the latest, although the market is expected to show a moderate growth rate. In particular, the company expects markets to perk up in the business gifts product category. The Group aims at the above-the-industry growth rate, buttressed through company acquisitions.

The company's management is confident that the Group's profit for 2004 will exceed that reported for 2003. Cost-savings and synergies resulting from the moving into another premises in 2003, and tighter Group-level cost control measures are expected to reflect in the company's financial performance during the current year.

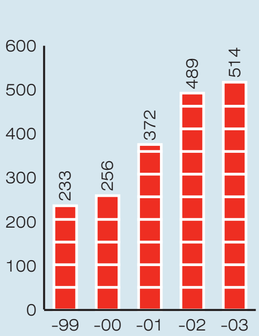
The company also has plans to launch its contractual sales concept onto the Swedish market, and, in this respect, it will make use of the corporate administration and logistics of its Swedish subsidiary, Beltton Svenska Ab.

earnings per share
€

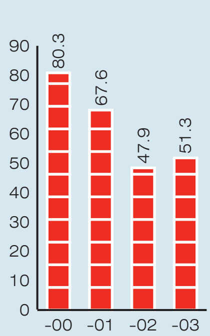


*pro forma

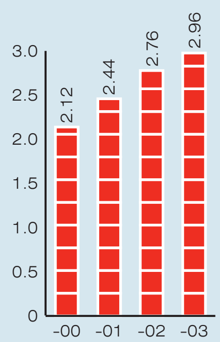
personnel at year-end



equity ratio
%



shareholders' equity
per share, €



consolidated income statement

	Reference	1 Jan.–31 Dec. 2003		1. Jan.–31. Dec. 2002	
			1 000 €		1 000 €
TURNOVER	1		**62 868**		**41 856**
Other operating income	2		250		201
Cost of goods sold					
Materials, supplies and goods					
Purchases during the period		29 659		14 427	
Increase (-) or decrease (+) in inventories		-245		-334	
External services		1 448	-30 862	1 567	-15 660
Personnel expenses	3				
Salaries, wages and compensations		11 196		8 554	
Pension costs		2 166		1 682	
Other pay-related personnel expenses		591	-13 953	574	-10 810
Depreciation and loss of value					
Depreciation according to plan	4		-1 595		-825
Other operating expenses	5		-12 323		-9 580
OPERATING PROFIT			**4 385**		**5 182**
Financial income and expenses					
Dividend income		2 207		1 835	
Other interest and financial income		421		591	
Decreases in value of financial securities in current assets		0		-208	
Interest and other financial expenses		-2 355	273	-1 913	305
PROFIT BEFORE EXTRAORDINARY ITEMS			**4 658**		**5 487**
Extraordinary items			0		0
PROFIT BEFORE TAXES			**4 658**		**5 487**
Income taxes	8				
Taxes for the financial period		-1 349		-1 620	
Deferred taxes		0	-1 349	0	-1 620
Minority interests			-166		-134
NET PROFIT FOR THE FINANCIAL YEAR			**3 143**		**3 733**

consolidated balance sheet

	Reference	31 Dec. 2003	1 000 €	31 Dec. 2002	1 000 €
ASSETS					
FIXED ASSETS					
Intangible assets	9				
Other long-term expenditure		343		259	
Consolidation goodwill		4 490	4 833	4 998	5 257
Tangible assets	9				
Lands		358		358	
Buildings		2 694		2 840	
Machinery and equipment		2 430		2 419	
Other tangible assets		0	5 482	0	5 617
Investments					
Other shares and securities	10		691		670
TOTAL FIXED ASSETS			**11 006**		**11 544**
CURRENT ASSETS					
Inventories					
Materials and supplies			8 850		8 605
Current receivables					
Trade receivables		6 565		7 710	
Loan receivables		650		599	
Other receivables		144		204	
Prepaid expenses and accrued income [1)]		3 300	10 659 [1)]	3 684	12 197
Securities included in current assets			711		686
Cash at bank and in hand			7 471		4 506
TOTAL CURRENT ASSETS			**27 691**		**25 994**
TOTAL ASSETS			**38 697**		**37 538**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	11				
Share capital			2 533		2 522
Share issue			47		0
Share premium fund			7 400		6 690
Retained earnings			5 978		4 467
Net profit for the financial year			**3 143**		**3 733**
TOTAL SHAREHOLDERS' EQUITY			**19 101**		**17 412**
Minority interests			750		584
LIABILITIES					
Deferred tax liability	12		0		0
Non-current liabilities					
Other non-current liabilities	13		10 424		11 389
Current liabilities					
Trade payables		2 546		2 233	
Other liabilities		2 957		2 143	
Accrued liabilities and deferred income [2)]		2 919	8 422	3 777	8 153
TOTAL LIABILITIES			**18 846**		**19 542**
TOTAL EQUITY AND LIABILITIES			**38 697**		**37 538**

[1)] Prepaid expenses and accrued income include imputed corporation tax in the amount of 1 381 thousand EUR (1 678 thousand EUR 2002).
[2)] Accrued liabilities and deferred income include personnel expense accruals amountint to 1 815 thousand EUR (1 920 thousand EUR 2002).

