

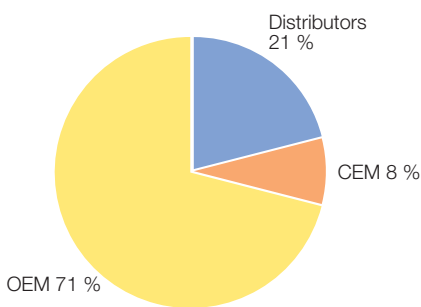
YEAR 2003



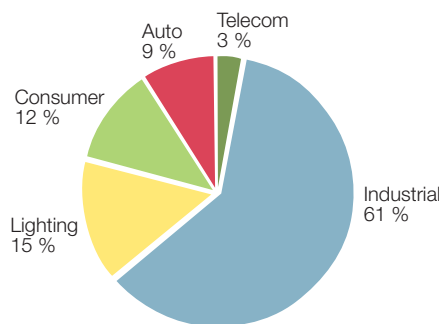
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Evox Rifa Group

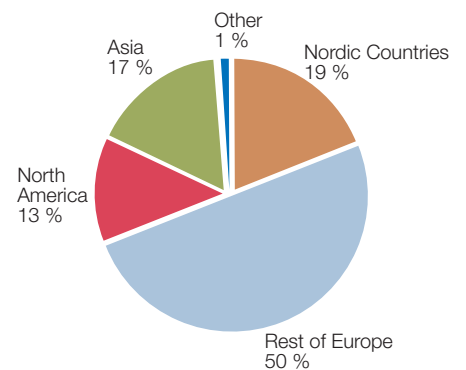
NET SALES 2003
BY SALES CHANNEL



NET SALES 2003
BY TYPE OF INDUSTRY



NET SALES 2003
BY GEOGRAPHICAL DISTRIBUTION



Evov Rifa Group is an electronics partner with global operations that supplies capacitors and related solutions for technically demanding applications.

Evov Rifa manufactures passive electronic components, specialising in plastic film and electrolytic capacitors. The major customer segments are industrial, automotive and consumer electronics, the telecommunications sector and the lighting industry. The company's particular strength is in the design-in and production of customised products requiring specialist expertise.

In 2003 Evov Rifa had net sales of almost EUR 80 million and employed about 1270 people. Of these, 43 percent were employed in Asia. The company has a worldwide sales and distribution network. The production units are located in Indonesia, Great Britain, China, Sweden and Finland.

Evov Rifa's operations are divided into

two business areas with global operations:

- electrolytic capacitors
- film and paper capacitors.

Evov Rifa is the largest manufacturer of capacitors in the Nordic countries and the fifth largest in Europe. The company's main market areas are in Europe, North America and Asia.

Capacitors – invisible but essential electronic components

Capacitors store energy, conduct alternating current and separate different levels of DC voltage from each other. Capacitors are essential, basic components in all electronic and electrical products, from mobile phones to industrial electrical drives and large electric locomotives. Capacitors are constantly becoming smaller in size but increasing in power.



President's review



President
Tuula Ylhäinen

In 2003 the world market for passive components started to improve. The SARS epidemic disrupted this improvement during the spring, but after that the Asian market started to grow steadily. In the USA and Europe the order intake also gradually picked up during the autumn. However, the main growth is taking place in Asia. Price erosion has remained strong and in Europe the strength of the euro against the US dollar has made the situation even more difficult. In spite of the challenging environment, Evox Rifa has succeeded in maintaining its position in the market.

Following general globalisation trends, Evox Rifa has continued to transfer film capacitor production from Europe to Indonesia, with headquarters in Singapore. The Nantong production plant in China established its position as a quality producer of aluminium electrolytic capacitors. We now have a good platform for future development of the Asian units, working with our key customers who are building up their operations in Asia and China.

Sales of passive components are increasingly being channelled through contract manufacturers and distributors, which means that effective global communications and partnerships are essential. We have seen substantial improvements in these areas as we have started operating with our new business area organisation. Another important step forward was the implementation of a global CRM system and concept, reflecting our commitment to act as one company worldwide for the benefit of our key customers. We further refined our logistics concept and are now utilising a global production allocation and planning system.

In 2003 Evox Rifa reduced its operative losses by half, thanks to the cost cutting action taken. During the year per-

sonnel reductions were made in the Scandinavian film capacitor units, following the transfers of production to Indonesia. The profitability of the business area Film and Paper Capacitors is still not satisfactory, and further restructuring is needed to improve the operating structure and reduce costs.

The most important decision during the year was made in the Aluminium Electrolytic Capacitors business area. Production of screw terminals is being concentrated in Weymouth, UK. This requires not only production transfers from Sweden but also investments to modernise the plant. The project will be completed by summer 2004, and the full impact on profit will start to be seen during the second half of the year. Evox Rifa will continue to be one of the leading manufacturers of high end aluminium electrolytic capacitors – for not only the European but also the North American and Asian markets.

Order intake figures have been picking up at the start of 2004. This will support us as we take further steps to raise profits. The action taken so far will enable us to develop the business together with our customers worldwide – with a strong presence in Europe, local service capability in USA, and cost effective production in Asia.

I would like to thank our customers, suppliers, shareholders and other interest groups for their cooperation and support during the year. My special thanks to Evox Rifa personnel for their hard work and commitment. During 2004 we shall see the results of this work – and the work will continue.

A handwritten signature in blue ink, which appears to read 'Tuula Ylhäinen'.

Tuula Ylhäinen
President
Evox Rifa Group

Striving for profitability in a challenging market situation

In 2003, demand in the global electronics market took a positive turn and increased gradually during the year.

Towards the end of the year, worldwide production volumes of electronics were slowly returning to their peak levels of 2000. However, component prices have developed in quite the opposite direction, showing a continuous decline and forcing producers to look for all possible means to cut costs. Severe price erosion and the strong euro have been – and still are – the two real challenges to profitability in the electronic component business.

Flexibility gives competitive edge in complex business environment

OEMs (Original Equipment Manufacturers) are optimising their own production globally, but contract manufacturers (CEMs/EMSs) are producing an ever greater proportion of electronic assemblies. All the major CEMs are truly global, with production facilities on all continents. This enables them to choose the optimal production site in each case, taking into account the location of the customer, the series size and the nature of the assembly. For commodity components they can also normally select the suppliers.

OEMs still carry out most of their design work in North America and Europe, although they are increasingly outsourcing this as well. For component producers such as Evox Rifa, this poses a great challenge and makes their business more complex. They have to communicate simultaneously with the designers, who ultimately are not the buying customers, and with the producers of the designed equipment, who may be located in a totally different part of the world than the designers.

Evox Rifa's presence in all major market areas forms a good platform for meeting the requirements of changing market behaviour. The new business area organisation has further strengthened cooperation between the factories and increased utilisation of resources globally. Evox Rifa's strength in chang-



ing markets is the fact that it is fast and flexible. Combined with its high engineering competence and quality of operations, this enables the company to offer customised solutions and services worldwide. The ongoing restructuring of activities reflects the commitment to grow with key customers in a cost effective way.

Markets developing in different ways

Market developments have varied considerably between different geographical areas. From the middle of 2001 until today, electronics production in the USA has shrunk to half of what it was in 2000. The trend in Europe is somewhat similar but slower. Developments in Asia, however, have been very positive – especially in China, which has won a major part of the production transfers. Large series production is being transferred to Asia, but similar movements on a smaller scale are taking place inside Europe as well, as some electronics production is being transferred from Western Europe to East European countries.

Market developments within Evox Rifa's target industries have also varied con-

siderably.

Automotive electronics OEMs still produce most of their products themselves, or subcontract production locally in each market area. Vehicle manufacturers, such as GM, are putting increasing pressure on their suppliers to have production in China. Valeo, which has announced that it will buy 20 percent of its components or its subcontracting in China by 2006, is a good example of this.

Industrial OEMs already mainly use CEMs for the production of electronic cards, and usually assemble the end products themselves. Subcontracting is usually local, although some large series production has been transferred to China.

In the lighting industry, some major producers have most of their production in Asia, some of it subcontracted. European OEMs still produce a substantial part of their production locally in Europe.

In the telecommunications industry, Evox Rifa's main focus is on networks, mainly xDSL applications, as well as power supplies and EMI filters for base stations and exchange equipment.



The formal accreditation of Dectron's EMC laboratory gives them the right to certify customers' equipment for CE marking.

Today, OEMs subcontract practically everything in these areas. The trend is also towards Asia, but not as fast as in other business segments.

Global sales and logistics organised to serve key customers

At Evox Rifa we pay special attention to the design-in of products. This means that part of the sales and marketing force, especially in Northern America and to some extent in Western Europe, is considered a strategic investment making customised design-ins for key accounts – even though the revenues are collected in Asia and Eastern Europe.

In 2003, the European sales and marketing functions were reorganised, integrating the sales and marketing organisations of Evox Rifa and BHC Components, which Evox Rifa acquired in 2002. Closer coordination between the European, North American and Asian sales forces allows us to better monitor our global customers in a uniform way and to harmonise relations with these key customers. The whole customer service organisation is now more efficient – for the benefit of our global customers and partners.

Evox Rifa Group's major accounts expect global pricing and direct deliveries. We have implemented a CRM sys-

tem to track these accounts based on the Key Account Management Programme. This programme ensures that the two business areas, Film/Paper Capacitors and Electrolytic Capacitors, focus on target accounts and target industries – industrial electronics, automotive electronics, lighting and selected telecom areas – and exploit all synergies within the group.

Evox Rifa is a global supplier with local service and design-in capabilities. Full local sales and logistics for global key accounts are now possible by using joint production scheduling and logistics arrangements between all Evox Rifa factories. A review of global requirements is underway to further refine the logistic concept. This will result in further action during 2004.

Advanced quality systems – precondition for business

Certain quality management systems are a necessary precondition for electronic component sales.

All Evox Rifa factories have upgraded their quality systems to meet ISO 9001:2000 requirements. The new Nantong factory is obtaining certification in 2004. The Suomussalmi, Gränna and Batam factories also maintain the automotive industry's QS-9000 quality system, which will also be obtained by the Nantong unit.

The Kalmar factory's ISO 14001 environmental system, which has obtained

certification, is the pilot system in the group. The other units will obtain certification in 2004–2005.

