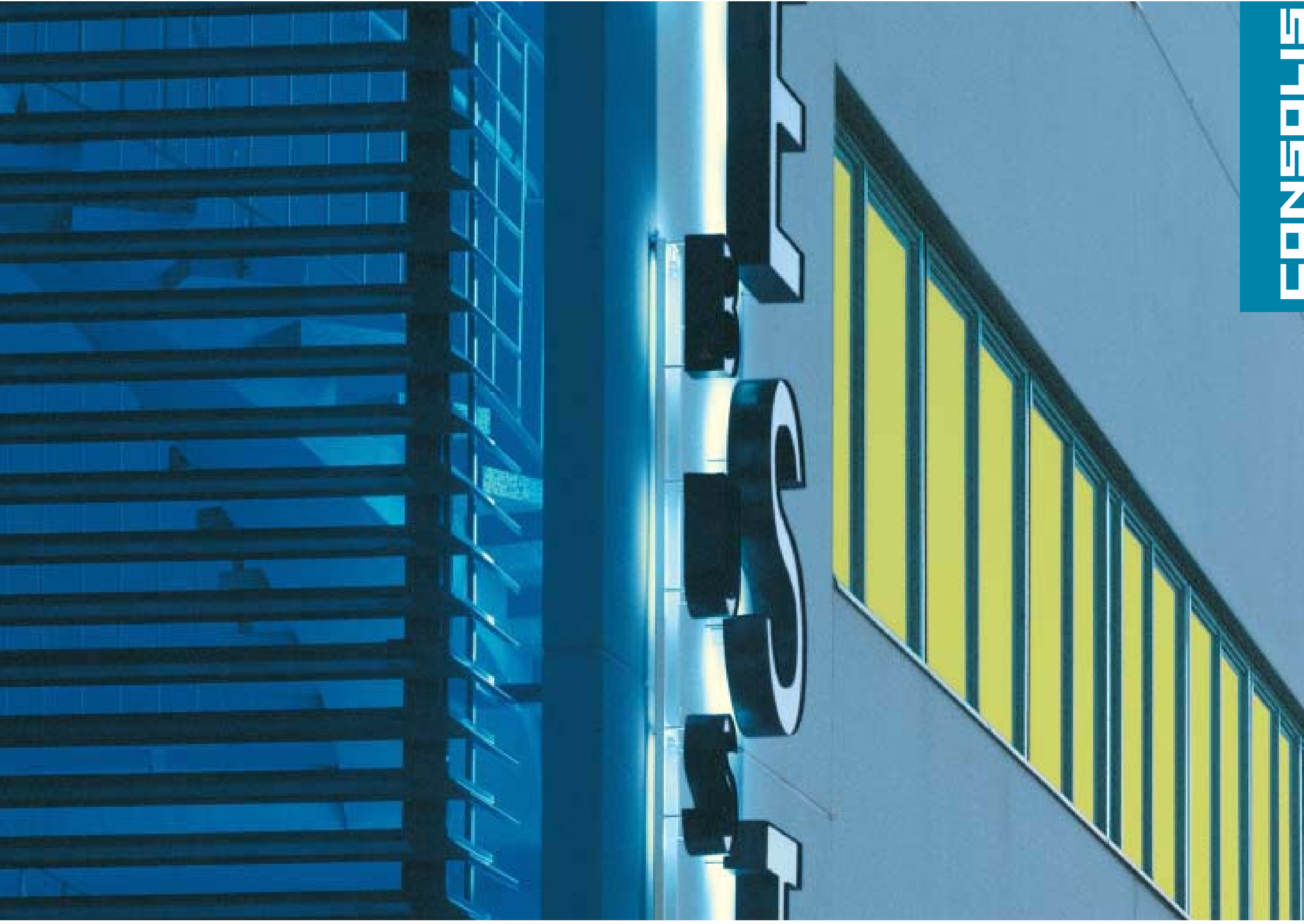
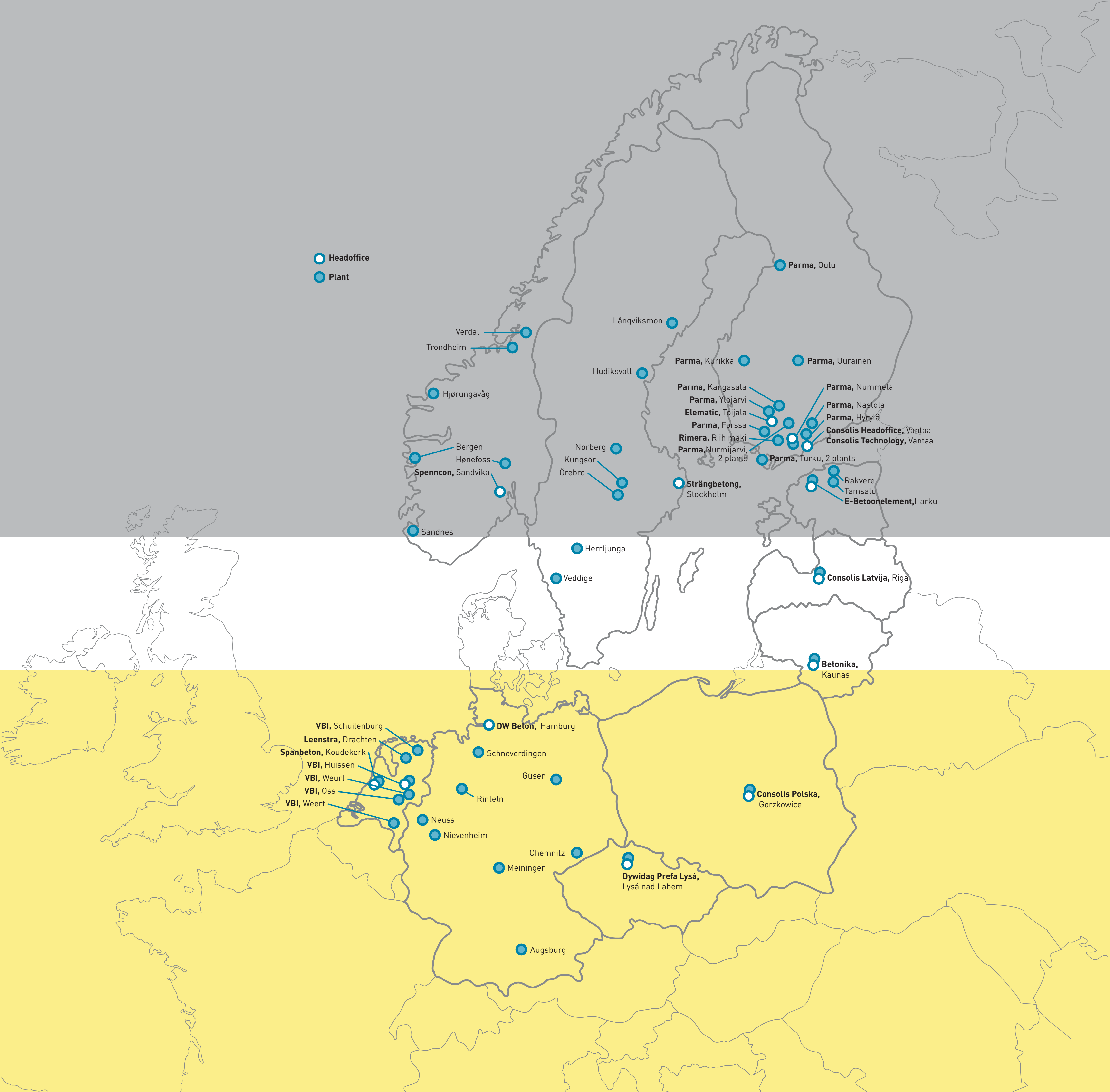


Annual Report 2003



Headoffice
Plant
Parma, Oulu
Långviksmon
Verdal
Trondheim
Parma, Kurikka
Parma, Uurainen
Hudiksvall
Hjørungavåg
Parma, Kangasala
Parma, Ylöjärvi
Elematic, Toijala
Parma, Forssa
Rimera, Riihimäki
Parma, Nurmijärvi, 2 plants
Parma, Nummela
Parma, Nastola
Parma, Hyrylä
Consolis Headoffice, Vantaa
Consolis Technology, Vantaa
Parma, Turku, 2 plants
Bergen
Hønefoss
Spenncon, Sandvika
Norberg
Kungsör
Örebro
Strängbetong, Stockholm
Rakvere
Tamsalu
E-Betoonelement, Harku
Sandnes
Herrljunga
Veddige
Consolis Latvija, Riga
Betonika, Kaunas
VBI, Schuilenburg
Leenstra, Drachten
Spanbeton, Koudekerk
VBI, Huissen
VBI, Weurt
VBI, Oss
VBI, Weert
DW Beton, Hamburg
Schneverdingen
Güsen
Rinteln
Neuss
Nievenheim
Consolis Polska, Gorzkowice
Chemnitz
Meiningen
Dywidag Prefa Lysá, Lysá nad Labem
Augsburg

Contents

Consolis in Brief

Consolis is the largest manufacturer of prefabricated concrete elements in Europe. The company operates 52 factories in 11 countries: Finland, Sweden, Norway, Germany, the Netherlands, Estonia, Russia, Latvia, Lithuania, the Czech Republic and Poland.

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

In 2003 Consolis had a net sales of EUR 618 million (EUR 543 million in 2002) and employed on average 4,946 employees (4,292 in 2002). Orders received amounted to EUR 594 million (EUR 515 million in 2002). Consolis was formed in December 1997 following the merger of Partek Precast Concrete and the Swedish company Strängbetong. Consolis' major shareholders are the Swedish private equity fund Industri Kapital, the Finnish KONE Corporation and various Finnish insurance companies. Management also has a shareholding in Consolis.

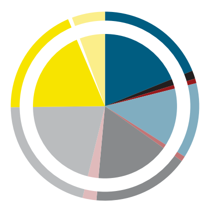
Highlights 2003

- Due to acquisitions in 2002, the net sales increased to EUR 618 million.
- Increased turnover also in the Baltic countries and Poland.
- Strong cash flow from operating activities amounted to EUR 56.7 million.
- Net profit was EUR 11.4 million.
- Growth in Germany through an acquired element factory in Meiningen.
- Consolis Latvija commenced the building of a concrete element factory in Latvia outside Riga.

Key Data

NET SALES by Segment 2003

- Residential Buildings 24%
- Non-Residential Buildings 47%
- Infrastructural Construction 23%
- Engineering 6%



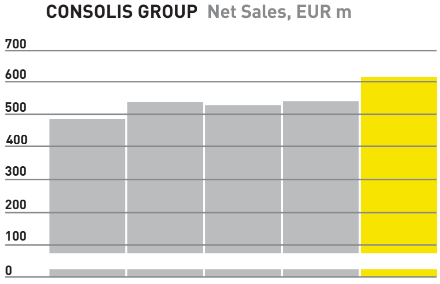
NET SALES by Geographic Area 2003

- Finland 18.9%
- Czech Republic 1.4%
- Latvia 0.8%
- Norway 12.9%
- Lithuania 0.9%
- Germany 16.6%
- Estonia 2.4%
- Netherlands 21.0%
- Sweden 18.8%
- Poland 0.7%
- Other countries 5.6%

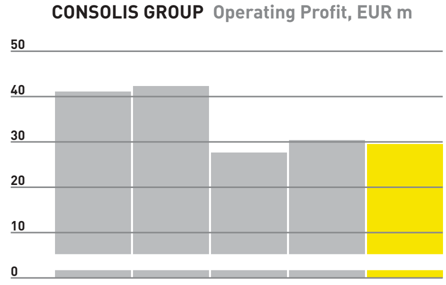
CONSOLIS GROUP Key Figures 1999 – 2003

		1999	2000	2001	2002	2003
Net sales	Million euro	489.4	541.6	531.2	543.0	**618.4**
Operating profit	Million euro	41.1	42.4	27.7	30.4	**29.5**
of Net Sales	%	8.4	7.8	5.2	5.6	**4.8**
Result for the period	Million euro	23.0	23.0	12.4	13.4	**11.4**
of Net Sales	%	4.7	4.2	2.3	2.5	**1.8**
Earnings per share	euro	1.8	1.8	1.0	1.1	**0.9**
Return on capital employed	%	24.5	23.4	13.6	11.9	**10.6**
Gearing (capital loan as equity)	%	50	36	63	113	**80**
Average personnel	Number	3786	4169	4204	4292	**4946**

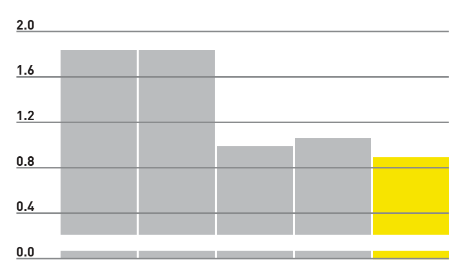
CONSOLIS GROUP Net Sales, EUR m

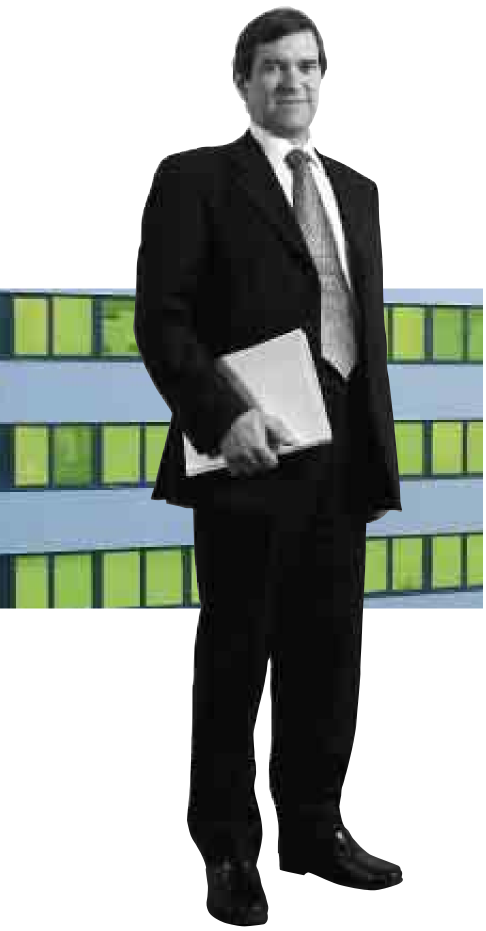


CONSOLIS GROUP Operating Profit, EUR m



CONSOLIS GROUP Earnings Per Share, EUR





Review by the President and CEO

The year 2003 did not bring the expected relief to the European construction markets, on the contrary, the declining trend continued in most of Consolis' major markets, i.e. the Nordic area, Holland and Germany. The decline was strongest in our main segment, non-residential construction and reflects the low investment level and the continuing surplus of office space.

Consolis' major German acquisitions, at the end of 2002, turned out to be well-timed and the new Group, DW Beton, has been very successful during 2003 thus helping to compensate for the decline in other markets. In addition, the recently acquired Czech subsidiary, Dywidag Prefa Lysá, has proved its worth by achieving its best ever result and the highest EBIT-margin of the Consolis Group.

Consolis has, during 2003, in addition to integrating the late 2002 acquisitions, decided on a new strategy for Germany where we see a flicker of light after many disappointing years. The company acquired, in April of 2003, the frame product factory in Meiningen, formerly owned by Imbau. This acquisition, together with a strengthened organization, enables DW Beton to become a major force on the German market in supplying total frame solutions based on the know-how of the entire Consolis Group. According to this strategy a second frame product factory in Rinteln was acquired in February 2004.

Consolis' total market was clearly divided into the declining west and the developing East & Central European countries where growth was strongest and the promise for the future is high.

Consolis' major investment in 2003 was a factory in Riga (Latvia) for Consolis Latvija. The factory, the first one in Latvia with a full assortment of pre-cast products, will be fully operational by the 1st Quarter 2004.

The Group has also invested heavily in two IT-related projects, the highly specialized AddCAD design system and the ERP system iNetto, developed by Parma, which is now being rolled-out to other companies within the Consolis Group.

The net sales of the Group increased to EUR 618 million (EUR 543 million in 2002) due to the consolidation of the late 2002 acquisitions for the full year, but the unfavourable change in the mix of products combined with strong price pressures, resulted in an EBIT of EUR 29 million, which is almost equal to the EBIT of 2002.

