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RAY IN BRIEF

Raha-automaattiyhdistys (Finland's Slot Machine Association), which is generally referred to as RAY, was established in 1938 to raise funds through gaming operations to support Finnish health and welfare organizations. From the outset RAY has had an exclusive right to operate slot machines in Finland. During recent decades RAY's exclusive right has been expanded to include casino table games and casino operations.

At present 98 organizations in the health and welfare fields are members of RAY. The decision-making bodies within RAY are the General Meeting and the Board of Administration. All the member organizations are represented at the General Meeting. The Board of Administration consists of seven representatives selected by the Government and seven selected by the General Meeting.

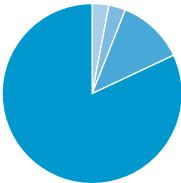
RAY's policy in its gaming operations is that the overall volume of activity is increased in a controlled way and in line

with economic growth. In this way RAY seeks to secure the long-term operations of the organizations that it supports, and to prevent the economic and social problems that some players can suffer as a result of their gaming. The principle that slot machine operations should be reliable and honest, and also the need to cater for Finnish preferences, mean that slot machines for use in Finland must meet many unique requirements. Therefore RAY also designs and manufactures almost all of the slot machines it uses.

In providing funding assistance to voluntary organizations, RAY seeks to react as quickly as possible when new needs appear in society. Funding is distributed each year on the basis of applications. The distribution is based on the principles of both discretion and of impartial and equal treatment of the applicant organizations. No organization has a particular right to receive assistance.

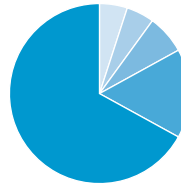
TURNOVER 2003

total MEUR 581.0



- Casino-type games in clubs MEUR 18.1 (3%)
- Casino RAY MEUR 19.9 (3%)
- RAY arcades MEUR 66.8 (12%)
- Slot machines in business premises MEUR 474.7 (82%)
- Sales and rent MEUR 1.5 (under 1%)

UTILIZATION OF TURNOVER 2003



- Net investments MEUR 29.7 (5%)
- Other expenses MEUR 27.3 (5%)
- Salaries and social expenses MEUR 41.3 (7%)
- Space rental MEUR 91.7 (16%)
- Promotion of health and social welfare MEUR 391.0 (67%)

FINANCIAL YEAR 2003:

- Following a change in accounting practice, money contained in slot machine pay-out hoppers at the end of the year, as well as cash floats in the machines, have been recorded as revenue. The total amount is approx. EUR 10 million.
- The profit figures for earlier years have also been re-stated in line with the new practice.

Key figures 1999 – 2003

	1999	2000	2001	2002	2003
Revenue from gaming activities, MEUR	513	557	582	604	633
Lottery duty, MEUR (tax rate %)	16	17	29	42.2	52.1
	(RAY 3%, Casino RAY 5%)	(RAY 3%, Casino RAY 5%)	(RAY 5%)	(7 %)	(8.25 %)
Turnover, MEUR	498	541	553	562	581
Assistance, MEUR	234	254	279	303	308
Rehabilitation of war veterans, MEUR (State Treasury)	91	92	98	98	98
Space rental, MEUR (paid to business partners)	75	81	84	88	91.7
Salary costs, MEUR	38	40	42	42	41
Profit for the period, MEUR	338	369	375	386	399
Profit for the period, % of turnover	67.8	68.3	67.9	68.6	68.6
Personnel	1 662	1 689	1 697	1 664	1 641

Turnover = revenue from gaming activities and other sales adjusted for indirect taxes and exchange rate differences.

MANAGING DIRECTOR'S REVIEW

2003 proved to be another successful year for RAY. This was also true in terms of financial performance: even though revenue growth did not quite reach the target, the trend in operating profit did meet expectations. Expenses were kept under firm control and some of the investments for the new casino were postponed until 2004. The final accounts show an improvement in earnings of approx. EUR 10 million. This is a result of a change in accounting practices. For the first time revenues include money contained in slot machine pay-out hoppers and cash floats in the machines at the year end.

The results show that the growth in the gaming markets has slowed down. With the need to focus increasing attention on the responsible organization of gaming activities and on marketing, in the coming years it will also be necessary to carefully consider what kind of gaming revenue growth targets can reasonably be set.

The funding distribution proposal was completed at the end of the year. Preparation of the proposal was based, for only the second time, on the new Act on slot machine funding assistance. In the previous year the task of evaluating how funding assistance distorts competition and the operation of the markets proved to be particularly difficult, but now the policy lines are starting to become established. It appears that in future years assistance will not be provided for large-scale service activities that are offered by organizations for payment and are compa-

nable to commercial operations. This will help to make the situation clearer.