Focus on customised product development

The focus in product development continues to be on customised and application specific product designs for the target industries. This makes it easier to modify the cooperation between Evox Rifa and the customer in a changing environment. Product development takes place within the business areas. The Group Headquarters control that the two business areas work towards the common goals and maintain the overall industry focus chosen for the Group.

Evox Rifa's total expenditure on research and development was 3.8 per cent of turnover in 2003.

One major task in 2003 was preparing products to meet the requirements of the forthcoming EU Directive on the Restriction of Hazardous Substances. This prohibits the use of lead, for example, which today is a common material used in soldering in the production of capacitors. The directive, which covers practically all electronic devices, comes into force in July 2006, which means that component manufacturers have to be ready by the end of 2004.

Most of Evox Rifa's products were lead-free by the end of 2003, and the work to convert the rest is well on its way.

Evox Rifa has designed in the Nordic Countries several products for Automotive industry's subcontractor Morganite in the USA. These products are then usually produced in our Indonesian factory to minimise the cost, and delivered to the USA. After further processing Morganite delivers the final products to automotive customers, like Ford, Jaguar or Land Rover in the USA and UK.



Film capacitor world market shifts to Far East

Evox Rifa designs and produces paper and plastic film capacitors in Finland, Sweden and Indonesia. Engineering is also carried out at Dectron, which is a Evox Rifa subsidiary in Sweden. Trading agreements are in force with several manufacturers operating in the world wide market, including Panasonic, Vishay, Darfon, Alcon, Piher and MAS. The agreements support the sales of Evox Rifa's own products in selected market areas by supplementing the product portfolio or offering leverage in specific target customer segments. To give an example, Evox Rifa's SMD film capacitor product offering including branded products from Panasonic is the widest in the whole world.

The demand in the business area varied considerably during 2003. After two difficult years, demand started to pick up again in Asia in the first quarter of 2003, and the growth continued throughout the year. As a result, the world market for film capacitors shifted heavily to the Far East during 2002 and 2003. The SARS epidemic reduced demand sharply in the second quarter of 2003, but only for a short period, and the recovery after this was fast.

The market for bulk film DC capacitors was flat, and the only increases were in interference suppression and surface mounted capacitors. Price competition remained intense, and buyers were not willing to commit themselves to longer-term contracts.

Towards the end of the year, the order intake at all three factories increased significantly.

New production strategy to boost efficiency

Following market demand, Evox Rifa continued to move production capacity from its European factories to the Indonesian unit. This resulted in redundancies at both European factories, in Sweden and Finland.

In line with the new production strategy, all large volume DC film, pulse and interference suppression capacitors are

now being made at the Batam factory in Indonesia for all customers world wide. This is to improve profitability and to increase the turnover of working capital through better utilisation of production planning.

The Swedish Kalmar factory will concentrate on custom-made paper interference suppression capacitors and large size plastic film pulse and interference suppression capacitors. A contract production agreement was signed with the Polish capacitor producer Miflex to produce in Poland certain customised special products that are designed in Kalmar. This arrangement was considered necessary to keep costs and investments to a minimum.

The Suomussalmi factory in Finland will concentrate on surface mounted capacitors and small size pulse capacitors. It will also design and produce DC capacitors for certain customers with very high requirements, in the automotive industry, for example. The sales value of surface mounted capacitors exceeded 30 percent of the total sales of the Suomussalmi factory, as the cooperation agreement with Panasonic helped in marketing Evox Rifa's own surface mounted products.

Action to improve profitability will continue

The profitability of the film business area has improved, especially during the second half of 2003, but is still not satisfactory. The weakening of the US dollar reduced profitability, especially at the European factories. The slow response by countries in the Far East to adjusting their currencies to the weakening dollar has not helped the situation. Because of this, the business area will continue its steps to improve cost efficiency.

Dectron received accreditation for its electromagnetic interference testing laboratory, and is now the leading independent test laboratory in Sweden. The overall business of Dectron has developed positively during 2003, with intensified cooperation with all Evox Rifa production units.

Product development to support customising

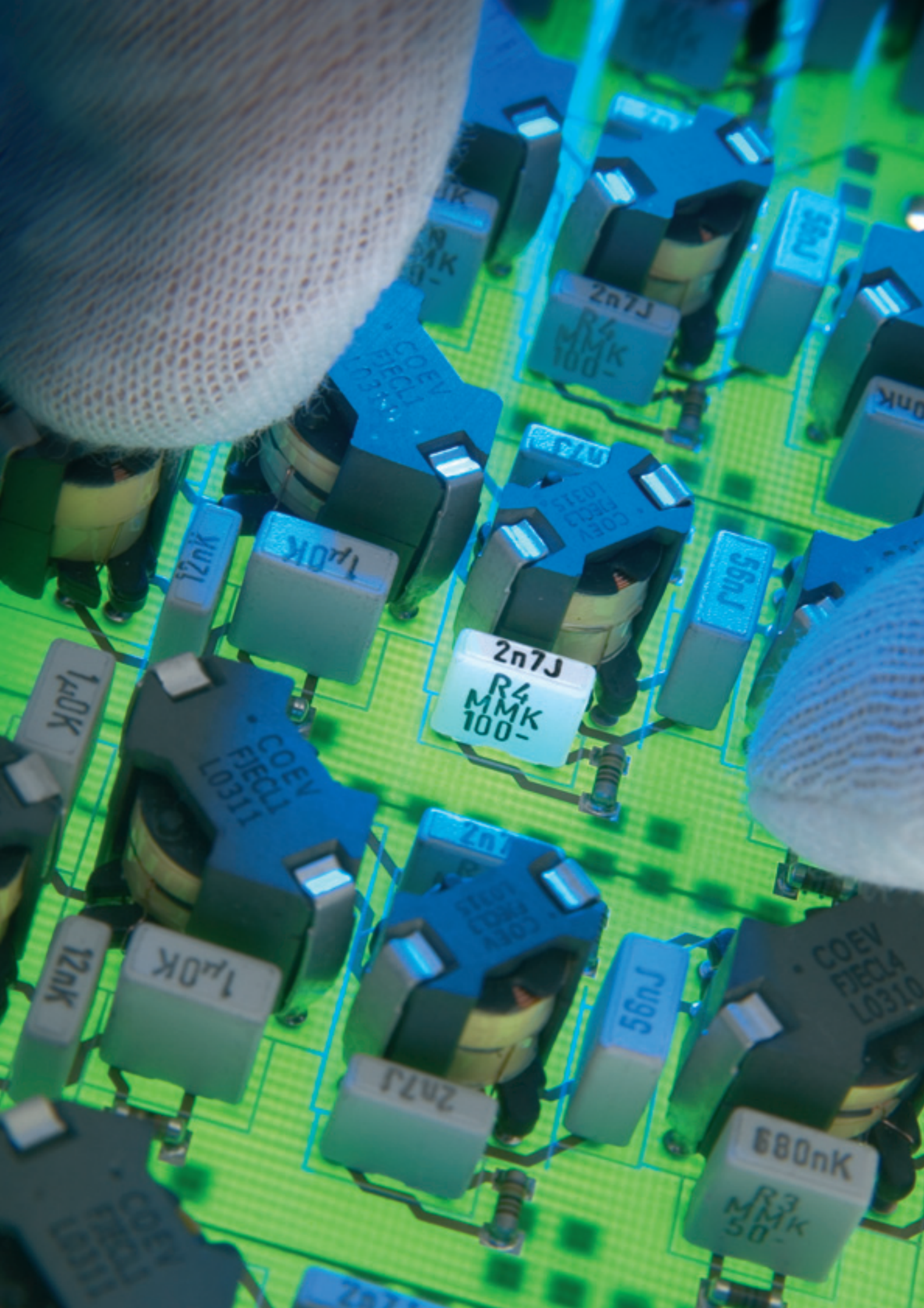
To strengthen its technological leadership in electromagnetic interference capacitors, the company developed a new polypropylene based Y2 capacitor family, as well as X2 capacitors with insulated leads and/or flexible leads. The 300 VAC polypropylene X2 series was upgraded to offer the largest capacitance values in the smallest size on the market.

Several customised capacitors, both radial leaded and SMD, were developed for automotive electronics applications, such as electric motor interference suppression, DC-DC voltage converters and Xenon light ballasts. The company is looking for new potential areas in the automotive and other industries, developing customised products for medium power applications, including electric motor run and DC-link in electric motor drives.

The development work to convert production to meet the requirements of the EU's forthcoming RoHS directive (Restriction of the use of certain Hazardous Substances in electrical and electronic equipment) has been nearly completed.

The Director of the Business Area is Mr. Wee Cheng Hoon.

Evox Rifa components (right), logistically driven by Gateway Electronic Components, help Fujitsu in the UK provide British Telecom with exchange equipment, the backbone electronics fuelling BT's expanding ADSL network.



1.0K

1.2nK

1.0K

2n7J
R4
MMK
100-

56nJ

1.2nK

1.0K

2n7J

56nJ

680nK
R3
MMK
50-

2n7J

Electrolytic capacitors for technically demanding applications worldwide

Evox Rifa is one of the world's leading manufacturers of aluminium electrolytic capacitors for demanding applications. The business area Electrolytic Capacitors manufactures screw terminal, snap-in, axial and motor start aluminium electrolytic capacitors at the factories in the UK, Sweden and China.

2003 was the first full financial year during which the recently acquired factory in the UK (BHC Components, Weymouth) and the new manufacturing joint venture in China (Nantong) were part of the Electrolytic business area. Although snap-in capacitors are produced in the UK, the opening of the Chinese factory substantially increased our capabilities and capacity in this business segment. These capacitors are widely used in power supplies and electric motor drives, which has traditionally been the main application area for the Evox Rifa screw terminal capacitors. The snap-in capacitor market is truly global, and our focus will be in the most technically demanding applications, including automotive.

Screw terminal capacitor sales have been mainly focused on the European market. During 2003 there has been a significant growth in the sales to the markets in the US and China. Today, the Evox Rifa electrolytic capacitors business is a global operation with service capability in all continents.