The financial position of the Group has remained strong, liquidity is excellent and the net debt has decreased by EUR 35 million during the year. Considering the market circumstances, the result of the Group for 2003 is satisfactory and we strongly believe in an improved situation in our main markets

The Group has also been successful in continuing its aim towards partnerships with main customers. The amount of repeated orders increased and long-term co-operation agreements were negotiated to a greater extent than before.

In addition to a slowly recovering market in Western and Northern Europe, we see a great opportunity in the rapidly developing markets in Central Eastern Europe and the Group intends to be active in these markets during the coming year. However, we do not foresee a considerable improvement in 2004 for the Group, but believe in similar numbers for net sales and EBIT as in 2003.

In spite of the negative market development in our main countries, we are happy to share the same values as our customers seem to believe in, that is reliability, quality, punctuality and environmental consciusness.

We want to thank our customers for their belief in us and the people of the Consolis Group that have made it possible to fulfil the expectations of our customers.

Vantaa, March 2004

Bengt Jansson
President and CEO

Success through Integration

Growth through acquisition can be a winning strategy. But to be one, all the pieces need to fit, quickly and smoothly. To be a success requires special skills, experience, expertise and vision. Consolis has proven it has them all.

Consolis has a history of acquisition and rapid integration of new companies into the Group. The latest examples of this string of successes were seen in 2003 with the rapid integration of the DW Group in Germany and Prefa Lysa in the Czech Republic. Four factories in Germany in the DW Group, along with Prefa Lysá, were added to Consolis holdings during the later part of 2002 and the Imbau Meiningen factory was acquired several months later. The first operational year was a triumph.

"Looking at Western Europe, our strategy from the very start has been profitable growth," says Bengt Jansson, President and CEO of Consolis. "But we are interested not only in manufacturing capacity, but also in experienced management. Another factor is that this was an opportunity to move deeper into the railway sleeper market and make ourselves less dependent on housing construction. In addition, we have long been interested in the former east-block market where we believe there is sustainable growth. These acquisitions have not only met our expectations, but to some degree even surpassed them."

Clear responsibilities

Technical Director Seppo Rajamäki acted as project leader, "Early on we had a concept for integration. We took a long hard look at their organizations and their cost structures. We also tried to estimate their market futures. In practice what we did was first create a unified group out of these companies and reorganized them into three separate business units for sleepers, concrete pipes and pre-cast structural elements."

These three business units are run quite independently with a thin layer of top management charged with streamlining operations. The advantage of this target structure, one of the milestones of the integration process, was that it brought about clear responsibilities in all business areas.

"By centralization we were able to save significantly at the headquarter level. Also we got critical mass for further development for Consolis business in Germany," explains Heikki Haikonen the Managing Director of DW Group with general administrative responsibilities, "We immediately found synergies in financing and purchasing, human resources and technologies, where transfer of best practice plays a central role. The concepts behind what we are now offering in structural elements have been benchmarked with a lot of input from other Consolis areas."

Clear focus

This is a business where individual company operations are very localised. However, Thomas Krämer-Wasserka, the Managing Director of DW Group with operational responsibilities sees real benefits in being a part of a focused multi-national, "Now, for the first time, we are with a parent company which is focused on pre-cast and using this experience and expertise from other countries. Management within the group is much better than we were used to. We really had the best year ever, both in terms of our business and emotionally for all the staff as well. The main thing is that our business is also the core business of Consolis. This has been very important."

Krämer-Wasserka says that the same goes for Dywidag Prefa Lysá in the Czech Republic, which achieved the best results in its company's history during 2003. He stresses that the company is enthusiastically involved in all aspects of the Consolis Group's functions, "With hollow core elements as its main product, Prefa Lysá fits into the prime business focus. Transferring even more of the existing knowledge and know-how into the Eastern European countries will be an interesting feature of the near future and a real opportunity for growth."

Rational benefits

According to CFO Pertti Nupponen, "The inclusion of the DW Group and Prefa Lysa has been a quite smooth integration process. We have clear principles which we implement in companies throughout the group. We introduced our standard reporting software and provided training and within two months we were getting figures into headquarters just as from all our other companies. So, this very quickly gave us quite a good grip on how things were going. We are a group of companies with local customers and in most instances, local suppliers. This business cannot be pan-European. But we are a Group and there are many areas where we can be rationally and successfully integrated to the benefit of all. And, we have done that."

Railway sleepers are a core business for Consolis.

EU memberships will create new business opportunities in the Baltic countries and Poland.

Rapid Expansion in the Baltic Countries and Poland

The Baltic countries of Estonia, Latvia and Lithuania, along with Poland, have undergone exceptional growth over the past decade. Membership in the EU is expected to bring a boom in construction investment. These are markets where Consolis is expanding and winning.

"The changing economies in this part of Europe are creating a lot of business opportunities, especially bearing in mind their new membership in the European Union. The market in the Baltics is still relatively small, but growing fast. That's why we are there. We have the opportunity to double turnover and this could well happen during the next years," points out Consolis Technical Director, Seppo Rajamäki.

UAB Betonika, a pre-cast operator in Lithuania, was acquired in 1999. Consolis Latvija was established in Riga as a representative of the Group during the same year. E-Betoonelement has three production plants in Estonia for the manufacture of housing elements and pre-stressed concrete products. Consolis Polska (Poland) was established in the autumn of 1999 and now produces pre-stressed and reinforced structural elements, hollow core slabs along with various wall elements.

EU impact

"What is important about these companies is that they can collaborate in a way that is unusual in this business. We are developing a range of standardized operational models where we can, for example, make savings by transferring and sharing moulds instead of transporting elements" says Rajamäki.

Vytautas Niedvaras, Managing Director of Betonika, is gearing up to deal with the surge in demand, "The confidence of investors is increasing and there are many investments being made, production being transferred here from other countries and there are many major projects coming. The EU Commission has already approved projects for waste water treatment, water plants and railways. Those all investments will pull up demand for residential buildings as well. So far about 60 percent of investment has been in the capital but they are now spreading out and we expect that building will take off in other cities both large and small."

As part of Consolis, Betonika has considerable financial strength compared to its competitors. "And we can pool physical resources. We can transfer production from one plant to another. We can share the experience that other our Group companies have in both residential and non-residential construction. We can always turn to our colleagues with problems or for advice.

New capacity

In Latvia during 2003 Consolis began the construction of a multi-product production facility in Stopini, 20 km from Riga. The factory will be in full operation during spring 2004. It will produce approximately 35,000 m^3 of concrete elements annually. The total investment is approximately EUR 7 million and the factory will employ more than 150 people. Production will cover a wide range of prefabricated concrete elements, building structures and infrastructural products.

"The situation in our market is changing," says Vladimirs Chamans, Managing Director of Consolis, Latvija. "The residential sector in Latvia is about 10% of the market. But we now expect a boom. We are involved in several multi-storey housing projects. I think that we can expect a lot of activity in the infrastructure sector as well. In Latvia, we have more than 800 bridges that need to be renovated or even rebuilt and up until now we have not had the resources and production capacity. With new capacity we will be putting more effort into this sector."

Room for growth

Chamans also sees membership in the Group as a key to continuing success, "In Soviet times 57% of residential buildings were built from pre-cast. Over the past 10 years nobody used pre-cast and therefore people here lost the expertise and experience in pre-cast construction. Through Consolis we have it, and more. We have a broad portfolio with a full set of pre-cast elements. And, we have the kind of design expertise that few competitors can approach."

The story in this region doesn't stop here, according to Seppo Rajamäki, "We are looking at possibilities to further increase activities especially in Poland. Today the situation is on the up swing. We are optimistic that this year we will be able to work at full capacity. Poland has been a difficult market, but we are confident that an improvement will be seen there as well. It is a big country with relative low capacity. So, there is room for growth. At the same time, we also are looking for further possibilities in other parts of Eastern Europe."

iNetto – Dedicated Information Management

Effective business practices are increasingly reliant on real-time management of information. Consolis has gone beyond the standard technology by creating and implementing a unique Group-wide system specifically designed for the pre-cast industry.

Information management is about combining information technology with information systems to gain the best possible view of all operational aspects within the company. Enterprise Resource Planning Systems, or ERP systems, makes such demands possible by using the same information throughout the entire system. The ERP system also encompasses the business perspective by allowing internal processes and procedures to be streamlined, enhancing data accuracy and quality, effectively a value added process.

Targeted and effective

Over the past few years the Finnish subsidiary of Consolis (Parma), has been developing its own application for use in its 13 factories. The software has an extensive set of functionalities, specifically designed for the pre-cast industry. A new improved version of this application is now offered to all Consolis companies under the name iNetto.

The primary objective for Group IT from 2004 – 2006 will be the roll-out of this common ERP system in several Group companies.

The first implementation project has begun with Strängbetong in Sweden. Several Group companies in CEE countries are currently fast-tracking iNetto implementations.

The basic functionalities include: Tender calculation, customer order tracking, production planning, materials management, purchasing and much more. Supported product types include: Hollow core and TT-slabs, façades, columns, beams, sleepers and walls, among others.

One recurring criticism of ERP systems is that organisations frequently have to remodel their businesses to suit the application, and not the other way round. According to Henrik Vinell, IT Manager for Strängbetong in Sweden, "If you look at production planning in a traditional ERP system, 99% is based on the assumption that you are either a trading company or if you do production in lots or batches. A simple term like "order" is defined as producing X amount of product A. This is not how our industry works, the logistic chain does not match."

Right decisions

The need to find an effective and efficient match became increasingly pressing, according to Consolis CFO Pertti Nupponen, "There were several reasons to roll out this system. At our Swedish subsidiary, Strängbetong, management was coming up against some obstacles in decision making because of an outdated ERP system. It was a natural decision to make iNetto a group-wide tool. Since it is in-house developed, it is inexpensive to implement in new companies and we know that it works."

This now moves the entire Group towards a general standardization of operations, parameters and figures. In principle this means a higher level of company and group efficiency.

One concrete example of how iNetto aids the decision-making process can be seen in tendering. iNetto provides the means to calculate costs, the mark-up value to place on the tender, and if something changes as it normally does, it can be followed up and adjustments made to meet competing tenders. iNetto also allows managers to follow the project through production, monitor the cost levels and make adjustments. So throughout the process it is known exactly where we stand and what are the right decisions to make.

Key benefits

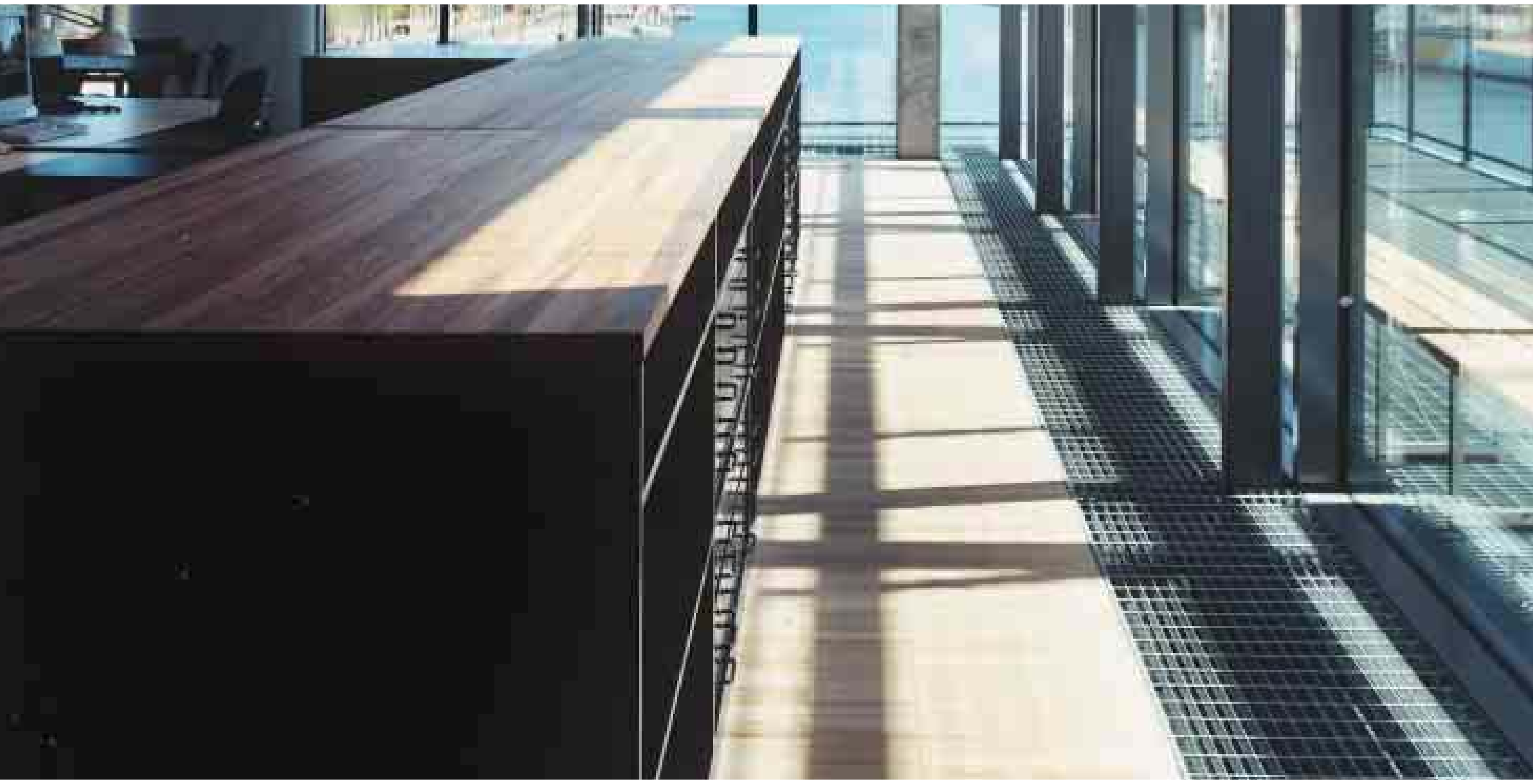
Consolis IT Manager, Tuomo Svanlund stresses that while the technology is important, understanding the business is even more crucial, "IT-specific issues are only about 20% of this project. The rest is to really rethink the whole business model, production and products. Our aim with iNetto is to standardize within the whole pool, to create the needed better basis for decision making."

Betonika (Lithuania) is one company being fast-tracked for iNetto roll-out. The first phase covers tendering, orders management and logistics and is scheduled to be in place by late spring 2004. The second phase will cover production planning, production accounting, dispatch, and invoicing. The final phase is integration with the financial package.

The company's Finance Director and iNetto Project Manager, Sarunas Siugzda, sees three key benefits of iNetto implementation, "Since iNetto was specifically designed for the order based pre-cast elements production business, we will achieve in a just a few steps many new automated processes which we would otherwise lose a lot of time and money creating and tuning-up."

iNetto will provide the same integrated information throughout the entire Group.

Creating effective leadership is a central role of the Advanced Academy. Its singular aim is: superior customer-oriented management.



Leadership Today and Tomorrow

Any efficient and successful organisation must be a "community of competencies". Preparing managers to meet the needs of today and the challenges of tomorrow is the task of Consolis' Advanced Academy.

Right from the establishment of Consolis, top managers of subsidiaries have seen the ultimate need to develop young potential leaders internally inside the Group.

Creating and maintaining superior customer-oriented management is the target of the management training program known as the "Advanced Academy". Consolis has, in close collaboration with The Finnish Institute for International Trade (FINTRA), developed and implemented a programme with the immediate aim of developing general management skills and leadership. These skills required increasing competencies in the areas of: Strategy, leadership, internal business processes and economics.

Pool of talent

According to Lasse Lappalainen, Vice President of Development Projects. "In many places our age structure is such that within some years we will need quite a number of successors in the management teams. The course, however, is not intended to automatically create new top management. It's intended to create a pool of talent that can be drawn upon."

The candidates for the programme are appointed by each subsidiary. The key criteria are; they are less than 40 years of age and either top experts in their own fields, already in a managerial position or soon to gain a managerial position.

The training course is based on four modules that are interrelated. The first module focuses on creating winning strategies, research and analyses in support of strategic planning and key issues of Consolis strategy and its implementation. The second module develops leadership skills: Understanding the difference between management and leadership, leaders in a multicultural environment, leaders as coaches and motivators. It also demonstrates how to create strong teams and lead change. The third module is an in-depth study of Consolis' own processes, while the fourth module deals with financial planning, analysis and the Group's reporting system and goals. This is all real-world training.

Consolis' own processes are the backbone of all modules. During their training, participants prepare a seminar thesis, based on a prefab industry-specific development project linked to one of Consolis' companies. The managing director of that company acts as a mentor for the seminar work.

