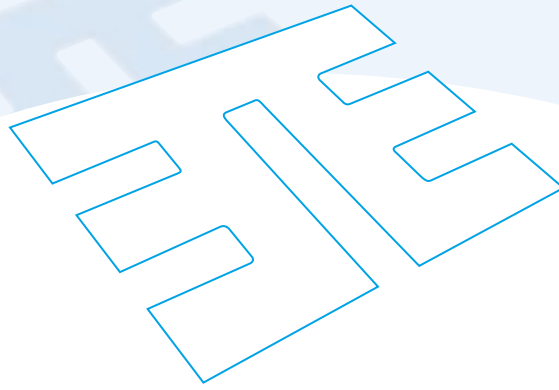


*Access to future*



**Etteplan** ANNUAL REPORT 2003



## MISSION

Etteplan creates **added value** for its customers by providing high-quality industrial technology **design services** for the **implementation and development** of the **customer's production and R&D processes**. Etteplan operates as a **partner** to its customers, continually developing its processes and exploiting the latest technology in its own operations.

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■ **THE ETTEPLAN-GROUP** is one of Finland's leading companies providing industrial technology design and expert services. Its key customers are large and medium-sized, globally operating companies in the mechanical, engineering and electronics industries. The Group's areas of expertise include machine technology automation design as well as software development and electronics design. ■

## ADDED VALUE FOR THE CUSTOMER

The purpose of the Etteplan Group's operations is to offer engineering design services that improve the customer's competitiveness, quality and profitability. The focus is having a deep knowledge and understanding of the customer's product development and production processes.

During the twenty years it has been in business, Etteplan has purposefully learned to know its customers' operational processes as a whole. Etteplan offers design services and their continual development as an integral part of this total approach.

In practice the objective has been reached by building deep and long-term customer relationships. Etteplan has developed its own processes so that they are sensitive to changes in the direction of the customer's operations. Close cooperation with customers leads to a pool of knowledge that can be tapped for meeting the customer's needs and expectations efficiently and proactively.

Within the framework of its certified quality system, Etteplan continually develops, among others, its key customer relationships.

## CLOSE TO THE CUSTOMER

Etteplan's marketing is divided into four Strategic Business Units: Lifting and Hoisting, Production Lines and Process Plants, Product Development and Control Systems, and Pulp and Paper. Each strategic business unit is responsible for serving its customers both in Finland and abroad.

Etteplan carries out its design work close to the customer. To do this, the company has a network of nearly 40 offices in Finland, Sweden, Germany and Italy. Typically, in product development projects many of the design staff also work on the customer's premises. Etteplan's offices are linked together by an internal information network that makes large-scale design resources and versatile services available to customers.

## KEY SUCCESS FACTORS

### WIDE-RANGING EXPERTISE FOR THE CUSTOMER

Long-term and deep customer relationships make it possible to carry out ever more extensive design assignments. Although the strategic business units are in charge of developing key customer relationships, for each assignment Etteplan can assemble the most appropriate resources. If necessary, Etteplan can bring them in from the different SBUs and also across national borders. The number of these shared projects is on the increase. Carrying them out successfully calls for a dual capability: a unified set of internal company operating models and procedures that is backed up with a quality system and continuous international training and, secondly, a reliable and efficient internal information network.

### WORLDWIDE ALONG WITH THE CUSTOMER

Over the past years Etteplan has grown strongly and established a strong international presence. This development has been driven by customers' changed needs. Long-term cooperation with customers has led to design function arrangements in which Etteplan has taken on part of its customers' design resources. The moves have given customers the possibility of concentrating more effectively on their own core business, whilst retaining a flexible and professionally skilled design capability. Etteplan has also established sites elsewhere in Europe with an eye to serving customers. Design activities have moved abroad along with the customer, close to the customer's local operations, allowing collaboration and development to move ahead smoothly and efficiently.

Etteplan's growth and good competitiveness are based on cooperation with the customer:

- Integrated industrial technology design services are tailor-made to the customer's needs.
- Broad expertise covering the customer's product development and delivery processes.
- Trust and international cooperation in customer relationships based on partnership.
- High-calibre personnel.
- A large company size coupled with investments in technology.
- Efficient management of Etteplan's own and external expert resources.
- Effective control and a reliable information network that links together decentralized operations.

## MAJOR EVENTS IN 2003

2003

## JANUARY

47 employees of Rautaruukki Steel's Engineering unit in Oulu transferred to the service of Etteplan Oyj and the operations of the Oulu unit were combined with Etteplan's Oulu regional office.

Etteplan Production Lines Oy, which was established by Etteplan Oyj and Nextrom Oy, started up operations in Vantaa in January. 53 Nextrom employees transferred to the new company. Etteplan Production Lines Oy provides engineering design and project services that are required for developing and fabricating new industrial production lines as well as in automation design.

## MARCH

Etteplan Oyj's Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.25 per share for the 2002 financial year and authorized the Board of Directors to increase the share capital through a rights issue as well as to purchase the company's own shares and to transfer them.



Etteplan centralized its design functions in the Greater Helsinki area in Vantaa.

## APRIL

A significant assignment for Etteplan, the electrical and automation design project for St Petersburg's southwest water treatment plant, which was ordered by SWTP Construction Oy started in April.



In St Petersburg a design project is under way at the Southwest Water Treatment Plant.

## MAY

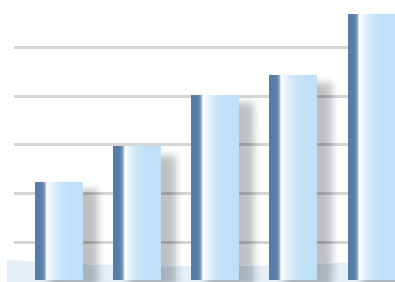
Etteplan signed a Letter of Intent with J.A. Produktutveckling AB of Sweden concerning the purchase of an additional 40 per cent stake in the company through an exchange of shares.

## KEY FIGURES

EUR million	2003	2002	Change %
Turnover	50,7	37,0	+36,9
Operating profit	2,4	2,7	-12,1
Earnings per share (EUR)	0,23	0,30	-23,3
Return on investment, %	16,1	19,7	
Capital expenditures	2,8	4,5	-38,4
Average personnel	876	660	+32,7

NET TURNOVER  
1999 - 2003 (EUR million)

20,7 26,9 33,8 37,0 50,7



1999 2000 2001 2002 2003



**JUNE**

Nine design engineers from the Konecranes Group's KCI Hoists unit in Hämeenlinna transferred to the employ of Etteplan Oyj. At the same time, the companies agreed on partnership-based cooperation.

Etteplan Oyj agreed with Nextrom Oy on the transfer of nine design engineers to Etteplan Oyj's payroll. The agreement was a natural continuation of the partnership-based cooperation which the companies started right from the beginning of the year.

**AUGUST**

Windhoff Vammass Airport Equipment GmbH of Germany placed an order with Etteplan Oyj's Lifting and Hoisting SBU for product development for air cargo loading and unloading equipment.

Skanska Tekra gave Etteplan an assignment to design the control and monitoring system for traffic on Highway 6 over the Koskenkylä-Kouvola stretch in Finland.

In accordance with the Letter of Intent signed in May, Etteplan Oyj acquired a 40 per cent additional stake in J.A. Produktutveckling AB, bringing Etteplan's holding to 75 per cent. The Group's total personnel strength rose to 938 employees.

Etteplan celebrated its 20th birthday by arranging a festive occasion for customers at the Sibelius Hall in Lahti on 28 August.

**SEPTEMBER**

The company received an assignment to plan the transfer of two Rautaruukki production lines in a pipe plant from Denmark to Finland.

**DECEMBER**

The Group combined its design functions in the Greater Helsinki area into a single unit in Vantaa.

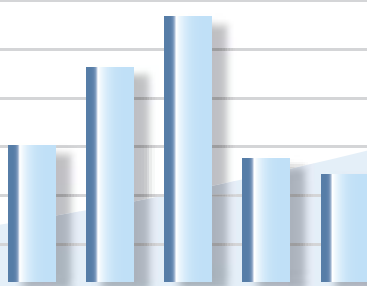
The functions of Etteplan Oyj's EMC Laboratory were incorporated and the new company began operations on 1 January 2004 under the name NATLABS, Nordic Accredited Testing Laboratories Oy.



The EMC Laboratory's operations were incorporated.

**OPERATING PROFIT**  
1999 - 2003 (EUR million)

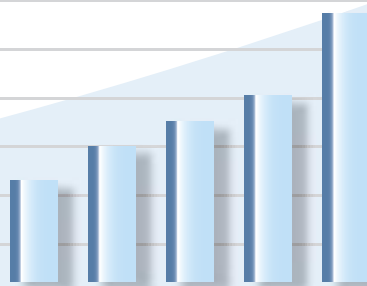
2,9    3,9    4,6    2,7    2,4



1999    2000    2001    2002    2003

**AVERAGE PERSONNEL**  
1999 - 2003

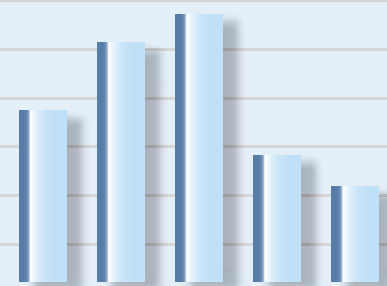
352    455    561    660    876



1999    2000    2001    2002    2003

**EARNINGS PER SHARE**  
1999 - 2003 (EUR)

0,48    0,62    0,69    0,30    0,23



1999    2000    2001    2002    2003

## CEO'S REVIEW

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The 2003 financial year can best be described as a year of growth. Our staff grew by more than 200 employees and our turnover by nearly 40 per cent.

The growth in business operations was attributable to major new partnership agreements with Nextrom Oy, Rautaruukki Oyj and KCI Hoists Oy, in which a total of about 120 people transferred from our customers to Etteplan's employ. In addition, we acquired a majority holding in our Swedish associated company, thereby increasing our number of staff by a further one hundred employees.

During the year we have received a number of major assignments that have secured new positions for us. Noteworthy examples are the electrical and automation design for St Petersburg's south-west waste water treatment plant as well as designing the removal of two production lines in a pipe plant. Our service concept is based on long-term customer relationships. During the past year we have made significant outlays on a new project management system and our quality assurance system in order to run our operations more efficiently with the aim of satisfying customer needs. It has been gratifying to note that in quality questionnaires, our customers have signalled their appreciation of the way our operations have developed. We have also received valuable pointers on improvements. These will help us develop our operations further in the direction of better customer satisfaction. In future too, we intend to serve





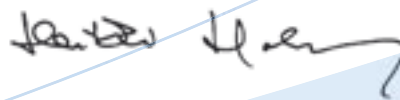
Heikki Hornborg

our customers globally, yet with an emphasis on being local. It has been encouraging to see that our service concept of providing added value based on partnership has brought our customers concrete results. Just as our client companies are doing, the engineering design field too is undergoing consolidation. Etteplan has been, and still is, a strongly growth-oriented company. During the past five years, the average annual increase in our turnover has exceeded 25%. Our growth has been accomplished without taking on debt – by means of changes of shares and from liquid funds. Our strategic objective is to continue growing by playing an active part in the changing operating environment in the engineering design field. In coming years too, we will expand through organic growth and by making acquisitions both in Finland and in the international markets.