consolidated cash flow statement

	2003 1 000 €	2002 1 000 €
Cash flow from operations		
Payments received from sales	64 013	41 037
Payments received from other operating income	180	201
Amounts paid for operating expenses	-57 706	-37 098
Cash flow from business operations before financial items and taxes	6 487	4 140
Interests and other operations-related financial costs paid	-205	-83
Interests received from operations	110	99
Direct taxes paid	-185	-169
Cash flow from operations	**6 207**	**3 987**
Cash flow from investment activities		
Investments in tangible and intangible assets	-979	-3 431
Sale of tangible and intangible assets	105	207
Acquisition of shares in subsidiaries	-104	-7 606
Sale of shares in subsidiaries	0	0
Sale of other investments	0	25
Cash flow from investment activities	**-978**	**-10 805**
Cash flow from financing activities		
Share issue	767	0
Paid dividends	-2 144	-1 639
Received dividends	1 567	1 303
Short-term investments	26	2 450
Loss from the sale of short-term investments	-2 115	-1 913
Loan withdrawals	0	10 000
Loan repayments	-365	-1 505
Cash flow from financing activities	**-2 264**	**8 696**
Change in liquid assets	**2 965**	**1 878**
Liquid assets on January 1	**4 506**	**2 628**
Liquid assets on December 31	**7 471**	**4 506**

parent company income statement

	Reference	1 Jan.–31 Dec. 2003		1 Jan.–31 Dec. 2002	
			€		€
TURNOVER	1		**365 580.55**		**234 097.38**
Other operating income	2		271 465.36		94 199.50
Cost of goods sold					
Materials, supplies and goods					
Purchases during the period		378.20		275.17	
Increase (-) or decrease (+) in inventories		2 000.00	-2 378.20	1 696.94	-1 972.11
Personnel expenses	3				
Salaries, wages and compensations		231 823.76		182 022.78	
Pension costs		42 327.32		28 723.32	
Other pay-related personnel expenses		14 321.87	-288 472.95	9 958.33	-220 704.43
Depreciation and loss of value					
Depreciation according to plan	4		-143 757.56		-37 682.56
Other operating expenses	5		-680 359.19		-421 271.68
OPERATING PROFIT			**-477 921.99**		**-353 333.90**
Financial income and expenses					
Dividend income		5 349 774.10		2 125 039.03	
Other interest and financial income		341 458.26		464 902.03	
Interest and other financial expenses		-2 265 710.58	3 425 521.78	-1 452 557.56	1 137 383.50
PROFIT BEFORE EXTRAORDINARY ITEMS			**2 947 599.79**		**784 049.60**
Extraordinary income and costs					
Group contributions	6		3 739 000.00		2 403 000.00
PROFIT BEFORE APPROPRIATIONS AND TAXES			**6 686 599.79**		**3 187 049.60**
Appropriations					
Change in depreciation difference	7		-4 930.00		-116 480.00
PROFIT BEFORE TAX			**6 681 669.79**		**3 070 569.60**
Income taxes	8		-1 902 459.69		-940 509.30
NET PROFIT FOR THE FINANCIAL PERIOD			**4 779 210.10**		**2 130 060.30**

parent company balance sheet

	Reference		31 Dec. 2003 €		31 Dec. 2002 €
ASSETS					
FIXED ASSETS	9				
Intangible assets					
Other long-term expenditure			71 557.12		50 648.21
Tangible assets					
Buildings			2 350 400.00		2 475 200.00
Machinery and equipment			38 769.54		0.00
Investments					
Shares in Group companies	10		5 278 606.05		5 174 221.53
TOTAL FIXED ASSETS			**7 739 332.71**		**7 700 069.74**
CURRENT ASSETS					
Inventories					
Materials and supplies			0.00		2 000.00
Non-current receivables					
Non-current receivables from Group companies			9 758 997.48		10 047 227.69
Current receivables					
Trade receivables		0.00		148.50	
Receivables from Group companies		8 517 920.80		5 738 515.77	
Other receivables		11 862.22		9 505.13	
Prepaid expenses and accrued income		1 231 891.06	9 761 674.08	1 594 242.17	7 342 411.57
Securities included in current assets			689 193.00		634 846.80
Cash at bank and in hand			3 849 282.68		3 172 945.68
TOTAL CURRENT ASSETS			**24 059 147.24**		**21 199 431.74**
TOTAL ASSETS			**31 798 479.95**		**28 899 501.48**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	11				
Share capital			2 532 651.20		2 521 851.19
Share premium fund			47 000.00		0.00
Retained earnings			7 626 284.50		6 917 077.50
Net profit for the finanacial year			4 918 152.51		4 931 665.74
Net profit for the financial period			**4 779 210.10**		**2 130 060.30**
TOTAL SHAREHOLDERS' EQUITY			**19 903 298.31**		**16 500 654.73**
ACCUMULATED APPROPRIATIONS					
Depreciation difference			121 410.00		116 480.00
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	13	9 840 940.47		11 177 691.33	
Other non-current liabilities		0.00	9 840 940.47	0.00	11 177 691.33
Current liabilities					
Trade payables		62 382.35		1 098.00	
Amounts owed to Group companies		374 661.34		518 125.45	
Other liabilities		1 358 065.64		366 534.41	
Accrued liabilities and deferred income		137 721.84	1 932 831.17	218 917.56	1 104 675.42
TOTAL LIABILITIES			**11 773 771.64**		**12 282 366.75**
TOTAL EQUITY AND LIABILITIES			**31 798 479.95**		**28 899 501.48**

parent company cash flow statement

	2003 1 000 €	2002 1 000 €
Cash flow from operations		
Payments received from sales	343	201
Payments received from other operating income	271	94
Amounts paid for operating expenses	-780	-642
Cash flow from business operations before financial items and taxes	-166	-347
Interests and other operations-related financial costs paid	-327	-63
Interests received from operations	341	54
Dividends received from operations	3 798	1 647
Direct taxes paid	0	0
Cash flow from operations	**3 646**	**1 291**
Cash flow from investment activities		
Investments in tangible and intangible assests	-15	-2 400
Sale of tangible and intangible assests	0	0
Other investments	-104	-97
Loans granted	-1 083	-6 603
Cash flow from investment activities	**-1 202**	**-9 100**
Cash flow from financing activities		
Share issue	767	0
Short-term investments	-55	2 732
Withdrawals of short-term loans	0	0
Withdrawals of long-term loans	0	10 000
Repayments of long-term loans	-336	-168
Paid dividends and other distribution of profits	-2 144	-1 639
Cash flow from financial activities	**-1 768**	**10 925**
Change in liquid assets	**676**	**3 116**
Liquid assets on January 1	**3 173**	**57**
Liquid assets on December 31	**3 849**	**3 173**