By the start of 2004 approximately 75 out of a potential 130–140 candidates had progressed through the programme.

One recent graduate of the Advanced Academy, Mariusz Keller, Financial Director of Consolis Polska, says that he was able to instantly apply some of the lessons learned. "What I used immediately in my work was the strategic planning. During the course some new ideas came up which I was able to put into practice as soon as I was back in the office. Of real importance was the module on leadership. I learned that there are many ways of acting, adjusting to the circumstances and the people. We are all individuals. Teams consist of personalities and the idea is to get the best from each of them."

Creating effective leadership is a central role of the Advanced Academy. Its singular aim is: superior customer-oriented management. "Above all we learned two things throughout all the modules," explains Rob Teirlinck, Plant Manager of VBI in Oss, "First, everything comes from superior customer benefits. It all starts from there. And the other thing is that you can't pretend to be a leader if you aren't one. You have to have it in you. It was very specific about aspects of leadership and very practical tools to get people motivated."

Knowledge and spirit

Over and above the formal lessons, exercises and expert training, the programme has a broader purpose; the creation and strengthening of a sense of shared purpose, of community within the Group. This is something that Lasse Lappalainen has noted with each course, "We have seen very good proof of increased spirit and unity. On the last day of the last module, many of the participants say that they feel that they finally belong to the same family and the same company. The best they get is not just the training, but also the networks, getting to know people within other group companies and in Consolis."

Corinna Schanz, HR-Manager at DW Beton, herself a graduate of the Advanced Academy agrees, "This was so important and it is still going on. It was amazing how everyone was so motivated and worked so hard. It was the perfect way to take 25 people from 12 countries and create a true team spirit. And, it gets better and better..."

Striving for a Better Environment

Consolis aims at a holistic approach in its environmental efforts. While continuing development at lessening the impact of its manufacturing processes, it also provides new products, and helps customers find solutions which lower the total environmental impact.

Pre-cast concrete can play a significant part in lowering the environmental loading caused by construction. It facilitates the recycling of materials and components and reduces the amount of materials used, waste at demolition and energy consumption for building structures.

"Competing construction materials are fairly evenly matched but in the long run pre-cast solutions are better than the others," points out Petri Janhunen, Environmental Affairs Director of Consolis. "Farsighted design leads in most cases to long spans, which give flexibility in building use. The thermal mass of concrete can be utilised in balancing of the indoor climate in summer. We are also now developing solutions where heating and ventilation ducts are integrated in the structure, which is easier to do in pre-cast elements than when casting in situ. Another interesting feature with pre-cast is possibility to change the cladding elements during the long service life of a building frame. This can only be done with pre-cast."

Complex issue

The fact that the concrete itself can be recycled is significant, but according to Jouni Punkki, Life-Cycle Expert for Parma, extended use is the key to sustainability in construction, "We now understand this complex issue of the whole life-cycle of the building and its impact on the environment. The basic approach for us is not to think of environmental loading only in the manufacturing process, but also to focus on the aspect of a sustainable building. It has to be practical in use, with a long service life. We do a lot of work with our customers to find solutions making buildings as flexible as possible"

Changes can be made to facilitate multi-role use or easy conversion to new uses. "Technically, long span structures are important in rebuilding,"notes Punkki. "It is typical that if we improve building flexibility, it requires more steel for longer spans and then we see that our manufacturing environmental loads increase. It is a trade-off that has to be balanced. It is relatively easy to calculate the manufacturing loads, but extremely difficult to determine precisely the total environmental benefits of a well constructed and flexible building. But, the benefits are real. "

Innovative solutions

To meet the growing demand, companies in the Consolis Group have successfully launched products and systems for water transport and the treatment of waste water. Steadily increasing sales figures in Estonia and the Czech market, show that products related to water handling are playing an important role in infrastructure development in the Baltic and Central Eastern European countries. The latest state-of-the-art biological waste water treatment plants, useful for smaller communities and even single houses, can be installed in concrete tanks. Consistently good sales figures for high quality concrete pipes in the German market indicate that there is stable demand for the renovation and restructuring of existing waste water systems within industrialised countries.

Consolis' environmental considerations are further exemplified by the increased usage of concrete safety barriers as road barriers. Although they are mainly intended to protect human life in the case of accidents, their location near traffic concentrations also efficiently reduces the noise emitted by car engines and tyres. Reducing traffic noise is important for human health and comfort.

New challenges

Consolis has prioritised the very practical and important issue of improved conditions in its factories. This means more than just re-cycling raw materials – waste concrete, waste steel and process water. Self Compacting Concrete is increasingly used as it reduces the noise level and also reduces needed manual work in casting of the concrete.

Many of the factories of the former socialist countries were built during their old regimes and their processes have been modernised. According to Consolis policy they also will gradually implement the Environmental Management Systems and acquire ISO 14001 certificate existing in most of the older Consolis companies.

"The future brings new challenges", Petri Janhunen continues, "One environmental turning point for construction business could be trade in emissions. Cement production produces a lot of emissions. Pre-cast hollow core slabs contain less concrete than most cast-in situ floors and our technology for producing the slabs consumes less of cement. Cement is also of course a major cost factor and anything that uses less is also more competitive."

The environmental issues in the Group's countries of operation are the same, but the timetables and emphasis are different.

Consolis Group Companies

PARMA, Finland

The total volume of Finnish building construction decreased during 2003 for the third year in succession and was approximately 3% lower than the previous year. In contrast Residential construction increased by approximately 8% with over 20% growth recorded in single family Dwellings. One factor impeding Parma's growth potential was the trend away from Apartment housing towards smaller Home units. Non-Residential sector building starts decreased except for Commercial buildings.

Operations in 2003

Net sales of Parma amounted to EUR 121 million which is 12% lower than 2002. The substantial fall in building volumes coupled with lower price levels due to strong competition, has resulted in lower profitability, nevertheless, a satisfactory level was retained. Residential and non-Residential buildings accounted for 40% and 52% of net sales respectively with Civil engineering being 8% and business operations in Russia 6% of net sales. Parma clearly maintained its position as the market leader in Pre-cast Concrete operations.

Quality was a point of focus during 2003. A Quality system covering the common corporate functions was built and certified by the end of 2003. Actions to certify the Quality systems of individual factories continued. Impact of Environmental matters on business operations can be seen also in practice. Already two factories, Forssa and Hyrylä, use in their processes heat produced with bioenergy.

Innovations and investments

The development of ParmaCAD Design program was finalized for slabs and structures. Parma's Data Bank extranet based project is in active use by Parma and its customers. The Balconies and Façades Renovation Concept was launched supported by active marketing with several initial projects being executed. The concept of Plastered Concrete Façades (without joints) was developed further so that Parma supplies façades as system deliveries.

A new market opportunity was realised by providing cladding for bridge piers. This was a co-operative development between Parma and the Government's Road Service. The TEK Slab was brought to fruition as the roof for Logistics halls.

The focus of investments was on improving production machinery and processes. The most significant environmental investment was the construction of a processing water cleaning and recycling system at the Hyrylä factory. A project for centralizing production in the Turku area began during 2003. The lease agreement at the Vantaa factory expired with the resulting transfer of production machinery to other factories.

Outlook for the future

Construction operations as a whole are estimated to experience an upward trend with growth of 1%, however, non-Residential building starts will decline further during 2004. Minor growth is expected for Residential building starts. Large apartment projects are expected to decline and new flexible solutions are required for entry into new market areas. The need to develop optional façades is evident with authorities today exhibiting a preference for such solutions. The reduction in housing construction volume is a consequence of the development in the non-residential building sector. The public building sector will exhibit the most significant decrease. Competition between different structure solutions is strengthening. Civil engineering is expected to expand as a direct consequence of new and ongoing railway, motorway and harbour projects. The renovation sector is also expected to increase.

Parma's focus for the coming year is to allocate resources for the customer-oriented development of products, new solutions and construction projects. The Parma organisation must work co-operatively with customers, adding value to its products and services to ensure success in this responsive and ever-changing marketplace.

DW BETON, Germany

The economic climate in Germany remained particularly unfavourable during 2003, with economic growth coming to a standstill due to a GNP growth rate of 0%. The Construction industry order intake declined by 15% mainly in Residential and non-Residential construction.

The decrease in Infrastructure construction averaged 5%; however, the decline was brought to a halt during the second half of 2003.

An increase in total sales of 15% was achieved in the German Sleeper market, making 2003 the best year of the last decade.

The market has remained stable for Waste Water Supply systems. The market volume for pipes remained the same as 2002.

Operations in 2003

DW Brespa could stop the downward trend in earnings of the previous years. Volumes in the hollow core market decreased by 15%. Co-operative initiatives between DW Beton and DW Imbau assisted in increasing cost efficiencies at DW Brespa.

The DW Imbau plant in Meiningen is a new subsidiary of DW Beton, beginning operations in April 2003. From the experience gained being part of the former market leader in Structural Elements (Imbau), DW Imbau has initiated DW Group's introduction of the Structural Element business to the German market.

The DW group currently offers hollow core solutions plus full frame and floor concepts to the German market. The most significant order to date was the supply of 5000 m^3 of Structural Elements to the Tengelmann Logistic Centre in Berlin.

DW Betonrohre completed an excellent year in net production due to the large scale Mönchengladbach project. The project produced and delivered more than 900 pipes of a net-weight of 40 tonne each to the job site.

The German Sleeper market share of DW Schwellen increased significantly with production exceeding 1 million Track sleepers and 150,000 m of Turn-out sleepers.

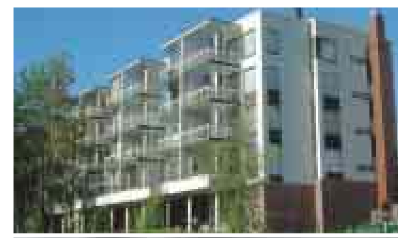
Innovations and Investments

DW Beton's incorporation of Brespa and the acquisition of the Meiningen plant (Structural Elements) from former Imbau, had a major influence on the business structure of the organisation during 2003.

Key ratios 2003

PARMA
Net Sales, 121.0 m EUR
Operative Investments, 2.8 m EUR
Personnel (average) 959

DW BETON
Net Sales, 95.4 m EUR
Operative Investments, 1.4 m EUR
Personnel (average) 510



01 *Hannu Martikainen, Parma*
02 *Heikki Haikonen, DW Beton*
03 *Thomas Krämer-Wasserka, DW Beton*

In comparison with 2002, the DW group is now able to construct a business plan which balances the Infrastructure and Building construction businesses. Furthermore, DW Imbau/DW Brespa is able to offer full frame and floor concepts to the market which improves the volume and earnings potential of both companies.

A new chemical resistant pipe was developed at DW Betonrohre. The pipe's inner concrete surface is coated with polymer concrete creating a long lasting and durable waste water pipe.

Outlook for the future

The German economy looks to improve marginally for the coming year. A growth in GNP of 1.7% is predicted for 2004, however, the Construction industry will not see the benefits until 2005.

The consolidation in Building construction will continue. In Infrastructure construction is expected a marginal increase even though DW's major customer Deutsche Bahn has announced a reduced volume in sleeper purchasing. The next major project on the horizon for DW Betonrohre is the "Emscher" project which is expected to start by the end of 2004.

The continued co-operation of DW Brespa and DW Imbau will result in the future merger of the two companies. As a result, the development of a clear product profile resulting from the merger is well under way and will incorporate Finnish Structural Elements concepts.

VBI, The Netherlands

The Dutch economy is one of the worst performing economies within the EU. The government decreasing the Dutch budget only gives negative signals. As a result, consumers confidence is at and all-time low. The number of built dwellings decreased again and activities in the non-residential segment slowed especially in office-buildings.

Due to overcapacity, there were tremendous pressures on prices for hollow core flooring. Small suppliers are currently heavily suffering with their volumes decreasing more than the market. However, the VBI order-book increased and looks promising.

Operations in 2003

The reduction of White and Blue Collar employees, closing of the hollow core production at Spanbeton, reduction of the number of different product types and the changed logistics that took place in the past few years resulted in considerable and necessary cost savings. Profitability was satisfactory, despite substantial price decreases.

01 *Lambert Teunissen, VBI and Spanbeton*
02 *Terje Søhoel, Spenncon*

During 2003, the new CAD-system (PRIDE) completely developed by VBI, was fully implemented and working satisfactorily. The implementation of the CRM system was completed and the first changes in the ERP system were implemented on-time and on-budget.

Innovations and investments

During the past few years, VBI has continued its investment in Innovative product development. The Pipe floor is gaining more interest each year with Apartment flooring also developing successfully. The development of VBI Casco is close to completion and looks promising. In cooperation with SDI, the patent owner of a specialised steel beam, VBI is developing this beam with the intention of supplying a complete flooring system.

Investments were principally centred on CAD, CRM and ERP, assisting in increasing VBI's efficiency.

Outlook for the future

The Dutch government's alteration to deduction rules for interest paid on mortgages, will have less than positive effect on residential construction.

Building activities in the residential segment will not increase with activities in the non-residential segment slowing further during 2004.

The office market is not expected to increase over the next years due to huge over-capacity. Therefore, consistent focus on cost savings will be necessary. Conversely, more effort is being directed into innovations in order to increase the market share of hollow core slabs.

SPANBETON, The Netherlands

The high speed railway (HSL) and the Betuwe railway large scale projects are nearing completion. The Dutch government has decided to decrease its budget focusing on broadening highways rather than constructing new ones, resulting in a 40% decrease in the volume of bridge elements. This will lead to heavy pressure on pricing.

Operations in 2003 / Innovations and investments

The Rail business is at a satisfying level and will remain so for the next few years due to the completion of the Betuwe railway and arrears in maintenance. This is particularly evident for Turn-out Sleepers, prompting Spanbeton's investment in opening a Turn-out Sleepers production facility in September.

Outlook for the future

Spanbeton's focus for the future will be on efficiency measures and product innovations due to the current market situation not improving for the next few years.

SPENNCON, Norway

The significant downturn in the volume of commercial, office and new residential buildings began toward the end of 2002 and continued through the first half of 2003. In total, start-up activity ended 4–5% lower compared with 2002.

Operations in 2003

Spenncon's profits were adversely affected by significant geographical variations along with a difficult mix of building types and exceptionally low activity at the beginning of 2003. Factory loading suffered from this discontinuity.

The total production volume of concrete elements remained the same as 2002. Consequently, Spenncon's market share has not been weakened during a difficult year for the Concrete Element industry in general.

The new building market was dominated by turn-key deliveries developed by contractors. Spenncon was prominently involved in their design and development processes and succeeded in strengthening the backlog of tenders during 2003.

Innovations and investments

Spenncon was successful in acquiring the targeted large scale projects after their introduction to the market during the second half of 2003. Volumes and results produced were at an acceptable level for the last quarter, however, this could not offset the period of low production experienced during the first period of the 2003.

Further cost reduction and action programs to cater for market trends and orientations were implemented, consistent with the strategy and action plans initialised for 2002 – 2003. Changes in each business unit's work processes along with changes between all units, will result in further reductions in fixed costs. These initiatives will enable Spenncon to be a more efficient and effective force in a volatile marketplace during 2004.

Spenncon launched Partnering contract initiatives with leading contractors during 2003. The initiative looks to establish Spenncon as the preferred supplier, assisting in increasing Spenncon's partners' competitiveness in the marketplace. The initial pilot projects with NCC will be monitored throughout 2004.

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

Outlook for the future

Overall building activity is forecast to decline by a further 5% during 2004.

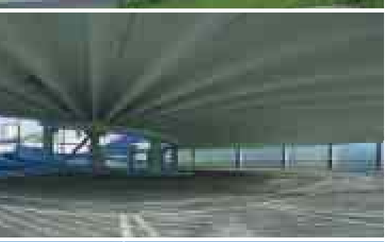
Start-up activities are expected to follow the 2003 market trend, with activities varying significantly across construction sectors and between the geographical regions during 2004.

Key ratios 2003

VBI
Net Sales, 104.8 m EUR
Operative Investments, 4.0 m EUR
Personnel (average) 732

SPANBETON
Net Sales, 32.3 m EUR
Operative Investments, 0.9 m EUR
Personnel (average) 249

SPENNCON
Net Sales, 78.6 m EUR
Operative Investments, 0.7 m EUR
Personnel (average) 557



STRÄNGBETONG, Sweden

Sweden's economic growth was lower than expected during 2003 (GDP growth was estimated to have been 1.5% for 2003). New building construction decreased by approximately 5% and investments in infrastructure rose.