### **ETTPLAN'S SERVICE CONCEPT IS BASED ON LONG-TERM CUSTOMER RELATIONSHIPS**

The 2003 financial year was marked by a slowdown in the global economy. In the western countries, demand for industrial products remained at such a low level that new capital expenditures were not launched. The number of product development projects started up also fell short of previous years. The weakened demand for design services curbed the trend in operating profit and our earnings came in below our targets. Our market position improved in our main market areas and we landed major new customers. With the aim of boosting the efficiency of customer service and marketing, the company's EMC measurement laboratory was incorporated at the end of 2003, and it began operations as an independent service provider from the beginning of 2004. Demand for capital goods has revived somewhat, and our order book increased at the end of the year and in the first months of 2004. Thanks to improved demand and internal efficiency-boosting measures, we expect 2004 to be another year of growth.

I wish to express my warm thanks to our entire staff for their high-calibre and motivated job contributions. My thanks also go to all our stakeholders, particularly to our customers and shareholders, for the confidence they have shown in our company.



## PRODUCTION LINES AND PROCESS PLANTS . . . . .

*Design, product development and project management services for implementing production plants*

### A STRENGTHENED ORGANIZATION STAKES OUT NEW MARKETS

The Production Lines and Process Plants SBU offers a wide range of design and project management services both for the product development design of machinery and equipment as well as for production plant implementation projects. The nature of the projects varies from the design of individual pieces of equipment to carrying out extensive international total deliveries.

The SBU closely tracked the business cycles in customer industries, and operations were adapted to shorter delivery times and smaller projects. Thanks to an extensive clientele, operations fared moderately well in a tough market situation.

The design functions of three major customers were transferred to the SBU during the year. In January, 47 employees transferred from the Rautaruukki Steel Engineering unit in Oulu to Etteplan, and in Vantaa, near Helsinki; 53 Nextrom Oy staff joined the company. The third transfer came in June, when nine design engineers from the KCI Hoists unit in Hämeenlinna were put on Etteplan's payroll.

For years now, it has been a strength of Etteplan's operations that its nearly 30 offices are located in different parts of Finland. Operating close to the customer enables the company to provide efficient service that is based on mutual trust. The key account management capability was developed further with the aim of deepening customer relationships and expanding the scope of service.

Although the customer base consists largely of Finnish companies, customers are taking Etteplan along with them on projects at sites abroad. Our flexible staff are ready to travel around the world to carry out these indirect export assignments.

One of the year's major assignments was planning the removal of two of Rautaruukki's production lines from Denmark to Finland. Etteplan staked out new turf by landing an assignment to design the control and monitoring system for traffic on the Koskenkylä-Kouvola stretch of Highway 6 in Finland. In the international projects area, design work for the electrical and automation system for St Petersburg's south-west water treatment plant continued.



Risto Koivunen

### MORE EXTENSIVE ASSIGNMENTS

The market outlook in 2004 is at the previous year's level, though a pick-up is expected to occur in the latter part of the year. Operations are evolving towards an ever-deeper partnership with the customer and assignments are getting bigger. This brings a long-term way of working, but at the same time it means challenges for developing our own staff, tools and procedures.



### THE SBU IN A NUTSHELL

- Resources up by more than a hundred employees
- New market area: A control and monitoring system for traffic on Highway 6
- Major assignment: Removal of two Rautaruukki production lines in a pipe plant from Denmark to Finland





## LIFTING AND HOISTING . . . . .

*Design, product development and project services for high technology customer companies*

### STRONG GROWTH IN GERMANY

The Lifting and Hoisting SBU offers design and product development services as well as delivery design and project services for its high technology customer companies worldwide. A typical assignment comprises electronics, software, mechanical engineering as well as electrical and automation design. They often also call for the services of the EMC laboratory and, to an increasing extent, the ability to manage total projects.



The SBU's strengths are its close relationships with customers and a long-term commitment to cooperation that enables development and processes to move ahead. Development-oriented cooperation with demanding core customers ensures ongoing internal development and competitiveness. This guarantees a capability to participate flexibly and efficiently in our customers' development work.

In Finland, demand for engineering design services on the part of key account customers was roughly in line with forecasts. By contrast, demand for design services in Germany exceeded expectations. This was reflected by the strong growth reported by

the German subsidiary Konette GmbH. The trend for core customers remained positive. The SBU's clientele expanded, and new customer relationships with good potential were formed.

The general market situation in the electronics sector led to a decrease in the demand for design services. This also impacted the operations of the Electronics SBU, and resources were adjusted in line with the prevailing demand. During the year the Electronics SBU carried out a realignment of its strategy. The refocused strategy is being implemented right from the early months of 2004.

International cooperation increased during the year. The growth of the German subsidiary was bolstered with a good deal of resources from the company's units in Finland. Inputs were made into international operations, both in the work itself and through training.

A notable new international project was the product development assignment for airfreight loading and unloading equipment that was ordered by Windhoff Vammass Airport Equipment GmbH.



*Timo Juvonen*

### EXPANDING PRODUCT DEVELOPMENT AND INTERNATIONAL OPERATIONS

The Lifting and Hoisting SBU is expecting to see moderate growth in 2004. Operations are divided between delivery design and product development. Growth expectations in Finland centre mainly on product development design.

The outlook in Germany is still good, both within product development and delivery design. Growth is expected to come from new customer relationships as well as the joint international projects which the Group carries out. Internal capabilities have been put in place and are being developed further with the aim of taking Etteplan's design work along with the customer to different parts of the world.

### THE SBU IN A NUTSHELL

- Operations in Finland progressed according to plan
- Strong growth in Germany
- Product development design occupies a greater share of operations
- International operations expand



## PULP AND PAPER . . . . .

*Mechanical engineering, electrical, automation, mill design, product development and start-up services for the pulp and paper industry*

### IN LEAN TIMES, PARTNERSHIP AND EXPERIENCE ARE ASSETS

The Pulp and Paper SBU offers mechanical engineering, electrical, automation, mill design, product development and start-up services to the pulp and paper industry as well as to suppliers of equipment to the industry. The SBU's strength lies in its high-calibre technical know-how coupled with the flexible use of design resources and the ability to manage resources and projects.

Operations of the Pulp and Paper SBU are dependent on the business cycles in the pulp and paper industry and the capital expenditures it undertakes. In 2003 the pulp and paper industry reduced or deferred its investments owing to uncertainty worldwide. Demand for engineering design services weakened and competition tightened up further.

Consolidation and globalization in this client industry also pose new challenges for design operations. Industry is moving its manufacturing operations close to the end customer. Engineering design operations must have the capability of adapting to the prevailing situation. Ever larger projects, more stringent requirements and shorter delivery times mean that large projects will have to be carried out flexibly in the years ahead. Etteplan is able to offer flexible and experienced design capacity for projects and to shoulder responsibility even for large-scale total assignments. This, in unison with long-term and deep customer relationships, has been an important competitive advantage in a tough market situation.

Etteplan's expertise can be applied to paper machine rebuilds and to servicing and maintenance tasks, which make up a fast-growing portion of capital expenditures by this client industry. Experience plays a key role in designing rebuilds. Etteplan is well placed to offer experienced design resources for projects in which short shutdown times and other boundary conditions in the operating environment pose very special challenges for the design work.



### THE SBU IN A NUTSHELL

- Larger total projects farther from home
- Experience and partnership bring a competitive edge
- Servicing, maintenance and rebuilds on the increase



Jari Kivelä

### REVIVAL IN SIGHT

A pick-up in capital spending and design activity in the forest industry can be expected in 2004.

Etteplan's Pulp and Paper SBU will make ever greater inputs into joint domestic and international cooperation projects, and will meet customers' challenges for carrying out ever larger total assignments in a high-quality and cost-effective manner. Large total projects and partnership-based cooperation with customers will drive the SBU's development and growth.



## PRODUCT DEVELOPMENT AND CONTROL SYSTEMS . . . . .

*Design and product development services for measuring, testing and control systems*

### IMPROVING THE ORGANIZATION FOR NEW MARKETS

The Product Development and Control Systems SBU offers high-quality design and product development services for measuring, testing and control systems. It comprises software, electronics, equipment design and testing as well as product development and product maintenance. We bring to the customer's product development and business operations high-technology added value that is flexible, fast and cost-effective. Our main-line customers operate in the automotive, pharmaceutical, telecommunications and manufacturing sectors.

In a number of industries, our customers have faced a weak market situation, and this has also been reflected in our own operations. Accordingly, during the year we have carried out previously agreed organizational arrangements that will serve to strengthen the SBU's growth and internal development.

Etteplan acquired a minority holding in J.A. Produktutveckling AB of Sweden in 2002. In August 2003 Etteplan acquired a majority holding in the company and Etteplan's stake in the company grew to 75%.

J.A. Produktutveckling AB is part of Etteplan's Product Development and Control Systems SBU.

During autumn 2003, the operations of the entire unit have been reorganized. This will make the market experience throughout the Group, especially in the pharmaceutical and automotive industries in Sweden, available to the entire unit. This expertise will be put to good use as Etteplan goes after new markets.

The SBU's strengths lie above all in its versatile and wide-ranging technical know-how, in-depth partnership with customers and efficient project management. Speed, cost-

effectiveness and flexibility are features of our operations that customers have come to value highly.

### A STRONGER UNIT BRINGS ADDED VALUE TO CUSTOMERS

During 2004 development of the unit's internal operations will be continued so that it is in line with customers' expanding needs and demand. This will strengthen the value-added services we offer customers. Long-term customer relationships built on trust are an opportunity for promoting the strategic business area's growth. After difficult years, we expect the market to show stable growth. The growth expectations are based not only in an improved market outlook but also on a wider range of know-how, beefed-up marketing and a key account approach. The objective is to increase and strengthen partnerships with customers so that high-technology know-how brings them added value flexibly and efficiently.



Ulf Aiff

### EMC LABORATORY

*Approval measurements meeting regulatory requirements*

Etteplan's expertise in the electronics field extends to EMC testing, which ensures that products do not cause interference with other electronic devices and are themselves able to withstand electromagnetic interference up to a specified limit.

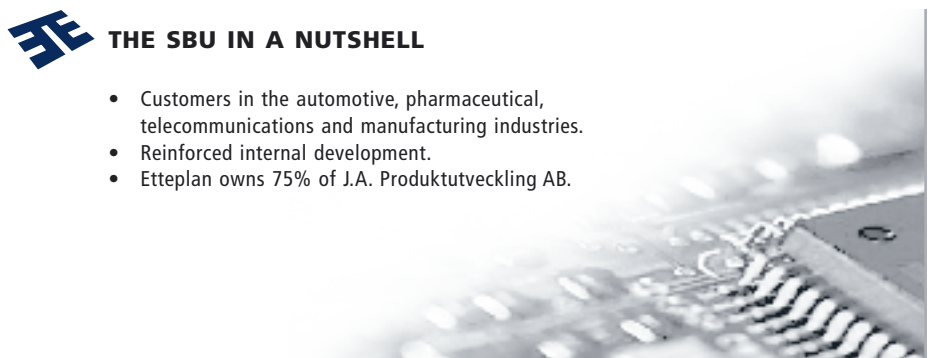
The services of Etteplan's EMC Laboratory include both individual product development measurements and complete approval measurements. If required, the laboratory acts as a consultant and coordinates the design solutions for the product so that it meets the requirements of the authorities in every respect.

The EMC Laboratory is competent to carry out approval measurements meeting regulatory requirements and to act as an authorized inspection institute (Competent Body).



### THE SBU IN A NUTSHELL

- Customers in the automotive, pharmaceutical, telecommunications and manufacturing industries.
- Reinforced internal development.
- Etteplan owns 75% of J.A. Produktutveckling AB.





## OPERATING ENVIRONMENT

### CAPITAL EXPENDITURE DECISIONS SLOW DOWN

The market for industrial technology design services in 2003 was overshadowed by uncertainty and waiting for industry's investment decisions. The crises within international politics had a particularly strong impact on the first part of the year. The investment rate in Finland fell to 12 per cent. In Sweden the investment rate was 16 per cent and in Germany around 15 per cent. The low level of investments coupled with the prevailing uncertainty also had an impact on industrial design services and kept the market situation tight.

