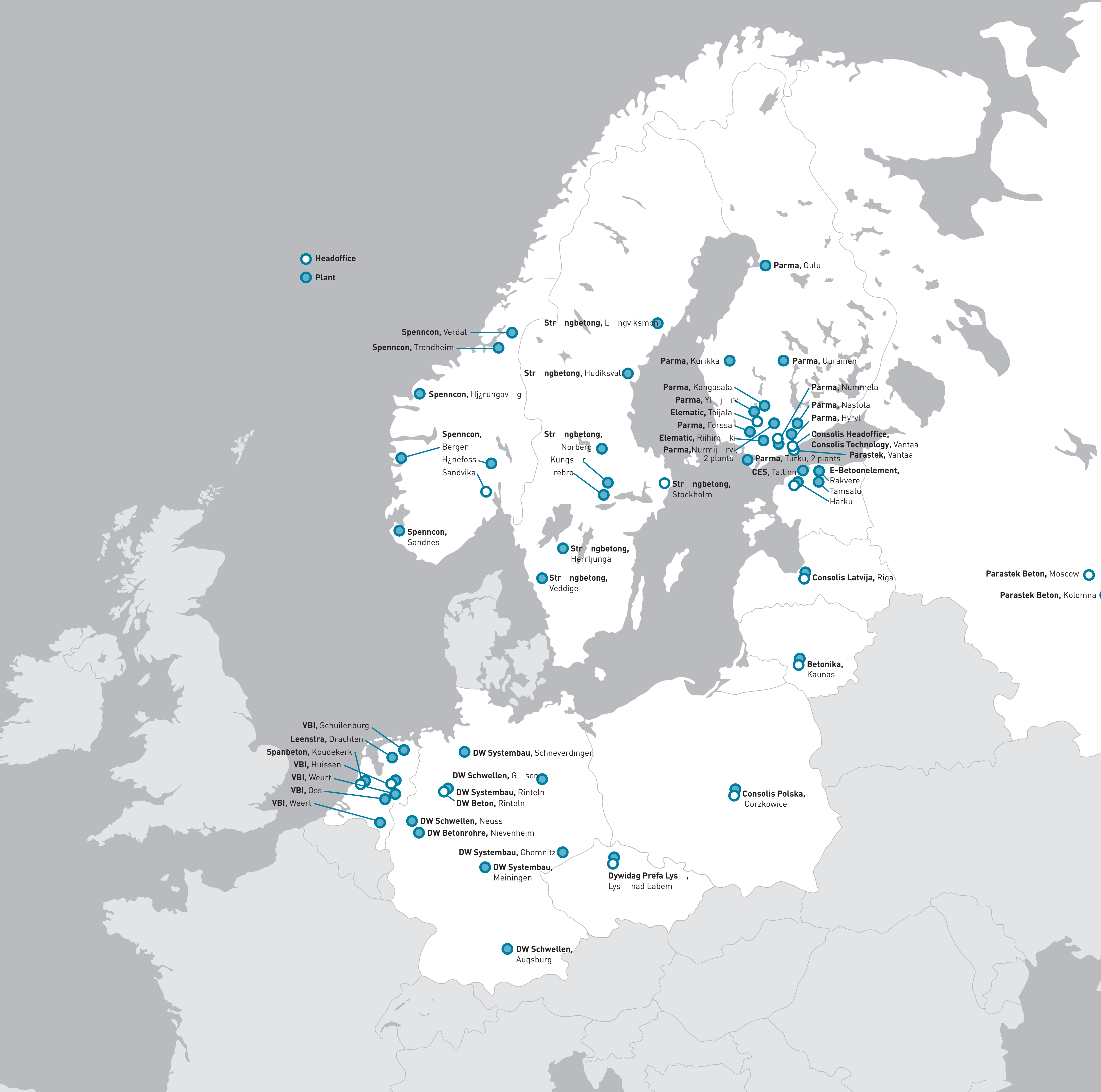
Annual Report 2004



CONSOLIS
CONSOLIS TECHNOLOGY
PARASTEK
PARMA
ELEMATIC
E-BETOONELEMENT
CONSOLIS ENGINEERING SERVICES
DW BETON
CONSOLIS LATVIJA
BETONIKA
SPANBETON
VBI
Spenncon
CONSOLIS
STRÄNGBETONG
PARASTEK BETON

Contents

Consolis in Brief

Consolis is the largest precast concrete based solution provider and manufacturer of structural precast concrete elements in Europe, with more than 50 production plants in eleven countries and over 5000 employees. Consolis activities encompass a large variety of buildings, civil engineering works, infrastructural products and engineering services for precast concrete industries.

Consolis' production covers a wide range of precast concrete elements, from load bearing structures, façades, floors and roofs to major infrastructural products such as railway sleepers, bridge beams, tunnel linings, noise and safety barriers and products for water treatment. Consolis also provides services ranging from planning to the erection of its products.

Consolis maintains a strong position within the prospective markets of countries where it is active, both in the design and production of precast elements and systems as well as in the development of precast concrete technology.