The market for industrial electrolytic capacitors has not suffered from a significant downturn, but it has experienced almost the same price pressure as the other market sectors. The first half of the year was slower than expected, but towards the end of the year demand in the automotive market in particular started to grow. Within the automotive sector, the first design-in wins were achieved for snap-in capacitors produced by the Nantong factory. In screw terminal capacitors the highlight of the year was a substantial multi-year contract with CERN to provide capacitors for their Large Hadron



The BHC Components plant in Weymouth, England, is now responsible for producing all screw terminal capacitors.

Collider (LHC) which is constructed on the border of Switzerland and France. The motor start capacitor –line is now “sold out” for several months indicating a recovery in the industrial market.

Product improvements backed by effective research and development

For electrolytic capacitors the research and development of electrolytes is essential. As part of the next generation screw terminal capacitor family development, all present electrolytes have been evaluated, and programs to create new, even better performing and cost effective electrolytes have been started in our UK laboratories. A new low voltage electrolyte has already been evaluated and approved.

As a result of longstanding efforts, a self-extinguishing electrolyte for industrial applications has been developed for Siemens. Also other customers have shown great interest in this electrolyte in various screw terminal and snap-in products for critical applications.

The structure and materials of the axial capacitors for high temperature automotive applications have been further improved to offer longer life time in under-the-hood applications. In addition, a project to improve the ripple current handling capability of these products has been started, and the

development of SMD version is continued.

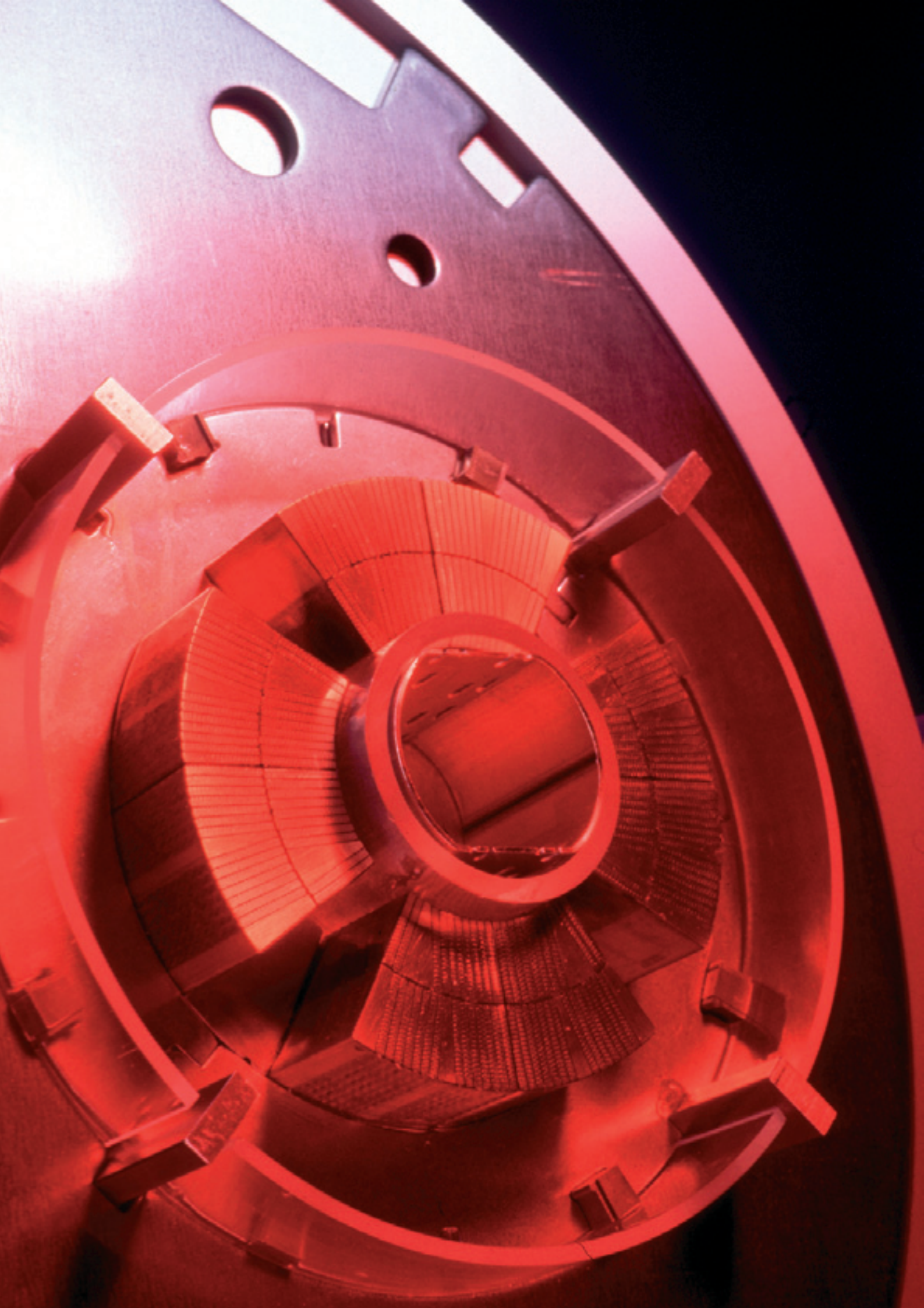
Production restructuring for flexibility and better profitability

In November 2003, a decision was made to concentrate the production of screw terminal capacitors in the UK, and stop their production in Sweden. The axial capacitor production will stay in Sweden, concentrating on automotive and other demanding customer sectors.

The restructuring will improve the profitability in the long run, and will also help to optimise the investments. Focusing the development and engineering in the British unit will improve our capabilities to provide a fast and flexible service to meet the customer requirements and give effective global support for the growing operations in China.

The Business Area Director is **Keith Hunter**, the Managing Director of BHC Components Ltd.

The picture shows one half of the end of a 15 m long Superconducting Quadruple Magnet of the Large Hadron Collider (LHC) of CERN. Evox Rifa has made a large multi-year contract to provide CERN with Screw Terminal Aluminium Electrolytic Capacitors, which are used in the Quench Heater Power Supplies to protect the superconducting magnets.



Evox Rifa Group Board of Directors



Mikko J. Aro

Born 1945
B.Sc. (Econ)
Okmetic Oyj, Chairman of the Board;
Metorex International Oy, Chairman of the Board; Helkama Auto Oy, Member of the Board ; Oy Airam Electric Ab, Member of the Board; Member of the Finnish Association of Professional Board Members

Chairman

Henrik Ehrnrooth

Born 1954
M.Sc. (Forest Economics.), B.Sc. (Econ.)
Jaakko Pöyry Group Oyj, Chairman of the Board; Otava Kuvalehdet Oy, Member of the Board; Oy Forcit Ab, Member of the Board.

Jarmo Niemi

Born 1953
M.Sc. (Eng.)
Tecnomen Oyj, President & CEO

Vice Chairman

Jerker Molander

Born 1955
LLM, MBA, MA
eQ Online Oyj, President & CEO
eQ Pankki Oy, Chairman of the Board;
Monilaite Dayton Oy, Member of the Board.

Pertti Laine

Born 1941
B.Sc. (Econ.)
Veikko Laine Oy, Chairman of the Board;
Finnlines Oyj, Chairman of the Board;
Pankkiiriilike United Bankers Oy, Chairman of the Board.

Evox Rifa Group Management Team



Tuula Ylhäinen
President
Born 1955
Employed by Evox Rifa since 2002



Wee Cheng Hoon
Corporate Sales and Logistics
BA Film & Paper
Sales Asia and Production Plant in Indonesia
Born 1946
Employed by Evox Rifa since 1982



Keith Hunter
BA Electrolytics, BHC Components Ltd.
Born 1956
Employed by Evox Rifa since 2002
(by BHC since 1985)



Olavi Lehtimäki
Sales and Marketing, Europe;
Sales Automotive
Born 1953
Employed by Evox Rifa since 1998
(and 1980-87)



Dale Price
Corporate Marketing and Key Accounts
Evox Rifa Inc, USA
Born 1947
Employed by Evox Rifa since 1985



Kimmo Saarinen
Corporate R&D and Quality
Born 1950
Employed by Evox Rifa since 1978



Olli Nermes
Corporate Finance and IT
Born 1956
Employed by Evox Rifa 2003

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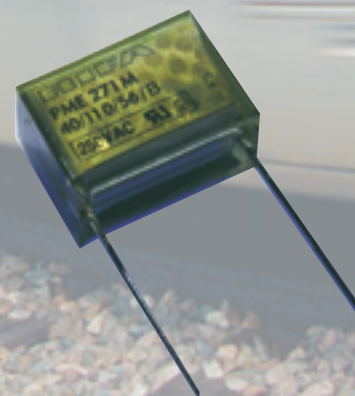
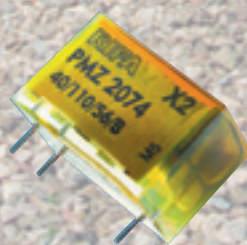
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FINANCIAL STATEMENTS 2003

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Key figures

The information during 1999–2000 is based on proforma figures.

	1999	2000	2001	2002	2003
Net sales, MEUR	65.8	84.2	69.0	69.8	78.9
EBIT, MEUR	-2.5	4.1	-4.8	-8.9	-4.9
% of net sales	-3.8	4.8	-6.9	-12.8	-6.2
Return on investment, %	-2.9	10.4	-10.3	-19.1	-11.3
Earnings per share, EUR	-0.036	0.014	-0.059	-0.068	-0.034
Equity ratio, %	46.1	48.7	47.5	36.5	31.1
Personnel, average	1 241	1 406	1 336	1 288	1241
Order backlog 31.12., MEUR	17.3	35.6	10.5	13.6	16.6

The Board of Directors' Report

General

Evox Rifa's business operations comprise the design, manufacture and sale of passive electronic components – plastic film, paper and electrolytic capacitors. The company's goal is to become the market leader as a fast and flexible supplier of challenging capacitor-based solutions by focusing on designing and supplying high-end capacitors to selected business sectors. Evox Rifa's customer sectors are especially in the fields of automotive, industrial, lighting and consumer electronics – in Europe, North America and Asia.

The Group's parent company is Evox Rifa Group Oyj in Finland; the other group companies are: Evox Rifa Oy, Finland; Evox Rifa AB, Sweden; Dectron AB, Sweden; Evox Rifa Pte.Ltd., Singapore; Seoryong Singapore Pte.Ltd., Singapore; P.T. Evox S.R., Indonesia; Evox Rifa Sdn.Bhd., Malaysia; Nantong Evox Rifa Electrolytics Co. Ltd., People's Republic of China; BHC Components Ltd., United Kingdom; Evox Rifa GmbH, Germany; and Evox Rifa Inc., USA.