Although the order books of industrial design companies in Finland and the other Nordic countries were generally in decline in 2003, they were better than the average for the engineering design sector as a whole in the late 1990s, for example. The sector is upbeat about the near future. Growth is expected both in Finland and in the export markets. In Finland, major investments that are to be made, notably, in the energy sector will step up the demand for industrial technology design services over the next few years.

In an international context, China's share of industrial investments has grown rapidly and has reached major proportions. China's capital expenditures slowed down beginning in the late spring of 2003 and picked up again in the autumn. Elsewhere too, industrial investment-related activities swung upward in the autumn. All in all, the offer backlog coming in from Etteplan's key customers strengthened in the latter months of the year. This points to an improvement in the market situation sometime soon.



### GROWTH IN GERMANY, PICK-UP IN SWEDEN TOO

Despite the general difficulties facing German industry, the Etteplan Group's operating environment in Germany showed positive development. Demand for the design services which the company offers grew and strengthened the company's operations in Germany.

In Sweden, demand remained slow up to the late autumn. In the course of the autumn, a slight revival took place in the market in the information technology and automotive sectors.

During 2003, Etteplan carried out a number of extensive international assignments. Many of the design projects were implemented on a shared basis in collaboration with the company's offices located in different countries. Cooperation in the target countries is becoming deeper and expanding further.

### STRUCTURAL CHANGE ROLLS ON

Industrial technology design operations have in recent years undergone a structural change that has led to increasingly large corporate entities. This trend is set to continue. The assignments of many customers are growing in size and extent. In addition, customers want to work with fewer and stronger partners.

Engineering design companies are growing in size, both as customers outsource their design functions and as the design companies join forces as part of the consolidation process.

Etteplan is strongly involved in this trend and is seeking to grow its market share. Etteplan's main markets in future years as well will be largely in the Nordic countries and in continental Europe.

By operating in a way that shows a deep mastery and understanding of the customer's business, whilst carrying on continuous development, there will be good opportunities for growth, both in Finland and in the international markets.



## PERSONNEL

### MORE THAN 200 NEW EMPLOYEES

During 2003 more than 200 new employees joined Etteplan, the majority of them as a result of customers' outsourcing of their engineering design functions to Etteplan and through the Etteplan Group's acquisition of a majority holding in J.A. Produktutveckling AB of Sweden.

The growth in personnel strength means improved resources for the services offered to our customers, broader competence and increased capacity. The increased headcount meant that Etteplan became Finland's second largest engineering design company as measured by personnel strength.

Professionally skilled and motivated personnel are in a key position from the standpoint of the entire company's development and competitiveness. Training for the personnel centres not only on professional competence but also on the development of project management skills and customer-oriented service. Our aim is to guarantee every staff member good development opportunities, a motivating job environment and team spirit and activities that reinforce well-being.

### UNIFIED PROJECT MANAGEMENT

Along with the company's growth and development, the content of assignments that come in from customers has expanded and they have grown in size. This brings more content and responsibility to the work our people perform. During 2003 a state-of-the-art internal project management system was introduced. The information that is assembled within the system serves as fundamental information for payroll administration and financial administration as a whole.

The most central matters covered in training have been connected with renewal of the quality system, the management of shared international projects, and development of customer service and negotiating skills.



International projects on the increase.

In addition, the units train employees in keeping their professional competence up to date, whilst also offering various courses on the job.

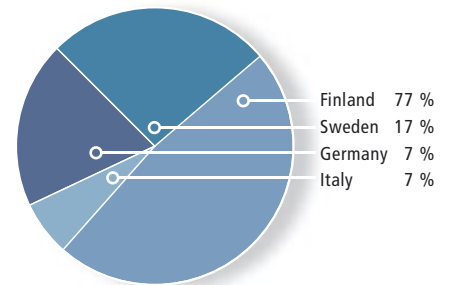
Performance appraisal discussions form the foundation of the individual's training and development programme. They provide a channel between supervisors and employees and promote an atmosphere of job advancement and workplace enjoyment.

### INTERNAL COMMUNICATIONS BUILD A TEAM SPIRIT

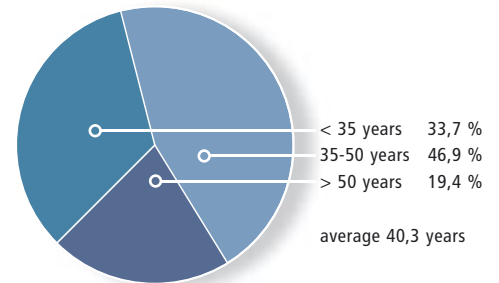
The decentralized organization that operates in a number of localities is a strength in managing customer relationships, but it calls for major inputs into internal information flow. Etteplanner, the Group's internal personnel magazine, comes out four times a year in Finnish and English. The magazine tells our staff about timely and important matters and events. The internal information network linking our offices is the backbone of the company's information flow.

In addition, the staff and other stakeholders can obtain realtime information on the company at Etteplan's website as well.

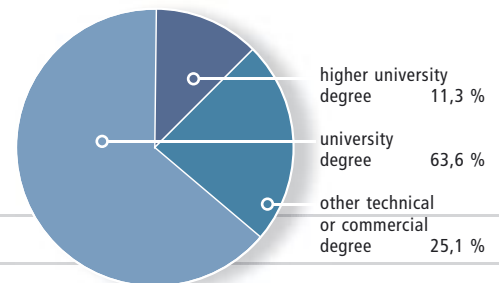
PERSONNEL OF THE GROUP AND ASSOCIATED COMPANIES PER COUNTRY



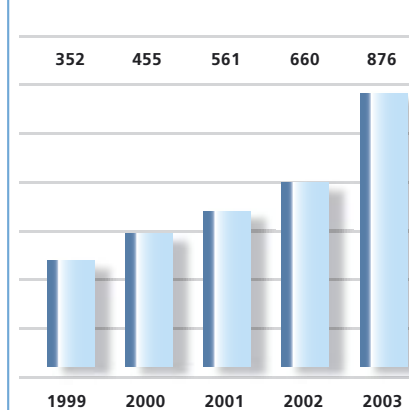
AGE BREAKDOWN OF EMPLOYEES



EDUCATIONAL BACKGROUND



AVERAGE GROUP PERSONNEL 1999 - 2003



## QUALITY AND TECHNOLOGY

### THE QUALITY SYSTEM SUPPORTS THE MANAGEMENT OF EVER LARGER PROJECTS

Total quality management and development of it have long been a permanent part of the Etteplan Group's operations. During 2003 the previous quality system in accordance with the ISO 9001:1994 standard was updated in line with the ISO 9001:2000 standard. At the same time, the environmental system according to the ISO 14001 standard, which is in use at the Group's units in Finland, was certified.

The renewed quality system emphasizes a process-type operational model that covers operations end to end. The straightforward objective of the system is to provide better and more proactive service for customers. The Group's quality organization has been streamlined through systematic collection of essential quality-related information from all parts of the organization. The assembled information is especially important for decision making and improving operations systematically. The continuous collection of customer feedback has been stepped up to enable the design functions to track the direction of customers' development more sensitively and earlier on. This provides insight on customers' needs and expectations quickly and proactively.

Partnership-based operations have led to versatile and extensive assignments. Managing them systematically and efficiently is based on a well-functioning quality system. The quality system is especially important in shared projects.

### BUILDING BETTER ENVIRONMENTAL AWARENESS

As part of the new quality system, the ISO 14001 standard that has been certified at Etteplan's units in Finland increases our own staff's environmental awareness. Keeping up with environmental issues, particularly legislation, is a vital element of design work that is performed for industry. A high level of environmental awareness within design operations contributes to supporting environmental responsibility targets.



### TOWARDS DEEPER QUALITY WORK

In 2003 the entire organization was trained to apply the renewed quality system in their daily work. Quality development and environmental training are continuing in 2004. One of the most important focuses in the current year will be the ability to make the most efficient use of customer feedback in developing our design processes. Supervisors play a major role in this work. Leadership practices will be developed within the framework of quality activities.

### DATA SECURITY OCCUPIES A KEY POSITION

In addition to the quality system, Etteplan is also developing purposefully the technology it uses. The development work aims not only at achieving more effective customer service, but also at improving our own data security.

The Group invests continually in the latest information technology, both software and hardware, and it trains its staff not only in use of this technology but also in ways of operating that strengthen data security and enhance our ability to serve customers responsibly.

In 2003 big outlays were made on well-functioning IT infrastructure. Far-flung functions have been unified. Reliable and

secure contacts among those participating in a project are also an essential part of the way we work.

A uniform technical operating environment also makes possible efficient remote administration of the information system. One big advantage is the way it speeds up the installation of workstations.

Data security training stresses the importance of the staff's attitude in addition to the technology itself. Suppliers are required to guarantee full functional integrity in data security matters. Our own staff's awareness and attitude towards data security issues is a continuous focus of training.

### TECHNOLOGY MARCHES AHEAD

All Etteplan's design work is done using computer-assisted tools. The most widely used CAD programmes within machine technology and mechatronics are Catia, Solid Works, Ideas, Vertex and AutoCad. Increasingly demanding three-dimensional models are used in the design work.

The most commonly used logical programming languages in automation and electrical design are Siemens Simatic, Allen Bradley and Omron.

Within electronics and programming, Etteplan employs the latest methods in software design, tools and programming languages, including UML, ClearCase, C, C++ and Java.

In design work, efficient design software and hardware are crucially important. In 2004, software investments will go for the procurement of new 3D and other design software. The stock of hardware will be upgraded and information network links and services will be improved continuously.

In 2003 Etteplan invested 3,2 % of its turnover in information technology and software.

### KEY GUIDELINES

- Quality-related activities aid in anticipating the customer's needs
- Data security occupies a key position
- Environmental awareness on the customer's behalf



## CORPORATE GOVERNANCE

Within Etteplan, corporate governance defines the guidelines for the Group's operations at the corporate, business unit, regional and regional office level. The company's administration is organized in accordance with the Finnish Companies Act, other relevant legislation and regulations and Etteplan's Articles of Association. Corporate governance is further based on the regulations of the Central Chamber of Commerce of Finland as well as the Confederation of Finnish Industry and Employers, TT concerning the administration of publicly listed companies. In addition, the company observes the instructions for insiders published by the above-mentioned bodies and by Helsinki Exchanges.

Supervision and management of the company is divided among the General Meeting of shareholders, the Board of Directors and the CEO.

### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders is the company's highest decision-making body. According to the Articles of Association, resolutions to be passed at a General Meeting include amendments to the Articles of Association, approval of the financial statements, dividend payouts, buying back of the company's own shares and transfer of them, stock option schemes, election of the members of the Board of Directors and decision on their emoluments and election of the company's auditors.

### BOARD OF DIRECTORS

The Board of Directors is responsible for the company's management and the due organization of its operations. The Board of Directors determines the principles of the company's strategy, its organization, accounting and financial administration and approves such important company matters as the Group's strategy, budget, acquisitions, disposals of assets, external financial arrangements, major capital expenditure



projects and the emolument and bonus systems covering the company's management. According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of seven members.

### CEO

The Board of Directors appoints the parent company's CEO, who furthermore acts as the Group's chief executive officer. The CEO is responsible for managing the Group's daily operations in accordance with the regulations and instructions issued by the Board of Directors.

### CORPORATE MANAGEMENT GROUP

The CEO appoints a Management Group which is appropriate from the standpoint of line operations. The Management Group assists the CEO in matters set out in the Board of Directors' standing orders as well as develops and monitors all the matters entrusted to the company's management, including those connected with the Group's and business units' strategies, acquisitions, divestments and mergers and major capital

expenditures, disinvestments, the company's image, monthly reporting, interim reports, investor relations and the main principles of human resources policy. The Board of Directors approves the appointment of the members of the Management Group.