key figures

1 000 €	2003	2002	2001	2000	pro forma 1999 [1]
Turnover	62 868	41 856	29 280	22 185	18 203
Growth of turnover, %	50.2 %	43.0 %	32.0 %	21.9 %	27.7 %
Operating profit	4 385	5 182	3 663	2 853	3 346
% of turnover	7.0 %	12.4 %	12.5 %	12.9 %	18.4 %
Profit before extraordinary items, provisions and taxes	4 658	5 487	4 857	3 742	3 519
% of turnover	7.4 %	13.1 %	16.6 %	16.9 %	19.3 %
Net profit for the financial year	3 143	3 733	3 219	2 599	2 461
% of turnover	5.0 %	8.9 %	11.0 %	11.7 %	13.5 %
Equity ratio, %	51.3 %	47.9 %	67.6 %	80.3 %	55.8 % [2]
Return on equity, (ROE)	17.5 %	22.9 %	23.3 %	29.5 %	31.6 % [2]
Return on investment, (ROI)	16.6 %	23.1 %	30.7 %	40.1 %	44.4 %
Gearing	15.9 %	36.6 %	-16.5 %	-44.5 %	-22.8 %
Gross investments in fixed assets	979	3 527	754	818	1 519
% of turnover	1.6 %	8.4 %	2.6 %	3.7 %	8.3 %
Average number of personnel during the period	502	431	314	245	218
Number of personnel at the end of period	514	489	372	256	233
Earnings per share, EUR	0.50	0.59	0.52	0.49	0.40
Equity per share, EUR	2.96	2.76	2.44	2.12	0.79 [2]
Dividend per share, EUR	0.40	0.34	0.26	0.22	0.12
Payout ratio, %	80.0 %	57.6 %	50.0 %	44.9 %	30.7 %
Effective dividend yield, %	5.0 %	5.8 %	5.0 %	4.0 %	n/a
P/E ratio of the shares	16.00	9.92	10.00	11.22	n/a

[1] The Pro forma figures are presented due to that the Group was formed in June 1999 and unadjusted would not represent comparable figures.
[2] Calculation of the key figures is based on the official consolidated financial statements.

calculation of key figures

Equity ratio, %	$\frac{\text{Shareholders' equity + minority interest x 100}}{\text{Balance sheet total - advances received}}$
Return on equity, % (ROE)	$\frac{\text{Profit before extraordinary items - taxes x 100}}{\text{Shareholders' equity + minority interest (average)}}$
Return on investment, % (ROI)	$\frac{\text{Profit before extraordinary items + interest x 100}}{\text{Balance sheet total - interest-free liabilities (average)}}$
Earnings per share, EUR	$\frac{\text{Profit before extraordinary items +/- minority interest in the net profit - taxes x 100}}{\text{Share issue adjusted number of shares (average)}}$
Equity per share, EUR	$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares on balance sheet date}}$
Dividend per share	$\frac{\text{Dividend paid for the financial period}}{\text{Share issue adjusted number of shares on balance sheet date}}$
Payout ratio, %	$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share x 100}}{\text{Share issue adjusted share price on 31 December}}$
P/E ratio of the shares	$\frac{\text{Share issue adjusted share price on 31 December}}{\text{Earnings per share}}$

accounting policies

consolidated subsidiaries

Concerning the comparison figures, the companies acquired in 2002, Wulff Oy Ab and Torkkelin Paperi Oy, have been consolidated as of 11 November 2002. The Group ownership in Everyman Oy has been increased by 6 percentage points as of 24 November 2003.

principles of consolidation

Intra-Group shareholdings have been eliminated using the acquisition method. The consolidation goodwill that was generated in connection with the acquisitions during 2002 amounted to MEUR 5.1 and has been capitalised and will be depreciated over ten years.

Intra-Group transactions, internal receivables and liabilities, internal margins on inventories, and internal distribution of profits have been eliminated. Minority interest is separated from consolidated shareholders' equity and profit and entered as a separate item.

foreign currency items

Foreign currency items are booked at the exchange rate of the transaction date. Foreign currency items on the balance sheet are valued at the official exchange rates quoted on the balance sheet date. Exchange gains and losses associated with net sales and purchases have been recorded on the income statement as adjustments to the corresponding items.

The balance sheets and income statements of foreign subsidiaries have been translated into euros in accordance with the official rate at the balance sheet date.

In the consolidated financial statements, translation differences arising from the shareholders' equity of subsidiaries have been recorded as translation differences adjusting the Group retained earnings.

income recognition

The billing value of the products, associated indirect taxes and reductions deducted is recognised as revenue. Items are entered as income at the time of transfer of the product, i.e. on the basis of accrual.

intangible and tangible assets and depreciation policy

In the balance sheet, the book value of tangible and intangible assets is their original acquisition cost minus accumulated depreciation according to plan. Depreciation is charged according to plan, as straight-line depreciation, based on the original acquisition cost and the useful economic life of the assets.

Profits from the sale of tangible assets are entered as other operating income, and sales losses are entered as other operating costs.

valuation of inventories

Inventories are valued according to the FIFO principle, at the lower of acquisition price or their likely selling price.

valuation of marketable securities

Marketable securities are valued at the lower of acquisition cost or market price.

matching of pension costs

The Group's pension arrangements are based on statutory pension insurance schemes. Key personnel of the Group have received additional pension benefits, the effect of which on the Group is no more than EUR 100 thousand annually. The costs of pension insurance have been spread out to correspond to the accrual-based salaries and wages in the income statement.

taxes

In the income statement, taxes based on the profits of the Group's companies as well as deferred taxes have been entered as income taxes.

The deferred tax liability has been calculated from the Group companies' accumulated depreciation plan of the tangible assets (see above). However, an equal amount of deferred tax assets has been recorded based on the difference between book to tax asset values on securities. The tax rate used is the confirmed tax rate on the balance sheet date.

preparing for the adoption of IAS

The European Commission has approved a proposal for a regulation whereby all listed companies domiciled in the European Union must prepare IAS (International Accounting Standards) -compliant consolidated financial statements for 2005, at the latest. Beltton-Group Plc has prepared for the adoption of IAS since 2003, and will prepare its IAS-compliant consolidated financial statements as of 2005.