Market Survey

The global market for passive components started to recover in 2003. The SARS epidemic hindered development during the spring, but after this demand in Asia started to grow steadily. In North America and Europe demand for Evox Rifa's capacitors also rose gradually during the autumn. Prices again fell sharply, and in Europe the strength of the euro against the US dollar aggravated the situation. Despite this challenging situation, Evox Rifa succeeded in holding on to its position in the market.

Industrial electronics reinforced its position as the Group's dominant customer sector, accounting for 61% of sales. Sales of passive components are increasingly being channelled through distributors and contract manufacturers, and Evox Rifa's sales reflected this general trend.

The organisation based on two business areas (electrolytic and film capacitors) became established, and it significantly improved the communications and cooperation required for global operations. The Group also introduced a common customer relationship management system.

Financial Performance

Evox Rifa Group's net sales in 2003 totalled EUR 78.9 (69.8) million. BHC Components Ltd. accounted for EUR 21.9 million of net sales and the entire electrolytic capacitors business area accounted for 50% of total net sales (44% in 2002).

The significant decline of the US dollar makes it difficult to compare sales figures with the previous year's figures. Calculating the figures at the average exchange rate for 2003 reduces the 2002 net sales figure for comparison by EUR 5.2 million. EUR 2.6 million of this is from net sales in Asia, EUR 1.3 million from net sales in the USA, and EUR 1.3 million from Europe.

Evox Rifa strengthened its position in the European market in both business areas. The long-term decline in sales in the USA came to an end and demand started to pick up during the autumn.

In line with the general trend in globalisation, Evox Rifa continued to transfer production of small film capacitors from Euro-

pe to Indonesia. The factory in China established itself as a high quality manufacturer of electrolytic capacitors.

Evox Rifa started to reorganise its production of electrolytic capacitors in Europe. It is concentrating production of screw terminal capacitors at the Weymouth factory in England during the first half of 2004. The Grånna factory in Sweden will focus on axial capacitors and in particular on applications for the automotive industry.

Evox Rifa Group made an operating loss of EUR 4.9 (8.9) million. The loss before extraordinary items was EUR 5.8 (9.7) million. The operating loss includes costs of EUR 1.0 million relating to the reorganisation of electrolytic capacitor production.

The Group's earnings per share was EUR -0.034 (EUR -0.068) and the shareholders' equity per share was EUR 0.094 (EUR 0.125).

Evox Rifa Group had an order backlog of EUR 16.6 million at the end of 2003 (EUR 13.6 million at the end of 2002).

The Group's cash flow from operations was positive. The cash flow included proceeds of EUR 0.7 million from the sale of fixed assets and EUR 0.6 million from a tax refund. Following the payment of loan instalments, net liabilities fell to EUR 17.0 (18.6) million. Gross investments in fixed assets totalled EUR 1.0 million.

A revaluation was made of land owned by Evox Rifa AB in Kalmar. The impact on the Group's shareholders' equity was EUR 1.9 million.

At the end of the year, the Group's liquid assets totalled EUR 3.1 (5.9) million and its financial position was tight. The Group's equity ratio was 31.1% (36.5% in 2002).

At the beginning of 2004 the Group simplified its structure by transferring ownership of the shares of BHC Components Ltd. from Evox Rifa AB to Evox Rifa Group Oyj. Ownership of the Kalmar property was also transferred to the parent company and the profit from this transaction reinforced the shareholders' equity of Evox Rifa AB by EUR 2.1 million.

A programme of investments and production transfers that started in 2003 is currently underway in the electrolytic capacitors business area, aiming to significantly improve competitiveness. The financing has been secured for this programme.

A project has been started to improve the price competitiveness of the film capacitors business area; to implement this project, the Group's financial structure needs to be strengthened.

Shares and shareholders

The shares of Evox Rifa Group Oyj have a nominal value of EUR 0.05. On 31 December 2003, the number of shares was 173,371,018 and the share capital was EUR 8 668 550.90.

The Annual General Meeting of Evox Rifa Group Oyj on 2 April 2003 approved the proposal of the Board of Directors to authorise the Board to decide to issue new shares and / or convertible loans, disapplying the shareholders' pre-emptive rights, so that the share capital may rise by a maximum of EUR 1,733,710. Concurrently the Annual General Meeting decided to revoke its authorisation of 27 March 2002. The Board of Directors did not use this authorisation.

On 14 November 2000, the Shareholders' Meeting of Evox

Rifa Group Oyj resolved to issue 7,500,000 stock options that entitle the holders to subscribe for 7,500,000 Evox Rifa Group Oyj shares. The stock options are offered for subscription to key personnel of the Evox Rifa Group to be named separately, to the management of Evox Rifa Group Oyj and to a Group subsidiary.

The stock options are allocated as follows: 2,000,000 are marked with the letter A, 2,500,000 with the letter B and 3,000,000 with the letter C. The subscription period for the A shares is 31 December 2001 – 31 December 2006 and the subscription price is EUR 0.29 per share. The subscription period for the B shares is 31 December 2003 – 31 December 2006 and the subscription price is EUR 0.11 per share. The subscription period for the C shares is 31 December 2004 – 31 December 2006 and the subscription price is EUR 0.06 per share. The amount of the dividends decided on and distributed before subscription will be deducted from the share subscription price. The subscription price may not, however, be less than the nominal value of the share. Pursuant to the share subscription, the share capital can be raised by a maximum of EUR 375,000. The shares must be paid for upon subscription.

Personnel

At the end of the fiscal year, Evox Rifa Group had 1271 employees (1253 in 2002), of whom 982 (943) were factory personnel and 289 (310) office staff. The Group had an average of 1241 (1288) employees during the fiscal year, of whom 941 (969) were factory personnel and 300 (319) office staff.

The Group continued its action to streamline operations and cut costs. These measures resulted in 50 people being made redundant at the Kalmar factory in Sweden in January and towards the end of the year 87 persons were made redundant at the Gränna factory in Sweden and 30 persons at the Suomussalmi factory in Finland.

After these redundancies are carried out, 50% of the Group's personnel are in Asia (41% in 2002).

Research and Development

Research and development continues to focus on customised products and products for individual applications, which gives room for manoeuvre in customer cooperation in a changing business environment. R&D is carried out in the business areas. At group level the work involves ensuring the necessary cooperation between the business areas and keeping the focus on the areas specified in the strategy. Evox Rifa's expenditure on research and development equalled 3.8 per cent of net sales in 2003.

All Evox Rifa factories have a quality management system with ISO 9001:2000 approval; the China factory will apply for approval during 2004. The Suomussalmi, Gränna and Batam factories also have the automotive industry's QS-9000 quality system, which will also be obtained for the Nantong production unit.

Environment

During 2003 the Group continued its preparations for meeting

the requirements of the new EU directive that restricts the use of certain hazardous substances. For example the directive forbids the use of lead, which is widely used in soldering work during the manufacturing of capacitors. The directive, which in practice covers all electronic equipment, comes into force in July 2006, which means that component manufacturers must be ready for it by the end of 2004. Most of Evox Rifa's products were lead-free by the end of 2003, and the work on the other products is making good progress.

The ISO 14001 environmental management system at the factory in Kalmar is the Group's pilot system. The other factories will apply for certification in 2004-2005.

Management and auditors

The Board of Evox Rifa Group Oyj comprised the following persons:

Mikko J. Aro, Board Member
Henrik Ehrnrooth, Chairman of the Board as from 2 April 2003
Pertti Laine, Board Member
Jerker Molander, Deputy Chairman, chairman until 2 April 2003
Jarmo Niemi, Board Member
Georg Ehrnrooth, Board Member (until 2 April 2003)

The above mentioned persons also formed the Board of Directors of Evox Rifa Oy during the fiscal period.

The members of the Board's strategy committee were Henrik Ehrnrooth and Jerker Molander and of the compensation and audit committee Mikko J. Aro and Pertti Laine.

The President of Evox Rifa Group Oyj was Mr. Harri Launonen, MSc. (Tech), until 31 January 2003. Ms. Tuula Ylhäinen, MSc. (Econ), was President of Evox Rifa Group Oyj as from 1 February 2003.

The Group's auditors are KPMG Wideri Oy Ab, Certified Accountants, and the principal auditor is Mr. Lasse Holopainen, Authorised Accountant.

Outlook for 2004

The order backlog has further improved at the start of 2004, and operations are expected to continue at their current level during the spring. However, the strong euro is a threat to developments in the European market and in particular to the profitability of the European production companies. Demand in Asia and the USA is expected to continue to rise.

The strong euro will impair the profit especially of European operations, and the improved order backlog cannot fully compensate for the fall in prices that it causes.

The benefits of the reorganisation of electrolytic capacitor production will only start to be visible in the result in the third quarter. The costs of the reorganisation will weaken the result in the first half of the year.

A project has been started to improve the price competitiveness of the film capacitors business area; to implement this project, the Group's financial structure needs to be strengthened.