The controversy surrounding gaming activities appears to be a relatively permanent phenomenon. The underlying reason is probably that Finland's gaming markets are very interesting from the viewpoint of other operators, too. Those showing an interest have recently included major international companies. From Finland's standpoint, it is important to retain not only the independent right to decide on the regulation of gaming - in line with the guidelines laid down by the European Court - but also the significant revenues it generates. During the year under review the three organizations behind betting, gaming and gambling activities in Finland transferred, in addition to lottery duty, a total of almost EUR 800 million to the state, voluntary organizations, and scientific and cultural institutions. No other way of organizing and regulating gaming activities produces such a good result in terms of its social and economic effects. For this reason Finland should keep its present gaming model.

A number of major, high-profile abuses in business life led to a public debate on the social responsibility of companies. Social responsibility is much broader in scope than mere compliance with legislation and good governance. Broader in approach than the narrow concept of shareholder value, it focuses on the way the company operates in relation to all groups that have a justified interest in its activities. In addition to the

company's owners, these include its customers, business partners, employees and others who are closely associated with it. A responsible company builds its relationships with all these stakeholders through negotiation and careful planning, while documenting its operating policies in detail.

RAY's chosen values - particularly respect for the individual - also oblige it to emphasize social responsibility in its activities. The significance of this value is accentuated in our relationships with our own employees and with players. In our relationship with players we seek to ensure that our slot machines and games do not become too interesting and too attractive to too many. In its judgement in the Gambelli case, the European Court emphasized that a member state which "induces and encourages" its citizens to participate in gaming, cannot rely on the legal principles for gaming regulation separately specified in the verdict. Therefore this individual decision also emphasizes the need for responsibility in organizing gaming activities. Finland's Lottery Act is based on this approach, and RAY has also sought to operate in this way. RAY has started to carefully document its operating procedures in order to ensure that they are responsible and transparent. At the same time it has opened channels for communication with its own employees, and during the current year with all of its stakeholder groups.

On behalf of RAY's management I would like to thank our employees for the excel-



lent work they have done during the year, and I would like to thank all our customers, business partners and stakeholder groups for their fruitful cooperation and significant support in promoting health and welfare in Finland.

Markku Ruohonen



Funding assistance

In providing funding assistance to voluntary organizations RAY seeks to react quickly to the needs of society. In its strategy guidelines RAY's Board of Administration has set two main policy lines for the funding activities: assistance is targeted both at the most deprived groups, to provide support and services, and promote independent activity, and at activities intended to prevent problems from occurring. It is essential in particular to develop new operating models, and in this context the significance of the voluntary health and welfare organizations is considerable. RAY provides extensive support for structural change in all funding sectors.

Many of the long-established trends in our society have strengthened RAY's role as a provider of funding for health and welfare organizations. The aging of the population, widespread structural unemployment and the movement of people to growth centres - with the administrative problems and regional inequalities that it causes - maintain and increase the threat of social and economic marginalization. The increasing use of alcohol, drugs and other intoxicants, as well as new manifestations of violence increase the sense of insecurity. The number of homeless people has also increased in recent years, and those experiencing housing related problems include not only the homeless but also large numbers of people who are chronically ill, disabled, or underprivileged, and, increasingly, also families and young people who are leaving home.

Social and health services are still undergoing a process of structural change, and this increases the need particularly for development of community care services and flexible service concepts. As the process of structural change advances and production of company based services increases, municipalities are outsourcing their own operations, increasing the significance of the services provided by both voluntary organizations and companies. During this period of change, it is essential that new operating models are developed - a task in which the health and social welfare organizations play a significant role. RAY has provided extensive supported for structural change in all its funding sectors.

Each year in allocating funding assistance, RAY evaluates how the primary responsibility on the part of municipalities to ar-

range services, competition legislation, and the Act on procurement affect the financing of service production by voluntary organizations from RAY's funds. RAY seeks to assess the supply of services from private and public sources on a local and regional basis, and to avoid providing finance for projects and activities that appear to compromise the functioning of the market. Areas subject to more stringent criteria during the preparation of the funding allocation for 2004 include financing of new serviced housing for the elderly based on regular services.

BASED ON REGULATIONS AND FUNDING STRATEGY

RAY's funding activities are based on the new Act on slot machine funding assistance, as well as on Decrees regulating RAY's administration and certain time limits applying to slot machine funding assistance. On this basis RAY's Board of Administration has determined the funding policy lines and areas of focus until 2007. The strategy again sets two main policy lines for RAY's funding activities: assistance is targeted both at the most deprived groups, to provide support and services, and promote independent activity, and at activities intended to prevent problems from occurring. These policy lines were also stressed in RAY's negotiations with the Ministry of Social Affairs and Health concerning the funding objectives.