NOTES TO THE FINANCIAL STATEMENTS	Group 2003 1 000 €	Group 2002 1 000 €	Parent Company 2003 1 000 €	Parent Company 2002 1 000 €
1.TURNOVER				
By business area				
Computer peripherals	18 332	11 758	0	0
Office supplies	23 789	9 517	0	1
Corporate promotional products	14 136	14 306	0	0
Ergonomic office products	6 116	5 863	0	0
Rental income	495 [1)]	412	0	0
Administrative services	0	0	366	233
Total	62 868	41 856	366	234
By market area				
Finland	55 581	34 945	366	234
Sweden	6 293	5 907	0	0
Norway	172	123	0	0
Estonia	822	881	0	0
Total	62 868	41 856	366	234
2. OTHER OPERATING INCOME				
Rental income	26	21	252	31
Profit from sales of fixed assets	38	35	0	0
Re-charged freight expenses	149	99	0	25
Others	37	46	19	38
Total	250	201	271	94
3. PERSONNEL EXPENSES				
Management remuneration				
Managing Directors	449	339	52	52
Members of the Board	0	0	0	0
Total	449	339	52	52
Average number of personnel during the financial year	502	431	6	5
4. DEPRECIATION				
Depreciation periods according to plan				
Consolidation goodwill	10 year			
Other long-term expenditure	5 year			
Machinery and equipment	3–5 year			
Buildings	20 year			
Depreciation according to plan				
Other long-term expenditure	47	26	18	17
Consolidation goodwill	575	128	0	0
Machinery and equipment	827	627	1	0
Buildings	146	44	125	21
Total	1 595	825	144	38
5. OTHER OPERATING EXPENSES				
Rental fees	1 410	1 010	15	14
Marketing	1 240	859	288	58
Travel expenses	4 547	4 465	36	10
Others	5 126	3 246	341	339
Total	12 323	9 580	680	421

[1)] The rental income relates to car rental income of Grande Leasing Oy.

NOTES TO THE FINANCIAL STATEMENTS	Group 2003 1 000 €	Group 2002 1 000 €	Parent Company 2003 1 000 €	Parent Company 2002 1 000 €
6. EXTRAORDINARY INCOME AND EXPENSES				
Group contributions			3 739	2 403
Others	0	0	0	0
7. APPROPRIATIONS				
Difference between depreciation according to plan and depreciation for tax purposes			5	116
8. TAXES				
Income tax from ordinary operations	1 349	1 620	1 902	941
Change in deferred tax liability	0	0		
Total	1 349	1 620	1 902	941
9. INTANGIBLE AND TANGIBLE ASSETS				
Other long-term expenditure				
Acquisition cost January 1	308	147	85	88
Additions from Jan 1 to Dec 31	131	161	38	0
Subtractions from Jan 1 to Dec 31	0	0	0	3
Acquisition cost December 31	439	308	123	85
Accumulated planned depreciation Jan 1	49	23	34	17
Planned depreciation from Jan 1 to Dec 31	47	26	18	17
Book value Dec 31	**343**	**259**	**71**	**51**
Consolidation goodwill				
Acquisition cost January 1	5 247	121		
Additions from Jan 1 to Dec 31	67	5 126		
Acquisition cost December 31	5 314	5 247		
Accumulated planned depreciation Jan 1	249	121		
Planned depreciation from Jan 1 to Dec 31	575	128		
Book value Dec 31	**4 490**	**4 998**		
Land areas				
Acquisition cost Jan 1	358	0	0	0
Additions from Jan 1 to dec 31	0	358	0	0
Acquisition cost Dec 31	358	358	0	0
Changes in value Jan 1	0	0	0	0
Recorded changes in value from Jan 1 to Dec 31	0	0	0	0
Book value Dec 31	**358**	**358**	**0**	**0**
Buildings				
Acquisition cost Jan 1	2 921	425	2 496	0
Additions from Jan 1 to Dec 31	0	2 496	0	2 496
Subtractions from Jan 1 to dec 31	0	0	0	0
Acquisition cost Dec 31	2 921	2 921	2 496	2 496
Accumulated planned depreciation Jan 1	81	37	21	0
Planned depreciation from Jan 1 to dec 31	146	44	125	21
Book value Dec 31	**2 694**	**2 840**	**2 350**	**2 475**
Machinery and equipment				
Acquisition cost Jan 1	4 456	3 298	0	0
Additions from Jan 1 to Dec 31	959	1 435	40	0
Subtractions from Jan 1 to Dec 31	121	277	0	0
Acquisition cost Dec 31	5 294	4 456	40	0
Accumulated planned depreciation Jan 1	2 038	1 411	0	0
Planned depreciation from Jan 1 to Dec 31	827	627	1	0
Book value Dec 31	**2 430**	**2 419**	**39**	**0**

NOTES TO THE FINANCIAL STATEMENTS	Group 2003 1 000 €	Group 2002 1 000 €	Parent Company 2003 1 000 €	Parent Company 2002 1 000 €
10. SHARES AND SECURITIES				
Shares in subsidiaries				
Acquisition cost Jan 1			5 174	5 077
Additions from Jan 1 to Dec 31			104	97
Subtractions from Jan 1 to Dec 31			0	0
Book value Dec 31			**5 278**	**5 174**

OWNERSHIP OF THE SHARES IN SUBSIDIARIES Name of company	Group's ownership %	Parent Company ownership %
Beltton Oy	100	100
Beltton Svenska AB	75	25
Grande Leasing Oy	100	0
Lacornet Oy	75	75
Beltton A/S	100	80
Suomen Rader Oy	100	67
Vinstock Oy	100	63
Naxor Finland Oy	100	100
Everyman Oy	64	64
Office Solutions Oy	70	70
Officeman Oy	70	70
KB-tuote Oy	100	100
KB Eesti Oü	70	0
Visual Globe Oy	100	100
Wulff Oy Ab	100	0
Torkkelin Paperi Oy	100	0
Beltton Investment Oy	100	100