Consolidated Income Statement

	1.1.-31.12.2003	1.1.-31.12.2002
	1000 €	1000 €
1 NET SALES	78 935	69 839
Change in finished goods and work in progress inventories	1 002	-1 877
Production for own use	20	40
2 Other operating income	30	1 449
3 Materials and services	-35 045	-28 723
4 Personnel expenses	-31 946	-31 595
5 Depreciation and write-downs	-3 722	-4 185
Other operating expenses	-14 174	-13 889
	-84 887	-78 393
OPERATING PROFIT (LOSS)	-4 900	-8 942
6 Financial income and expenses	-891	-797
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	-5 791	-9 739
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-5 791	-9 739
7 Direct taxes	-104	858
Minority interest	13	146
PROFIT (LOSS) FOR THE PERIOD	-5 882	-8 735

Consolidated Balance Sheet

ASSETS	31.12.2003	31.12.2002
	1000 €	1000 €
FIXED ASSETS AND OTHER NON-CURRENT ASSETS		
1 Intangible assets		
Formation expenses	71	111
Goodwill	957	1 312
Other capitalised expenditure	76	140
	1 104	1 563
Tangible assets		
Land areas	3 387	712
Buildings and structures	4 606	5 319
Machinery and equipment	12 215	14 027
Other tangible assets	151	228
Advance payments and fixed assets in progress	385	1 145
	20 744	21 431
2 Investments		
Other shares and shareholdings	3	3
Other investments	106	89
	109	92
FIXED ASSETS AND OTHER NON-CURRENT ASSETS TOTAL	21 957	23 086
CURRENT ASSETS		
Inventories		
Raw materials and supplies	5 990	5 712
Work in progress	2 426	1 774
Finished goods	6 161	6 148
	14 577	13 634
Current receivables		
Accounts receivable	13 588	14 243
Loan receivable	16	34
Other receivable	519	3 823
3 Prepaid expenses and accrued income	893	702
	15 016	18 802
Current investments		
Other investments	0	24
Cash in hand and in banks	3 101	5 921
	3 101	5 945
TOTAL CURRENT ASSETS	32 694	38 381
TOTAL ASSETS	54 651	61 467

SHAREHOLDERS' EQUITY AND LIABILITIES

	31.12.2003	31.12.2002
	1000 €	1000 €
4 SHAREHOLDERS' EQUITY		
Share capital	8 669	8 669
Premium fund	1 733	1 733
Revaluation fund	1 944	0
Reserve fund	12 989	12 989
Retained earnings	-3 111	7 016
Net profit (loss) for the period	-5 882	-8 735
TOTAL SHAREHOLDERS' EQUITY	16 342	21 672
MINORITY INTEREST	660	788
LIABILITIES		
5 Deferred tax liability	1256	488
6 Non-current liabilities		
Loans from credit institutions	14 028	17 630
Pension loans	2 574	2 475
Other non-current loans	586	145
Total non-current liabilities	17 188	20 250
Current liabilities		
Current loans from credit institutions	3 459	4 404
Accounts payable	8 076	6 013
Other current liabilities	1 241	1 347
7 Accrued expenses and deferred income	6 429	6 505
Total current liabilities	19 205	18 269
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	54 651	61 467

Consolidated Cash Flow Statement

	2003 1000 €	2002 1000 €
Operational Cash Flow		
Operating profit (loss)	-4 900	-8 942
Adjustments to operating profit (loss)		
Depreciation and write-downs	3 722	4 185
Other adjustments	548	785
Change in Net Working Capital		
Inventories, increase (-) decrease (+)	-2 168	1 059
Trade receivables, increase (-) decrease (+)	1 174	-1 553
Non-interest bearing liabilities, increase (+) decrease (-)	3 351	316
Financial income and expenses	-1 078	-1 390
Direct taxes	643	-51
Operational cash flow	1 292	-5 591
Investments		
Investments in subsidiary shares	0	-5 329
Investments in other fixed assets	-1 091	-1 683
Sale of fixed assets	719	297
Total investments cash flow	-372	-6 715
Cash flow before financing	920	-12 306
Financing		
Share issue	0	6 069
Loan receivable increase (-) decrease (+)	0	17
Non-current loans increase (+) decrease (-)	-2 689	2 643
Current loans increase (+) decrease (-)	-737	2 938
Foreign currency translation adjustment	-338	175
Total financing cash flow	-3 764	11 842
Increase / Decrease in liquid funds	-2 844	-464
Liquid funds 1.1.	5 945	6 409
Liquid funds 31.12.	3 101	5 945

Liquid funds include cash in hand and in banks and deposits in mutual interest funds.
Investments in subsidiary shares in the investments cash flow include the acquisition cost deducted by the liquid funds of the acquisition date.

The Accounting Principles of Group Consolidation

The consolidation has been prepared in accordance with the Finnish Accounting Standards in euros.

The scope of consolidation

The consolidation includes the parent company and those subsidiaries in which the parent has, directly or indirectly, more than 50 % holding at the end of the year. The new subsidiaries which were acquired during the fiscal year are included in the consolidation from the day of purchase.

Companies in which the Group has a holding of 20-50 % are consolidated as associated companies.

The consolidation principles

The Group financial statements are prepared using the acquisition cost method.

The Group intercompany transactions, internal margins, internal receivables and liabilities as well as Group internal profit distribution are eliminated from the Group accounts.

Translation differences from the elimination of intercompany shareholding have been presented in the balance sheet as retained earnings.

The minority interest's profit/loss and the equity are shown separately in the income statement and the balance sheet.

The part of such companies' results in which the Group has a holding of 20-50 % are consolidated in the Group financial statements using equity method.

Non-current assets

Valuation of the fixed assets

Fixed assets are valued to acquisition cost and deducted with accumulated depreciation.

A revaluation of land has been made in the Swedish Group company during the year 2003.

Depreciation principles

The depreciation according to plan of fixed assets is based on the original acquisition costs and estimated useful life applying straight line basis. Other capitalized expenditure is depreciated in 3-10 years. Depreciation time for buildings is 25 years. Machinery and equipment are depreciated in 4-10 years. The goodwill and formation expenses are depreciated over 5 years.

Voluntary provisions and deferred tax liability

The depreciation in excess of plan and the voluntary provisions in single companies accounts are shown as a separate provision. In Group accounts this provision is divided into equity and deferred tax liability.

Current assets

Valuation of inventories

Inventories are valued according to the FIFO method, the re-purchase price or the average price method or the sales price, which is lower than FIFO or average price.

Transactions in Foreign Currency

Accounts receivable and payable are converted into euros using the European Central Bank's average rate at the fiscal year end. Foreign currency balance sheet items covered with binding contracts are converted to euros with the contract rate. The result of the realised forward contracts has been included in the accounts according to their realisation. Open forward contracts are converted at the year end rates. Foreign exchange rate gains or losses are booked to the income statement. The Group uses derivative instruments only to hedge foreign currency denominated items in the balance sheet.

The foreign subsidiary financial statements are converted into euros using the fiscal year average rate for the income statement and year end rate for the balance sheet.

Pension liability coverage

In the Finnish companies the legal pension liabilities are covered by using an insurance company. Voluntary pensions are covered with voluntary insurances.

Foreign subsidiaries cover their pension liabilities according to the local standards.

Research and development expenses

Research and development expenses are recorded as costs in the fiscal year during which they were born.

Taxes

The taxes of the Group companies have been calculated according to the local regulations of each company. The taxes include taxes calculated according to the accrual basis and adjustment to taxes from the previous years. The Group income statement includes also the change in deferred taxes.

Transition to IFRS reporting

The Group has begun to prepare implementation of IFRS (International Financial Reporting Standards). According to the standards, the reporting will be changed to IFRS in 2005 interim and financial year end reports. According to the effective standards the most significant influence on the financial closing is due to the balance sheet recordings of financial leases in assets and liabilities (IAS 17).

The first IFRS financial closing of the year 2005 including comparative figures will be prepared according to the standards effective at the year end.

Notes to the Consolidated Financial Statements

NOTES TO THE INCOME STATEMENT (1000 €)

	1.1.-31.12.2003	1.1.-31.12.2002
1. NET SALES		
Net sales by product groups		
Film	22 597	20 014
Paper	11 412	11 385
Electrolytics	39 760	30 530
Inductive	0	1 289
Others	5 166	6 621
Total	78 935	69 839
Net sales by sales regions		
Finland	5 925	4 260
Other Nordic countries	8 760	10 389
Other European countries	39 755	29 980
Asia	13 341	13 930
Northern America	10 055	9 679
Others	1 099	1 601
Total	78 935	69 839
Net sales by customer groups		
Telecommunication	1 785	1 257
Industrial electronics	33 095	28 109
Lightning	8 361	8 549
Office electronics *)	0	0
Consumer electronics	6 344	6 529
Automobile	5 188	5 849
Contract manufacturing	6 190	3 691
Distributors	16 712	13 134
Others	1 260	2 721
Total	78 935	69 839
*) Transferred to Industrial electronics		
2. OTHER OPERATING INCOME		
Gains from sales of fixed assets	30	958
Other	0	491
Total	30	1 449
3. MATERIALS AND SERVICES		
Materials and supplies		
Materials and supplies purchases during the period	35 740	27 657
Outside services	0	157
Increase (-) / Decrease (+) in inventory	-695	909
Total	35 045	28 723
4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL		
Salaries and fees	24 313	23 587
Pension costs	2 164	3 347
Other personnel costs	5 469	4 661
Total	31 946	31 595
Other personnel cost includes both compulsory and voluntary personnel expenses.		
The management salaries and fees		
Managing Directors	553	920
Board of Directors	111	32
Total	664	952

The retirement age for the parent company managing director has been agreed to 60 years.

	1.1.-31.12.2003	1.1.-31.12.2002
Personnel during the fiscal year (average)		
Office employees	300	319
Other employees	941	969
Total	1 241	1 288
Personnel at the end of the fiscal year		
Office employees	289	310
Other employees	982	943
Total	1 271	1 253
5. DEPRECIATIONS AND WRITE-DOWNS		
Formation expenses	21	18
Consolidation goodwill	366	347
Other capitalised expenditure	65	99
Buildings and structures	320	299
Machinery and equipment	2 907	3377
Other tangible assets	43	45
Total	3 722	4 185
Capitalised formation expenses belong to the foundation of China factory		
6. FINANCIAL EXPENSES AND INCOME		
Interest and other financial income		
Interest income from current investments	99	89
Other financial income	41	178
Total interest and other financial income	140	267
Interest and other financial expenses		
Interest expenses	905	1 150
Other financial expenses	130	270
Total interest and other financial expenses	1 035	1 420
Foreign exchange gain / (loss), net	4	356
Total financial income and expenses	-891	-797
7. DIRECT TAXES		
Income taxes on operations		
For the period	422	633
For the previous fiscal years	-350	-29
Change in deferred tax liability	32	254
Total	104	858