RAY's funding activities are intended to be neutral in their effects on competition in the market. For this reason the increase in private commercial services in the various operating sectors has been monitored during recent years. The Act on funding assistance



NOW I FEEL ALIVE

“I’m lucky that I’ve got a place to work. It’s really boosted my self-confidence,” says Jyri Hänninen, 35. He works at the FH Clubhouse in Imatra, eastern Finland, which is run by the Imatra Association for Mental Health and the town of Imatra. The club belongs to the international Fountain House network for the rehabilitation of people with mental illness.

Mental health work is one of the focus areas for RAY’s funding assistance.

stipulates that assistance can be granted if this is not expected to impact competition or the functioning of the markets to a more than negligible extent. At the beginning of the new millennium RAY worked together with the Federation of Finnish Enterprises to prepare a list of recommendations to avoid compromising free competition.

PREPARATION OF FUNDING PROPOSAL, AUTUMN 2003

In the year under review 1 746 organizations applied for funding for a total of 4 019 activities or projects in 2004. The total amount applied for was EUR 842 million. RAY’s Board of Administration completed its funding proposal in December, and the Government decided on the distribution of funding on February 5, 2004.

In accordance with RAY’s proposal, a total of EUR 406 million of funds will be used to promote health and social welfare in 2004. Of this total, EUR 308 million will be distributed in funding assistance to voluntary organizations. In addition, a total of EUR 98 million is being transferred to the State Treasury for use in providing care and rehabilitation for war veterans. A total of some EUR 24 million of RAY’s funds will remain for later use as a result of funds that were not distributed by the state in earlier years or were repaid.

FUNDING GRANTED FOR 2004

Of the EUR 308 million to be distributed to voluntary organizations, over 16% will be used as general assistance, 32% as targeted operating assistance, 26% for investments, and almost 25% on experimental and development projects.

A total of 1 162 organizations will receive assistance, of which 52 are first-time recipients. In all, RAY's funding will be used in 2 422 activities and projects, of which 448 are being supported for the first time. Of these, 241 are experimental and development projects, 146 investment projects, and 61 new recipients of operating assistance.

One of the main areas of focus in the distribution of funding for 2004 is the promotion of mental health work. Almost EUR 40 million or approximately 13% of all funding assistance has been allocated for this purpose. The funding will be used to develop community care services to support independent living and rehabilitation for mental health patients, as well as day centres, work activity units and crisis care services. The funding will also be used to promote the interests of mental health organizations, and to support their training and communications, the provision of peer support for patient and home caring, and voluntary activities. Other areas receiving support will be preventive mental health work, independent coping for mental health patients undergoing rehabilitation, activity centres and club buildings. By funding projects to implement the national alcohol programme, which will be launched at the beginning of the year, RAY will be supporting the development of intoxicant abuse prevention.

PAYMENT OF FUNDING AND MONITORING OF USAGE

RAY monitors funding usage in order to ensure that the funding is used in a correct and appropriate way, that it provides benefits, that it is used for the purpose for which it



A CHANCE TO TALK

“The important thing is that the women and children who come here have the chance to talk about the crisis they are going through... that we listen to them,” says Arja-Riitta Salmela, the Turku Shelter’s social welfare supervisor and one of six professionals on hand at the shelter to provide assistance.

147 child protection organizations will receive funding assistance from RAY in 2004. Of these organizations, the Federation of Mother and Child Homes and Shelters in Finland is one of the largest.



BACK IN THE RHYTHM OF LIFE

“Things are looking up,” says Timo Turunen, 23. In November 2003 he started working at the Kehypaja Workshop in Iisalmi, which is run by Iisalmi Youth Support. The workshop has around 60 employees, of whom one third are under 25. Some were previously unemployed – in certain cases for longer periods – and were regarded as being at risk of marginalization.

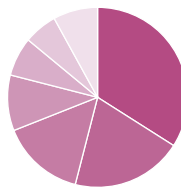
100 organizations in the field of youth work will receive support from RAY in 2004.

was granted and that any other conditions attached to the funding assistance are met. By monitoring the implementation of funded activities and projects an assessment can be made of how effectively the objectives presented in the funding applications are achieved.