Residential construction as a whole grew marginally while new multi-family constructions decreased unexpectedly. In the industrial and commercial sector investment volumes dropped substantially for the third year in succession with volumes in the public sector levelling out in comparison with 2002.

Operations in 2003

In spite of a decreasing market, Strängbetong's order intake rose by 10% due in large part to the successful launch of Basic Building System for Multi-Family Housing. Development of new systems and products, an extensive marketing campaign and personnel training programs were instituted during 2003. The substantial increase in sales volume within the residential segment resulted as a consequence of these initiatives.

Productivity improvement programs were instigated with particular focus directed at the Production Planning process.

Self-compacting concrete (SCC) was used to a major extent in producition during 2003. SCC reduced manpower needs and improved the factory working environment.

A total reduction of 9% of salaried employees occurred during 2003.

Innovations and investments

Software integrating the knowledge gained from areas of sound insulation, energy balance, moisture in buildings and environmental matters was implemented by the Strängbetong Basic Building System.

Investment into sleeper technology was undertaken in order to modernize production as well as the product.

The implementation of Consolis' iNetto ERP system for Tendering, Production and Project Management started during 2003 and it will be in use by 2004 along with a new accounting system.

Outlook for the future

Commitment in establishing a significant and lasting market share in the Residential sector, will gain momentum due to an increased demand in the Multi-Family segment during 2004. Industrial buildings demand is forecast to increase, while Commercial sector investments are expected to remain low. New Public sector construction activities will drop marginally with sleeper demand expected to remain at a reasonable level. All in all considering a good backlog level, an improvement in performance is within sight during 2004.

Key ratios 2003

STRÄNGBETONG
Net Sales, 120.7 m EUR
Operative Investments, 2.0 m EUR
Personnel (average) 871

DYWIDAG PREFA LYSÀ
Net Sales, 9.2 m EUR
Operative Investments, 1.0 m EUR
Personnel (average) 146

E-BETOONELEMENT
Net Sales, 16.2 m EUR
Operative Investments, 1.3 m EUR
Personnel (average) 394

01 *Michal Mikšovský, Dywidag Prefa Lysá*
02 *Johnny Ståhl, Strängbetong*
03 *Jaan Valbet, E-Betoonelement*

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DYWIDAG PREFA LYSÀ, The Czech Republic

Czech construction output increased by a preliminary 8–9% during 2003. Growth was primarily driven by Infrastructure construction, i.e. bypasses, motorways and railway corridors. Several factors, including the Czech Republic's ascension to the EU on the 1st of May 2004, should drive this positive development further.

The Construction industry grew due to numerous major non-Residential projects, i.e. shopping centres, industrial halls and the extension to the Prague airport terminal. Development is forecast to continue due to the extremely robust demand from the Private sector. The Residential sector also grew as more encouraging mortgage loan systems and low interest rates were introduced.

Operations in 2003

Dywidag Prefa Lysà is a leading Pre-cast supplier for the Flooring and Water Treatment market in the Czech Republic. Turnover grew almost 50% to more than EUR 9 million during 2003 making it a successful year both in terms of growth and profitability.

Dywidag Prefa Lysà delivered more than 200,000 m^2 of hollow core slabs to a broad variety of building constructions during 2003. The Prague Airport was the largest single project (>30,000 m^2). The Residential Houses Project in Odolena Voda was also of notable scale and importance.

The introduction of 320 and 400 mm slabs reaching up to 16 m spans has led to growing interest in the building's lifetime and flexible design solutions not possible with traditional cast-in-situ structures.

The Aqua Protection segment realised a record production volume for 2003. The trend is towards large-capacity tanks and oil separators as highway construction continues at an elevated level. The mid-range separator market seems to have saturated due to decreasing activities in fuel stations and small shopping centre construction. Dywidag Prefa Lysà faces tough competition in the mid-range separators market where price outweighs performance. In Housing projects, there is a trend away from local wastewater collectors to pumping stations.

The entire organisation's resources were utilized above and beyond its full potential from April onwards during 2003. A comprehensive investment at increasing Hollow core slab capacity and internal logistics commenced during the latter part of 2003. The investment will particularly improve the Hollow core facilities and stockyard handling with a modernization plan to be initiated for the Concrete Batch and Mix station.

Innovations and investments

Dywidag Prefa Lysà has initiated several innovations and improvements during 2003. One of the most significant is the updated Quality Management System in accordance with CSN ISO 9001:2001. Hollow core mix designs and self compacting concrete were further enhanced with high quality surfaces gained from profound knowledge of concrete materials. Dywidag Prefa Lysà can be regarded as the current market leader in these areas.

Outlook for the future

Sales and engineering know-how was reinforced by new recruitments, advanced IT tools and extensive education programs. These initiatives along with investment in the Pre-stressed product line, will pave the way for Dywidag Prefa Lysà to better serve its customers with viable new concepts. Dywidag Prefa Lysà can provide complete frame solutions for various building types including car parks, industrial buildings and state-of-the-art dwelling homes.

E-BETOONELEMENT, Estonia

The Estonian GDP growth rate declined from the 2002 figure of 6% to 4.2% during 2003, with a GDP of 4.8% forecast for 2004.

Estonia's accession to the EU along with the anticipated recovery in the EU's economy gives rise for optimism when it comes to predicting Estonia's growth rate for 2004.

The Construction sector's growth rate for 2003 was 7%, with significant increases in residential building construction but a decrease in the Civil engineering sector. The growth prospects for 2004 remains good particularly in relation to infrastructure projects funded by the EU.

Operations in 2003

Net sales of E-Betoonelement grew by 11% during 2003 reaching EUR 16 million. The growth rate in the Estonian market was 30%. The most rapid increase was in agricultural products with a growth rate of 250%. The Acontank system is gaining popularity among Estonian and Latvian farmers.

The most significant projects during 2003, both located in Tallinn, were the Logistic Centre of DFDS and the Ülemiste Shopping Centre, the largest shopping centre in Estonia.

Innovations and investments

Investments were directed at equipment replacement and the addition of Wall Element production capacity; this comes as a direct consequence of the market trend in Estonia during 2003.

The most significant investment was at the Harku factory's Mixing station resulting in an increase in Wall production and assuring concrete quality. The Rakvere factory layout was reorganized for the production of Wall Elements. E-Betoonelement plans to concentrate Agricultural Element production at the Rakvere factory resulting in higher productivity.

Key ratios 2003

BETONIKA
Net Sales, 6.3 m EUR
Operative Investments, 0.4 m EUR
Personnel (average) 176

CONSOLIS LATVIJA
Net Sales, 3.1 m EUR
Operative Investments, 4.2 m EUR
Personnel (average) 23

CONSOLIS POLSKA
Net Sales, 4.3 m EUR
Operative Investments, 0.8 m EUR
Personnel (average) 140

Outlook for the future

The expected continuation of the Estonian Construction industry's high growth rate, gives rise to optimism regarding E-Betoonelement's growth prospects. The Residential sector's growth rate is superior to the Construction market average due to favorable local bank's financing conditions.

Market sectors incorporating "structural frame type of production", primarily shopping centers, will decrease or remain stable.

Foreign investment is expected to increase in the Production and Storage Facilities sectors. The Office construction sector is expected to remain at a low level. In the Infrastructure sector E-Betoonelement will realize market opportunities by utilizing the know-how consolidated within the Consolis Group.

The market in Russia (St.Petersburg) has been a historically significant market for Estonia. Equal custom duties towards all EU-countries would open Estonia new opportunities for E-Betoonelement to increase export activities to St. Petersburg.

BETONIKA, Lithuania

Lithuania's average annual GDP growth rate exceeded expectations rising from 6.5% to 7.5%. The main drivers of economic growth were in Energy, Construction, Agricultural, Forestry and the Domestic trade sectors.

The growth of construction activities out-paced as well all expectations. The Activity Index of the Construction sector increased by 8.8% from January through June 2003. The impressive growth figures were a direct consequence of increased output in all construction branches, i.e. new construction, reconstruction, repair and restoration. Construction of non-residential buildings showed an exceptional increase compared with the same period in 2002.

Construction market growth was 16.5% during 2003 and accelerating, a continuation of the revival in the Construction market initiated approximately two years previous.

The volume of investments is increasing with the approach of Lithuania's ascension to the EU. As a result of an abolished 0% profit tax rate on reinvested profits, companies self-financing investment projects has become less attractive and gives way to borrowing; extremely low interest rates on loans are another stimulus for borrowing.

Operations in 2003

Net sales of Betonika amounted to EUR 6.3 million, which is 49% higher than the previous year.

The non-Residential sector remained the principal market with 91% of net sales. Sales in the Residential sector grew to EUR 1.6 million having been EUR 1.4 million in 2002. The initial Apartment Pre-cast Elements building projects designs were completed during 2003 with construction beginning in 2004.

Betonika implemented an Integrated Management System in accordance with ISO standards: 9001:2000 and 14001 during April 2003.

Innovations and investments

Investments were oriented toward the productivity and expansion of ready-made product stockyard capacity during 2003. Extra moulds for the beam production line, machinery for the carpentry workshop, two hall cranes and a 39 metre stockyard crane were purchased.

A new system, developed by Strängbetong AB in Sweden, was introduced to the market – Bashallen. An initial project for 12.000 m^2 commences at the beginning of 2004.

Outlook for the future

Despite stimulus arising from the recovery of global markets and the impending contribution of EU structural funds, the forecasts for real GDP growth in 2004 and 2005 are 7% annually. This is beyond the country's potential growth, thus the existing production capacity will be better utilized, and there will be a further decrease in the unemployment level. The Lithuanian Construction market is expecting an annual development rate around 10% in the coming years.

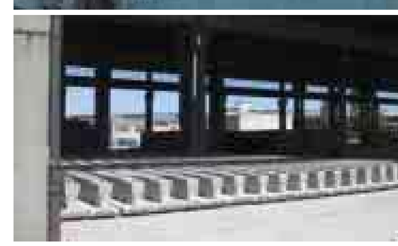
CONSOLIS LATVIJA, Latvia

Construction is still one of the most dynamic sectors of the Latvian economy with an annual average growth of construction output of 9%.

The construction market is equally split between new construction and renovation. The construction of new Super/Hypermarkets, distribution centres, parking areas, hotels and sport halls are areas experiencing the most rapid growth, followed by Agricultural and Civil engineering projects. The Residential sector remains a small market area, however, increased activity in the private mortgage market stimulated additional construction activity. The future seems encouraging with the Residential sector forecast to grow substantially within the coming years.

The market share of prefabricated elements is estimated to be around 12–15% with the main competitive technologies being cast-in-situ and steel structures.

Several large construction companies have simultaneously and independently invested in prefabricated production. It is expected that by the middle of 2004 the pre-cast market will be serviced by 3 new in addition to 5 existing producers.



Operations in 2003
The decrease in Consolis Latvija's Net sales was principally due to increased price competition and the government's decision postponing or even terminating several large contracted projects. Consolis Latvija completed several large-scale projects among them Stockmann, Origo shopping centre in Riga and Kesko in Jelgava.

Innovations and investments
Consolis Latvija is working hard on the implementation of a new factory after the investment plan was approved during the middle of 2003. It is planned to start commercial production at the beginning of 2004 in the new factory. The Consolis Group lends significant support to Consolis Latvija in all business activities.

A special task is to transfer the specific knowledge required in the Prefabricated industry to new employees.

Outlook for the future
The management believes that Consolis Latvija will increase its market share through implementation of efficient marketing, active sales programs and effective cost control. This will enable Consolis Latvija to deliver the highest quality package of services to the customer making Consolis Latvija one of the most competitive prefabricated producers on the market.

The rate of development in the Construction Industry is higher than GDP growth rate and will remain stable according to government estimations. Development during the coming years will apply across all construction sectors with the major increases in terms of volume and financial resources occurring in the Residential sector as potential Investor interest increases.

CONSOLIS POLSKA, Poland
The Polish economy significantly accelerated during the third and fourth quarters of 2003 due to a good result in Polish exports. GDP growth in 2003 exceeded 3.4% compared with 1.4% in 2002, however, this favorable result did not equate to an increase in investment or construction output.

Foreign investments amounted to $5.5 billion compared with $6 billion in 2002, worsening the environment for the construction sector.

Total construction output and the new construction segment decreased by 4.6% and 6.7% respectively.

Construction companies' poor financial and cash flow situations are a direct result of the declining in the construction sector.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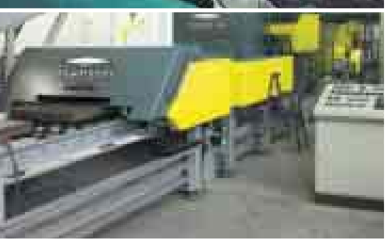
01 *Vytautas Niedvaras, Betonika*
02 *Vladimirs Chamans, Consolis Latvija*
03 *Piotr Biskup, Consolis Polska*



Key ratios 2003

CONSOLIS TECHNOLOGY

Net Sales, 2.6 m EUR
Operative Investments, 1.0 m EUR
Personnel (average) 27

ELEMATIC

Net Sales, 35.1 m EUR
Operative Investments, 0.2 m EUR
Personnel (average) 146

01 *Leo Sandqvist, Elematic*
02 *Olli Korander, Consolis Technology*

Operations in 2003

2003 was the second consecutive year of significant increases in operations. Net sales of the company have grown by 70% compared with the previous year. Consolis Polska successfully launched a new product – "Kujan" prefab bridge beams, beginning large deliveries for motorway construction within Poland.

The product mix has been adjusted to market level and new product requirements. Intense marketing efforts have been aimed at stronger promotion and implementation
of standard Consolis Polska technical solutions.

Consolis Polska has developed a cooperative relationship with a selected group of Installation subcontractors and Design offices.

Further organization training was carried out along with Sales, Marketing and Production staff receiving a variety of training within the Consolis Group during 2003.

Innovations and investments

Two major product innovations during 2003:

- An infrastructure product –"Kujan" prefab bridge beam. The factory was updated with the technical facilities necessary so as to enable production as it requires a special concrete mix design and production capacity.
- Production starts of exposed aggregate walls with Consolis Polska beginning first deliveries of the product.

Production facilities extension began in 2003. In early 2004 the Gorzkowice factory will have two additional halls to be utilized for new products. Investments have been made in tilting tables, TT mould and additional cranes.

Consolis Polska began implementation of ERP system compatible with Group standards.

Outlook for the future

As a result of the acceleration in economic growth, GDP should increase by 3.7% in 2004 and exceed 5% in the following two years. Due to Poland's EU accession in May 2004 there is expected to be an increase in foreign investment. Direct foreign investment levels of 6 Billion USD per annum are possible during the following years. It is forecast that during the second half of 2004 there should be a dynamic increase in Polish construction activities.

The new construction sector is expected to grow strongly, mainly due to the recovery of the non-residential and civil engineering sectors.

Major infrastructure investments financed by Cohesion Funds, such as modernization of fast railway lines (at least 800 MEUR), construction of motorways (800 MEUR) and expressways (300 MEUR), will be carried out in the following years.

Consolis Polska will update its production facilities to secure capacity for growing demand and these investments should be finished already in first part of 2004. Management and the organization will monitor market to develop company's operations in infrastructure and other construction segments.

During 2004 - 2005 there will be continuation of iNetto implementation to improve the company's operations.

CONSOLIS TECHNOLOGY, Finland

Consolis Technology's principal activity areas are: Co-ordinating the Groups' R & D activities, carrying out R & D work in some common topics and an active role in Transfer of Best Practice (TOB). The majority of man-hour resources are devoted to TOB.

Product level work continued in Floors and Sleepers. A separate TOB Production group was established instructing each factory to prepare a productivity improvement plan for the coming years. Plant and material reviews were used as a basis for these plans. The reviews were performed by a specialist group which studied and reported factory performances throughout the entire production process from raw materials to delivery of the completed product.

The Consolis companies in the CEE countries (the Baltics, Poland and the Czech Republic), underwent an extensive training and assistance program as part of the TOB's emphasis on Design work. The implementation of a Design Handbook began as a consequence of the initiative. The handbook details the main design principles utilized in Consolis frame systems.

Intensive work to institute the new CAD system continued. AddCAD currently has applications in all the principal product groups. Companies actively involved with AddCAD are: Spenncon, Strängbetong, Spanbeton and Parma with current innovations being introduced to other companies in the Group. The first applications were tested at Spenncon at the end of 2003.

The project concerning the interaction of shear and torsional forces in hollow core slab floors continued during 2003. The main research institutes in this EU-funded project are Chalmers University of Technology in Sweden and VTT in Finland.