Notes to the Consolidated Financial Statements

NOTES TO THE BALANCE SHEET

1. INTANGIBLE AND TANGIBLE ASSETS (1000 €)

	Intangible assets				Tangible assets					
	Formation expenses*	Consolidation goodwill	Other capitalised expenditure	Total	Land areas	Buildings and structures	Machinery and equipment	Other tangible	Advance payments	Total
Acquisition cost 1.1.2003	128	1 812	682	2 622	712	7 931	55 932	465	1 145	66 185
Translation difference	-22	15	-2	-9	-78	-592	-1 740	-67	-7	-2 484
Increase 1.1.–31.12.	0	0	7	7	0	30	525	0	457	1 012
Increase due to purchase of subsidiary	0	0	0	0	0	0	-1 776	-2	-3	-1 781
Decrease 1.1.–31.12.	0	0	0	0	2 753	0	0	0	0	2 753
Carried forward between balance sheet items	0	0	0	0	0	0	1 207	0	-1 207	0
Acquisition cost 31.12.2003	106	1 827	687	2 620	3 387	7 369	54 148	396	385	65 685
Accumulated depreciation and Write-downs 1.1.2003	-17	-500	-542	-1 059	0	-2 612	-41 905	-237	0	-44 754
Translation difference	3	-4	-4	-5	0	169	1 260	35	0	1 464
Accumulated depreciation from the decrease of investments	0	0	0	0	0	0	1 619	0	0	1 619
Depreciation for the fiscal year	-21	-366	-65	-452	0	-320	-2 907	-43	0	-3 270
Accumulated depreciation and write-downs 31.12.2003	-35	-870	-611	-1 516	0	-2 763	-41 933	-245	0	-44 941
Book value 31.12.2003	71	957	76	1 104	3 387	4 606	12 215	151	385	20 744
Book value 31.12.2002	111	1 312	140	1 563	712	5 319	14 027	228	1 145	21 431
Machinery and equipment balance sheet value 31.12.2003							12 109			
Machinery and equipment balance sheet value 31.12.2002							14 255			

*) The foundation costs of China factory

2. INVESTMENTS

Shares and shareholdings in associated companies

	31.12.2003	31.12.2002
Acquisition cost 1.1.	3	3
Increase 1.1. - 31.12.	0	0
Decrease 1.1. - 31.12.	0	0
Write-downs 1.1. - 31.12.	0	0
Book value 31.12.	3	3
Other shares and holdings		
Bookvalue 1.1.	89	73
Increase	17	16
Decrease	0	0
Write-downs	0	0
Bookvalue 31.12.	106	89

STOCK OWNERSHIP

Group companies:

	Group shareholding / votes, %
Evox Rifa Oy, Finland	100,0
Evox Rifa AB, Sweden	100,0
Evox Rifa Pte. Ltd., Singapore	85,0
Seoryong Singapore Pte. Ltd., Singapore	85,0
P.T. Evox S.R., Indonesia	85,0
Evox Rifa Sdn.Bhd.,Malaysia	85,0
Evox Rifa GmbH, Germany	100,0
Evox Rifa Inc., USA	100,0
Dectron AB, Sweden	100,0
Nantong Evox Rifa Electrolytics Co. Ltd., China	80,0
BHC Components Ltd., Great Britain	100,0

	1.1.-31.12.2003	1.1.-31.12.2002
	1000 €	1000 €
3. PREPAID EXPENSES AND ACCRUED INCOME		
Income taxes	65	0
Interest	61	37
Others	767	665
Total	893	702
4. SHAREHOLDERS' EQUITY		
Share capital 1.1.	8 669	4 334
New issue of shares 10.7.2002	0	4 335
Share capital 31.12.	8 669	8 669
Premium fund 1.1.	1 733	0
Issue premium	0	1 733
Premium fund 31.12.	1 733	1 733
Revaluation fund 1.1.	0	0
Changes during the fiscal year	1 944	0
Revaluation fund 31.12.	1 944	0
Reserve fund 1.1.	12 989	12 989
Changes during the fiscal year	0	0
Reserve fund 31.12.	12 989	12 989
Retained earnings 1.1.	-1 718	8 324
Cumulative translation adjustment	-1 393	-1 308
Retained earnings 31.12.	-3 111	7 016
Net profit (- loss) for the fiscal year	-5 882	-8 735
Shareholders' equity 31.12.	16 342	21 672
The part of the accumulated depreciation difference and voluntary provisions presented in the equity	0	88
5. DEFERRED TAX LIABILITIES		
DEFERRED TAX LIABILITIES AND RECEIVABLES		
The Group companies have confirmed tax loss carry forwards. Due to the uncertainty associated with usage of them, no computed tax losses are recorded in the foreign subsidiaries either.		
From appropriations	485	488
From revaluations	771	0
Total	1 256	488
6. LOANS MATURING AFTER FIVE YEARS		
Loans from credit institutions	770	1 633
Total	770	1 633
7. ACCRUED EXPENSES OR DEFERRED INCOME		
Accrued vacation expenses	2 813	2 507
Pension and social costs	1 738	1 434
Income tax	0	360
Interest	112	150
Others	1 766	2 054
Total	6 429	6 505

Notes to the Consolidated Financial Statements

OTHER NOTES

1. PLEDGES, MORTGAGES, CONTINGENT AND OTHER LIABILITIES	31.12.2003	31.12.2002
	1000 €	1000 €
Debts secured with mortgages and pledges		
Loans from credit institutions	13 757	16 899
Real estate mortgages	6 750	7 002
Mortgage on company assets	10 881	12 409
Pledged shares	6 226	6 371
Other pledges	193	428
Mortgages total	24 050	26 210
Pension loans	2 574	2 475
Real estate mortgages	0	0
Mortgage on company assets	2 753	2 731
Mortgages total	2 753	2 731
Mortgages given as security total	26 803	28 941
Other pledges	92	195
Deposits pledged as security for other liabilities	38	17
Total	130	212
2. RENTAL OR LEASING LIABILITIES		
Due dates for financial leases with maturity exceeding one year or rental agreements irrevocable within one year are as follows:		
In 2004	1 449	1 300
Later	2 960	2 880
Total	4 409	4 180
3. DERIVATIVE FINANCIAL INSTRUMENTS		
The value of derivative contracts made to hedge exposure against foreign currency fluctuations		
Foreign currency options		
Bought options		
Value at the contract date	3 001	5 182
Market value 31.12.	102	110
Foreign currency options		
Sold options		
Value at the contract date	6 052	6 810
Market value 31.12.	-48	-13
Forward contracts		
Value at the contract date	0	1 354
Market value 31.12.	0	-12

Foreign currency options and forward contracts are used to hedge foreign currency denominated assets and liabilities against currency fluctuation. The maturity of forward contracts vary from 1-3 months. Options and forward contracts at 31.12. are valued at the year end currency exchange rates.

Income Statement and Balance Sheet of Parent Company

INCOME STATEMENT OF PARENT COMPANY		1.1. - 31.12.2003	1.1. - 31.12.2002
		1000 €	1000 €
NET SALES			
	Other operating income	1 709	1 144
1.	Personnel expenses	-900	-772
	Depreciation and write-downs	-33	-29
	Other operating expenses	-1 257	-1 339
		-2 190	-2 140
OPERATING PROFIT (- LOSS)		-481	-996
2.	Financial income and expenses	141	231
PROFIT (- LOSS) BEFORE APPROPRIATIONS AND TAXES		-340	-765
PROFIT (- LOSS) FOR THE PERIOD		-340	-765
BALANCE SHEET OF PARENT COMPANY		31.12.2003	31.12.2002
ASSETS		1000 €	1000 €
NON-CURRENT ASSETS			
1.	Intangible assets		
	Other capitalised expenditure	14	32
		14	32
	Tangible assets		
	Machinery and equipment	22	31
		22	31
	Investments, non-current		
2.	Shares in the subsidiary companies	10 451	10 451
	Other shares	1	1
		10 452	10 452
CURRENT ASSETS			
3.	Non-current receivables		
	Loan receivables	10 193	10 227
		10 193	10 227
4.	Current receivables		
	Loan receivables	2 514	3 416
	Other receivables	3 126	2 163
	Prepaid expenses and accrued income	66	39
		5 706	5 618
	Current investments		
	Other investments	0	24
	Cash in hand and in banks	1 016	3 561
TOTAL ASSETS		27 403	29 945
LIABILITIES AND SHAREHOLDERS' EQUITY			
5.	SHAREHOLDERS' EQUITY		
	Share capital	8 669	8 669
	Premium fund	1 734	1 733
	Reserve fund	12 989	12 989
	Retained earnings	3 155	3 921
	Profit (loss) for the financial year	-340	-765
		26 207	26 547
LIABILITIES			
	Non-current liabilities		
	Loans from credit institutions	0	870
		0	870
6.	Current liabilities		
	Loans from credit institutions	683	2 293
	Other current liabilities	367	134
	Accrued expenses and deferred income	146	101
		1 196	2 528
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27 403	29 945

Cash Flow Statement of Parent Company

Operational cash flow	1.1.-31.12.2003	1.1.-31.12.2002
	1000 €	1000 €
Operating profit (loss)	-481	-996
Adjustments to operating profit (loss)		
Depreciation and write-downs	33	29
Other adjustments	1	2
Change in working capital		
Trade receivables, increase (-) decrease (+)	-990	-1 020
Non-interest bearing loans, increase (+) decrease (-)	278	-229
Financial income and expense	141	331
Operational cash flow	-1 018	-1 883
Investments		
Investments in other fixed assets	-6	-13
Investments cash flow	-6	-13
Cash flow before financing	-1 024	-1 896
Financing		
Share issue	0	6 069
Non-current loan receivable increase (-) decrease (+)	34	-1 917
Current loan receivable increase (-) decrease (+)	902	-3 416
Non-current loans increase (+) decrease (-)	-870	-420
Current loans increase (+) decrease (-)	-1 610	2 293
Financing cash flow	-1 544	2 609
Increase / Decrease in liquid funds	-2 568	713
Liquid funds 1.1.	3 585	2 872
Liquid funds 31.12.	1 017	3 585

Liquid funds include cash in hand and in banks, deposits in mutual interest funds.