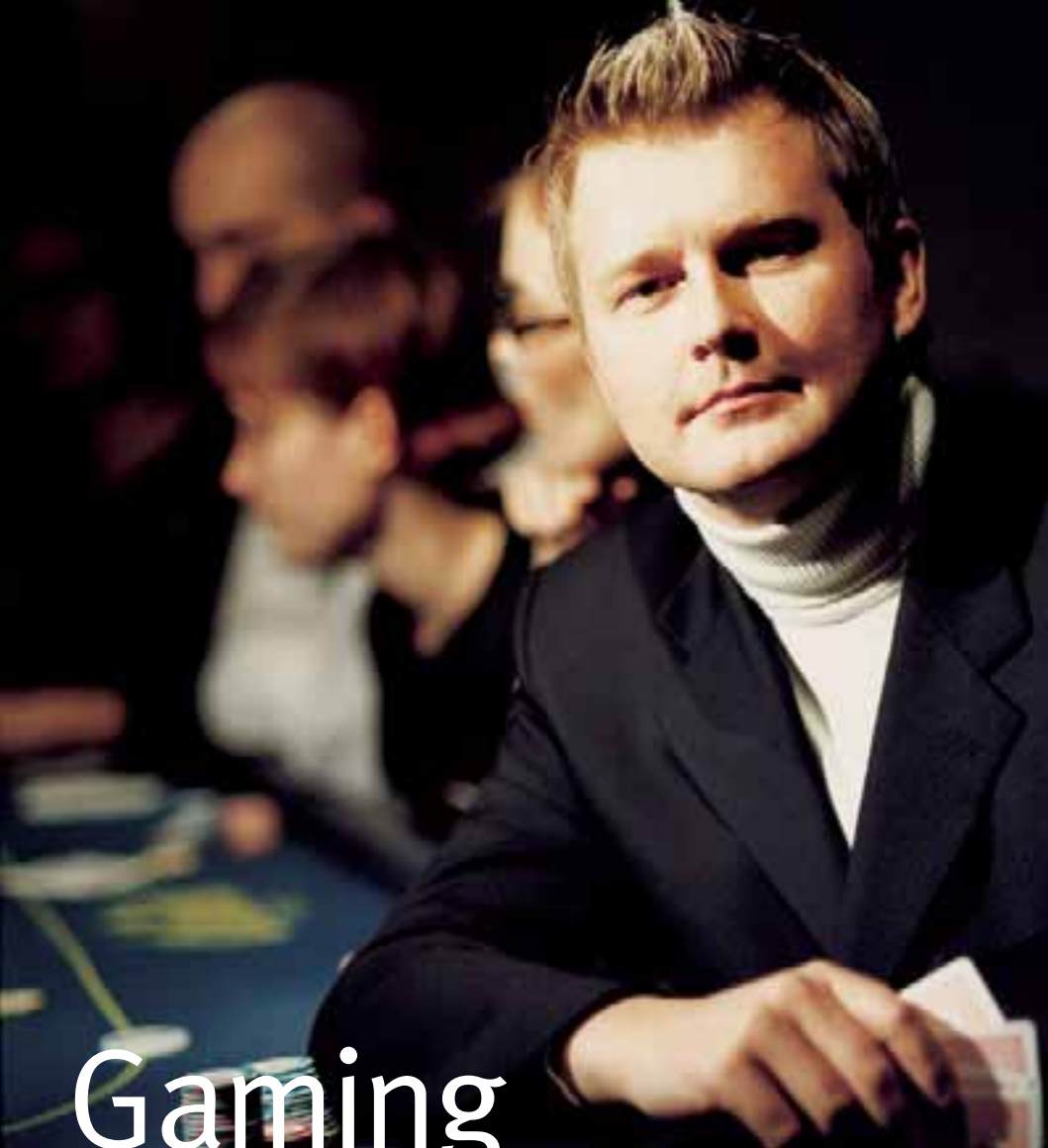
Monitoring is performed at RAY by examining the reports that have to be submitted when funding is disbursed and the yearly reports on funding utilization. RAY can request separate reports on activities at its discretion. Visits are arranged to the organizations to perform audit work and provide guidance. Funded construction projects are inspected and their implementation supervised, and instructions and advice are provided when necessary. The impacts of RAY’s funding activities are also monitored by means of assessments produced by external experts.

Assistance, MEUR

By funding target category



- Activities of voluntary organizations MEUR 105.9 (34%)
- Serviced and supported accommodation MEUR 60.2 (20%)
- Rehabilitation MEUR 45.5 (15%)
- Support for home coping and home care MEUR 29.1 (10%)
- Crisis care services MEUR 22.4 (7%)
- Training, camps and holidays MEUR 19.8 (6%)
- Day centres and day care work MEUR 25.1 (8%)



Gaming

In conjunction with its business partners, RAY provides slot machines and casino-type games in over 9,000 business premises, clubs and pubs. The machines and games can also be played at RAY's own arcades around the country, and at Casino RAY in Helsinki, which is Finland's only casino. RAY wants to offer excitement, entertainment and modest winnings for modest stakes. Games with large stakes and big wins can only be played at the casino. With the exception of the slot machines in the casino, the machines and games are designed and manufactured by RAY.

The three organizations with an exclusive right to carry on gambling, gaming and betting operations in Finland are RAY, Oy Veikkaus Ab and Fintoto Oy. Their combined revenues for 2003 totalled around EUR 2 billion. Growth in gaming - which is following a long-established trend - reached about 6%, compared with just under 4% in the previous year. There has probably also been an increase in participation by Finnish people in Internet games provided by foreign companies, but statistics are not available. The gaming sector grew at a faster rate than the general economy. RAY's revenues showed less growth on average than those of the other Finnish gaming organizations.