	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
Other shares and securities				
Book value Jan 1	670	617	0	0
Additions from Jan 1 to Dec 31	21	59	0	0
Subtractions	0	6	0	0
Book value Dec 31	**691**	**670**	**0**	**0**
11. SHAREHOLDERS' EQUITY				
Share capital on January 1	2 522	2 522	2 522	2 522
Increase in share capital	11	0	11	0
Share capital on December 31	**2 533**	**2 522**	**2 533**	**2 522**
Share issue December 31	**47**	**0**	**47**	**0**
Share premium fund January 1	6 690	6 690	6 916	6 917
Gain from share	710	0	710	0
Share premium fund December 31	**7 400**	**6 690**	**7 626**	**6 917**
Retained earnings January 1	8 200	6 160	7 062	6 571
Dividends paid	2 144	1 639	2 144	1 639
Currency translation difference	-17	-8		
Other changes	-61	-46		
Retained earnings December 31	5 978	4 467	4 918	4 932
Net profit for the financial year	3 143	3 733	4 779	2 130
Total shareholders' equity December 31	**19 101**	**17 412**	**19 903**	**16 501**

NOTES TO THE FINANCIAL STATEMENTS	Group 2003 1 000 €	Group 2002 1 000 €	Parent Company 2003 1 000 €	Parent Company 2002 1 000 €
Calculation of distributable funds December 31				
Retained earnings	5 978	4 467	4 918	4 932
Net profit for the financial year	3 143	3 733	4 779	2 130
Part of accumulated depreciation difference				
entered in shareholders' equity	-647	-513		
Consolidation entries	-264	-209		
Distributable funds December 31	**8 210**	**7 478**	**9 697**	**7 062**
12. DEFERRED TAX LIABILITY				
Deferred tax asset from timing differences	264	209		
Deferred tax liability from depreciation difference	-264	-209		
Total	0	0		
13. NON-CURRENT LIABILITIES				
Non-current liabilities				
Loans from credit institutions	10 424	11 389	9 841	11 178
Pension loans	0	0	0	0
Other loans	0	0	0	0
14. PLEDGES GIVEN AND OTHER CONTINGENT LIABILITIES				
Chattel mortgages				
Used as guarantees	3 850	3 850	0	0
Not in use, free	600	600	0	0
Lease commitments	302	432	0	0
Guarantees				
Guarantees given on behalf of Group companies	200	200	200	200
Guarantees given on behalf of others	49	24	0	0
The following shares/assets have been pledged as collateral for the Parent company's loans. The book value is represented below:				
Martela Oyj	521	521	0	0
KB-Tuote Oy	683	683	683	683
Wulff Oy Ab	7 518	7 518	0	0
Torkkelin Paperi Oy	245	245	0	0
Wulff buildings	2 350	2 475	2 350	2 475
Wulff land areas	358	358	0	0

Deposits amounting to EUR 128 000 have been pledged as collateral for the Group's rental commitments, import tax fees and as collateral for share trading.

The market value effect of the Group's derivative contracts is less than EUR 50 000 and the value of underlying securities is less than EUR 150 000.

board of directors' proposal for the distribution of profits

The consolidated balance sheet as at 31 December 2003 showed distributable funds in the amount of EUR 8.2 million. The parent company's balance sheet as at 31 December 2003 showed distributable funds of EUR 9.7 million. According to the parent company's balance sheet, the following amounts are at the disposal of the Annual General Meeting:

retained earnings	EUR 4 918 152.51
net profit for the financial year	EUR 4 779 210.10
total	EUR 9 697 362.61

The Board of Directors proposes to the Annual General Meeting that a dividend on EUR 0.40 per share, or a total of EUR 2.6 million, be paid for the year 2003, and that the remaining EUR 7.1 million be retained in non-restricted shareholders' equity. Further, the Board of Directors proposes that the dividend be paid on 19 April 2004.

Vantaa, 10 March 2004

Ari Lahti
Chairman of the Board

Heikki Vienola
Managing Director

Sakari Ropponen
Jyrki Paulin
Ari Pikkarainen

auditors' report

We have audited the accounts, the accounting records and corporate governance of Beltton-Group Plc for the period from 1 January to 31 December 2003. The financial statements prepared by the Board of Directors and the Managing Director include a report on operations as well as the income statement, balance sheet and notes to the accounts for both the Group and the parent company. Based on our audit, we give our opinion of the financial statement and corporate governance. We have conducted our audit in accordance with sound accounting standards. Those standards require that we plan and 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The purpose of the our audit of corporate governance was to ensure that the members of the Board of Directors and the Managing Director have legally complied with the provision of the Companies' Act.

In our opinion, the financial statements were prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the Group and parent company's result of operations and financial position. The financial statements and the consolidated financial statements can be adopted, and the members of the parent company's Board of Directors and the Managing Director can be discharged from liability for the period we have audited. The Board of Directors' proposal for the distribution of profit funds is in compliance with the Companies' Act.

Vantaa, 12 March 2004

Tilintarkastus LOGOS Oy
Authorised Public Accountants

Juha Lindholm
Approved Accountant

Jukka Havaste
Authorised Public Accountant

shares and shareholders

shares and share capital

Beltton-Group Plc's minimum share capital is EUR 2,000,000 and its maximum share capital is EUR 8,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association.

On 31 December 2003, Beltton-Group Plc's registered share capital was EUR 2,532,651.20, divided into 6,331,628 shares with a par value of EUR 0.40 each. The company increased its share capital once during the report period. Based on the Stock-Option Scheme 2000, the period of 13 November and 20 November saw subscriptions for 27,000 company shares for a per-share nominal value of EUR 0.40, increasing the company's share capital by EUR 10,800. 8,500 shares were subscribed to, with the A stock options, 8,500 shares with the B stock options and 10,000 shares with the C stock options. The increase of share capital was registered on 26 November 2003.