Notes to the Financial Statements of Parent Company

NOTES TO THE INCOME STATEMENT	1.1. -31.12.2003 1000 €	1.1. -31.12.2002 1000 €
1. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL		
Salaries and fees	616	478
Pension costs	160	151
Other personnel costs	124	143
Total	900	772
Other personnel costs include both compulsory and voluntary personnel expenses.		
The management salaries and fees		
Managing Directors	235	129
Board of Directors	30	32
Total	265	161
The retirement age of the parent company Managing Director has been agreed to 60 years.		
Personnel during the fiscal year (average)		
Office personnel	6	6
Total	6	6
Personnel at the end of the fiscal year		
Office personnel	6	5
Total	6	5
2. FINANCIAL INCOME AND EXPENSES		
Interest and other financial income		
Interest income from non-current investments		
Evox Rifa Group internal	354	417
External	0	0
Total	354	417
Interest income from current investments		
Evox Rifa Group internal	0	0
External	68	37
Total	68	37
Other financial income		
Evox Rifa Group internal	0	0
External	3	172
Total	3	172
Interest expenses for the external liabilities		
Evox Rifa Group internal	0	0
External	92	0
Total	92	0
Other interest expenses		
Evox Rifa Group internal	0	0
External	0	105
Total	0	105
Other financial expenses		
Evox Rifa Group internal	0	0
External	21	166
Total	21	166
Foreign exchange gain / (loss), net	-171	-124
Total Financial income and expense	141	231

Notes to the Financial Statements of Parent Company

NOTES TO THE BALANCE SHEET

	31.12.2003 1000 €	31.12.2002 1000 €
1. INTANGIBLE AND TANGIBLE ASSETS		
Intangible Assets		
Other capitalized expenditure		
Acquisition cost 1.1.	74	61
Increase 1.1. - 31.12.	3	13
Acquisition cost 31.12.	77	74
Accumulated depreciation and write-downs 1.1.	-42	-25
Depreciation for the fiscal year	-21	-17
Accumulated depreciation and write-downs 31.12.	-63	-42
Book value 31.12.	14	32
Tangible Assets		
Machinery and equipment		
Acquisition cost 1.1.	49	53
Increase 1.1. - 31.12.	2	0
Decrease 1.1. - 31.12.	0	-4
Acquisition cost 31.12.	51	49
Accumulated depreciation and write-downs 1.1.	-18	-8
Depreciation for the fiscal year	-11	-12
Decrease 1.1. - 31.12.	0	2
Accumulated depreciation and write-downs 31.12.	-29	-18
Book value 31.12.	22	31
2. SHARES		
Shares in subsidiaries		
Acquisition cost 1.1.	10 451	10 451
Increase 1.1. - 31.12.	0	0
Decrease 1.1. - 31.12.	0	0
Accumulated acquisitions 31.12.	10 451	10 451
STOCK OWNERSHIP		Parent company's ownership of the stock/voting power, %
Evox Rifa Oy, Finland		100
3. NON-CURRENT RECEIVABLES FROM THE GROUP COMPANIES		
Loan receivables	10 193	10 227
4. CURRENT RECEIVABLES FROM THE GROUP COMPANIES		
Loan receivables	2 514	3 416
Other receivables	3 037	1 675
Prepaid expenses and accrued income	0	0
Receivables from the Group companies total	5 551	5 091
CURRENT EXTERNAL RECEIVABLES		
Other receivables	89	488
Prepaid expenses and accrued income	66	39
Receivables total	155	527
5. SHAREHOLDERS' EQUITY		
Share capital 1.1.	8 669	4 334
New issue of shares 10.7.2002	0	4 335
Share capital 31.12.	8 669	8 669
Premium fund 1.1	1 734	0
Issue premium	0	1 734
Premium fund 31.12	1 734	1 734

	31.12.2003 1000 €	31.12.2002 1000 €
Reserve fund 1.1.	12 989	12 989
Changes during the fiscal year	0	0
Reserve fund 31.12.	12 989	12 989
Retained earnings 1.1.	3 155	3 921
Cumulative translation adjustment	0	0
Retained earnings 31.12.	3 155	3 921
Net profit (loss) for the fiscal year	-340	-765
Shareholders' equity 31.12.	26 207	26 547
Calculation of the distributable earnings 31.12.2003		
The Group's distributable earnings are smaller than the distributable earnings of the parent company and therefore they restrict payment of dividend.		
Retained earnings	3 155	3 921
Net profit (loss) for the period	-340	-765
Distributable earnings 31.12.	2 815	3 156
6. CURRENT LIABILITIES WITH GROUP COMPANIES		
Other short term liabilities	271	84
Group companies total	271	84
OTHER NOTES OF PARENT COMPANY		
1. PLEDGES, MORTGAGES, CONTINGENT AND OTHER LIABILITIES		
31.12.2003		
31.12.2002		
Debts secured with mortgages and pledges		
Loans from credit institutions	683	1 163
Real estate mortgages		
Mortgage on company assets	0	0
Mortgages total	0	0
Pledges on behalf of Group companies		
Other pledges	11 076	11 176
	11 076	11 176
2. RENTAL OR LEASING LIABILITIES		
Due dates for financial leases with maturity exceeding one year or rental agreements irrevocable within one year are as follows:		
In 2004	44	85
Later	37	100
Total	81	185
3. DERIVATIVE FINANCIAL INSTRUMENTS		
The value of derivative contracts made to hedge exposure against foreign currency fluctuations:		
Foreign currency options		
Bought options		
Value at the contract date	3 001	0
Market value 31.12.	102	0
Foreign currency options		
Sold options		
Value at the contract date	6052	0
Market value 31.12.	-48	0
Forward contracts		
Value of the contract date	0	1 130
Value of contract 31.12.	0	-7

Foreign currency options and forward contracts are used to hedge foreign currency denominated assets and liabilities against currency fluctuations. The maturity of forward contracts vary from 1-3 months. Options and forward contracts at 31.12. are valued at the year end currency exchange rates.

Consolidated Key Figures

The year 1999-2000 figures are based on proforma calculations

	1999	2000	2001	2002	2003
	1000 €	1000 €	1000 €	1000 €	1000 €
Net sales	65 814	84 162	68 968	69 839	78 935
Operating profit	-2 509	4 051	-4 774	-8 942	-4 900
% of net sales	-3.8%	4.8%	-6.9%	-12.8%	-6.2%
Profit (loss) before extraordinary items	-3 166	2 492	-6 381	-9 739	-5 791
% of net sales	-4.8%	3.0%	-9.3%	-13.9%	-7.3%
Profit (loss) before direct taxes	-3 166	2 451	-6 302	-9 739	-5 791
% of net sales	-4.8%	2.9%	-9.1%	-13.9%	-7.3%
Profit (loss) for the period	-3 078	1 192	-4 996	-8 735	-5 882
% of net sales	-4.7%	1.4%	-7.2%	-12.5%	-7.5%
Return on equity (ROE), %	-9.8%	4.7%	-17.5%	-36.3%	-29.9%
Return on investment (ROI), %	-2.9%	10.4%	-10.3%	-19.1%	-11.3%
Equity ratio, %	46.1%	48.7%	47.5%	36.5%	31.1%
Gross investments in fixed assets	3 826	4 084	5 893	7 147	1 019
% of net sales	5.8 %	4.9 %	8.5 %	10.2 %	1.3 %
Research and development costs		3 114	2 828	2 724	3 026
% of net sales		3.7 %	4.1 %	3.9 %	3.8 %
Earnings / share, EUR	-0.036	0.014	-0.059	-0.068	-0.034
Equity / share, EUR	0.34	0.36	0.30	0.13	0.09
Price / earnings ratio (P/E)	..	15.5	-2.1	-0.9	-3.5
Share prices					
low, EUR	..	0.20	0.11	0.04	0.04
high, EUR	..	0.50	0.25	0.14	0.15
average, EUR	..	0.29	0.16	0.09	0.09
Closing rate of the last trading day		0.22	0.12	0.06	0.12
Market value of total shares outstanding 31.12.	..	19 071	10 402	10 402	20 804
Share turnover, 1 000 pcs	..	18 779	30 950	52 568	63 908
Share turnover %	..	21.7%	35.7%	41.0%	36.9 %
Total share turnover, TEUR	..	5 267	5 972	3 930	6 013
Number of shares, 1 000	86 686	86 686	86 686	173 371	173 371
Issue-adjusted number of shares, weighted average, 1 000				128 247	
Order stock, MEUR	17.3	35.6	10.5	13.6	16.6
Average number of personnel	1 241	1 406	1 336	1 288	1 241

Calculation Principles of Key Figures

RETURN ON EQUITY (ROE), %

$$100 \times \frac{\text{Profit before extraordinary items} - \text{direct taxes}}{\text{Shareholders' equity} + \text{minority share (average)}}$$

RETURN ON INVESTMENT (ROI), %

$$100 \times \frac{\text{Profit before extraordinary items} + \text{interest and other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}}$$

EQUITY RATIO, %

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

EARNINGS / SHARE (EPS)

$$\frac{\text{Profit before extraordinary items} - \text{direct taxes} - \text{minority interest}}{\text{Adjusted average number of shares outstanding during the year}}$$

EQUITY / SHARE

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

PRICE / EARNINGS RATIO (P/E)

$$\frac{\text{Year end share price}}{\text{Earnings per share}}$$

EQUITY MARKET VALUE

Total number of shares outstanding x closing rate at the last day of fiscal year

SHARE TURNOVER, %

$$\frac{\text{Total turnover of shares during the fiscal year}}{\text{Average number of shares during the fiscal year}}$$

Shareholders and Shares

Major Shareholders 31.12.2003

Shareholders	Number of shares	Holdings and votes %
Fennogens Investments SA	68 191 976	39.33 %
Veikko Laine Oy	19 908 972	11.48 %
Etra-Invest Oy	14 034 000	8.09 %
Gripenberg Gustaf	1 200 000	0.69 %
Nominee registered shares	1 011 435	0.58 %
Oksanen Markku	750 000	0.43 %
Procurator Oy	700 278	0.40 %
Nevalainen Vesa	600 000	0.35 %
Ruusuvirta Tero	570 000	0.33 %
Niini Lauri Kustaa	550 000	0.32 %
Hiekkanen Kalevi	542 000	0.31 %
Mikkola Teemu	500 000	0.29 %

Number of nominee registered shares and shares in foreign ownership as of December 31, 2003 was 69 388 659, i.e. 40.0 % of the holdings and votes.

Management Share Ownership

Evox Rifa Group Oyj's Board Members and President held a total of 20 002 972 shares, i.e. 11.5 % of the shares outstanding as of 31.12.2003. As per resolution by the extraordinary shareholders' meeting on November 14, 2000, regarding the issuance of stock options, the Board Members' and President's ownership could rise by 1 150 000 shares if the stock options were exercised. After that the Board Members' and President's ownership would be 21 152 972 shares, i.e. 12.1 % of the shares outstanding.