RAY'S GAMING ACTIVITIES IN A CHANGING OPERATING ENVIRONMENT

Developments in technology are making it possible to provide gaming opportunities via electronic distribution channels. Digital television is gradually expanding, and is becoming an interesting alternative for the distribution of games. Last year, however, it was not used to any significant extent for playing / providing games. The Internet, by contrast, has already become a significant channel for supplying games - both by domestic and foreign operators.

In line with its operating strategy, RAY concentrated on its established areas of activity: slot machines, casino games and the casino, and it designed and manufactured almost all the games it used. During the year under review RAY focused on the development of new gaming products, as well as on action to further improve organizational operating practices. New gaming applications featuring greater variety are now

possible following the introduction of a new slot machine technology platform. Work to develop support systems was also significantly stepped up when compared to the two previous years. RAY is also developing its gaming operations by designing and producing games for new player groups. In this way it seeks to ensure that the number of moderate players is as large as possible.

POSITIVE TREND IN PROFITABILITY

RAY's objective for the year under review was to continue increasing the volume of gaming activity in a controlled way and in line with economic growth. A growth target of 4% was set, but the growth in revenue reached only 3%. Overall revenue for 2003 was EUR 622.6 million (comparable figure). Revenue growth was mainly generated by slot machines operated by RAY's business partners. The casino reported a slight growth in revenues, but the arcades only reached the previous year's level due to renovation and modernization work at several premises during the year under review. Revenues from casino-type games in clubs decreased during the last operating year, too. The total number of games was increased by around 4% to produce the revenues.

The 4.7% growth in revenues to EUR 633.0 million shown in the 2003 financial statements is due to the adoption of a new revenue matching principle, which includes as revenues the money contained in the slot machines at the end of 2003. RAY's gaming activities showed a positive development in earnings. During the year under review costs were reduced by improved efficiency, but also by the delay in completion of the casino, which reduced the expenses incurred in 2003.

SLOT MACHINES IN BUSINESS PREMISES

During the year under review 15 782 slot machines were running in premises operated by RAY's business partners. These included pubs, clubs and restaurants, service stations, shops and kiosks. The total number of gaming locations was 9 102. The number of games was up by 4.3% and the number of locations by 0.6% from the previous year.

Total revenues from slot machines in business premises grew by 3.7% to EUR 508.0 million.

A total of EUR 86.3 million was paid to business partners in space rentals for RAY's machines and games, which represents an increase of 3.4% from the previous year. For ease of comparison with the previous year, the figures do not include money contained in slot machines at the end of the year.

By the end of the year all of RAY's business partners had adopted a cash-handling system in which they are responsible for emptying the slot machines located in their premises. This ensures that sufficient change is available to players and that coins are used in the same location.

RAY continued to upgrade the gaming sites with the introduction of new machines and new screening arrangements. The objectives include making the sites more appealing and providing more information on gaming. Special attention was also paid to the monitoring of under-age players.

A centralized nationwide customer telephone service was opened in Lahti on April 1, 2003. During the year a new sales CRM (customer relationship management) system was taken into use. This will facilitate the management of placement agreements and machines, as well as the production of customer specific documentation and information.



RAY ALWAYS LISTENS TO OUR NEEDS

Manjit Singh, who originates from India, owns six pubs and clubs in Helsinki. Fever Bar & Club, one of his two night clubs, opened in 2003. Singh runs some of the businesses with a partner. In all there are 17 RAY slot machines and two casino games in the premises. Manjit Singh has been doing business with RAY since 1987.

There are around 4 600 RAY slot machines in almost 2 900 licensed premises.



IT'S GOOD TO HAVE A MEMORY FOR FACES

"The best thing about this job is the chance to meet people," says Susanna Haaga, a RAY croupier in Rovaniemi, northern Finland. "You have to be friendly to all the players, of course. And sometimes you need good skills at dealing with people and situations... and patience. If you have problems of your own you can't let them show. Players can sense things like that very quickly."

In 2003 RAY had 545 croupiers working in 287 pubs, discos, and clubs.

CASINO-TYPE GAMES IN CLUBS

At the end of the year under review RAY had a total of 349 gaming tables in 287 pubs, clubs, discos and similar premises operated by business partners. The number of tables has remained fairly stable for several years. The most popular game is Black Jack with 262 tables at the end of the year. There were also 81 roulette and 6 Red Dog tables.

This activity generated revenue of EUR 19.7 million during the year, which is a reduction of 2.6% from the previous year. The lack of growth in revenue from casino-type games has been explained by the fact that the active sales periods at the premises are becoming increasingly concentrated, by the general economic climate, by the effect of anti-smoking legislation on the positioning of gaming tables within the premises, and by the trend among players to use cards rather than cash. Only cash is accepted at RAY's gaming tables. Research was conducted during the year into the acceptance of card payments, but this was not yet found to be feasible.