In addition, based on the Stock-Option Scheme 2000, the number of Beltton shares subscribed between 27 November and 31 December 2003 totalled 117,500, increasing the share capital by EUR 47,000. As a result, the share capital rose to EUR 2,579,651.20 and the number of shares grew to 6,449,128. The increase of share capital was registered on 9 January 2004.

Beltton has one share series, and the company's shares will be traded on the Helsinki Exchanges under the trading code BTN1V as of 1 April 2004 (BEL1V until 31 March 2004), since HEX Helsinki Exchanges will adopt the OM HEX trading system in autumn 2004, and Beltton's code, BEL, is already in use in the soon-to-be-adopted system.

The confirmed taxable value of the share in 2003 is EUR 5.46.

shareholders and ownership

Beltton-Group Plc's shares are included in a book-entry securities system maintained by the Finnish Central Securities Depository Ltd.

On 31 December 2003, Beltton had 765 shareholders. Of the company's 6,331,628 shares, 6,326,728 shares, or 99.92 per cent of the shares and votes, were direct holdings, and 4,900 shares, or 0.08 per cent of the shares and votes, were holdings registered in the administrative register.

Beltton's ten largest shareholders owned approximately 85.1 per cent of the shares and votes, while 0.4 per cent of the shares were owned by non-Finnish shareholders. The Beltton-Group Plc has no treasury shares.

Following the transactions carried out on 24 February 2003, Varma Mutual Pension Insurance Company's holding of Beltton-Group Plc's shares and votes increased from the previous 3.17 per cent to 7.14 per cent, or to 450,000 shares.

On 31 December 2003, the total number of shares owned by the Managing Director and members of the Board of Directors (whose term of office started on 9 April 2003), as well as societies under their control and persons under their guardianship, was 3,957,300, which represented 62.5 per cent of the total number of shares and votes.

share quotation

Beltton's transition to a listed company commenced in October 2000, when Beltton's share was listed for the first time on the NM list of the Helsinki Exchanges. On 22 April 2003, the company transferred its share to the Trade group on the main list of the Helsinki Exchanges. The company's stock abbreviation is BTN1V, and its trading lot is 100 shares. The ISIN code of the Beltton share, used in the international clearing of securities, is FI0009008452.

number of shares	shareholders		number of shares	
	nr	%	nr	%
1–500	511	66.8%	126 500	2.0%
501–1 000	129	16.9%	108 500	1.7%
1 001–10 000	100	13.1%	297 500	4.7%
10 001–100 000	19	2.5%	714 528	11.3%
100 001–	6	0.8%	5 084 600	80.3%
total	765	100.0%	6 331 628	100.0%

principal shareholders on December 31. 2003	number of shares	% of shares
Vienola, Heikki	2 558 255	40.40%
Pikkarainen, Ari	1 381 745	21.82%
Keskinäinen Työeläkevakuutusyhtiö Varma	400 000	6.32%
Tapiola Mutual Pension Incurance Company	350 000	5.53%
Tapiola General Mutual Incurance Company	283 900	4.48%
Nordea Nordic Small Cap Investment Fund	110 700	1.75%
Tapiola Mutual Life Assurance Company	100 000	1.58%
Hietala Pekka	85 000	1.34%
Fondita Nordic Small Cap Placfond	60 000	0.95%
Hautakangas Jyrki	60 000	0.95%
total	5 389 600	85.12%
others	942 028	14.88%
total	6 331 628	100.00%

share trading and share price development

1,190,920 Beltton shares, or 18.9 per cent of all shares, were traded during 2003, corresponding to EUR 8,595,842.20. The highest share price in 2003 was EUR 9.21 (2002: EUR 6.55), and the lowest share price was EUR 6.00 (EUR 4.95). The average share price was EUR 7.22 (EUR 5.53). The closing price on 31 December 2003 was EUR 8.00, while a year earlier it was EUR 5.85, which represents a price change of 36.8 per cent. Market capitalisation at year-end was EUR 50,653,024.00.

stock-option schemes

Stock-option schemes are part of the Group's incentive system. Beltton has two stock-option schemes directed to the personnel and members of the Board of Directors.

Stock-options included in the stock-option scheme 2000 entitle holders to a maximum subscription of 250,000 new shares. As a result of these subscriptions, the company's share capital may rise by no more than EUR 100,000. The dilution effect of this scheme amounts to 3.8 per cent.

The share subscription periods and prices are as follows:
– stock option A: 1 Oct. 2001–31 Oct. 2004, EUR 6.00
– stock option B: 1 Oct. 2002–31 Oct. 2004, EUR 5.97
– stock option C: 1 Oct. 2003–31 Oct. 2004, EUR 4.14

However, the share subscription price is always at least the nominal value of shares as required by the Finnish Companies Act.

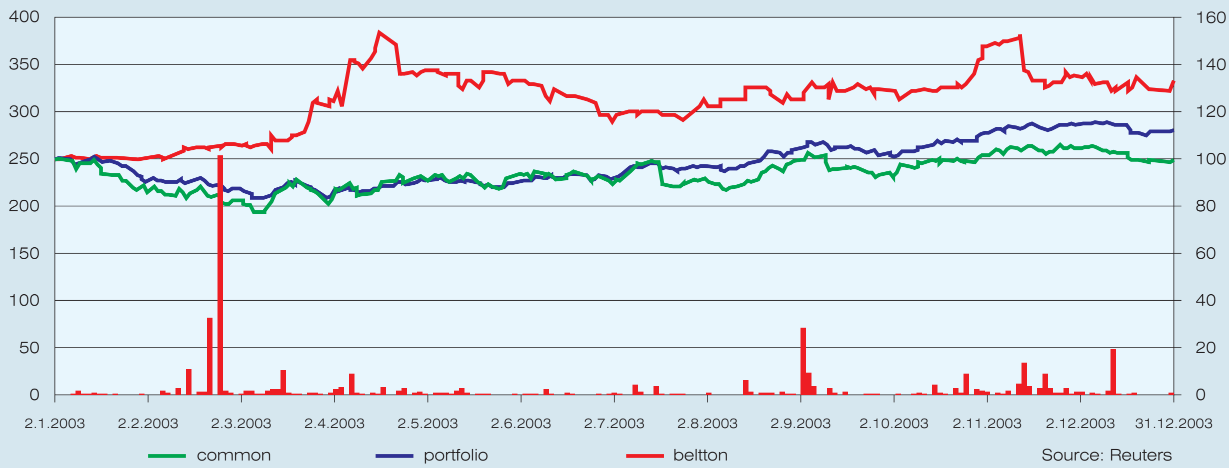
Stock options included in the stock-option scheme 2002 entitle holders to a maximum subscription of 200,000 new shares. As a result of these subscriptions, the company's share capital may rise by no more than EUR 80,000. The dilution effect of this scheme amounts to 3.1 per cent. The share subscription price is EUR 5 per share. However, the share subscription price is always at least the nominal value of shares as required by the Finnish Companies Act. The subscription period is 1 April 2004–31 October 2005.