Material technology development continued in the areas of Improved understanding and control of major raw materials (cement, fine aggregates) and control of the workability of fresh concrete. A pilot installation of an improved workability control was implemented during 2003.

Active patent work continued, 11 applications were approved and 27 new applications were implemented during the year.

ELEMATIC, Finland

The performance data for 2003 proved to be similar to the previous year. The level of orders received paralleled 2002 despite a decrease in Net Sales figures. Market demand in the Middle East was higher than forecast but disappointing in the largest market area of Western Europe. Inquiries from CIS countries increased rapidly with satisfying sales in the Baltic countries. Demand and sales in the USA were very poor during 2003.

Customer Service activities fell below expectations being on par with the previous year, with the primary factor being customer's low capacity utilisation rate and Pirate manufacturing of spare parts to a lesser extent.

Operations

The Sales Margin was satisfying and exceeded forecast levels for 2003, however, Backlog remained weak. Projects were completed successfully with the most significant export projects being in the Middle East, Russia, Japan and the UK.

The Acotec-product group was unable to reach its projected target, however, the company currently has two lines under installation with two more commencing at the beginning of 2004.

The realization of the technical and administrative name change of the company to Elematic Oy Ab was performed during the second half of 2003, being effective from the 15th December 2003.

The Global marketplace was characterized by a lack of orientation during 2003. Sales during 2003 consisted primarily of small scale machinery and device sales with few factory projects apart from projects in Russia and Japan.

Innovations and investment

Investment level was reasonably low during 2003 consisting primarily of replacement IT-investments.

Outlook for the future

The company believes that the situation will change at the beginning of 2004. The demand in the Middle East and Russia are expected to at least remain at similar levels to 2003 with the demand increasing in Europe, the USA and the Far-East. Marketing efforts will remain modest in China.

The launch of the Elematic brand and participation at the Bauma Exhibition will be major events in the 2004 calendar.

Board of Directors

From left:
Bengt Jansson
Kari Heinistö
Tapio Hakakari
Michael Rosenlew
Per-Olof Eriksson
Andrejs Cakste
Gerard De Geer

Per-Olof Eriksson
Born 1938. Chairman.
Chairman of the Board of Odlander, Fredrikson & Co. AB,Thermia AB and SAPA AB. Member of the Board of SSAB Svenskt Stål AB, AB Volvo, AB Custos, Preem Petroleum AB, Kungliga Tekniska Högskolan and Assa Abloy AB.

Kari Heinistö
Born 1958.
Vice Chairman.
Senior Executive Vice President of KONE Cargotec.
Chairman of the Board of Oy Sisu Auto Ab.
Member of the Board of Sisu Akselit Oy and the Scout Foundation of Finland.
Shareholding:
2,811 shares
Share of capital loan:
EUR 5,702

Andrejs Cakste
Born 1952. Member.
Chairman of the Board of SIA "Valdemars 23", Latvia.
Member of the Board of PartnerTech AB, Sweden.
Shareholding:
111,572 shares.
Share of capital loan:
EUR 226,339.

Gerard De Geer
Born 1949. Member.
Director of Operations and Business Control of Industri Kapital AB.
Chairman of the Board of Citylink AB. Deputy Chairman of the Board of Lindex AB. Member of the Board of Elektrokoppar Holding AB, Nobia AB, MacGREGOR International AB, Continental Bakeries and Carema Vård och Omsorg AB.

Tapio Hakakari
Born 1953. Member.
Secretary to the Board of Directors of KONE Corporation.
Member of the Board of Martela Oyj.

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

Michael Rosenlew
Born 1959. Member.
Director of Industri Kapital AB.
Member of the Board of Gardena AG, Citylink AB, CPS Color Group Oy, Dynea Oy, Elektrokoppar Holding AB and Sydsvenska Kemi AB.

Klaus Cawén
Born 1957. Deputy member.
Executive Vice President, General Counsel, of KONE Corporation.
Member of the Board of Oy Karl Fazer Ab, Toshiba Elevator and Building Systems Corporation, Keycast Oy and Proha Oyj.

Kristian Kemppinen
Born 1974. Deputy member.
Associate of Industri Kapital AB.

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

Group Management

From left:
Seppo Rajamäki
Bengt Jansson
Lasse Lappalainen
Pertti Nupponen
Timo Linna

Bengt Jansson
President and CEO

Lasse Lappalainen
Vice President,
Development Projects

Timo Linna
Legal Counsel

Pertti Nupponen
Chief Financial Officer

Seppo Rajamäki
Vice President,
Technical Director

Management Group

Bengt Jansson
President and CEO,
Consolis

Lasse Lappalainen
Vice President,
Development Projects,
Consolis

Timo Linna
Legal Counsel,
Consolis

Pertti Nupponen
Chief Financial Officer,
Consolis

Seppo Rajamäki
Vice President,
Technical Director,
Consolis

Piotr Biskup
Managing Director,
Consolis Polska

Vladimirs Chamans
Managing Director,
Consolis Latvija

Heikki Haikonen
Managing Director,
DW Beton

Petri Janhunen
Vice President,
Environment, Consolis

Olli Korander
Managing Director,
Consolis Technology

Thomas Krämer-Wasserka
Managing Director,
DW Beton

Hannu Martikainen
Managing Director,
Parma

Michal Mikšovský
Managing Director,
Dywidag Prefa Lysá

Vytautas Niedvaras
Managing Director,
Betonika

Leo Sandqvist
Managing Director,
Elematic

Johnny Ståhl
Managing Director,
Strängbetong

Terje Søhoel
Managing Director,
Spenncon

Lambert Teunissen
Managing Director,
VBI and Spanbeton

Jaan Valbet
Managing Director,
E-Betoonelement

Business Risk Management

Financial Risks

Consolis' policy is to provide sufficient funding for its operational needs at competitive costs and to minimize the impact of foreign exchange, interest rate, credit and liquidity risks on the Group and its subsidiaries. Consolis' newly updated treasury policy outlines its financing and financial risk management responsibilities covering the use of financial instruments used to hedge risk exposures.

Foreign Exchange Risk

Consolis is a multinational group with its principal business market based in Europe. The sales and purchases of Group companies are predominantly in their local currency, with the major foreign exchange risk exposure with the parent company.

Consolis' policy is to minimize the effects of foreign exchange fluctuations on profitability by hedging the net contracted and known or highly probable forecasted transaction exposure. Consolis Group's open foreign exchange transaction exposure position may not therefore exceed EUR 0.5 million. At year end, the open position of the Group was within the aforementioned limit.

Interest Rate Risk

The interest rate risk exposure represents the uncertainty of the Consolis Group's value and profit due to changes in interest rates. Consolis' interest rate exposure policy aims to minimize the interest rate risk by neutralizing the interest rate sensitivity of the operational business.

The policy outlines the average interest fixing term of the financial instruments at between 12 and 18 months. The portion of fixed rate loans of the total interest-bearing debt was 74% at the end of 2003. This level was due to the lower than expected amount of debt resulting from the strong operating cash flow during the last quarter of the year. At the time, interest-bearing loan capital carried an average interest rate of 5.5%.

Funding Risk

The funding risk is the risk that re-financing debts is not available, or that the price for it is very high. The objective is to minimize Consolis' funding risk by spreading debt maturities over time.

Liquidity Risk

The liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet business needs, or that high extra costs are incurred for arranging them. In Consolis, the liquidity risk is minimized by having a liquidity reserve minimum of EUR 50 million at all times.

At year end cash and bank amounted to EUR 1 million, committed (approx. 4 years) non-utilised long-term credit facilities totalled approximately EUR 74 million, and available short-term credit facilities amounted to EUR 22 million.

Credit Risk

The management of credit risks associated with ordinary commercial activities is the responsibility of Group companies. Consolis' counterparty risk policy, with respect to financial transactions, is to minimize risk by selecting counterparties with high creditworthiness, and to use instruments with high liquidity.

FINLAND

Consolis Oy Ab
Äyritie 12 b
FIN-01510 Vantaa
Tel: +358 20 577 577
Fax: +358 20 577 5110
E-mail: info@consolis.com
www.consolis.com
President and CEO: Bengt Jansson

Consolis Technology Oy Ab
Äyritie 12 b
FIN-01510 Vantaa
Tel: +358 20 577 577
Fax: +358 20 577 5152
Managing Director: Olli Korander

Rimera Oy
Tehtaankatu 3 a
FIN-11710 Riihimäki
Tel: +358 19 720 318
Fax: +358 19 720 636
E-mail: antti.lahti@rimera.fi
Managing Director: Antti Lahti

THE CZECH REPUBLIC

Dywidag Prefa Lysá nad Labem a.s.
Jedličkova 1190 / 1
CZ-289 22 Lysá nad Labem
Tel: +420 325 510 010
Fax: +420 325 551 326
E-mail: info@dywidag-prefa.cz
www.dywidag-prefa.cz
Managing Director: Michal Mikšovský

DW Betonrohre GmbH
Zinkhüttenweg 16
D-41542 Dormagen – Nievenheim
Tel: +49 2133 2773
Fax: +49 2133 277 545
E-mail: info@dw-betonrohre.de
www.dw-betonrohre.de
Managing Director: Heinz-Toni Dolfen

DW Schwellen GmbH
Pareyer Strasse 4a
D-39317 Güsen
Tel: +49 3934 4920
Fax: +49 3934 492 215
E-mail: info@dw-schwellen.de
www.dw-schwellen.de
Managing Director:
Heinz-Hermann Schulte-Loh

LATVIA

SIA Consolis Latvija
Katlakalna iela 1, 4 floor
LV-1073 Riga
Tel: +371 7 138 777
Fax: +371 7 138 778
E-mail: office@consolis.lv
www.consolis.lv
Managing Director: Vladimirs Chamans

LITHUANIA

UAB Betonika
Naglio 4 A
LT-3014 Kaunas
Tel: +370 37 400 100
Fax: +370 37 400 111
E-mail: info@betonika.lt
www. betonika.lt
Managing Director: Vytautas Niedvaras

NORWAY

Spenncon AS
Industriveien 2
N-1337 Sandvika
Tel: +47 67 573 900
Fax: +47 67 573 901
E-mail: post@spenncon.no
www.spenncon.no
Managing Director: Terje Søhoel

POLAND

Consolis Polska Sp. z o.o.
ul. Przemyslowa 40
PL-97-350 Gorzkowice
Tel: +48 44 732 7300
Fax: +48 44 732 7301
E-mail: office@consolis.pl
www.consolis.pl
Managing Director: Piotr Biskup

Consolis Group Addresses

Parma Oy
P.O. Box 76
FIN-03101 Nummela
Tel: +358 20 577 5500
Fax: +358 20 577 5699
E-mail: info@parma.fi
www.parma.fi
Managing Director: Hannu Martikainen

Parastek Oy
P.O. Box 76
FIN-03101 Nummela
Tel: +358 20 577 5500
Fax: +358 20 577 5625
E-mail: parastek.bet@parma.fi
Managing Director: Aapo Rahkjärvi

Elematic Oy Ab
P.O. Box 33
FIN-37801 Toijala
Tel: +358 3 549 511
Fax: +358 3 549 5300
E-mail: info@elematic.com
www.elematic.com
Managing Director: Leo Sandqvist

ESTONIA

AS E-Betoonelement
Tammi tee 51
EE-76902 Harku
Harju maakond
Tel: +372 6 712 500
Fax: +372 6 712 555
E-mail: ebe@betoonelement.ee
www.betoonelement.ee
Managing Director: Jaan Valbet

AS Swetrak
Tammi tee 51
EE-76902 Harku
Harju maakond
Tel: +372 6 712 500
Fax: +372 6 712 555
E-mail: taimi@betoonelement.ee
Managing Director: Ove Johansson

GERMANY

DW Beton GmbH
Stadthausbrücke 7
D-20355 Hamburg
Tel: +49 40 360 9130
Fax: +49 40 3609 1379
E-mail: info@dw-beton.de
www.dw-beton.de
Managing Directors: Heikki Haikonen,
Thomas Krämer-Wasserka

DW Imbau GmbH
Industriestrasse 2
D-98639 Walldorf
Tel: +49 36 93 8830
Fax: +49 36 93 883 314
E-mail: info@dw-imbau.de
www.dw-imbau.de
Managing Director:
Heinz-Hermann Schulte-Loh

VERBIN Baufertigteile GmbH
P.O. Box 170341
D-47183 Duisburg
Tel: 0800 181 5939*
Fax: 0800 181 5938*
*(In Germany only. From abroad
please call VBI BV).
E-mail: verbin@verbin.de
www.verbin.de
Managing Director: Lambert Teunissen

Elematic GmbH
Kleebergstrasse 1
D-63667 Nidda
Tel: +49 6043 961 80
Fax: +49 6043 6218
E-mail: info@elematic-gmbh.de
Managing Director: Simo Lääperi

THE NETHERLANDS

Spanbeton BV
P.O. Box 5
NL-2396 ZG
KOUDEKERK AAN DEN RIJN
Tel: +31 71 341 9115
Fax: +31 71 341 2101 (office)
E-mail: info@spanbeton.nl
www.spanbeton.nl
Managing Director: Lambert Teunissen

VBI Verenigde
Bouwprodukten Industrie BV
P.O. Box 31
NL-6850 AA Huissen
Tel: +31 26 379 7979
Fax: +31 26 379 7950
E-mail: vbi@vbi.nl
www.vbi.nl
Managing Director: Lambert Teunissen

Leenstra Machine- en Staalbouw BV
P.O. Box 9
NL-9200 AA Drachten
Tel: +31 512 589 700
Fax: +31 512 510 708
E-mail: info@leenstra.nl
www.leenstra.nl
Managing Director: Paul Schut

RUSSIA

ZAO Parastek Beton
3, Silikatny proezd, 10
123308 Moscow, Russia
Tel: +7 095 742 5911
Tel: +7 095 742 5912
Fax: +7 095 946 2680
www.parastekbeton.ru
E-mail: parastek.bet@parma.fi
Managing Director: Olli Ruutikainen

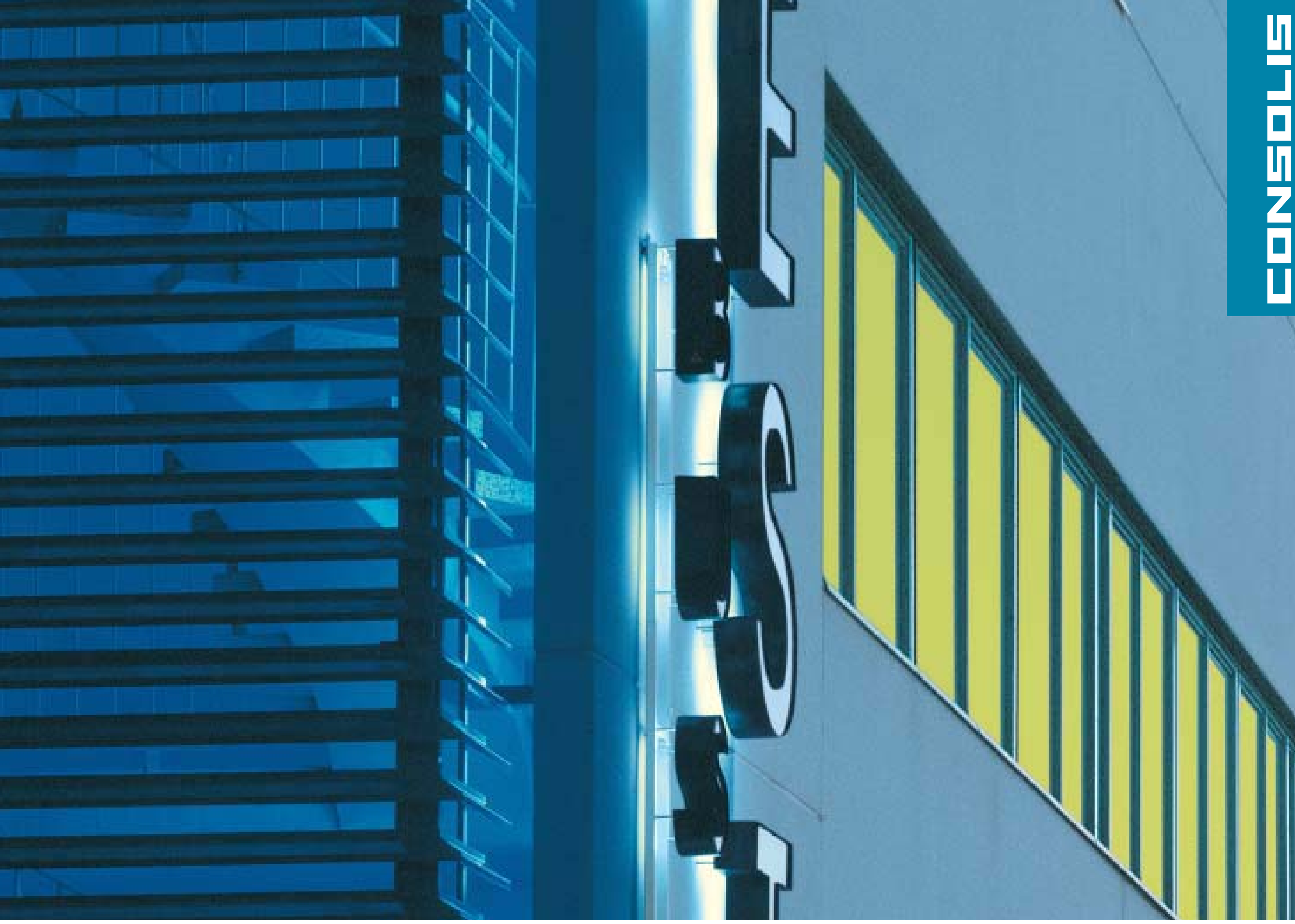
SWEDEN

Strängbetong AB
P.O. Box 858
S-131 25 Nacka
Tel: +46 8 615 8200
Fax: +46 8 615 8260
E-mail: info@strangbetong.se
www.strangbetong.se
Managing Director: Johnny Ståhl

USA

Elematic Inc.
21795 Doral Road
Waukesha, WI 53186, USA
Tel: +1 262 798 9777
Fax: +1 262 798 9776
E-mail: info@elematic-inc.com
Local Manager: Matt Cherba

CONSOLIS OY AB Äyritie 12 b, FIN-01510 Vantaa **Tel** +358 (0) 20 577 577 **Fax** +358 (0) 20 577 5110 **E-mail** info@consolis.com **Internet** www.consolis.com



Annual Report 2003

Concrete solutions

Contents

Report of the Board of Directors

General

The largest Consolis companies have been operating in a difficult economic environment in recent years, a situation which has continued throughout 2003. The GDP increase in the Euro zone was only 0.5%, with the total building sector in Western Europe declining by 0.3%.