In recent years the active sales periods at pubs, clubs and discos have increasingly tended to be concentrated on the weekends, and casino-type games have followed a similar trend. During the year under review, the sessions starting on Friday or Saturday accounted for as much as 64% of casino-type game sales. At weekends the most active period is not until after midnight.

A total of EUR 3.7 million was paid in space rental during the year under review, which is 7.7% less than in the previous year. The profitability of the casino-type games fell slightly due to the reduction in revenue and the increase in lottery duty. Operating expenses remained at the previous year's level.

ARCADES

During the year under review RAY had 51 arcades around Finland. Of these, 24 were 'Täyspotti' and 25 'Potti' arcades, and 2 were 'Club RAYS'. At the end of the year the arcades had 1 642 slot machines and 56 casino gaming tables, of which almost half were roulette tables. Other casino games available in the arcades were Fast Poker, Red Dog and Black Jack.

Total revenue from the arcades was EUR 71.8 million during 2003, which is of the same order as in the previous year. Compared to the previous year, revenue from slot machines increased by 0.8% while that from casino-type games fell by 4.7%. Revenues missed the 5% growth target for various reasons including unforeseen temporary closures of arcades. Of the arcade chains, the Potti arcades reported an increase of 8% in revenues from the previous year. For ease of comparison with the previous year, the figures do not include money contained in slot machines at the end of the year.

The RAY arcades recorded some 9 million customer visits during the year, which represents an average of 25 000 visits per day. Customer visits increased by around 2% from the previous year, which is due to an increase in the number of arcades. In the case of the Potti arcades, the increase in customer visits was around 8%. The other chains saw a reduction in the number of visits. Closures during renovation work represented one of the factors behind this fall.

During the year the Täyspotti arcade in Kuopio relocated to new premises, and the Täyspotti arcades in Joensuu, Järvenpää and Vaasa were renovated. New Potti arcades were opened in Lohja and Lahti. The Potti arcade in Ylivieska moved from its town centre location to a new shopping centre, and the Turku Potti relocated to Kaarina.



LISTENING IS IMPORTANT

"Some of the people who come here to play are actually looking for social contacts," says Mikael Petäjääho, who is in charge of RAY's 'Potti' arcade in Jyväskylä. Within RAY he also acts as an induction trainer. "In this job it's important to know how to listen, and you have to sense how to keep your customers happy."

In 2003 RAY's arcades recorded an average of 25 000 customer visits per day.



SPECIAL EVENTS AT THE CASINO

Event management company Elämystaikurit organizes a wide range of events for customers and stakeholders of its client companies. Every event is individually arranged. Some events have included a visit to Casino RAY, and an instructor may be provided to show the visitors how to play casino games. The company has been working with the Casino for around five years.

In 2003 Casino RAY recorded around 560 customer visits per day.

CASINO RAY

Casino RAY faced a challenging year in 2003, its last full year of operations. At the same time as Casino RAY was kept fully operational, work went ahead on planning and constructing the new casino. According to the preliminary timetable, the new casino should have opened in December, but the move was postponed until 2004 due to the complexity of the construction project.

Casino RAY produced total revenue of EUR 21.7 million during the year under review, up by 2.2% from the previous year. Of this total, the slot machines accounted for 65% and table games for 35%. Revenue from the machines grew by approx. 3% to EUR 14 million. Revenue from the table games grew by approx. 0.6% to EUR 7.6 million.

The travel sector - and also the number of visits to the casino - were affected by the general economic depression, war in Iraq and SARS epidemic. A huge construction site near the casino also had an unfavourable impact on the number of visitors.

The casino reported a total of some 202 800 customer visits in 2003, down by more than 13 600 on the previous year. The average number of visits per day was 559, and the customer spend per visit was EUR 107.

Several important agreements were signed during the year. Royal Ravintolat Oy was selected to operate the restaurant in the new casino, and Blue Media Oy will provide entertainment.



Personnel

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At the end of the year RAY had 1 641 employees, a reduction of 23 from the previous year. Full-time employees numbered 759. Of the 882 who were employed on a part-time basis, the majority worked in customer service functions in the casino-type games in pubs, clubs and discos, and in the arcades. 69 employees, or 4.2% of the entire personnel, were on family, study, job rotation or other leave. The turnover rate among full-time employees was around 7%, with a corresponding figure of some 23% for the part-time employees.

The average age of all employees was 34 years. The figure for part-time employees was 27 years, and for full-time employees some 15 years higher. Women represented 47% of employees.