insider guidelines

Beltton-Group Plc has adopted insider guidelines that are based on the instructions issued by the Finnish Financial Supervision regarding the application of the Securities Market Act in public companies. Beltton-Group Plc's register of insiders is in the SIRE system of the Finnish Central Securities Depository. Information on Beltton's insiders is available on the company's website at www.beltton.com, and it is updated on a quarterly basis.

owner group	shareholders		% of shares
	number	%	
private persons	645	84.3%	73.9%
financial and incurance institutions	13	1.7%	11.2%
companies	76	9.9%	2.5%
public entities	2	0.3%	11.8%
non-profit organisations	3	0.4%	0.1%
foreign shareholders	26	3.4%	0.4%
total	765	100.0%	100.0%

hex and beltton 2 Jan. 2003–31 Dec. 2003



Source: Reuters

corporate governance

corporate governance principles

Beltton's management and administration comply with the Finnish Companies Act, the Securities Market Act and regulations on the management of public limited companies issued by the authorities. Beltton aims to put into practice the Corporate Governance recommendation created by Helsinki Exchanges, The Central Chamber of Commerce and The Confederation of Finnish Industry and Employees latest 1 July 2004.

shareholders' meeting

Convening at least once a year, the shareholders' meeting exercises the ultimate decision-making power at Beltton. The Annual General Meeting, which is held annually by the end of June on the date determined by the Board of Directors, decides on the number of Board members, and elect them for one year at a time. The shareholders' meeting also decides on alterations of the Articles of Association, adoption of financial statements, the amount of dividends and election of auditors.

board of directors

The Annual General Meeting elects three to six Board members and deputy members. Beltton's present board consists of five members. Beltton's current Board consists of the company's major shareholders who are employed by the company on a full-time basis, and non-executive experts who demonstrate broad business experience and knowledge. During 2003, Board members convened ten times, with only one reported non-attendance.

The Board elects a Chairperson amongst its members, and appoints the Managing Director. The Managing Director is a member of the board. The Board of Directors is responsible for the company's strategic policies and the appropriate organisation of business and administration.

In addition to the responsibilities specified in law and in the Articles of Association, the Board, as defined by its rules of procedure, is responsible for:

- Confirming the company's long-term goals and strategy;
- Approving the company's action plan, budget and financial plan, as well as supervising their implementation;
- Dealing with and approving interim reports and financial statements;
- Determining major individual and strategically significant investments, such as company acquisitions, business acquisitions and divestments;
- Appointing the Managing Director and deciding on his/her emoluments;
- Confirming risk management and reporting procedures;
- Planning dividend policy.and
- Establishes committees, when required, in order to increase the effectiveness of board work

managing director

Under the Companies Act, Beltton's Board of Directors appoints a Managing Director who is responsible for the company's day-to-day management, as specified by the instructions and regulations issued by the Board of Directors. Heikki Vienola, M.Sc. (Econ.), has acted as the company's Managing Director since 1999.

The period of notice for the Managing Director is three months for both parties according to the employment contract. The Managing Director's salary for 2003 totalled EUR 52,500. The Managing Director is included in the statutory pension plan.

corporate management team

The Group's Managing Director and the subsidiaries' Managing Directors form the core corporate management. The Group's Managing Director and Deputy Managing Director hold regular meetings with the subsidiaries' Managing Directors. The Managing Directors of Beltton's subsidiaries are responsible for day-to-day management of business operations. The Group's Managing Director is in charge of major corporate decisions of the subsidiaries, such as approving investments.

board emoluments and management remuneration and other benefits

The Annual General Meeting decides on Board emoluments. The Managing Director and the Deputy Managing Director receive no emoluments for their membership on the Board. Board members received no emoluments during 2003.

In 2003, the company granted 10,000 stock options to each of its three non-executive Board members. The Stock-Option Scheme 2000 and 2002 are presented on page 33.

internal supervision principles, risk management, internal auditing

The Board of Directors and the Managing Director are responsible for deciding on principles steering the entire Group's operations, while the business units' managers and the Internal Auditor are in charge of compliance with these principles.

The business units' managers and board members report on sales to the Group's Managing Director on a weekly basis. The Group's Managing Director monitors the budget deviations of major units on a monthly basis. In response to major budget deviations, the Group takes operational measures to adjust such deviations. The Board of Directors monitors Group-level budget deviations at its meetings on a quarterly basis.

The business units' managers regularly monitor risks in their operating environment, while the Group's Managing Director monitors Group-level risks. The Group's Director of Finance monitors, for example, currency and interest-rate risks.

The Group's Internal Auditor is responsible for the implementation of an annual audit plan approved by the Board of Directors. The Group's internal auditing is independent of the Group's daily business operations.

presentation of the board members

From left: Ari Pikkarainen, Sakari Ropponen, Ari Lahti, Jyrki Paulin and Heikki Vienola.

Board of Directors on 31 December 2003

Ari Lahti, born in 1963, Lic.Soc.Sc.
- Chairman since 2000
- Managing Director and Board member of ICECAPITAL Securities Ltd
- Board member of Oy Veikkaus Ab
- Mandatum Stockbrokers Ltd's Managing Director from 1998 until 1999
- Pankkiiriliike Protos Oy's Managing Director from 1992 until 1998
- Holdings at the end of 2003:
  - 3,000 Beltton shares, accounting for 0.05 per cent of all shares and votes
  - 30,000 stock options
  - 7,000 unregistered Beltton shares (registered on 9 January 2004).