### AUDITORS

The annual general meeting of the parent company elects the external auditors of Etteplan Oyj. The task of the statutory auditing is to check and verify the financial statements and the information given on the result and the financial position of the Group. Together with the auditor, the Group arranges auditing of Group Legal Units according to local legislation.

## REVIEW BY THE BOARD OF DIRECTORS 1 January – 31 December 2003

Etteplan continued to grow strongly in 2003. The turnover grew mainly organically in consequence of the design functions transferred to the Group, but also through an acquisition. The turnover growth exceeded considerably the general growth rate in the field, which was 2%.

During the year Etteplan carried out three outsourcing projects in Finland, in which the customer transferred its' design functions to Etteplan. In addition, the company acquired a majority holding in its' Swedish associated company. The number of the Group's personnel grew by more than 200 employees, or by 30%. The number of employees abroad has grown to 214. Main part of the international organic growth has occurred in Germany.

The demand for industrial technology design services in 2003 was in several areas weak and declined mildly in the last quarter of the year. The demand situation was especially difficult in the latter part of the year in the automotive industry and wood-processing industry's machine and equipment markets. The order book for other customer groups remained satisfactory.

During the report period Etteplan invested strongly in the development of internal functions. The main objectives were development of project follow-up, the improvement of total quality in functions as well as the efficient exploiting of fields of know-how. Due to exceptionally tight market situation the profitability decreased from the previous year.

### TURNOVER AND RESULT

The Etteplan Group's turnover grew by 37% on the previous year, rising to EUR 51 million (37 million in 2002). The increase in turnover was attributable both to organic growth, mainly the outsourced units taken on, and the acquisition of a majority holding in Swedish J.A. Produktutveckling AB.

Operating profit was EUR 2.4 million (2.7 million), or 4.7% of turnover (7.4%). Operating profit decreased by 12% on the previous year and the set targets were not reached. In the last quarter of the year the operating profit was burdened by lump-sum expenditures, which were related to efficiency boosting and rearrangements of operations especially in Sweden. Profit for the financial period before extraordinary items and taxes was EUR 2.4 million (2.8 million). The net profit was EUR 1.0 million (EUR 1.3 million).

Earnings per share were EUR 0.23 (0.30). Equity per share was EUR 2.89 (EUR 2.90). The return on investment was 16.1% (19.7%) and the return on equity 9.6% (12.6%).

### BUSINESS OPERATIONS

Etteplan acts as a partner of large and medium-sized internationally operating industrial companies, carrying out both separate design projects as well as continuous product development and equipment design. The Group's design services consist of 1) machine technology and mechatronics design, 2) automation and electrical design

as well as 3) electronics and software design. The customer base comprises equipment manufacturers and end-users in the wood-processing -industry as well as the automotive, lifting and hoisting equipment, process and electronics industries.

Operations have been divided into four different business areas, which are not separate business units. The estimated breakdown of turnover by business area was the following at the end of the financial year:

Production Lines	38%
Lifting and Hoisting	25%
Pulp and Paper	20%
Electronics	17%

The market situation for the Production Lines business area was difficult during the report period. Demand for the services of the Lifting and Hoisting business area remained stable. The market for the Pulp and Paper as well as Electronics business areas were unstable and the demand weakened especially in the latter half of the year. Demand for engineering design services in Sweden was poor due to weakened prospects in the automotive and electronics industry. The situation improved, however by the year-end. The set targets were clearly not reached. In Germany the business operations have been growing and new customers have been secured. The set targets were exceeded. In Italy the demand was weak during the whole year and the profit target was not reached.

Achieving a good competitive situation

has called for strong inputs into developing engineering design services as well as improving internal efficiency. The strengths of Etteplan's operations are an efficient design process, high-quality operations in line with an ISO-9000 system and capable staff. Thanks to these strengths, Etteplan has become a strategic partner of a number of well-known Finnish blue-chip corporations both in Finland and abroad.

#### MAJOR EVENTS IN 2003

In January 47 employees of Rautaruukki Steel's Engineering unit in Oulu transferred to the service of Etteplan Oyj and the operations of the Oulu unit were combined with Etteplan's Oulu regional office.

Also in January Etteplan Production Lines Oy, which was established by Etteplan Oyj and Nextrom Oy, started up operations in Vantaa. 53 Nextrom employees transferred to the new company. Etteplan Production Lines Oy provides engineering design and project services that are required for developing and fabricating new industrial production lines as well as in automation design.

In May Etteplan signed a Letter of Intent with J.A. Produktutveckling AB of Sweden concerning the purchase of an additional 40 per cent stake in the company through an exchange of shares.

In June nine design engineers from the Konecranes Group's KCI Hoists unit in Hämeenlinna transferred to the employ of Etteplan Oyj. At the same time, the companies agreed on partnership-based cooperation.

Also in June Etteplan Oyj agreed with Nextrom Oy on the transfer of nine design engineers to Etteplan Oyj's payroll. The agreement was a natural continuation of the partnership-based cooperation, which the companies started right from the beginning of the year.

In August, in accordance with the Letter of Intent signed in May, Etteplan Oyj acquired a 40 per cent additional stake in Swedish J.A. Produktutveckling AB, bringing Etteplan's holding to 75 per cent. The Group's total personnel strength rose to 938 employees.

In December the Group combined its design functions in the Greater Helsinki area into a single unit in Vantaa.

#### PERSONNEL

The operations and number of personnel of the Etteplan Group have grown steadily. During the financial year the Group employed an average of 876 people (660), an increase of 33%. At the end of the period (31 December 2003) the payroll numbered 936 employees (723). The increases in staff were mainly due to outsourcing-driven organic growth as well as acquisitions.

#### CAPITAL EXPENDITURES

The Group's total capital expenditures amounted to EUR 2.8 million (4.5 million). The largest individual capital expenditure was the purchase of a holding in J.A. Produktutveckling AB. Other investments

went mainly for the purchase of computer software and hardware as well as for the development of information networks and a project management system.

#### FINANCIAL POSITION

Etteplan's financial position remained strong. Total assets at 31 December 2003 stood at EUR 26.1 million (EUR 22.6 million), of which cash and cash equivalents as well as securities held as financial fixed assets totalled EUR 6.6 million (EUR 7.2 million). The Group's interest-bearing liabilities at the end of the period totalled EUR 1.2 million (1.0 million). The equity ratio was 57.2% (63.4%). Liquidity was good throughout the report period.

#### SHARES, PRICE TREND AND SHARE BUY-BACK

The Group's share capital at 31 December 2003 was EUR 427,460.80 and the number of shares outstanding was 4,274,608.

The number of Etteplan Oyj shares traded during the financial year was 745,775, to a total value of EUR 3.3 million. The share price registered a low of EUR 2.99, a high of EUR 6.48 and the average price was EUR 4.41. The Group's market capitalization at 31 December 2003 was EUR 25.0 million and it had 1,378 shareholders.

During the financial year the company bought back 104,000 of its own shares and has transferred in total 128,000 shares in the J.A. Productutveckling AB share transaction. At the end of the financial year the company held 100 of its own shares (treasury shares) to a total value of EUR 481,00.

#### **STOCK OPTIONS AND SHARE ISSUE AUTHORIZATIONS**

The Annual General Meeting, held on 26 March 2003, authorized the Board of Directors to decide within one year from the Annual General Meeting on the floating of one or more issues of convertible bonds and/or the granting of stock options and/or to decide on increasing the share capital by offering in one or more instalments a maximum of 854,921 shares with an accounting counter value of EUR 0.10 at a price determined by the Board of Directors and otherwise on the terms and conditions decided by the Board of Directors.

The Annual General Meeting further authorized the Board of Directors to decide on buying back the company's own shares in one or more instalments such that the company can buy back a maximum of 213,730 of the company's shares, having an accounting counter value of EUR 0.10, with distributable funds in a proportion other than shareholders' existing holdings and to decide, on the basis of the authorization according to the resolution, on transferring the company's own shares thus bought back in one or several instalments. The authorization granted to the Board of Directors comprises the right to transfer a maximum of 213,730 shares with an accounting counter value of EUR 0.10 such that the aggregate accounting counter

value of the shares to be transferred and the votes conferred by them is a maximum of five (5) per cent of the company's share capital and the total voting rights conferred by the shares.

All the company's permanently employed staff are covered by Etteplan's stock option programme.

#### **BOARD OF DIRECTORS, CEO AND AUDITORS**

The members of Etteplan Oyj's Board of Directors during the report period were Tapani Mönkkönen, Chairman, the other members being Tapani Tuori, Matti Virtaala, Ritva Mönkkönen and Heikki Hornborg. The company's CEO has been Heikki Hornborg, M. Sc. (Eng.).

The company's auditor was the firm of independent public accountants PricewaterhouseCoopers Oy, with Mika Kaarisalo, Authorized Public Accountant, acting as chief auditor.

#### **BOARD OF DIRECTORS PROPOSAL FOR THE DISPOSAL OF PROFITS**

The Group's distributable shareholders' equity according to the balance sheet at 31 December 2003 is EUR 6,4 million and the parent company's distributable shareholders' equity is EUR 5,6 million.

The Board of Directors is proposing to the Annual General Meeting on 30 March 2004 that on the dividend payout date a dividend of EUR 0.55 per share be paid on the company's externally owned shares and that the remainder be transferred to retained earnings. In accordance with the Board of

Directors' proposal, the record date for the dividend payout is 2 April 2004 and the dividend will be paid on 13 April 2004.

#### **ADOPTION OF THE IFRS STANDARDS**

Preparations to adopt the International Financial Reporting Standards (IFRS) have proceeded according to plan. Etteplan will report according to the IFRS Standards from the beginning of 2005. Figures for 2004 will be announced according to IFRS Standards in the spring of 2005. According to an initial survey, the change in accounting principles will not have a significant effect on the balance sheet or result.

#### **MAJOR EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR**

The functions of the Group's EMC Laboratory were incorporated and the new company began operations on 1 January 2004 under the name NATLABS, Nordic Accredited Testing Laboratories Oy. The laboratory offers electromagnetic interference measurements to both electronics industry as well as machine and equipment manufacturers.

#### **OUTLOOK FOR THE FUTURE**

In the main market areas, especially in the Nordic Countries, the market situation for Etteplan's customers has improved during the last months. Industrial investments have been started in several countries among others in China and United States of America. The company has received several new assignments at the end of 2003 and in the beginning of 2004. The company's order book as well as offer stock is clearly better

than in the last quarter of 2003.

The investments in project management as well as in the better steering of workload give good potential to carry out the most important near-term target, the improvement of the profitability. Etteplan has expanded its customer base substantially during the past year. The efficient boosting as well as the made investments give good position to increase the volume of operations.

Etteplan will continue its efforts to strengthen and expand all four of its business areas, both in Finland and abroad. The principal means of accomplishing this are training, recruitment, customers' outsourcing projects and acquisitions.

Based on the recovered market situation and the made internal efficient improvement actions, the management of the company believes that the result for the entire financial year 2004 will be clearly better than the previous one.