Distribution of Share Ownership 31.12.2003

By number of shares

	By number of shareholders	% of shareholders	Total shares	% of total shares
1 - 1000	1 646	27.59 %	706 185	0.41 %
1 001 - 10000	3 021	50.64 %	13 681 675	7.89 %
10 001 - 50 000	1 069	17.92 %	24 933 932	14.38 %
50 001 - 100 000	139	2.33 %	10 691 074	6.17 %
100 001 -	91	1.53 %	123 358 152	71.15 %
	5 966	100.00 %	173 371 018	100.00 %

By owner groups

	Numbers of total holding	Total Holding %	Number of Shares	Total Shares %
Foreign	20	0.34 %	68 377 224	39.44 %
Households	5 587	93.65 %	60 332 897	34.80 %
Companies	330	5.53 %	43 353 479	25.01 %
Financial and insurance institutions	7	0.12 %	1 085 659	0.63 %
Public sector organisations	2	0.03 %	390	0.00 %
Non-profit organisations	20	0.34 %	221 369	0.13 %
Total	5 966	100,00 %	173 371 018	100,00 %

Proposal of the Board for the Distribution of Earnings

According to the Group balance sheet on December 31, 2003 there are no distributable earnings.

The parent company's distributable retained earnings are:

Not distributed previously	3 155 697.79 euroa
Loss for the period	- 339 610.88 euroa
Total	2 816 086.91 euroa

The Board proposes the loss for the period to be transferred to the retained earnings account and not to distribute dividends.

Espoo , February 11, 2004



Henrik Ehrnrooth
Chairman of the Board



Jerker Molander
Vice Chairman of the Board



Mikko J. Aro
Member of the Board



Pertti Laine
Member of the Board



Jarmo Niemi
Member of the Board



Tuula Ylhäinen
President

Auditors' Note:

The annual closing 1.1.-31.12.2003 has been done in accordance with the generally accepted accounting principles in Finland.

We have issued our Auditors' Report today.

Helsinki, February 27, 2004

KPMG Wierdi Oy Ab



Lasse Holopainen
Authorised Public Accountant

Auditors' Report to the Shareholders of Evox Rifa Group Oyj

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

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

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

Helsinki, 27 February 2004

KPMG Wierdi Oy Ab



Lasse Holopainen
Authorised Public Accountant

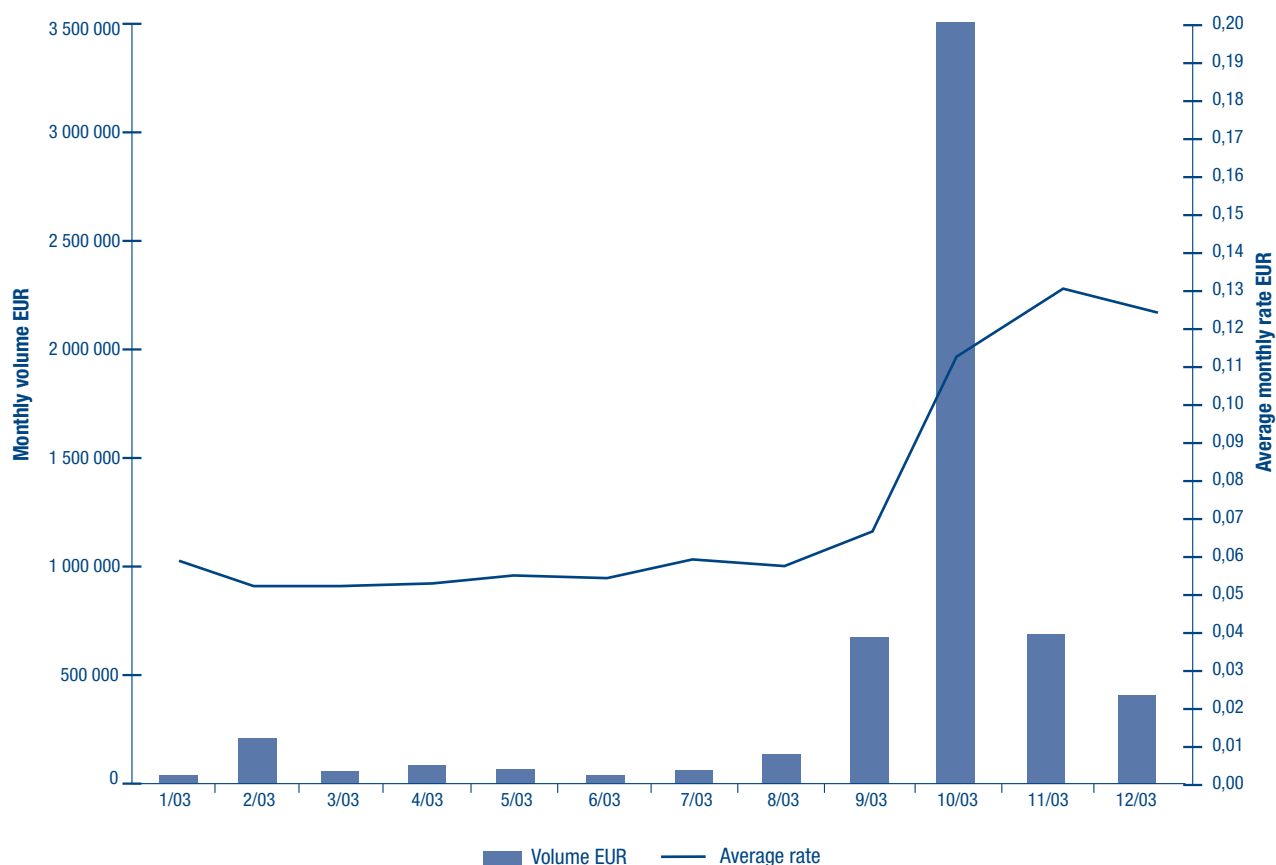
Information for Shareholders

The Annual Shareholders' Meeting of Evox Rifa Group Oyj will be held on March 31, 2004 at 10 a.m.

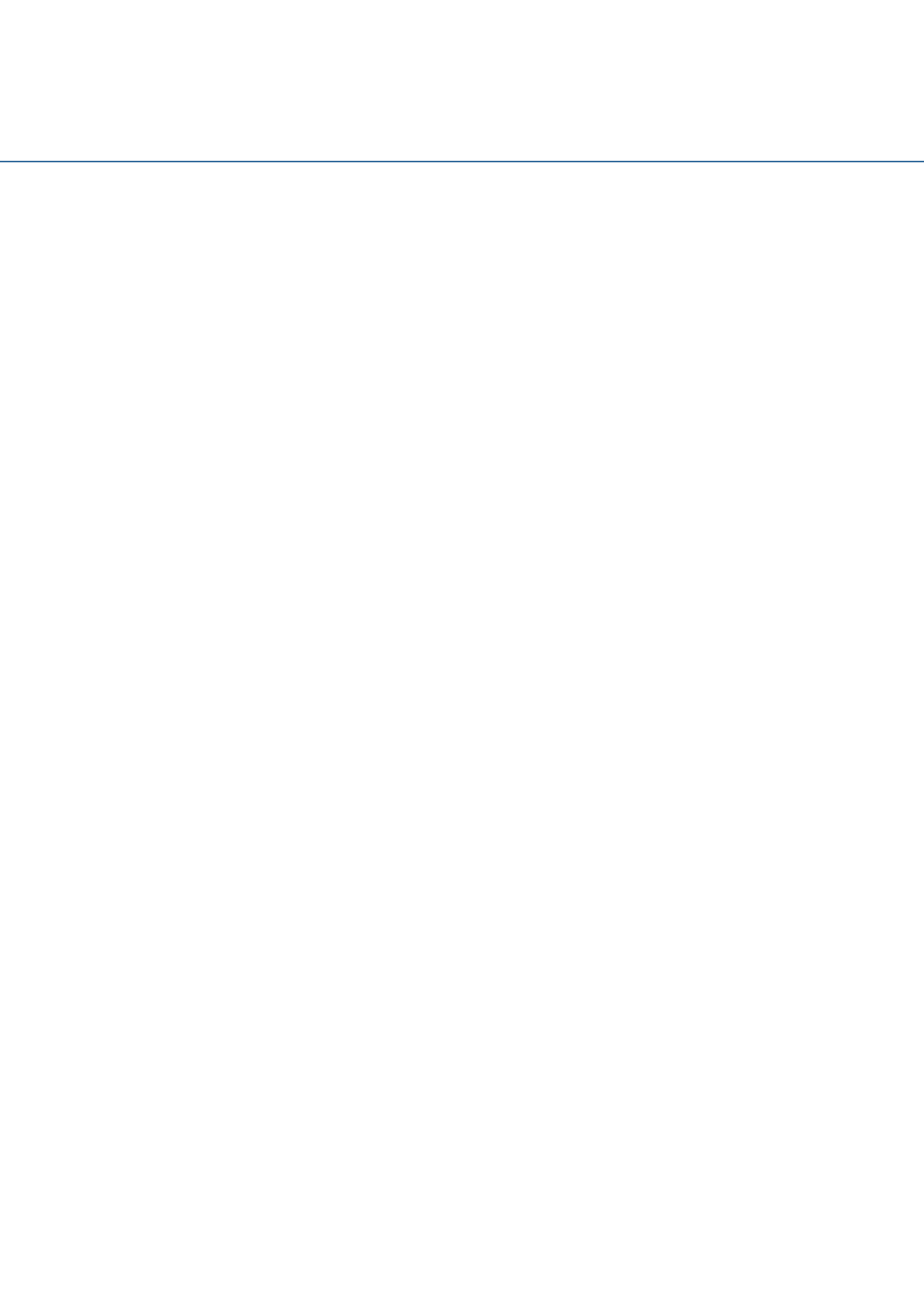
Evox Rifa Group Oyj will publish its financial information in 2004 as follows:

- February 12, 2004 2003 Financial Statements
- April 29, 2004 Interim Review for January – March 2004
- August 2, 2004 Interim Review for January – June 2004
- October 29, 2004 Interim Review for January – September 2004

Share Trading Volume and Average Price Development 1.1.2003 – 31.12.2003







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