Personnel expenses totalled EUR 41.2 million during the year under review, which represents a decrease of some 2% from the previous year. Of the wages and salaries

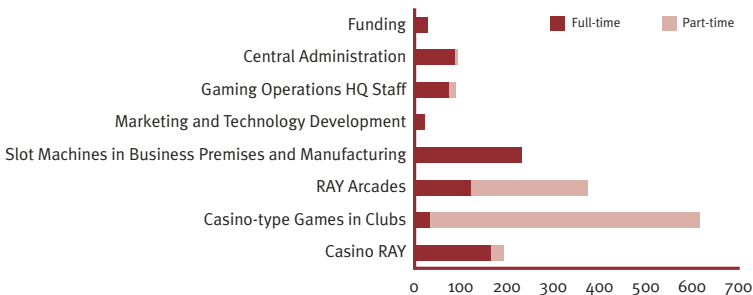
paid, 0.5% consisted of performance related and incentive payments. These were paid according to separately specified criteria to 391 employees and totalled approx. EUR 160 000. Long-serving employees receive a sum equivalent to one month's pay every 10 years. During the year under review, a total of some EUR 87 000 was paid in long-service awards to 39 employees.

SURVEY SUPPORTS PERSONNEL DEVELOPMENT

Around three-quarters of all employees responded to an employee survey during the year under review. This was a follow-up to a survey conducted in 2000. According to the results, RAY's strengths include internal efficiency and employee satisfaction, which are at better levels than in comparable organizations. Employees also regarded the team atmosphere and spirit as very good. 73% of employees would recommend RAY as

PERSONNEL 2003

total 1 641 employees



a good place to work, compared with 58% in the comparable organizations. The survey also shows that supervision has improved, personnel management is more effective than is normally expected, and supervisors at RAY are now better able to set an example through their own work. Areas regarded as requiring improvement included feedback for employees on their work - even though the working relationships between supervisors and subordinates are otherwise good. The majority of employees would also like more challenges in their work. Action plans for future years will be prepared on the basis of the survey.

FOCUS ON EMPLOYEE WELFARE

During the year under review RAY provided GP services for all of its employees. Consultations with specialist doctors, dental care, physical therapy, and spectacles were reimbursed according to the employee's length of service. More active monitoring was introduced for sick leave and the underlying reasons for these absences. In-house training in the detection of addictions, launched in 2002, was expanded nationwide, as was a system to ensure that treatment is provided at an early stage for those requiring it.

RAY provides recreation, hobby and sports facilities for the use of employees, and there are also holiday apartments available for rent. Clubs catering for specific interests organized a total of 34 events in the Helsinki region. These were open to all RAY employees and attracted around 1 700 participants. Units in other places organized hobby and recreational activities in line with their own action plans.



INVESTING IN EMPLOYEE WELFARE AND TRAINING

“Occupational healthcare aims to help employees find new strength and new ways of coping with their workload,” says Tiina Lammi, RAY’s occupational health nurse.

RAY also invests in training and promotes the development of employees’ skills. “When we plan our training we always start with the needs of the individual employee,” says RAY’s training coordinator Reijo Kauppila.

In 2003 RAY invested a total of some EUR 1.3 million in employee welfare and training.

ADMINISTRATION AND ORGANIZATION

RAY is an association of voluntary organizations operating in the areas of health and social welfare. Membership of RAY is open to significant, incorporated societies and foundations that work on a non-profit basis to promote health and social welfare. At the end of the year under review RAY had 99 member organizations.

The supreme decision-making body is the General Meeting of member organizations, which is held once a year. During the year under review the General Meeting approved RAY's financial statements as well as the operating and financial principles for 2004.

The 14-member Board of Administration has a Chairman, two Vice Chairmen and eleven other members. The Finnish Government appoints the Chairman, First Vice Chairman and five other members, who include one member from each of three ministries: Social Affairs and Health, Interior, and Finance. The General Meeting appoints the Second Vice Chairman and six other members. In addition two personnel representatives participate in the work of the Board of Administration. The Board of Administration is appointed for a term of three years. In 2003 a new Board of Administration was appointed for RAY. Its term of office began on January 1, 2004 and will run until 2006.

The Board of Administration appoints the 4-member Executive Committee. Its Chairman is RAY's Managing Director. The other members are the Directors responsible for gaming operations, funding activities and administration.

BASED ON THE LOTTERY ACT

Finland's Lottery Act forms the legal basis for RAY's operations. This Act stipulates that on the basis of a separate gaming licence an exclusive right can be granted to carry on such activities as slot machines and casino-type games, and casino operations. On the basis of the Act the Government has granted RAY a gaming licence until the end of 2006. The Lottery Act specifies that the revenues generated by RAY's gaming operations are used to promote health and social welfare.

Preparation of the funding distribution and control over usage of the funds are based on the Act on slot machine funding assistance. This 'Funding Assistance Act' regulates the basis on which funding assistance is granted, the procedure for granting assistance, the payment process, the use of the funds and control over their usage, inspection procedures, and the repayment or reclamation of funds.