**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(EUR 1 000)	1.1. - 31.12.2003	1.1. - 31.12.2002
<b>TURNOVER</b>	<b>50 662</b>	<b>37 011</b>
Variation in work in progress	110	196
Other operating income	134	66
Materials and services	-1 087	-347
Staff expenses	-38 312	-26 387
Depreciation and amortisation according to plan	-1 791	-1 744
Other operating expenses	-7 193	-5 852
Share of losses from participating interests	-128	-219
<b>OPERATING PROFIT</b>	<b>2 395</b>	<b>2 724</b>
Operating profit %	4,7	7,4
Financial income and expenses	49	29
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>2 444</b>	<b>2 753</b>
Income taxes	-1 054	-1 020
Change in deferred tax liability	-11	-29
Minority interest	-416	-434
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>	<b>964</b>	<b>1 270</b>
<b>Net profit for the financial year %</b>	<b>1,9</b>	<b>3,4</b>

**CONSOLIDATED BALANCE SHEET**

(EUR 1 000)	31.12.2003	31.12.2002
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	4 308	2 343
Tangible assets	3 361	3 054
Own shares	0	139
Investments	443	2 381
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>8 112</b>	<b>7 917</b>
<b>CURRENT ASSETS</b>		
Stocks	843	493
Current receivables	10 518	7 027
Marketable securities	796	1 497
Cash and cash equivalent	5 810	5 663
<b>CURRENT ASSETS, TOTAL</b>	<b>17 968</b>	<b>14 680</b>
<b>ASSETS, TOTAL</b>	<b>26 080</b>	<b>22 597</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	427	427
Share premium account	5 058	5 058
Reserve for own shares	0	139
Retained earnings	5 923	5 565
Net profit for the financial year	964	1 270
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>12 372</b>	<b>12 460</b>
<b>MINORITY INTERESTS</b>	<b>2 194</b>	<b>1 857</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	198	188
Long-term liabilities	1 065	796
Current liabilities	10 249	7 297
<b>LIABILITIES, TOTAL</b>	<b>11 513</b>	<b>8 281</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>26 080</b>	<b>22 597</b>



**CONSOLIDATED CASH FLOW STATEMENT**

<b>(EUR 1 000)</b>	<b>1.1. - 31.12.2003</b>	<b>1.1. - 31.12.2002</b>
<b>OPERATING CASH FLOW</b>		
Cash receipts from customers	48 063	37 933
Other operating income	109	66
Operating expenses paid	44 117	32 050
Operating cash flow before financial items and taxes	4 055	5 950
Interest and payment paid for financial expenses	59	129
Interest received	98	153
Dividend received	11	5
Income taxes paid	1 054	1 020
<b>OPERATING CASH FLOW (A)</b>	<b>3 051</b>	<b>4 958</b>
<b>INVESTMENT CASH FLOW</b>		
Investment in tangible and intangible assets	2 759	2 346
Sales of tangible and intangible assets	203	111
Investments to other investments	13	1 463
<b>INVESTMENT CASH FLOW (B)</b>	<b>-2 569</b>	<b>-3 697</b>
<b>FINANCING CASH FLOW</b>		
Purchase of own shares	0	64
Short-term loans, decrease	78	0
Long-term loans, increase	269	101
Dividends paid and other profit distribution	1 227	1 365
<b>FINANCING CASH FLOW (C)-</b>	<b>1 036</b>	<b>-1 329</b>
<b>VARIATION IN WORKING CAPITAL (A + B + C)</b>		
<b>INCREASE (+)/ DECREASE (-)</b>	<b>-554</b>	<b>-68</b>
Assets in the beginning of financial year	7 160	7 227
Assets at the end of the financial year	6 606	7 160

**PARENT COMPANY'S PROFIT AND LOSS ACCOUNT**

<b>(EUR 1 000)</b>	<b>1.1. - 31.12.2003</b>	<b>1.1. - 31.12.2002</b>
<b>TURNOVER</b>	<b>24 635</b>	<b>20 752</b>
Variation in work in progress	70	51
Other operating income	760	611
Materials and services	-9 611	-5 415
Staff expenses	-10 189	-10 120
Depreciation and amortisation according to plan	-773	-956
Other operating expenses	-3 964	-3 378
<b>OPERATING PROFIT</b>	<b>929</b>	<b>1 543</b>
Operating profit %	3,8 %	7,4 %
Financial income and expenses	356	474
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	<b>1 286</b>	<b>2 017</b>
Extraordinary items	0	-225
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>1 286</b>	<b>1 792</b>
Appropriations	-2	-42
Income taxes	-415	-516
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>	<b>868</b>	<b>1 234</b>
<b>Net profit for the financial year %</b>	<b>3,5 %</b>	<b>5,9 %</b>

**PARENT COMPANY'S BALANCE SHEET**

<b>(EUR 1 000)</b>	<b>31.12.2003</b>	<b>31.12.2002</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	819	887
Tangible assets	1 721	1 751
Investments	5 887	5 436
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>8 428</b>	<b>8 074</b>
<b>CURRENT ASSETS</b>		
Stocks	251	181
Current receivables	5 111	4 829
Marketable securities	796	1 492
Cash and cash equivalents	1 765	1 961
<b>CURRENT ASSETS, TOTAL</b>	<b>7 923</b>	<b>8 464</b>
<b>ASSETS, TOTAL</b>	<b>16 351</b>	<b>16 539</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	427	427
Share premium account	5 058	5 058
Reserve for own shares	0	139
Retained earnings	4 693	4 383
Net profit for the financial year	868	1 234
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>11 047</b>	<b>11 241</b>
<b>ACCUMULATED APPROPRIATIONS LIABILITIES</b>	<b>405</b>	<b>403</b>
<b>LIABILITIES</b>		
Long-term liabilities	371	449
Current liabilities	4 527	4 445
<b>LIABILITIES, TOTAL</b>	<b>4 899</b>	<b>4 894</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>16 351</b>	<b>16 539</b>

**PARENT COMPANY'S CASH FLOW STATEMENT**

<b>(EUR 1 000)</b>	<b>1.1. - 31.12.2003</b>	<b>1.1. - 31.12.2002</b>
<b>OPERATING CASH FLOW</b>		
Cash receipts from customers	23 576	21 458
Other operating income	735	600
Operating expenses paid	22 743	19 956
Operating cash flow before financial items and taxes	1 568	2 102
Interest and payment paid for financial expenses	35	48
Interest received	61	119
Dividend received	330	403
Income taxes paid	415	516
<b>OPERATING CASH FLOW ( A )</b>	<b>1 509</b>	<b>2 060</b>
<b>INVESTMENT CASH FLOW</b>		
Investment in tangible and intangible assets	801	1 082
Sales of tangible and intangible assets	72	71
Investments to other investments	591	2 542
<b>INVESTMENT CASH FLOW ( B )</b>	<b>-1 319</b>	<b>-3 553</b>
<b>FINANCING CASH FLOW</b>		
Purchase of own shares	0	64
Long-term loans, decrease	19	156
Dividends paid and other profit distribution	1 063	1 229
<b>FINANCING CASH FLOW ( C )</b>	<b>-1 082</b>	<b>-1 450</b>
<b>VARIATION IN WORKING CAPITAL ( A + B + C )</b>		
<b>INCREASE (+), DECREASE (-)</b>	<b>-892</b>	<b>-2 943</b>
Assets in the beginning of the financial year	3 453	6 397
Assets at the end of the financial year	2 561	3 453

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICY

#### Group structure

The parent company of the Group is Etteplan Oyj, which is domiciled in Hollola.

#### The subsidiaries are:

Name	Domicile	Group's holding	Parent company's holding
Ette-Consulting Oy	Hollola	100%	100%
Ette-Engineering Oy	Pori	100%	100%
Ette-Ins Oy	Pori	100%	100%
Insinööritoimisto N.Liukkonen Oy	Hollola	100%	100%
Insinööritoimisto Raskon Oy	Hollola	100%	100%
Konette Design Center Oy	Hyvinkää	60%	60%
Insinööritoimisto Keskilinja Oy	Jyväskylän mlk	60%	60%
EPE Design Oy	Hyvinkää	50%	50%
Etteplan Sverige AB	Upplands Väsby	100%	100%
Itoma Konsulterande Ingenjörer AB	Karlstad	70%	70%
Konette GmbH	Hattingen	100%	-
DI&Esse Srl	Bernate Ticino	51%	51%
J.A. Produktutveckling AB	Alingsås	75%	75%
Etteplan Metals Processing Oy	Hollola	100%	100%
Etteplan Production Lines Oy	Hollola	81%	81%

All the Group companies are included in the consolidated financial statements. In addition, in December 2003 Etteplan Oyj founded the subsidiary Nordic Accredited Testing Laboratories Oy, which is domiciled in Hyvinkää. The company's business operations will commence on January 1 2004, and the first financial year will end on 31 December 2004.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by combining the financial statements of the Group companies, eliminating all intra-Group transactions, internal receivables and debts as well as the internal distribution of profits. The consolidation has been carried out using the acquisition cost method. Subsidiaries acquired during the financial year have been included in the consolidated financial statements from the time of acquisition. The difference between the acquisition cost of a subsidiary and its shareholders' equity at the time of acquisition is stated as goodwill on consolidation.

In the consolidated financial statements, the minority interest in subsidiaries has been stated as a separate item. The minority interest in the profit and loss account has been calculated from the result for the financial period, and the minority interest in the balance sheet is stated as a total amount consisting of shareholders' equity and the accumulated appropriations less the deferred tax liability.

### ITEMS IN FOREIGN CURRENCY

The transactions of Finnish companies in foreign currency have been booked at the exchange rate on the date of the transaction. Foreign currency-denominated receivables and liabilities in the balance sheet on the closing date have been translated into euros at the exchange rate on the balance sheet date.

The balance sheet items of subsidiaries outside the eurozone have been translated into euros at the exchange rate on the balance sheet date and profit and loss account items at the average exchange rate during the financial year. The average exchange rate for the period has been calculated as the average of the rates on the last day of the month of the previous financial period and the last days of each month of the financial year. The average exchange rate difference

resulting from currency translation and the translation difference arising from the elimination of shareholders' equity have been booked to shareholders' equity.

### RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure has been recorded as annual expenses in the year in which they were incurred.

### FIXED ASSETS AND DEPRECIATION/AMORTIZATION

Fixed assets have been capitalized in the balance sheet at the direct acquisition cost less depreciation according to plan. The depreciation schedule is the same as in the previous year.

#### The depreciation principles are:

Goodwill on consolidation	
- Finnish subsidiaries	straight-line amortization, 5 years
Goodwill on consolidation	
- foreign subsidiaries	straight-line amortization, 10 years
Goodwill	straight-line amortization, 10 years
Other long-term expenditure	straight-line depreciation, 5/7 years
Machinery and equipment	25% depreciation on the carrying value

### REVALUATION PRINCIPLES

The revaluation included in the consolidated financial statements applies to the Kiinteistö Oy Kosken-Keskus shares numbered 217465-277845, which are owned by Insinööritoimisto N. Liukkonen Oy. The revaluation was made in 1994 to an amount of EUR 20,451.

### VALUATION OF STOCKS

Revenue from the sale of services is recognized as income when the work has been handed over. Piece work has been recognized as income after the work has been approved in accordance with the terms of the agreement. Stocks comprise design jobs in process and they are valued on the basis of direct salary costs plus employee social expenses.

### DEFERRED TAXES

Income taxes based on taxable earnings are periodized in the separate financial statements. The deferred tax liability is calculated from the temporary differences between taxation and the financial statements, applying the tax base for the following years, as confirmed at the balance sheet date. The balance sheet includes the deferred tax liability in its entirety. The deferred tax liability for revaluations is EUR 5,930. The tax liability is not recorded in the balance sheet.

### ACCUMULATED APPROPRIATIONS

Accumulated appropriations for the parent company comprise the depreciation difference. The accumulated depreciation difference between depreciation according to plan and book depreciation totals EUR 307,870 for machinery and equipment and EUR 97,342 for long-term expenditure. The associated tax liability is EUR 117,511, which is not recorded in the parent company's balance sheet.