Jyrki Paulin, born in 1953, M.Sc. (Econ.)
- Board member since 2000
- Eera Finland Oy's partner and Board Chairman
- A & L Management Oy's founder shareholder and Managing Director from 1986 until 1995, Board Chairman since 1995
- Mercuri International Oy's Director, Consultancy Services, and shareholder from 1980 until 1986
- Holdings at the end of 2003:
  - 2,000 Beltton shares, accounting for 0.03 per cent of all shares and votes
  - 30,000 stock options
  - 7,000 unregistered Beltton shares (registered on 9 January 2004).

Ari Pikkarainen, born in 1958
- Board member since 1998
- Beltton-Group Plc's Deputy Managing Director, and Managing Director of Suomen Rader Oy, Naxor Finland Oy and Visual Globe Oy
- Akro Oy's Sales Manager from 1990 until 1994
- Oy Eric Rahmqvist Ab's Sales Manager from 1984 until 1989
- Holdings at the end of 2003:
  - 1,381,745 Beltton shares, accounting for 21.8 per cent of all shares and votes.

Sakari Ropponen, born in 1957, M.Sc. (Econ.)
- Board member since 2000
- Linedrive Oy's consultant and Managing Director
- Mercuri International Oy's Consultant, Sales and Marketing, from 1985 until 1994
- Holdings at the end of 2003:
  - 2,000 Beltton shares, accounting for 0.03 per cent of all shares and votes
  - 30,000 stock options
  - 7,000 unregistered Beltton shares (registered on 9 January 2004).

Heikki Vienola, born in 1960, M.Sc. (Econ.)
- Board member since 1998
- Managing Director of Beltton-Group Plc, Beltton Oy and Vinstock Oy
- Arena Center Oy's Board Chairman since 1994
- Holdings at the end of 2003:
  - 2,558,255 Beltton shares, accounting for 40.4 per cent of all shares and votes.

shareholder information

annual general meeting

The Annual General Meeting of Beltton-Group Plc will be held at Radisson SAS Seaside Hotel, Ruoholahdenranta 3, Helsinki on Monday, 5 April 2004, starting at 15.00 p.m.

Shareholders who have been recorded in the shareholder register maintained by the Finnish Central Securities Depository Ltd 26 March 2004, and who have registered for the meeting no later than 31 March 2004 are entitled to attend the meeting.

Shareholders can register for the meeting:
- by e-mail: anne.takala@beltton.fi;
- by fax: +358 (0)9 523 393; or
- by letter to: Beltton-Group Plc,
  Annual General Meeting,
  Manttaalitie 12, FI-01530 Vantaa, Finland.

dividends

The Board of Directors of Beltton-Group Plc proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be paid for the financial year 2003. The dividend decided by the Annual General Meeting is paid to shareholders registered on the shareholder register maintained by the Finnish Central Securities Depository Ltd on the dividend record date, 8 April 2004. The Board of Directors also proposes to the AGM that the dividend be paid on 19 April 2004.

financial information

Beltton-Group Plc will publish the following financial information in 2004:

Financial Statements 2003 on	9 Feb. 2004
Interim report for Jan.–March on	12 May 2004
Interim report for Jan.–June on	12 Aug. 2004
Interim report for Jan.–Sept. on	15 Nov. 2004.

Beltton-Group Plc publishes its financial information in the form of stock exchange releases issued in Finnish and English, as well as on the company's website at **www.beltton.fi**. The printed Annual Report will be published in Finnish and English. You can also inspect the Annual Report in pdf format on the company's website, or order it by e-mail from **info@beltton.fi**.

investor information

For investor information, please contact
IR Director Liinu Lehto-Seljavaara,
tel. +358 (0)9 5259 0050 or
mobile +358 (0)40 537 3964.

beltton-group plc
manttaalitie 12
01530 vantaa
finland
tel. +358 9 5259 0050
fax. +358 9 523 393

beltton oy
manttaalitie 12
01530 vantaa
finland
tel. +358 9 525 9000
fax. +358 9 523 393

everyman oy
valuraudantie 12
00700 helsinki
finland
tel. +358 9 825 6150
fax. +358 9 8256 1535

kb-tuote oy
merimiehenkatu 36 d
00150 helsinki
finland
tel. +358 9 478 822
fax. +358 9 4788 2345

looks finland oy
riihimiehentie 7
01720 vantaa
finland
tel. +358 9 849 4210
fax. +358 9 8494 2133

naxor finland oy
riihimiehentie 7
01720 vantaa
finland
tel. +358 9 777 1989
fax. +358 9 8559 1100

suomen rader oy
riihimiehentie 7
01720 vantaa
finland
tel. +358 9 777 1383
fax. +358 9 8559 1100

torkkelin paperi oy
vesijärvenkatu 15
15140 lahti
finland
tel. +358 3 751 5115
fax. +358 3 752 5119

vinstock oy
manttaalitie 12
01530 vantaa
finland
tel. +358 9 525 9090
fax. +358 9 523 393

visual globe oy
riihimiehentie 7
01720 vantaa
finland
tel. +358 9 276 4060
fax. +358 9 8559 1100

wulff oy ab
manttaalitie 12
01530 vantaa
finland
tel. +358 9 8704 6336
fax. +358 9 8704 6300

beltton svenska ab
åkerbärsvägen 26
61110 nyköping
sweden
tel. +46 155 29 26 00
fax +46 155 29 26 05

beltton a/s
jutulveien 4
3614 kongsberg
norway
tel. +47 32 73 24 71
fax +47 32 72 00 19

kb eesti oü
regati pst 1-5p
11911 tallinn
estonia
tel. +372 6 398 742
fax +372 6 398 745

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Beltton-Group Plc.

www.beltton.com

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