The Government has also issued a Decree on the Slot Machine Association, which governs RAY's organizational form and administration, and its revenue accounting procedures. In addition a Decree regulating time limits applying to slot machine funding assistance has also been issued on the basis of the Funding Assistance Act.

SUPERVISION BY TWO MINISTRIES

The Ministry of the Interior (MI) supervises gaming and other lottery activities in Finland. The ministry is also responsible for submitting gaming rules and limits on the maximum

number of games for a decision by the Government, and for ensuring their legality.

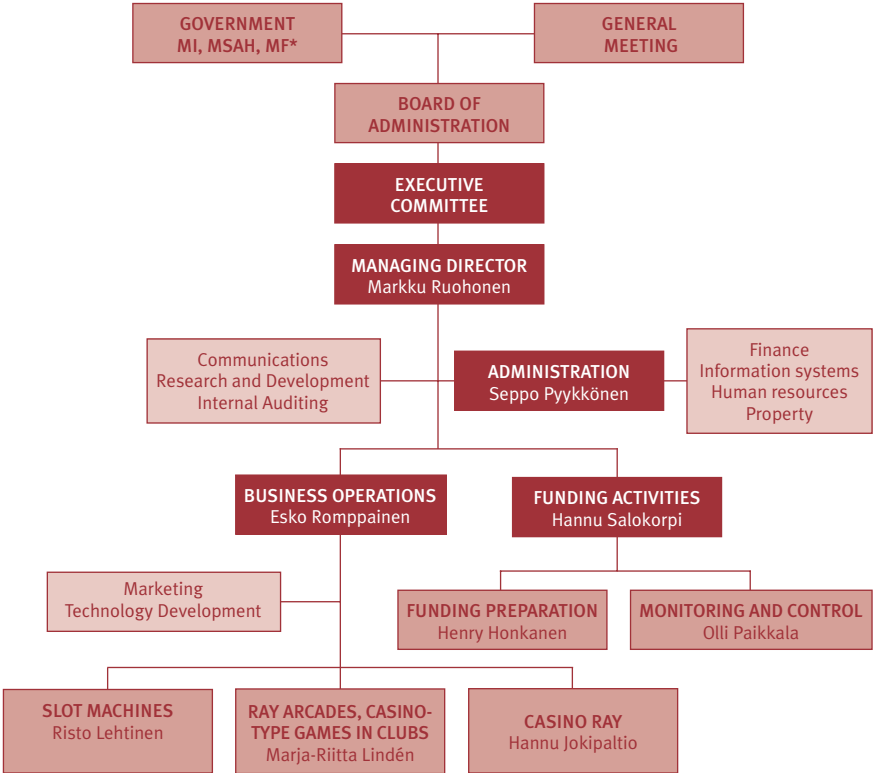
The Ministry of Social Affairs and Health (MSAH) controls and supervises RAY's funding activities, including the procedures for preparing the distribution proposal and assistance plan, the payment of assistance, and control of its use. Each year the following year's funding assistance targets are agreed between RAY and the MSAH. These targets are then written into the national budget. RAY also submits a yearly report to the MSAH on its supervision of funding assistance utilization, as well as a supervision plan for the following year. The Lottery Act stipulates that the MSAH is also responsible for monitoring and evaluating the social effects of gaming and other lottery activities.



Board of Administration from top left:

Pekka Järviö, Suvi Lindén,
Jukka Vihriälä, Outi Ojala,
Stefan Mutanen, Lasse Murto,
Janne Rämä, Klaus Halla, Hilikka Nousiainen,
Hannu Mäkinen, Leena Koikkalainen, Tor Jungman,
Helena Hiila, Kristiina Tetri, Maunu Ihalainen,
Pirkko Karjalainen.

ORGANIZATION 2004



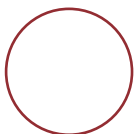
* MI = Ministry of the Interior
 MSAH = Ministry of Social Affairs and Health
 MF = Ministry of Finance

INCOME STATEMENT 1.1. - 31.12.2003

EUR 1 000	Note	2003	2002
TURNOVER	1	580 961	562 373
Increase (+)/decrease (-) in inventories of finished goods		-137	+235
Manufacture for own use		8 953	4 562
Other operating income		617	706
Materials and services			
Materials and supplies			
Purchases during period		10 042	5 706
Increase (-)/decrease (+) in inventories		-841	+125
Space rental		91 670	87 506
External services		323	256
Personnel expenses	2		
Salaries and wages		33 321	33 425
Social security expenses			
Pension expenses		6 017	6 699
Other social security expenses		1 987	2 024
Depreciation	3	18 333	18 963
Other operating expenses		33 308	30 842
OPERATING PROFIT		396 234	382 330
Financial income			
Interest income		2 489	3 273
PROFIT BEFORE TAXES		398 723	385 603
Direct taxes		-2	-1
PROFIT FOR THE PERIOD		398 721	385 602

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