Of the accumulated appropriations of Group companies EUR 688,931 EUR 490,674 has been booked to shareholders' equity in the consolidated financial statements and EUR 198,257 to the deferred tax liability.

### PENSION ARRANGEMENTS

Pension security for the employees of the parent company and its Finnish subsidiaries has been arranged with external pension insurance companies. Pension expenses are recorded as expenses in the year in which they are incurred. The pension arrangements of foreign companies have been handled in accordance with local practice.

(EUR 1000)	Etteplan Group		Parent Company	
	2003	2002	2003	2002
<b>TURNOVER BY AREA</b>				
Finland	35 831	33 121	24 635	20 752
Italy	892	878		
Germany	6 092	2 174		
Sweden	7 847	839		
<b>Total</b>	<b>50 662</b>	<b>37 011</b>	<b>24 635</b>	<b>20 752</b>
Turnover consists of design business.				
<b>Other operating income</b>				
From Group companies			674	586
From others	134	66	86	25
<b>Total</b>	<b>134</b>	<b>66</b>	<b>760</b>	<b>611</b>
<b>MATERIALS AND SERVICES</b>				
From Group companies			8 992	5 299
From others	1 087	347	618	116
<b>Total</b>	<b>1 087</b>	<b>347</b>	<b>9 611</b>	<b>5 415</b>
<b>NUMBER OF PERSONNEL AND STAFF EXPENSES</b>				
<b>Personnel</b>				
Personnel, average	876	660	252	252
At year-end	936	723	236	251
of which				
Design personnel	918	710	221	241
Administration personnel	18	13	15	10
<b>Total</b>	<b>936</b>	<b>723</b>	<b>236</b>	<b>251</b>
<b>Staff expenses</b>				
Wages and salaries	30 954	21 251	8 262	8 154
Pension expenses	4 398	3 391	1 351	1 392
Other indirect employee costs	2 960	1 746	576	574
<b>Staff expenses, total</b>	<b>38 312</b>	<b>26 387</b>	<b>10 189</b>	<b>10 120</b>
<b>Management salaries and emoluments</b>				
CEO and Board of Directors	432	321		
<b>Pension commitments for Board of Directors and CEO</b>				
The possible retirement age for the CEO and two members of the Board of Directors is 58 - 60 years.				
<b>DEPRECIATION AND AMORTISATION</b>				
Goodwill		255		255
Other long-term expenditure	465	333	297	226
Machinery and equipment	1 089	946	476	475
Consolidated goodwill	236	210		
<b>Depreciation and amortisation, total</b>	<b>1 791</b>	<b>1 744</b>	<b>773</b>	<b>956</b>
<b>FINANCIAL INCOME AND EXPENSES</b>				
<b>Dividend income</b>				
From Group companies			328	403
From others	11	15	3	2
Dividend income, total	11	15	330	405
<b>Interest and financial income</b>				
From Group companies			2	
Interest income	56	142	33	85
Other financial income	43		26	31
Interest and financial income, total	98	142	61	117

(EUR 1000)	Etteplan Group		Parent Company	
	2003	2002	2003	2002
<b>Interest and financial expenses</b>				
Interest expenses	55	57	23	38
Other financial expenses	5	72	12	11
Interest and financial expenses, total	59	129	35	48
<b>Financial income and expenses, total</b>	<b>49</b>	<b>29</b>	<b>356</b>	<b>474</b>
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary charges/group contribution			0	225
<b>APPROPRIATIONS</b>				
Difference between planned depreciation and depreciation in taxation, increase (-)/decrease (+)			-2	-42
<b>INCOME TAXES</b>				
From actual business during financial year	1 030	1 003	391	507
From previous year	9	16	9	9
Change in deferred tax liability	11	29		
Community interest	15	0	15	0
<b>Income taxes, total</b>	<b>1 064</b>	<b>1 049</b>	<b>415</b>	<b>516</b>
<b>INTANGIBLE ASSETS</b>				
<b>Intangible rights</b>				
Acquisition cost 1.1.	7	6	5	5
Increases 1.1. - 31.12.	9	0	9	0
Acquisition cost 31.12.	16	7	14	5
<b>Other long-term expenditure</b>				
Acquisition cost 1.1.	3 378	2 653	2 187	1 606
Increases 1.1. - 31.12.	480	727	220	583
Decreases 1.1. - 31.12.	0	2	0	2
Acquisition cost 31.12.	3 858	3 378	2 406	2 187
Accumulated depreciation 1.1.	1 729	1 396	1 304	1 078
Depreciation for the financial year	465	333	297	226
Accumulated depreciation 31.12.	2 194	1 729	1 601	1 304
Book value 31.12.	1 663	1 649	805	882
<b>Goodwill on consolidation</b>				
Acquisition cost 1.1.	687	833		
Increases 1.1. - 31.12.	2 178	64		
Depreciation for the financial year	236	210		
Book value 31.12.	2 629	687		
<b>Intangible assets, total</b>	<b>4 308</b>	<b>2 343</b>	<b>819</b>	<b>887</b>

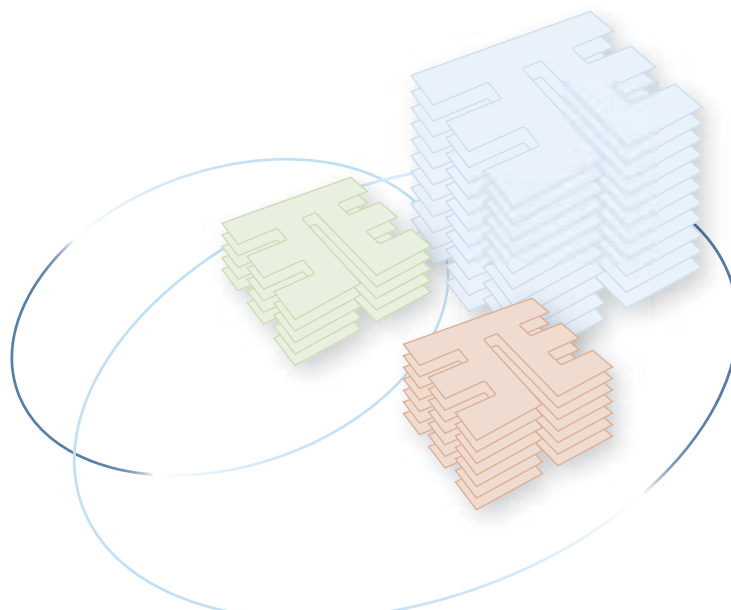


(EUR 1000)	Etteplan Group		Parent Company	
	2003	2002	2003	2002
<b>TANGIBLE ASSETS</b>				
<b>Land and water areas</b>				
Acquisition cost 1.1.	19	19		
Book value 31.12.	19	19		
<b>Machinery and equipment</b>				
Acquisition cost 1.1.	6 612	5 202	4 280	3 858
Increases 1.1. - 31.12.	1 540	1 501	511	486
Decreases 1.1. - 31.12.	140	92	65	64
Acquisition cost 31.12.	8 011	6 612	4 726	4 280
Accumulated depreciation 1.1.	3 618	2 672	2 529	2 054
Depreciation for the financial year	1 089	946	476	475
Accumulated depreciation 31.12.	4 707	3 618	3 005	2 529
Book value 31.12.	3 305	2 994	1 721	1 751
<b>Other tangible assets</b>				
Acquisition cost 1.1.	40	10		
Increases 1.1. - 31.12.	0	30		
Decreases 1.1. - 31.12.	3	0		
Acquisition cost 31.12.	37	40		
<b>Tangible assets, total</b>	<b>3 361</b>	<b>3 054</b>	<b>1 721</b>	<b>1 751</b>
<b>INVESTMENTS</b>				
<b>Shares in group companies</b>				
Acquisition cost 1.1.			3 099	2 317
Increases 1.1. - 31.12.			2 761	782
Book value 31.12.			5 860	3 099
<b>Shares in participating interests</b>				
Acquisition cost 1.1.	1 951	0	2 170	0
Increases 1.1. - 31.12.	0	2 170	0	2 170
Decreases 1.1. - 31.12.	1 951	0		
Income from profit and goodwill amortisation	0	219	2 170	0
Book value 31.12.	0	1 951	0	2 170
<b>Own shares</b>				
Acquisition cost 1.1.	139	75	139	75
Increases 1.1. - 31.12.	421	64	421	64
Decreases 1.1. - 31.12.	560	0	560	0
Book value 31.12.	0	139	0	139
<b>Other shares</b>				
Acquisition cost 1.1.	430	578	27	27
Increases 1.1. - 31.12.	13	0		
Decreases 1.1. - 31.12.	0	148		
Book value 31.12.	443	430	27	27
<b>Investments, total</b>	<b>443</b>	<b>2 520</b>	<b>5 887</b>	<b>5 436</b>
<b>Revaluation</b>				
Opening balance 1.1.	20	20		
Book value 31.12.	20	20		

Revaluation is included in other investments in the balance sheet.

(EUR 1000)	Etteplan Group		Parent Company	
	2003	2002	2003	2002
<b>STOCKS</b>				
Work in progress	843	493	251	181
Stocks, total	843	493	251	181
<b>CURRENT RECEIVABLES</b>				
Accounts receivable	8 983	5 972	4 278	3 541
From Group companies				
Accounts receivable			414	0
Other receivables			385	716
Total			799	716
From participating interests				
Other receivables			0	2
Total			0	2
Other receivables	456	333	14	3
Accrued income	1 079	722	20	568
Total	1 535	1 055	34	571
<b>Current receivables, total</b>	<b>10 519</b>	<b>7 027</b>	<b>5 111</b>	<b>4 829</b>
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>				
Share capital 1.1.	427	411	427	411
Share issue registered 27.6.2002	0	16	0	16
Share capital 31.12.	427	427	427	427
Share premium account 1.1.	5 058	4 599	5 058	4 599
Purchase of shares	0	458	0	458
Share premium account 31.12.	5 058	5 058	5 058	5 058
Reserve for own shares	139	75	139	75
Increase (+) / Decrease (-)	-139	64	-139	64
Reserve for own shares 31.12.	0	139	0	139
Retained earnings 1.1.	6 835	6 844	5 617	5 676
Dividends paid	-1 063	-1 229	-1 063	-1 229
Translation differences and other	11	15		
Transferred to reserve for own shares	139	-64	139	-64
Retained earnings 31.12.	5 923	5 565	4 693	4 383
Profit for the financial year	964	1 270	868	1 234
<b>Shareholders' equity, total</b>	<b>12 372</b>	<b>12 460</b>	<b>11 047</b>	<b>11 241</b>
<b>Distributable funds 31.12.</b>				
Retained earnings	5 923	5 565	4 693	4 383
Profit for the financial year	964	1 270	868	1 234
Portion of accumulated depreciation difference transferred to shareholders' equity	-491	-466		
Distributable funds 31.12.	6 396	6 369	5 561	5 617
<b>Deferred tax liabilities</b>				
From appropriations	198	188		
Total	198	188		

(EUR 1000)	Etteplan Group		Parent Company	
	2003	2002	2003	2002
<b>LONG-TERM LIABILITIES</b>				
Pension loans	489	523	371	424
Loans from financial institutions	577	273	0	25
<b>Long-term liabilities, total</b>	<b>1 065</b>	<b>796</b>	<b>371</b>	<b>449</b>
which maturing beyond than five years	0	0	0	0
<b>CURRENT RECEIVABLES</b>				
Loans from financial institutions	25	50	25	50
Pension loans	124	147	124	139
Advances received	630	227	242	151
Accounts payable	726	802	305	447
Payables to group companies				
Accounts payable			1 610	33
Other liabilities			1	1 297
Total			1 611	1 330
Payables to participating interests				
Accounts payable			0	5
Other liabilities	3 177	2 265	823	883
Accrued expenses	5 567	3 806	1 397	1 440
<b>Current liabilities, total</b>	<b>10 249</b>	<b>7 297</b>	<b>4 527</b>	<b>4 445</b>
<b>Main items included in accrued expenses</b>				
Holiday pay debt	3 012	2 170	1 098	970
Income tax liability	335	81	45	0
Accrued social security costs	526	598	41	164
Other	1 694	957	212	306
Total	5 567	3 806	1 397	1 440
<b>PLEDGES, MORTGAGES AND GUARANTEES</b>				
<b>For own debts</b>				
Pension loans	562	620	496	564
Loans from financial institutions	586	119	25	76
Other debts	6	0		
Business mortgage	1 426	908	908	908
Pension loans	51	66		
Loans from financial institutions	16			
Book value of pledged shares	349	236		
Lease deposit				
Fixed-term deposits at interest	15	36	10	16
<b>Other contingencies</b>				
Leasing liabilities				
For payment in next financial year	135	25		
For payment later	55	2		
<b>Total</b>	<b>190</b>	<b>27</b>		



## SHARES AND SHAREHOLDERS

Etteplan Oyj's fully paid-in share capital at 31 December 2003, as entered in the Trade Register, was EUR 427,460.80 and the company had 4,274,608 shares. The company has one series of shares. Each share entitles its holder to cast one vote at General Meetings of shareholders and it confers an equal right to dividends.