Net sales, orders received and order backlog

The Group's net sales increased to EUR 618 million compared to EUR 543 million in 2002. The increase is mainly the result of the acquisitions during autumn 2002, but it is also due to increased turnover in the Baltic countries and Poland. The turnover in the largest markets of the Group, i.e. in The Netherlands, Norway and Finland, continued to decrease as a result of weak building activity and hard price competition due to over-capacity.

Orders received totalled EUR 594 million (EUR 515 million in 2002) with an order backlog of EUR 168 million (EUR 190 million in 2002) at year's end.

Result and profitability

The result before taxation and minority interests was EUR 19.4 million (EUR 21.6 million in 2002). The result includes non-recurring items with a net effect of EUR +0.7 million (EUR +3.1 million in 2002).

Return on capital employed was 10.6% (11.9% in 2002) and return on equity was 8.6% (10.8% in 2002). Earnings per share were EUR 0.91 (EUR 1.06 in 2002).

Liquidity and capital

Liquidity during the year was good.

The interest bearing net debt, excluding the capital loan, decreased from EUR 153.3 million to EUR 117.9 million. Equity, including a capital loan of EUR 22.8 million and minority interests of EUR 3.2 million, was EUR 147.5 million by the end of the year, which gives an equity ratio of 35.2% (30.4% in 2002).

The distributable funds in the Group amounted to EUR 67.7 million by the end of the year (EUR 68.8 million in 2002). The distributable funds of the parent company were EUR 54.6 million (EUR 46.3 million in 2002).

Capital expenditure

The Group's annual capital expenditure amounted to EUR 26.6 million (EUR 105.9 million in 2002).

Through the acquisition of the element factory in Meiningen in Germany in April, the Group grew in the German market. In Latvia, the Group's company, Consolis Latvija, commenced the building of a concrete element factory outside Riga. The factory will be ready for production in spring 2004.

The principal replacement investments within the Group consisted of a new data system and software for computers in the Dutch company VBI and the Finnish company Parma. There were also investments in improving production machinery for concrete element production in most of the Group's countries.

Changes in Group structure

The company DW Imbau, part of the German DW Beton Group, started its operations in April and has been consolidated from that time.

The structure of the Swedish Strängbetong Group has been simplified and six of Strängbetong's companies were liquidated during the spring.

In July, the Finnish company Addtek Holding sold its shares in the Polish sales company Addtek Warszawa to the Polish production company Consolis Polska. Addtek Warszawa merged with Consolis Polska in December.

In September, Consolis Group acquired an additional 7.98% of the Czech company Dywidag Prefa Lysá, of which Consolis now owns 94.38%. Consolis has made an offer to acquire the rest of the outstanding shares.

At the end of December, the workshop Rimera was merged with its parent company PCE International. Operations will continue under the old name Rimera, which is part of the Finnish engineering company Elematic.

Research and development activities

Consolis Technology co-ordinates research and development activities in the Group. The company's know-how has been continually used in different areas and in different projects. The "Transfer of Best Practice" activities are important and cover all the main product groups, including design, marketing and information technology.

Environmental protection

Thirty of the factories belonging to the Consolis Group now have an environmental certificate, and the aim is to have all of the Consolis Group's factories certified. To minimise the environmental load from the factories as much as possible, concrete, steel and water waste from production processes are recycled. The largest environmental investment of the year was made at the factory in Hyrylä in Finland. Consolis also offers its customers products and solutions that protect the environment.

Personnel

During the year the Group had an average of 4,946 employees, which was 654 more than the year before. The increase is due to full year consolidation of the entities acquired 2002 and 2003. 3,819 of the total number work in Group companies outside of Finland.

Board of Directors, company management and auditors

Olof Ljunggren acted as the Chairman of the Board until the Annual General Meeting of July 14th 2003, when he resigned and Per-Olof Eriksson was elected as the new Chairman. The other Board members were Kari Heinistö, Vice Chairman, Andrejs Cakste, Gerard De Geer, Tapio Hakakari (since December 1st 2003), Bengt Jansson, Stefan Linder (until September 9th 2003), Michael Rosenlew (since December 1st 2003) and Olav Uppgård (until December 1st 2003). As of December 1st 2003, Klaus Cawén and Kristian Kemppinen acted as deputy Board members.

Bengt Jansson has been acting as President and CEO of the company. The Authorised Public Accountants KPMG Wideri Oy Ab and PricewaterhouseCoopers Oy served as auditors.

Shares and shareholders

During the year one new share was issued. At the end of the year the share capital was EUR 21,090,767.34. The largest shareholders of Consolis Oy Ab are the investors in Industri Kapital's 1994 Fund, Partek Corporation, Sampo Life Insurance Company Ltd, Veritas Pension Insurance Company Ltd and Veritas Life Insurance Company Ltd. The remaining shares are owned by private and institutional investors. The management of the company owns approximately 10% of the total number of shares.

Events after the financial year

In January 2004, the Group company Parma sold a factory in Forssa which has been let out.

Outlook for 2004

Some national economic indicators show a slight improvement in economic growth in 2004, but the effects on the building sector in Western Europe will be modest. The Consolis Group expects that the turnover and results for 2004 will remain at the current level. However, the first quarter of the year is expected to be weaker than the same quarter last year.

Income Statement 1 January – 31 December

In million euro	Note	Group 2003	%	Group 2002	%	Parent company 2003	Parent company 2002
Net sales	1, 2	618.4	100	543.0	100	3.2	2.8
Cost of goods sold		-517.8	-84	-452.6	-83	0.0	0.0
Gross profit		100.6	16	90.4	17	3.2	2.8
Selling and marketing costs		-31.1		-28.9		0.0	0.0
Administration costs		-40.9		-34.1		-5.4	-4.4
Other operating income	6	4.0		5.2		0.0	0.3
Other operating expenses	6	-3.3		-2.1		0.0	0.0
Earnings of associated companies		0.2		-0.1		0.0	0.0
		-71.1	-11	-60.0	-11	-5.4	-4.1
Operating profit	3, 5, 6	29.5	5	30.4	6	-2.2	-1.3
Financial income and expenses	7	-10.1	-2	-8.8	-2	16.3	19.8
Result before extraordinary items, taxation and minority interest		19.4	3	21.6	4	14.1	18.5
Extraordinary income	8	0.0		0.0		10.9	3.6
Result before taxation and minority interest		19.4		21.6		25.0	22.1
Taxes	9	-7.2	-1	-7.4	-2	-5.7	-4.4
Minority interest		-0.8		-0.8		0.0	0.0
Result for the period		11.4	2	13.4	2	19.3	17.7

Cash Flow Statement 1 January – 31 December

In million euro	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Operating activities				
Operating profit/loss	**29.5**	30.4	**-2.2**	-1.3
Depreciation	**28.2**	23.1	**0.1**	0.1
Other adjustments	**-0.7**	1.3		
Cash flow before changes in working capital	**57.0**	54.8	**-2.1**	-1.2
Change in working capital				
Interest free short-term receivables, increase (-), decrease (+)	**-4.1**	-1.0	**0.7**	-1.2
Inventories, increase (-), decrease (+)	**4.4**	-13.4	**0.0**	0.0
Interest free short-term liabilities, increase (+), decrease (-)	**8.2**	7.6	**0.0**	0.2
Cash generated from operations before financial items and taxes	**65.5**	48.0	**-1.4**	-2.2
Interest paid and other financial expenses	**-7.6**	-6.5	**-6.9**	-5.7
Dividends received	**0.0**	0.0	**15.6**	17.4
Interest received and other financial income	**0.3**	0.7	**6.6**	6.1
Income taxes	**-1.6**	-2.5		
Cash flow from operating activities	**56.6**	39.7	**13.9**	15.6
Investing activities				
Investments in fixed assets	**-26.6**	-105.9	**-5.5**	-44.2
Proceeds from sale of fixed assets	**1.9**	1.1	**0.0**	0.0
Change in loan receivables	**-1.7**	-1.3	**12.6**	-34.8
Cash flow from investing activities	**-26.4**	-106.1	**7.1**	-79.0
Financing activities				
Change in minority	**-0.8**	-1.7	**0.0**	0.0
Translation differences	**0.8**	-2.0	**0.0**	0.0
Change in short-term debt	**-0.5**	7.6	**15.6**	-3.0
Change in long-term debt	**-38.7**	55.0	**-41.0**	59.1
Change in capital loans	**0.0**	0.0	**0.0**	0.0
Share issue	**11.0**	7.2	**11.0**	7.2
Dividends paid	**-11.0**	-7.2	**-11.0**	-7.2
Group contribution	**0.0**	0.0	**3.6**	2.9
Cash flow from financing activities	**-39.2**	58.9	**-21.8**	59.0
Change in cash and cash equivalents	**-9.0**	-7.5	**-0.8**	-4.4
Cash and cash equivalents at the beginning of the period	**10.2**	17.6	**0.8**	5.2
Adjustment due to change in exchange rates	**-0.2**	0.1	**0.0**	0.0
	10.0	17.7	**0.8**	5.2
Cash and cash equivalents at the end of the period	**1.0**	10.2	**0.0**	0.8
Change in cash and cash equivalents	**-9.0**	-7.5	**-0.8**	-4.4

The cash flows of the separate group companies have been consolidated by using the average currency exchange rates.
The figures above can not directly be found in the balance sheet because of the currency exchange rate differences occurred upon consolidation.

Balance Sheet 31 December

In million euro	Note	Group 2003	%	Group 2002	%	Parent company 2003	Parent company 2002
Assets							
Fixed assets	10, 11						
Intangible assets		**32.5**	**7**	28.5	6	**0.2**	0.1
Tangible assets		**271.2**	**62**	285.5	62	**0.1**	0.1
Investments		**2.7**	**1**	2.7	1	**102.7**	97.3
Fixed assets, total		**306.4**	**70**	316.7	69	**103.0**	97.5
Current assets and long-term receivables							
Long-term loan receivables	12	**1.5**	**0**	1.6	0	**127.0**	140.8
Deferred tax receivable	18	**1.0**	**0**	1.1	0	**0.0**	0.0
Inventories	13	**39.3**	**9**	44.2	10	**0.0**	0.0
Short-term receivables	12	**88.7**	**21**	89.2	19	**14.8**	12.7
Cash and bank		**1.0**	**0**	10.2	2	**0.0**	0.8
Current assets and long-term receivables, total		**131.5**	**30**	146.3	31	**141.8**	154.3
Assets, total		**437.9**	**100**	463.0	100	**244.8**	251.8

In million euro	Note	Group 2003	%	Group 2002	%	Parent company 2003	Parent company 2002
Equity and liabilities							
Shareholders' equity	14, 15						
Share capital		**21.1**	**5**	21.1	5	**21.1**	21.1
Share premium account		**18.2**	**4**	7.2	1	**18.2**	7.2
Retained earnings		**70.8**	**16**	70.3	15	**35.3**	28.6
Result for the period		**11.4**	**3**	13.4	3	**19.3**	17.7
Translation difference		**0.0**	**0**	-1.9	0	**0.0**	0.0
Capital loan	15	**22.8**	**5**	22.8	5	**22.8**	22.8
Shareholders' equity total		**144.3**	**33**	132.9	29	**116.7**	97.4
Minority interest		**3.2**	**1**	3.3	1	**0.0**	0.0
Provisions	16	**4.5**	**1**	5.2	1	**0.0**	0.0
Liabilities							
Long-term liabilities	17	**107.6**	**25**	149.6	32	**104.4**	143.8
Deferred tax liability	18	**40.0**	**9**	40.8	9	**0.0**	0.0
Short-term liabilities	19	**138.3**	**31**	131.2	28	**23.7**	10.6
Liabilities, total		**285.9**	**65**	321.6	69	**128.1**	154.4
Equity and liabilities, total		**437.9**	**100**	463.0	100	**244.8**	251.8

Accounting Principles

Basis of the financial statements

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

Consolidation principles

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

The associated companies have been consolidated in accordance with the equity method. Parma Oy was an associated company until 30.9.2002 and was then consolidated on a row by row basis according to the ownership share of 50%. As from 1.10.2002 Parma has been fully consolidated. In the notes Parma has been treated the same way.

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

The purchase price for shares in subsidiaries has been allocated to the acquired assets and liabilities. The allocation has been made on the basis of valuations at market value according to the acquisition analysis and covers the Group's share of the acquired assets and liabilities.

The value of the acquired assets and assumed liabilities is based on independent external valuations and well documented internal analyses. The valuation of the assets of Parma Group, which was acquired during the end of year 2002, was finished during the year. Based on the valuation, the allocation of the asset values was decided.

Deferred tax has been calculated for those balance sheet items for which the value in the Group deviates from the tax base values of the individual companies. Possible untaxed reserves in the acquired companies at the time of acquisition have been divided into equity and a deferred tax liability at applicable tax rates.

Valuation of long-term assets

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

Foreign currency

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

The following exchange rates have been used compared to euro:

Other countries	Currency	Year end rates 31.12.2003	Average rates 2003
Sweden	SEK	9.0800	9.1242
Norway	NOK	8.4141	8.0033
Estonia	EEK	15.6466	15.6466
Latvia	LVL	0.6725	0.6407
Lithuania	LTL	3.4524	3.4527
Poland	PLN	4.7019	4.3996
Czech Republic	CZK	32.4100	31.8460
USA	USD	1.2630	1.1312

Taxes

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

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

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

Inventory

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

Fixed assets

Land, factory buildings, machines and other equipment are recorded according to their historic acquisition cost less depreciation according to plan in the individual companies. The group assets are valued at the date of acquisition taking into account deferred tax. The valuation is based on the current values and the depreciation in the Group is based on the remaining economic life time of the assets.

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

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

The purchases of 50% of the shares of Parma and 25% of the shares of E-Betoonelement in 2002 were strategic long term acquisitions and the goodwill arising from these acquisitions totalling EUR 16.7 million, is amortised over a period of 20 years.