According to the Articles of Association, the company's minimum share capital is EUR 350,000 and the maximum share capital is EUR 1,400,000, within which limits the share capital can be raised or lowered without amending the Articles of Association.

### AUTHORIZATIONS

The Annual General Meeting held on 26 March 2003 cancelled the resolution passed by the previous Annual General Meeting on 26 March 2002 by which the Board of Directors had been authorized to decide on increasing the share capital and transferring company shares.

The Annual General Meeting granted the Board of Directors an authorization to decide, within one year from the close of the Annual General Meeting and in disapplication of shareholders' pre-emptive right to subscribe for shares, on floating one or more issues of convertible bonds and/or granting stock options, and/or to decide on increasing the share capital in one or more instalments through a rights issue by a total maximum of EUR 85,492.10 by offering a maximum of 854,921 new shares for subscription.

The Annual General Meeting authorized the Board of Directors to decide on buying back the company's own shares in one or more instalments such that the company can buy back a maximum of 213,730 of the company's shares (treasury shares). Shares can be obtained for use as consideration in

possible acquisitions or for use in carrying out other structural arrangements.

The Annual General Meeting granted the Board of Directors an authorization to decide on transferring the company's own shares in one or more instalments to a maximum amount of 213 730 shares, or 5 per cent of the company's share capital as consideration in possible acquisitions or in other structural arrangements.

### STOCK OPTION PROGRAMME

On 13 April 2000 a General Meeting of shareholders passed a resolution on granting stock options to persons belonging to the management and personnel of Etteplan Oyj and its subsidiaries. On the basis of the warrants, a maximum of 200,000 shares can be subscribed for, corresponding to 4.7 per cent of the company's share capital and voting rights. The share capital can rise by a maximum of EUR 20,000. Each warrant entitles its holder to subscribe for one share. The subscription price is EUR 7.80. The subscription period for shares commenced for 100,000 warrants on 15 April 2002 and will commence for 100,000 warrants on 15 April 2004. The share subscription period will end for all the warrants on 31 January 2005. Group companies hold 43,300 stock options.

Shares entitle their holder to a dividend for the financial period during which the shares have been subscribed for. Other rights in the company commence when the share subscription has been entered in the Trade Register.

### QUOTATION OF THE SHARES

Etteplan Oyj's shares (ETT1V) have been quoted on the NM List of Helsinki Exchanges since 28 April 2000.

### SHARE PRICE TREND AND TURNOVER

The number of Etteplan Oyj shares traded during 2003 was 745,775, to a total value of EUR 3.3 million. The share price low was EUR 2.99, the average EUR 4.41 and the closing price was EUR 5.86. The company's market capitalization at 31 December 2003 was EUR 25.0 million.

### DIVIDEND PAYOUT

The Board of Directors is proposing to the Annual General Meeting, which will convene on 30 March 2004, that from the disposable funds available to the Annual General Meeting, a dividend of EUR 0.55 per share be paid for the 2003 financial year on externally owned shares, this representing 241.9% of the Group's earnings per share. In accordance with the Board of Directors' proposal, the record date for the dividend payout is 2 April 2004 and the dividend will be paid on 13 April 2004.

### SHAREHOLDERS

At the end of 2003 the company had 1,378 registered shareholders. Entered in the nominee register were a total of 106,030 shares, or 2.5 per cent of the shares. At 31 December 2003 the members of the company's Board of Directors and the CEO owned a total of 2,830,525 shares, or 66.2% of the entire shares outstanding, as well as 7.0% of the stock options, which represents 0.3% of the share capital after conversion of the option warrants into shares.

**MAJOR SHAREHOLDERS, 31 December 2003**

Name	Number of shares	Holding of shares and votes, %
MÖNKKÖNEN TAPANI	2 121 750	49,64
HORNBORG HEIKKI	360 855	8,44
TUORI TAPANI	347 420	8,13
VARMA-SAMPO MUTUAL PENSION INSURANCE COMPANY	104 582	2,45
INGMAN FINANCE OY AB	95 000	2,22
ALFRED BERG SMALL CAP UNIT TRUST	80 500	1,88
AIFF ULF	75 480	1,77
SVENSKA HANDELSBANKEN AB (PUBL), FILIALV	56 600	1,32
OY LEIMARK INVEST AB	50 000	1,17
MANDATUM FINNISH SMALL CAP FUND	49 100	1,15
PLACERINGSFONDEN AKTIA CAPITAL	48 000	1,12
NORDEA PANKKI SUOMI OYJ	44 430	1,04
TORÉN HÅKAN	44 200	1,03
OTHER SHAREHOLDERS	796 691	18,64
<b>TOTAL</b>	<b>4 274 608</b>	<b>100</b>
NOMINEE-REGISTRATED SHARES	106 030	2,48

**BREAKDOWN OF SHAREHOLDINGS BY SIZE CLASS, 31 December 2003**

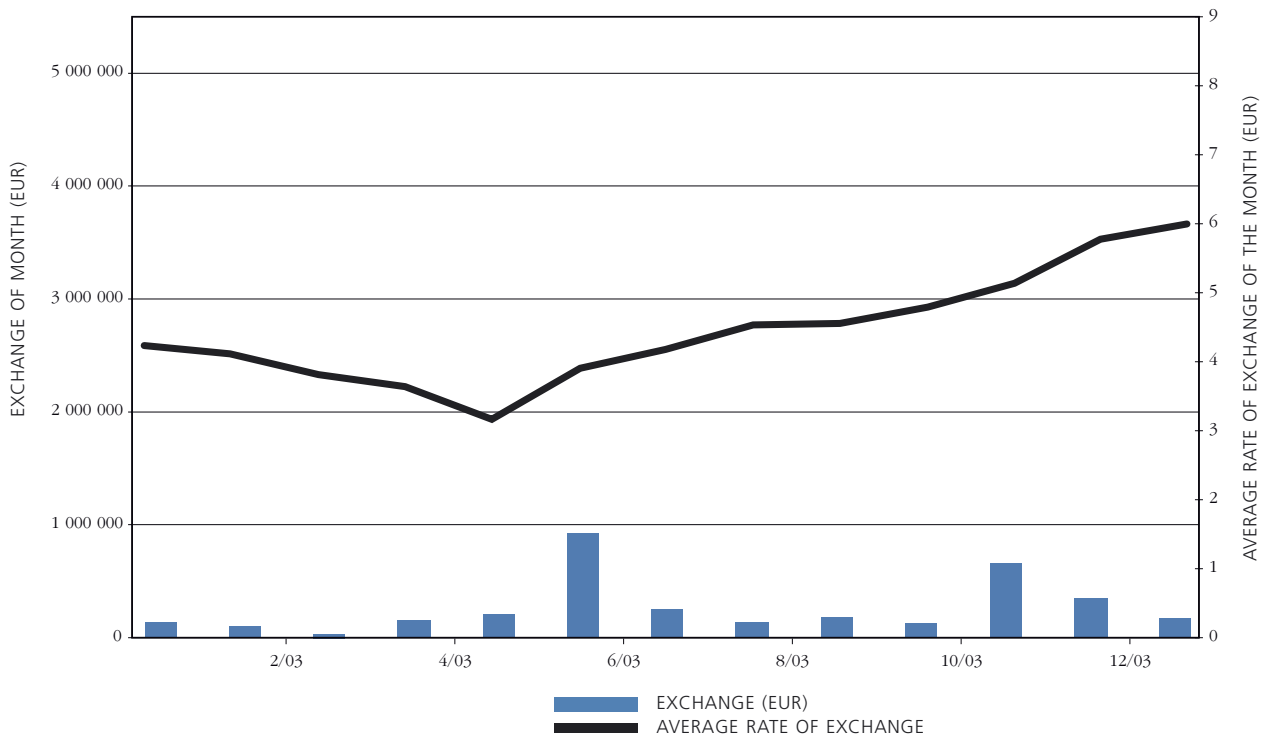
Number of shares	Shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1 - 10	4	0,29	30	0
11 - 50	28	2,03	1 250	0,03
51 - 100	713	51,74	71 275	1,67
101 - 500	343	24,89	103 915	2,43
501 - 1000	140	10,16	113 250	2,65
1001 - 5000	120	8,71	288 970	6,76
5001 - 10000	10	0,73	82 826	1,94
10001 - 50000	12	0,87	370 905	8,68
50001 - 100000	4	0,29	307 580	7,20
100001 - 500000	3	0,22	812 857	19,02
500001 - 1000000	0	0	0	0
1000001 -	1	0,07	2 121 750	49,64
<b>Total</b>	<b>1 378</b>	<b>100</b>	<b>4 274 608</b>	<b>100</b>

**BREAKDOWN OF SHAREHOLDERS BY OWNER GROUP, 31 December 2003**

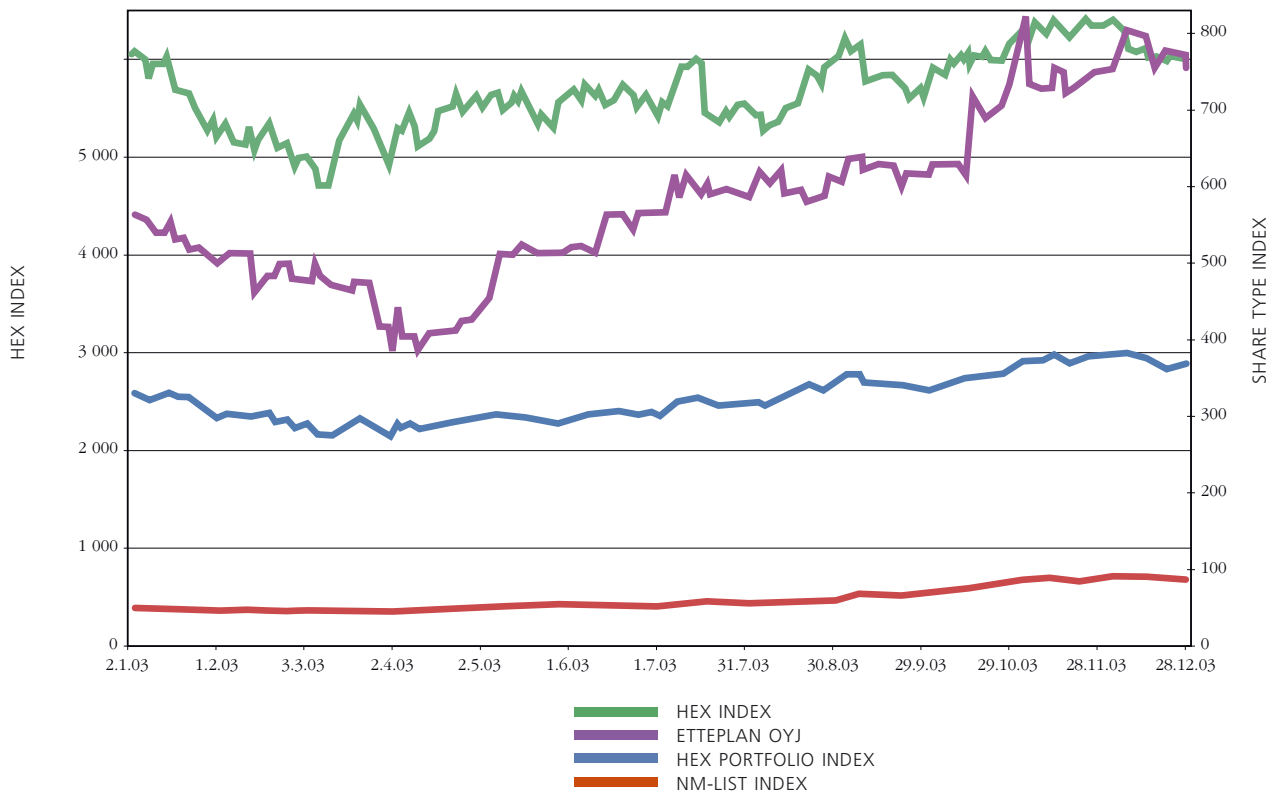
	Shareholders	Number of shares	Proportion of shares, %
Private companies	90	287 570	6,73
Financial and insurance institutions	13	325 000	7,60
Public sector entities	1	104 582	2,45
Non-profit institutions	7	7 275	0,17
Households	1 254	3 412 106	79,82
Foreigners	13	138 075	3,23
<b>Total</b>	<b>1 378</b>	<b>4 274 608</b>	<b>100</b>



### SHARE PRICE TREND AND TURNOVER 2003



### SHARE PRICE TREND 2003



## KEY FIGURES FOR FINANCIAL TRENDS

(EUR 1 000, financial year 1.1. - 31.12.)	Group 2003	Group 2002	Group 2001	Group 2000	Group 1999
Turnover	50 662	37 011	33 821	26 924	20 693
Increase in turnover, %	36,9	9,4	25,6	30,1	40,5
Operating profit	2 395	2 724	4 597	3 921	2 867
% of turnover	4,7	7,4	13,6	14,6	13,9
Profit before extraordinary items	2 444	2 753	4 809	3 963	2 769
% of turnover	4,8	7,4	14,2	14,7	13,4
Profit before appropriations and taxes	2 444	2 753	4 809	3 963	2 769
% of turnover	4,8	7,4	14,2	14,7	13,4
Return on equity, %	9,6	12,6	28,0	37,7	67,2
Return on investment, %	16,1	19,7	37,8	47,5	63,6
Equity ratio, %	57,2	63,4	65,0	63,9	41,1
Gross investments	2 772	4 497	2 677	2 117	1 200
% of turnover	5,5	12,2	7,9	7,9	5,8
Debt-equity ratio,%	-37,1	-43,4	-48,9	-52,6	-18,7
Personnel, average	876	660	561	455	352
Personnel at end of period	936	723	583	513	391

## KEY FIGURES FOR SHARES

(EUR, financial year 1.1. - 31.12.)	Group 2003	Group 2002	Group 2001	Group 2000	Group 1999
Earnings per share <sup>1)</sup>	0,23	0,30	0,69	0,62	0,48
Earnings per share <sup>2)</sup>	0,23	0,30	0,69	0,59	0,48
Equity per share	2,89	2,90	2,89	2,51	1,00
Dividend per share	0,55 *)	0,25	0,30	0,29	0,08
Dividend per profit, %	241,9	82,2	43,5	47,1	16,3
Effective dividend return, %	9,4	6,2	5,0	5,2	
P/E ratio	25,77	13,30	8,62	9,07	
Share price: lowest	2,99	3,90	4,45	4,56	
highest	6,48	6,44	7,00	8,95	
average for year	4,41	5,32	5,97	7,57	
Market capitalisation	25 049 203	17 312 162	24 397 380	22 988 875	
Number of shares traded	745 775	390 375	335 475	1 009 820	
Percentage of shares traded	17,6	9,3	8,2	25,5	
Adjusted average number of shares during the financial year	4 240 329	4 175 154	4 110 179	3 959 375	3 500 000
Adjusted number of shares at year-end	4 274 508	4 250 508	4 100 400	4 112 500	3 500 000

<sup>1)</sup> adjusted number of shares

<sup>2)</sup> adjusted number of shares at year end

\*) proposal by the Board of Directors

## TREASURY SHARES

The company's own shares (treasury shares) have been booked at the purchase price and are stated in non-current assets. In key ratio calculations, treasury shares have been eliminated from shareholders' equity and the number of shares. At 31 December 2003 the Group's parent company held a total of 100

treasury shares with an accounting counter-value of EUR 481 and representing 0,002 % of the company's shares outstanding.

During the financial year the company has transferred in total 128 000 shares with total purchase price of EUR 558,686.15 in the J.A. Produkt-utveckling AB share transaction.

## THE COMPANY HAS BOUGHT BACK OWN SHARES AS FOLLOWS:

	Number of shares	Average price (EUR)	Total (EUR)
2001	12 100	6,23	75 403,34
2002	12 000	5,33	64 015,00
May 2003	79 000	3,97	313 490,00
June 2003	19 800	4,19	82 947,00
July 2003	5 200	4,48	23 311,81
Total	128 100	4,37	559 167,15

## FORMULAS FOR THE KEY FIGURES

### Return on equity (ROE)

$$\frac{(\text{Profit before extraordinary items, appropriations and taxes} - \text{taxes}) \times 100}{(\text{Shareholders' equity} + \text{minority interest}) \text{ average}}$$

### Return on investment (ROI)

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

### Debt-equity ratio, %

$$\frac{(\text{Interest-bearing debts} - \text{cash and cash equivalent and marketable securities}) \times 100}{\text{Shareholders' equity} + \text{minority interest}}$$

### Equity ratio, %

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

### Earnings per share

$$\frac{(\text{Profit before extraordinary items, appropriations and taxes} - \text{taxes} - \text{minority interest})}{\text{Number of shares}}$$

### Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$$

### Dividend per share

$$\frac{\text{Dividend for year}}{\text{Adjusted number of shares}}$$

### Dividend as percentage of earnings

$$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

### Effective dividend yield, %

$$\frac{\text{Dividend per share} \times 100}{\text{Adjusted last traded share price (using actual price of last traded lot)}}$$

### Price/earnings ratio (P/E)

$$\frac{\text{Adjusted last traded share price}}{\text{Earnings per share}}$$

### Share price trend

For each financial year, the adjusted low and high actual traded prices are given as well as the average price for the financial year adjusted for share issues.

$$\text{Average price} = \frac{\text{Total turnover of shares in euros}}{\text{Number of shares traded during the financial year}}$$

### Market capitalisation

Number of shares at year-end x last traded price of year

### Trend in share turnover, in volume and percentage figures

The trend in turnover of shares is given as the number of shares traded during the year and as the percentage of traded shares relative to issued stock during the year.

## PROPOSAL BY THE BOARD OF DIRECTORS

On 31 December 2003, the Group's distributable equity amounted to EUR 6.4 million and the parent company's distributable equity EUR 5.6 million of which the net profit for the financial year EUR 0,9 million.

The Board of Directors will propose that a dividend of EUR 0.55 be paid from the disposable funds available to the Annual General Meeting for each share held by parties outside the company, with the remainder being left in retained earnings. It will be proposed that the dividend be paid on 13 April 2004.

Hollola, 27 February 2004.

Tapani Mönkkönen

Heikki Hornborg

Tapani Tuori

Ritva Mönkkönen

Matti Virtaala

## AUDITORS' REPORT

### To the shareholders of Etteplan Oyj

We have audited the accounting, the financial statements and the corporate governance of Etteplan Oyj for the period 1.1. - 31.12.2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

Hollola, 1 March, 2004

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Mika Kaarisalo  
Authorised Public Accountant

## BOARD OF DIRECTORS AND AUDITORS



**Ritva Mönkkönen**  
born 1947, M.Sc. (Econ.)  
Member of the Board  
1991 –

**Heikki Hornborg**  
born 1949, M.Sc. (Eng.)  
Member of the Board  
1985 - 1991, 1997 –

**Matti Virtaala**  
born 1951, B.Sc. (Eng.)  
Member of the Board  
2002-

**Tapani Mönkkönen**  
born 1946, B.Sc. (Eng.)  
Member of the Board 1983 -,  
Chairman 1997 –

**Tapani Tuori**  
born 1941, M.Sc. (Eng.)  
Member of the Board  
1986 –

### CEO

**Heikki Hornborg**  
born 1949, M.Sc. (Eng.)  
CEO 1985 - 1989, 1997 -

### AUDITORS

**PricewaterhouseCoopers Oy**,  
Authorized Public Accountants,  
with **Mika Kaarisalo (APA)**, as the auditor in charge.



## INFORMATION FOR SHAREHOLDERS

### ANNUAL GENERAL MEETING

Etteplan Oyj's Annual General Meeting will be held on 30 March 2004 beginning at 1.00 p.m. at the Sibelius Hall in Lahti.

Entitled to participate in the Annual General Meeting are all shareholders who have been entered, no later than on 19 March 2004, as shareholders in the Shareholder Register kept by Finnish Central Securities Depository Ltd.

A shareholder who wishes to participate in the Annual General Meeting must register with the company by 24 March 2004, 4.00 p.m., either in writing at the address Etteplan Oyj, Yhtiökokous (Annual General Meeting), Terveystie 18, 15860 Hollola, or by telephone on +358 3 872 9069 or by email at the address [etteplan@ette.com](mailto:etteplan@ette.com). When registering by letter, the letter must reach the company before the close of the registration period.

Proxies authorizing a representative to vote on behalf of a shareholder at the meeting should be delivered to the company before the close of the registration period.

### DIVIDEND PAYOUT

The Board of Directors is proposing to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for the 2003 financial year. If the Annual General Meeting approves the Board of Directors' proposal

on the dividend payout, the dividends will be paid to shareholders who are registered on the record date, 2 April 2004, in the Shareholder Register that is kept by Finnish Central Securities Depository Ltd. The dividend payout date proposed by the Board of Directors is 13 April 2004.

### FINANCIAL INFORMATION

Etteplan Oyj will publish three Interim Reports in 2004 as follows:

First quarter (3 months)	5 May 2004
Second quarter (6 months)	11 August 2004
Third quarter (9 months)	3 November 2004

Immediately following publication, the Interim Reports will be available on, and can be printed out from, the Internet at the address [www.etteplan.com](http://www.etteplan.com). The Interim Reports are published in Finnish and English.

### ORDERING ANNUAL REPORTS

The Annual Report will be mailed to all shareholders. Finnish and English versions of the Annual Report and Interim Reports can be ordered at the address Etteplan Oyj, Terveystie 18, 15860 Hollola, tel. +358 3 872 900, fax +358 3 872 9010, email: [etteplan@etteplan.com](mailto:etteplan@etteplan.com).

The Annual Report, Interim Reports, stock exchange bulletins and other information on Etteplan Oyj can be obtained at the address [www.etteplan.com](http://www.etteplan.com).

## CONTACT INFORMATION

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