Leasing

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

Income recognition

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

Research and development

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

Pension arrangements

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

Minority interest

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

Provisions

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

Notes to Financial Statements

1. Net sales

In million euro	Group 2003	2002	Parent company 2003	2002
By geographic area				
Finland	117.0	84.4	0.8	0.5
Sweden	116.2	114.5	0.6	0.6
Norway	79.8	99.7	0.3	0.5
The Netherlands	129.8	139.9	0.6	0.8
Germany	102.5	45.4	0.5	0.2
Other countries	73.1	59.1	0.4	0.2
Total	618.4	543.0	3.2	2.8
By product group				
Floors	187.1	185.3	0.0	0.0
Structures	55.4	56.3	0.0	0.0
Walls	56.3	42.1	0.0	0.0
Infrastructure	110.5	76.1	0.0	0.0
Other products	42.9	21.5	0.0	0.0
Engineering	39.6	41.9	0.0	0.0
Service	141.0	139.2	3.2	2.8
Internal sales	-14.4	-19.4	–	–
Total	618.4	543.0	3.2	2.8

2. Income from projects according to percentage of completion

In million euro	Group 2003	2002	Parent company 2003	2002
Amount of total annual net sales	352.5	326.2	0.0	0.0
Ongoing projects 31 Dec				
Amount included in net sales	64.2	166.1	0.0	0.0
Sales not yet booked	90.2	90.9	0.0	0.0

3. Wages and salaries

In million euro	Group 2003	2002	Parent company 2003	2002
Salaries				
Salaries and fees				
To Board members and Managing Directors	2.3	2.4	0.4	0.3
To others	132.6	114.7	1.2	1.1
Bonus to Managing Directors	0.3	0.1	0.0	0.0
	135.2	117.2	1.6	1.4
Other salary-related costs				
Pensions and pension premiums	11.4	9.3	0.9	0.4
Other salary-related costs	42.3	39.0	0.1	0.1
	53.7	48.3	1.0	0.5
Total	188.9	165.5	2.6	1.9
Managing Directors' pension age, years	60–65	60–65	60	60

Salaries and fees of the Board of Directors and CEO

The fees of the Board of Directors are defined by the Annual General Meeting and the salary and other benefits of the CEO by the Board. The CEO of the parent company has during the year received a salary including fringe benefits totalling 336 460 euro. The fees to the Board during the year were 79 779 euro. The employees of Consolis who also are Board members of group companies have received no separate fees.

Pension terms

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

Dismissal

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

4. Personnel

	Group 2003	2002	Parent company 2003	2002
Personnel average				
Blue collar	3 542	2 977	0	0
White collar	1 404	1 315	16	13
Total	4 946	4 292	16	13
Personnel at year end				
Blue collar	3 546	3 504	0	0
White collar	1 391	1 437	18	15
Total	4 937	4 941	18	15
Personnel at year end by geographic area				
The Czech Republic	146	136	0	0
Estonia	385	383	0	0
Finland	1 101	1 147	18	15
Germany	508	501	0	0
Latvia	52	11	0	0
Lithuania	173	143	0	0
The Netherlands	951	1 025	0	0
Norway	556	578	0	0
Poland	157	111	0	0
Russia	9	6	0	0
Sweden	888	891	0	0
USA	11	9	0	0
Total	4 937	4 941	18	15

5. Depreciation

In million euro	Group 2003	2002	Parent company 2003	2002
Depreciation per function				
Production	23.5	19.8	0.0	0.0
Sales and marketing	1.3	1.1	0.0	0.0
Administration	2.3	1.7	0.1	0.1
Other operating expenses				
Goodwill	1.2	0.5	0.0	0.0
Total	28.3	23.1	0.1	0.1
Depreciation according to plan per type of asset				
Goodwill	1.2	0.5	0.0	0.0
Intangible rights	1.1	0.5	0.0	0.0
Other capitalized expenditure	0.2	0.3	0.0	0.0
Land	0.5	0.5	0.0	0.0
Buildings and constructions	6.8	5.5	0.0	0.0
Machinery and equipment	16.4	14.1	0.0	0.0
Other tangible assets	2.1	1.7	0.1	0.1
Total	28.3	23.1	0.1	0.1

6. Other operating income and expenses

In million euro	Group 2003	2002	Parent company 2003	2002
Income				
Profit on sale of fixed assets	1.1	1.2	0.0	0.0
Badwill	1.4	1.5	0.0	0.0
Liabilities written off	0.6	0.0	0.0	0.0
Project reimbursement	0.0	1.1	0.0	0.0
Reverted pension liability	0.0	0.4	0.0	0.0
Public regional development subsidy	0.1	0.2	0.0	0.0
Other income	0.8	0.8	0.0	0.3
Total	4.0	5.2	0.0	0.3
Expenses				
Loss on sale of fixed assets	0.3	0.1	0.0	0.0
Depreciation of goodwill	1.2	0.5	0.0	0.0
Write-off costs	0.2	0.3	0.0	0.0
Receivables written off	0.6	0.1	0.0	0.0
Property tax	0.2	0.1	0.0	0.0
Other expenses	0.8	1.0	0.0	0.0
Total	3.3	2.1	0.0	0.0

7. Financial income and expenses

In million euro	Group 2003	2002	Parent company 2003	2002
Dividend income from group companies	–	–	15.5	17.4
Dividend income from associated companies	0.0	0.0	0.0	0.0
Dividend income from others	0.0	0.0	0.0	0.0
Credit on corporate tax	0.0	0.0	4.2	4.4
Interest income from group companies	–	–	6.3	6.7
Interest income from others	0.4	0.6	0.0	0.2
Interest expenses to group companies	–	–	-0.1	-0.2
Interest expenses to others	-8.1	-7.1	-7.2	-6.4
Interest expenses on capital loan	-1.6	-1.6	-1.6	-1.6
Other financial items to group companies	–	–	-0.4	0.0
Other financial items to others	-0.8	-0.7	-0.4	-0.7
Total net	-10.1	-8.8	16.3	19.8
Other financial items				
Other financial income				
Exchange rate differences	5.9	5.4	5.1	4.6
Other income	0.1	0.2	0.0	0.0
	6.0	5.6	5.1	4.6
Other financial expenses				
Exchange rate differences	6.0	5.6	5.0	4.8
Other expenses	0.8	0.7	0.9	0.5
	6.8	6.3	5.9	5.3
Total net	-0.8	-0.7	-0.8	-0.7

8. Extraordinary income

In million euro	Group 2003	2002	Parent company 2003	2002
Group contribution	–	–	10.9	3.6
Total	–	–	10.9	3.6

9. Taxes

In million euro	Group 2003	2002	Parent company 2003	2002
Taxes paid	-6.4	-7.4	-5.7	-4.4
Change in deferred taxes during the year	-0.8	0.0	0.0	0.0
Total net	-7.2	-7.4	-5.7	-4.4

10. Fixed assets

In million euro	Group 2003	2002	Parent company 2003	2002
Intangible assets				
Goodwill				
Acquisition value 1 Jan	19.4	3.2	0.0	0.0
+ Investments	0.6	16.2	0.0	0.0
Acquisition value 31 Dec	20.0	19.4	0.0	0.0
- Accumulated depreciation	-2.9	-1.8	0.0	0.0
Residual value 31 Dec	17.1	17.6	0.0	0.0
Intangible rights				
Acquisition value 1 Jan	11.9	6.1	0.0	0.0
+ Investments	1.7	5.6	0.0	0.0
+ Other increase	3.9	0.4	0.0	0.0
- Decrease	-0.4	-0.2	0.0	0.0
Acquisition value 31 Dec	17.1	11.9	0.0	0.0
- Accumulated depreciation	3.2	-2.4	0.0	0.0
Residual value 31 Dec	13.9	9.5	0.0	0.0
Other capitalized expenditure				
Acquisition value 1 Jan	2.7	1.2	0.2	0.2
+ Investments	0.3	1.5	0.1	0.0
- Decrease during the year	-0.2	0.0	0.0	0.0
Acquisition value 31 Dec	2.8	2.7	0.3	0.2
- Accumulated depreciation	-1.3	-1.3	-0.1	-0.1
Residual value 31 Dec	1.5	1.4	0.2	0.1
Intangible assets, total	32.5	28.5	0.2	0.1
Tangible assets				
Land				
Acquisition value 1 Jan	65.4	44.9	0.0	0.0
+ Investments	0.7	9.7	0.0	0.0
+ Other increase	0.4	10.9	0.0	0.0
- Decrease during the year	-0.7	-0.1	0.0	0.0
Acquisition value 31 Dec	65.8	65.4	0.0	0.0
- Accumulated depreciation	-6.1	-5.5	0.0	0.0
Residual value 31 Dec	59.7	59.9	0.0	0.0
Buildings and constructions				
Acquisition value 1 Jan	161.1	134.7	0.0	0.0
+ Investments	2.0	14.5	0.0	0.0
+ Other increase	0.9	12.9	0.0	0.0
- Decrease during the year	-1.6	-1.0	0.0	0.0
Acquisition value 31 Dec	162.4	161.1	0.0	0.0
- Accumulated depreciation	-56.6	-47.7	0.0	0.0
Residual value 31 Dec	105.8	113.4	0.0	0.0
Machinery and equipment				
Acquisition value 1 Jan	210.9	179.7	0.1	0.1
+ Investments	8.2	31.7	0.0	0.0
+ Other increase	1.1	11.3	0.0	0.0
- Decrease during the year	-8.7	-11.8	0.0	0.0
Acquisition value 31 Dec	211.5	210.9	0.1	0.1
- Accumulated depreciation	-124.5	-111.5	0.0	0.0
Residual value 31 Dec	87.0	99.4	0.1	0.1

In million euro	Group 2003	2002	Parent company 2003	2002
Other tangible assets				
Acquisition value 1 Jan	31.4	28.6	0.0	0.0
+ Investments	2.5	2.7	0.0	0.0
+ Other increase	0.1	0.1	0.0	0.0
- Decrease during the year	-1.0	0.0	0.0	0.0
Acquisition value 31 Dec	33.0	31.4	0.0	0.0
- Accumulated depreciation	-21.5	-20.2	0.0	0.0
Residual value 31 Dec	11.5	11.2	0.0	0.0
Construction in progress				
Acquisition value 1 Jan	1.6	1.2	0.0	0.0
+ Investments	7.3	1.5	0.0	0.0
- Decrease during the year	-1.7	-1.1	0.0	0.0
Acquisition value 31 Dec	7.2	1.6	0.0	0.0
Tangible assets, total	271.2	285.5	0.1	0.1
Investments				
Shares and participations in subsidiaries				
Acquisition value 1 Jan	–	–	97.3	41.5
+ Investments	–	–	5.4	44.1
- Other increase	–	–	0.0	11.7
Acquisition value 31 Dec	–	–	102.7	97.3
Shares and participations in associated companies				
Acquisition value 1 Jan	2.1	2.2	0.0	11.7
+ Increase during the year	0.3	0.1	0.0	0.0
+ Other increase	0.0	0.0	0.0	0.0
- Decrease during the year	0.0	-0.2	0.0	-11.7
Acquisition value 31 Dec	2.4	2.1	0.0	0.0
Shares and participations, external				
Acquisition value 1 Jan	0.6	0.4	0.0	0.0
+ Increase during the year	0.0	0.0	0.0	0.0
+ Other increase	0.0	0.3		
- Decrease during the year	-0.3	-0.1	0.0	0.0
Acquisition value 31 Dec	0.3	0.6	0.0	0.0
Investments, total	2.7	2.7	102.7	97.3
Fixed assets, total	306.4	316.7	103.0	97.5

11. Shares and participations as per 31 December 2003

In million euro	Group Holding %	Parent company Holding %	Parent company Book value
Group and associated companies			
Addtek Holding Oy Ab, Helsinki Finland	100.0	100.0	0.0
Consolis Polska S.p. z o.o., Poland	100.0		
Consolis Technology Oy Ab, Helsinki Finland	100.0	100.0	1.7
Consolis Projects Oy Ab, Helsinki Finland	100.0	100.0	0.0

In million euro	Group Holding %	Parent company Holding %	Parent company Book value
Parma Oy, Vihti Finland	100.0	100.0	52.8
Rajaville Oy, Oulu Finland	100.0		
Parastek Oy, Vihti Finland	100.0		
Parastek Holding Oy, Vihti Finland	100.0		
A/O Parastek, Russia	100.0		
A/O Parastek Beton, Russia	100.0		
ZAO Mospart, Russia *)	50.0		
Paramid Oy, Nurmijärvi Finland	100.0		
Forssan Tehdaspalvelu Oy, Forssa Finland	100.0		
Cellrock Oy, Nurmijärvi Finland	100.0		
Rakennusvalmiste Oy, Forssa Finland	100.0		
Parma Kehä Oy, Forssa, Finland	100.0		
Parma Betonila Oy, Vihti Finland	100.0		
Kiint.Oy Nastolan Elementtitehdas, Nastola Finland	100.0		
Elematic Oy, Toijala Finland	100.0	100.0	5.6
Rimera Oy, Riihimäki Finland	95.0		
Elematic GmbH, Germany	100.0		
Elematic Inc., USA	100.0		
FUB Anschan B.V., The Netherlands *)	50.0		
DW Beton Systeme GmbH, Germany	100.0	100.0	1.0
DW Schwellen GmbH, Germany	100.0		
DW Betonrohre GmbH, Germany	100.0		
DW Brespa GmbH, Germany	100.0		
DW Imbau GmbH, Germany	100.0		
Addtek International AB, Sweden	100.0	100.0	29.5
Strängbetong AB, Sweden	100.0		
Forsells Prefab AB, Sweden	100.0		
A/S Strängbetong, Norway	100.0		
Strängbetong Aps, Denmark	100.0		
A/S Strängbetong Eesti, Estonia	100.0		
A/S Swetrak, Estonia *)	50.0		
Consolis B.V., The Netherlands	90.0		
Spanbeton B.V., The Netherlands	90.0		
VBI Verenigde Bouwprodukten Industrie B.V., The Netherlands	90.0		
Bouwstoffen Industrie Weurt B.V., The Netherlands	90.0		
Leenstra Machine en Staalbouw B.V., The Netherlands	90.0		
Nebi Verkoopmaatschappij B.V., The Netherlands	90.0		
VBI Huissen B.V., The Netherlands	90.0		
VBI Ontwikkeling B.V., The Netherlands	90.0		
VBI Oss B.V., The Netherlands	90.0		
VBI Schuilenburg B.V., The Netherlands	90.0		
VBI Verkoopmaatschappij B.V., The Netherlands	90.0		
VBI Weert B.V., The Netherlands	90.0		
Windpark Looveer B.V., The Netherlands *)	40.5		
Verbin Baufertigteile GmbH, Germany	90.0		
Zwijndrecht Inli B.V., The Netherlands	90.0		
Waalwijk Elementen Betonindustrie B.V., The Netherlands	100.0		
Condita GmbH, Germany	100.0		
Consolis AS, Norway	100.0		
Spenncon AS, Norway	100.0		
Elematic Engineering AS, Norway	100.0		
A/S E-Betoonelement, Estonia	100.0	100.0	5.3
SIA Consolis Latvija, Latvia	100.0	100.0	3.5
UAB Betonika, Lithuania	100.0	100.0	2.6
Dywidag Prefa Lysá nad Labem A.S., The Czech Republic	94.4	94.4	0.7
Parent company's total holding in group and associated companies			102.7

*) Associated company

12. Long and short-term receivables

In million euro	Group 2003	2002	Parent company 2003	2002
Subsidiaries				
Long-term loan receivables	–	–	127.0	140.8
Accounts receivables	–	–	0.2	1.0
Accrued income and prepaid expenses	–	–	1.0	1.6
Other short-term receivables	–	–	12.0	7.1
			140.2	150.5
Associated companies				
Accounts receivables	0.1	0.5	0.0	0.0
External				
Long-term loan receivables	1.5	1.6	0.0	0.0
Accounts receivables	63.8	61.1	0.0	0.0
Accrued income and prepaid expenses[1]	20.0	21.2	1.5	2.9
Other short-term receivables	4.8	6.4	0.1	0.1
	90.1	90.3	1.6	3.0
Total	90.2	90.8	141.8	153.5
Long-term receivables				
Interest-bearing				
Subsidiaries	–	–	123.0	139.4
External	0.3	0.3	0.0	0.0
	0.3	0.3	123.0	139.4

[1] The most important of the Group's *accrued income and prepaid expenses* is related to the periodisation of income based on the percentage of completion-method 15.6 million euro (17.2 million euro in year 2002).

In million euro	Group 2003	2002	Parent company 2003	2002
Interest free				
Subsidiaries	–	–	4.0	1.4
External	1.2	1.3	0.0	0.0
	1.2	1.3	4.0	1.4
Long-term receivables, total	1.5	1.6	127.0	140.8
Short-term receivables				
Interest-bearing				
Subsidiaries	–	–	0.0	2.5
Interest free				
Subsidiaries	–	–	13.1	7.2
Associated companies	0.0	0.5	0.0	0.0
External	88.7	88.7	1.7	3.0
	88.7	89.2	14.8	10.2
Short-term receivables, total	88.7	89.2	14.8	12.7
Total	90.2	90.8	141.8	153.5

13. Inventories

In million euro	Group 2003	2002	Parent company 2003	2002
Materials and supplies	21.0	24.0	0.0	0.0
Finished and semi-finished goods	18.3	20.0	0.0	0.0
Advance payments	0.0	0.2	0.0	0.0
Total	39.3	44.2	0.0	0.0

14. Shareholder's equity

In million euro	Group 2003	2002	Parent company 2003	2002
Share capital 1 Jan	21.1	21.1	21.1	21.1
Change during the year	0.0	0.0	0.0	0.0
Share capital 31 Dec	21.1	21.1	21.1	21.1
of which				
– series A, right to dividends	5.3	5.3	5.3	5.3
– series B, no right to dividends	15.8	15.8	15.8	15.8
	21.1	21.1	21.1	21.1
Share premium account 1 Jan	7.2	0.0	7.2	0.0
Share issue premium	11.0	7.2	11.0	7.2
Share premium account 31 Dec	18.2	7.2	18.2	7.2
Retained earnings 1.1	81.8	77.5	46.3	35.8
Paid dividends during the year	-11.0	-7.2	-11.0	-7.2
Result for the year	11.4	13.4	19.3	17.7
Translation differences	0.0	-1.9	0.0	0.0
Retained earnings 31.12	82.2	81.8	54,6	46.3
Capital loan 1 Jan	22.8	22.8	22.8	22.8
Change during the year	0.0	0.0	0.0	0.0
Capital loan 31 Dec	22.8	22.8	22.8	22.8

In million euro	Group 2003	2002	Parent company 2003	2002
Shareholders' equity 31 Dec	144.3	132.9	116.7	97.4
Distributable funds 31 Dec				
Retained earnings	70.8	70.3	35.3	28.6
Result for the year	11.4	13.4	19.3	17.7
Translation differences	0.0	-1.9	0.0	0.0
The equity share deducted from untaxed reserves	-14.5	-13.0	0.0	0.0
Total	67.7	68.8	54.6	46.3

15. Capital loan

In million euro	Group 2003	2002	Parent company 2003	2002
The parent company Consolis Oy Ab has a capital loan from the following investors:				
Investors represented by				
Industri Kapital 1994 Ltd.	12.5	12.5	12.5	12.5
Partek Corporation	10.3	10.3	10.3	10.3
Total	22.8	22.8	22.8	22.8

The booked but unpaid interest at 31 December 2003 was 3.2 million euro and it has been booked in the parent company as a long-term interest free liability.

Principle loan terms:

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

16. Provisions

In million euro	Group 2003	2002	Parent company 2003	2002
Pensions	3.3	2.7	0.0	0.0
Guarantees	1.2	1.6	0.0	0.0
Restructuring costs	0.0	0.8	0.0	0.0
Other provisions	0.0	0.1	0.0	0.0
Total	4.5	5.2	0.0	0.0

17. Long-term liabilities

In million euro	Group 2003	2002	Parent company 2003	2002
Loans from financial institutions	104.3	147.8	101.2	142.1
Other interest-bearing liabilities, external	0.1	0.1	0.0	0.0
Other interest free liabilities, external	3.2	1.7	3.2	1.7
Total	107.6	149.6	104.4	143.8

Of the long-term liabilities, the following will fall due after five years or later:

Loans from financial institutions	0.0	0.2	0.0	0.0
Total	0.0	0.2	0.0	0.0

18. Deferred taxes

In million euro	Group 2003	2002	Parent company 2003	2002
Deferred tax receivables				
From joining measures	0.3	0.6	0.0	0.0
From periodisation differences	0.7	0.5	0.0	0.0
Total	1.0	1.1	0.0	0.0
Deferred tax liabilities				
From joining measures	21.1	21.0	0.0	0.0
From periodisation differences	18.9	19.8	0.0	0.0
Total	40.0	40.8	0.0	0.0

19. Short-term liabilities

In million euro	Group 2003	2002	Parent company 2003	2002
Interest-bearing				
Subsidiaries				
Other interest-bearing liabilities	–	–	19.1	3.4
Other				
Amortisation on long-term loans	5.5	2.8	0.0	0.0
Other interest-bearing liabilities	9.4	13.1	2.7	5.2
	14.9	15.9	2.7	5.2
Interest-bearing, total	14.9	15.9	21.8	8.6
Interest free				
Subsidiaries				
Trade creditors	–	–	0.1	0.1
Accrued expenses and deferred income	–	–	0.0	0.1
	–	–	0.1	0.2
Associated companies				
Trade creditors	0.0	0.1	0.0	0.0
Accrued expenses and deferred income	0.0	0.2	0.0	0.0
Other interestfree liabilities	0.0	0.1	0.0	0.0
	0.0	0.4	0.0	0.0

In million euro	Group 2003	2002	Parent company 2003	2002
Others				
Advances received	18.8	15.3	0.0	0.0
Trade creditors	51.4	46.8	0.2	0.2
Accrued expenses and deferred income[1]	29.4	29.9	1.5	1.5
Other interest free liabilities	23.8	22.9	0.1	0.1
	123.4	114.9	1.8	1.8
Interest free, total	123.4	115.3	1.9	2.0
Total	138.3	131.2	23.7	10.6

[1] The most important of the Group's *accrued expenses and deferred income* items are related to the periodisation of personnel costs of 19.3 million euro (16.2 million euro in year 2002), purchase costs of 4.1 million euro (6.1 million euro in year 2002), guarantee expenses 1.4 million euro (1.3 million euro in year 2002) and financial items of 1.0 million euro (1.1 million euro in year 2002).

20. Pledged assets and contingent liabilites

In million euro	Group 2003	2002	Parent company 2003	2002
Pledged assets				
As security for own debt				
Real estate mortgages	20.7	22.9	0.0	0.0
Other mortgages	1.1	1.6	0.0	0.0
Shares	0.0	0.0	0.0	0.0
Total	21.8	24.5	0.0	0.0
Credit and guarantee lines for which collateral is pledged	14.9	20.7	0.0	0.1
– of which booked as loans on the balance sheet	9.5	10.7	0.0	0.0
Guarantees given and other contingent liabilities				
For group companies	–	–	113.4	111.2
For commercial obligations	59.7	57.0	0.0	0.0
Total	59.7	57.0	113.4	111.2
– of which guarantees for unused but committed credit and guarantee lines available for group companies	–	–	40.3	51.1
Pension liabilities	1.0	1.1	–	–
Lease and long term rent agreements				
Payments due during the coming year	4.4	4.0	0.4	0.3
Payments due thereafter	7.4	7.7	0.7	0.9
Total	11.8	11.7	1.1	1.2

21. Derivative instruments

In million euro	Group 2003	2002	Parent company 2003	2002
Foreign exchange forward contracts				
Market value	0.2	0.1	0.2	0.0
Nominal amount	17.4	3.8	16.7	2.5
Interest swap contracts				
Market value	-1.4	-0.1	-1.4	-0.1
Nominal amount	80.5	42.3	80.5	42.3

The forward contracts are used for hedging loans between the parent company and the subsidiaries and the sales in foreign currencies of some group companies. The interest swap contracts are used for hedging against fluctuations in the interest rates of the external loans in euro, Swedish krona and Norwegian krone.

The contracts have been valued at the rate on the closing date, and the result has been booked among financial income or expenses at the same time as the bookings regarding the hedged items.

22. Distribution of shares

Distribution of shares by shareholder category at 31 December 2003

	Series of shares A	B	Shares Total	%
Private companies	3,149,172	655,959	3,805,131	30.3
Financial and insurance institutions		3,332,495	3,332,495	26.6
Investment companies and funds		3,590,712	3,590,712	28.6
Private persons		1,811,664	1,811,664	14.5
Total	3,149,172	9,390,830	12,540,002	100.0

Distribution of shares by shareholding at 31 December 2003

Number of shares	Shareholders	%	Shares	%
1 – 5 000	56	35.7	208,115	1.7
5 001 – 10 000	22	14.0	180,414	1.4
10 001 – 50 000	49	31.2	1,301,308	10.4
50 001 – 100 000	11	7.0	917,845	7.3
100 001 – 500 000	15	9.6	3,645,103	29.1
500 001 –	4	2.5	6,287,217	50.1
Total	157	100.0	12,540,002	100.0

Distribution of shares by shareholder at 31 December 2003

	Series of shares A	B	Shares Total	%
Investors represented by Industri Kapital		6,143,172	6,143,172	48.99
Partek Corporation	3,149,172	146,061	3,295,233	26.28
Sampo Life Insurance Company Ltd.		1,229,430	1,229,430	9.80
Veritas Pension Insurance Company Ltd.		395,293	395,293	3.15
Veritas Life Insurance Company Ltd.		219,607	219,607	1.75
Others		1,257,267	1,257,267	10.03
Total	3,149,172	9,390,830	12,540,002	100.00

Five-Year Summary

		2003	2002	2001	2000	1999
Income Statement						
Net Sales	Million euro	**618.4**	543.0	531.2	541.6	489.4
Gross Profit	Million euro	**100.6**	90.4	90.8	100.6	97.6
of Net Sales	%	**16.3**	16.6	17.1	18.6	19.6
Operating profit	Million euro	**29.5**	30.4	27.7	42.4	41.1
of Net Sales	%	**4.8**	5.6	5.2	7.8	8.4
Result before Extraordinary Items, Taxation and Minority Interest	Million euro	**19.4**	21.6	20.2	35.4	33.5
of Net Sales	%	**3.1**	4.0	3.8	6.5	6.9
Result for the Period	Million euro	**11.4**	13.4	12.4	23.0	23.0
of Net Sales	%	**1.8**	2.5	2.3	4.2	4.7
Balance Sheet and Key Ratios						
Total Assets	Million euro	**437.9**	463.0	368.0	351.8	318.7
Return on Capital Employed	%	**10.6**	11.9	13.6	23.4	24.5
Return on Equity						
– Capital Loan incl. in equity	%	**8.6**	10.8	10.2	19.2	23.8
– Capital Loan excl. from equity	%	**10.3**	13.1	13.8	30.4	44.0
Equity Ratio						
– Capital Loan incl. in equity	%	**35.2**	30.4	35.7	40.4	37.0
– Capital Loan excl. from equity	%	**29.8**	25.3	29.2	26.9	21.9
Gearing						
– Capital Loan incl. in equity	%	**80**	113	63	36	50
– Capital Loan excl. from equity	%	**113**	155	99	105	154
Earnings per Share	Euro	**0.91**	1.06	0.99	1.84	1.84
Equity per Share (excl. Capital Loan)	Euro	**9.69**	8.79	7.87	6.82	4.96
Gross Investments	Million euro	**26.6**	105.9	22.8	37.2	20.0
of Net Sales	%	**4.3**	19.5	4.3	6.9	4.1
Net Debt (incl. Capital Loan)	Million euro	**140.7**	176.1	102.1	94.9	101.7
Net Debt (excl. Capital Loan)	Million euro	**117.9**	153.3	79.4	49.4	56.2
Order book	Million euro	**168.3**	190.1	169.1	179.5	172.6
Average Number of Personnel	Number	**4,946**	4,292	4,204	4,169	3,786
of which in Finland	Number	**1,127**	755	685	644	598
of which outside Finland	Number	**3,819**	3,537	3,519	3,525	3,188

Quarterly Information In million euro

Quarter	2003 1st	2003 2nd	2003 3rd	2003 4th	Year total
Income statement					
Net sales	138.6	157.1	150.8	171.9	**618.4**
Gross profit	19.7	27.5	24.9	28.5	**100.6**
% of net sales	14.2	17.5	16.5	16.6	**16.3**
Operating profit	2.3	9.8	8.8	8.6	**29.5**
% of net sales	1.7	6.2	5.8	5.0	**4.8**
Result before extraordinary items, taxation and minority Interest	-0.7	7.4	6.4	6.3	**19.4**
% of net sales	-0.5	4.7	4.2	3.7	**3.1**
Result for the period	-0.6	4.6	4.2	3.2	**11.4**
% of net sales	-0.4	2.9	2.8	1.9	**1.8**

	2003 31 Mar	2003 30 Jun	2003 30 Sep	2003 31 Dec
Balance Sheet				
Assets				
Fixed assets	309.1	305.9	306.0	306.4
Long-term loan receivables	2.1	2.7	2.3	1.5
Deferred tax receivables	1.0	1.1	1.1	1.0
Inventories	44.9	44.7	41.9	39.3
Short-term receivables	105.7	114.8	121.1	88.7
Cash and bank	4.7	2.6	1.8	1.0
Current assets and long-term receivables, total	158	165.9	168.3	131.5
Assets, total	467.1	471.8	474.3	437.9
Equity and liabilities				
Shareholders' equity (excl. capital loan)	110.5	114.8	121.9	121.5
Shareholders' equity (incl. capital loan)	133.3	137.6	144.7	144.3
Minority interests	2.8	3.2	3.2	3.2
Provisions	5.1	4.8	4.9	4.5
Long-term liabilities	149.1	139.0	135.1	107.6
Deferred tax liability	40.5	40.8	42.5	40.0
Short-term liabilities	136.3	146.5	147.1	138.3
Liabilities, total	326.0	326.3	324.8	285.9
Equity and liabilities, total	467.1	471.8	474.3	437.9
Additional information				
Net debt (incl. capital loan)	182.6	179.6	172.8	140.7
Net debt (excl. capital loan)	159.8	156.8	150.0	117.9
Capital loan	22.8	22.8	22.8	22.8
Accrued unpaid interest on capital loan	2.0	2.4	2.8	3.2
Orderbook	191.5	208.6	203.2	168.3
Number of personnel, closing balance	4,840	5,025	5,024	4,937
Number of personnel, average	4,867	4,956	4,975	4,946

The quarters have not been separately audited as quarters.

Definitions to Key Ratios

Return on Capital Employed, %

$$\frac{\text{Profit after financial items + financial expenses}}{\text{Total assets - interest free liabilities, year average}} \times 100$$

Return on Equity, %

$$\frac{\text{Profit after financial items - taxes}}{\text{Equity + minority share, year average}} \times 100$$

Equity Ratio, %

$$\frac{\text{Equity + minority share}}{\text{Total assets - advances received}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing liabilities - cash - other interest-bearing receivables}}{\text{Equity + minority share}} \times 100$$

Earnings per Share, in euro

$$\frac{\text{Profit after financial items - taxes - minority share}}{\text{Number of shares, average}}$$

Equity per Share, in euro

$$\frac{\text{Equity}}{\text{Number of shares, closing balance}}$$

Proposal for the Distribution of Profit to the Annual General Meeting

The net profit of the Group during the year was 11.4 million euro and the distributable funds amounted to 67.7 million euro on 31 December 2003.

The net profit of the parent company during the year was 19.3 million euro and the distributable funds amounted to 54.6 million euro on 31 December 2003.

The Board of Directors proposes to the Annual General Meeting that the profit of the parent company of 19,303,433.39 euro for the financial period will be transferred to the profit and loss account and that no dividend will be paid.

Vantaa, 23 March 2004

Per-Olof Eriksson, *Chairman*
Kari Heinistö, *Vice Chairman*
Andrejs Cakste
Gerard De Geer
Tapio Hakakari
Michael Rosenlew
Bengt Jansson, *President and CEO*

Auditors' Report

to the shareholders of Consolis Oy Ab

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Consolis Oy Ab for the year ended 31 December 2003. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

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

In our opinion, the financial statements, showing a profit of 11.417.000 euro in the consolidated income statement and a profit of 19.303.433,39 euro in the parent company income statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company result of operations, as well as the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial year audited by us. The proposal made by the Board of Directors on how to deal with the result is in compliance with the Finnish Companies Act.

Vantaa, 23 March 2004

KPMG Wideri Oy Ab
Solveig Törnroos-Huhtamäki
Authorized Public Accountant

PricewaterhouseCoopers Oy
Kim Karhu
Authorized Public Accountant

CONSOLIS OY AB Äyritie 12 b, FIN-01510 Vantaa **Tel** +358 (0) 20 577 577 **Fax** +358 (0) 20 577 5110 **E-mail** info@consolis.com **Internet** www.consolis.com