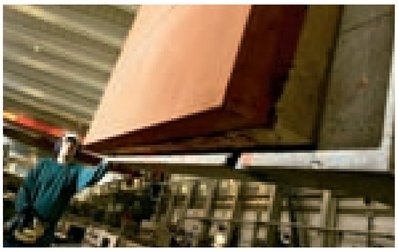
Consolis has operative companies in eleven countries: Finland, Sweden, Norway, the Netherlands, Germany, the Czech Republic, Poland, Lithuania, Latvia, Estonia and Russia. The engineering company, Elematic has customers in more than 70 countries.

Consolis' head office is located in Vantaa, just outside Helsinki, Finland.

In 2004 Consolis had a net sales of EUR 646 million (EUR 618 million in 2003) and employed on average 5,101 employees (4,946 in 2003). Orders received amounted to EUR 691 million (EUR 594 million in 2003). Consolis was formed in December 1997 following the merger of Partek Precast Concrete and the Swedish company Strängbetong. Consolis' major shareholders are the Swedish private equity fund Industri Kapital and the Finnish KONE Corporation. Management also has a shareholding in Consolis.

Highlights 2004

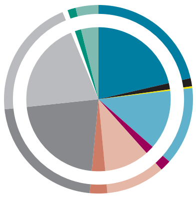
- Sales increased to EUR 646 million.
- Increased turnover in the Nordic and Baltic countries and in the Netherlands.
- Decision by German railway authorities to postpone investments had a strong adverse impact on sales and result.
- Cash flow from operating activities amounted to EUR 31.6 million.
- Increased production capacity in the growing Baltic markets.
- The order backlog of EUR 229 million at year end was all time high.

Key Data

NET SALES by Segment 2004

- Residential Buildings 31%
- Non-Residential Buildings 48%
- Infrastructural Construction 14%
- Engineering 7%



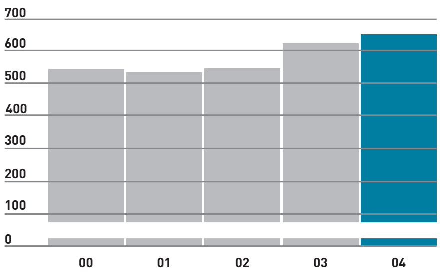
NET SALES by Geographic Area 2004

- Finland 21.4%
- Czech Republic 1.4%
- Latvia 0.3%
- Norway 13.4%
- Lithuania 1.9%
- Germany 10.1%
- Estonia 3.0%
- Netherlands 21.8%
- Sweden 20.5%
- Poland 0.9%
- Russia 1.4%
- Other countries 3.9%

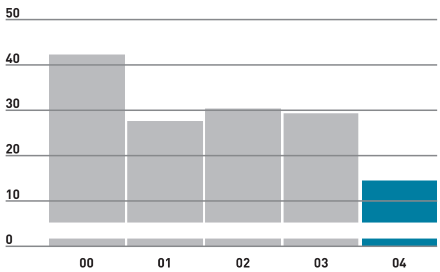
CONSOLIS GROUP Key Figures 2000 – 2004

		2000	2001	2002	2003	**2004**
Net sales	Million euro	541.6	531.2	543.0	618.4	**646 .1**
Operating profit	Million euro	42.4	27.7	30.4	29.5	**14.5**
of Net Sales	%	7.8	5.2	5.6	4.8	**2.3**
Result for the period	Million euro	23.0	12.4	13.4	11.4	**4.3**
of Net Sales	%	4.2	2.3	2.5	1.8	**0.7**
Earnings per share	euro	1.8	1.0	1.1	0.9	**0.3**
Return on capital	%	23.4	13.6	11.9	10.6	**5.6**
Gearing (capital loan as equity)	%	36	63	113	80	**68**
Average personnel	Number	4169	4204	4292	4946	**5101**

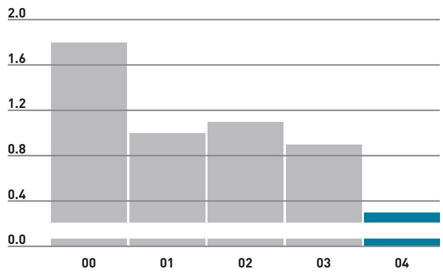
CONSOLIS GROUP Net Sales, EUR m



CONSOLIS GROUP Operating Profit, EUR m



CONSOLIS GROUP Earnings Per Share, EUR



Review by the President and CEO

The Consolis Group suffered its worst result ever during 2004. This was due mainly to the very slow growth in Western Europe, Consolis' main area of operations, which has led to a stagnation in investments. The unsatisfactory result was also due to two unforeseen events, one affecting Consolis and some competitors only, the other affecting the whole construction industry and not only that industry.

The German Railways Authority decided at the beginning of 2004 to reduce their spending on new rail lines and maintenance of old ones by a significant amount. This meant that Consolis was able to supply less than half of the amount of sleepers and turn-out sleepers compared to 2003. When at the same time the Emsher sewage project in Germany was delayed, the result of Consolis subsidiary DW Beton turned out to be extremely unsatisfactory.

At the beginning of spring 2004 a new or 'reborn' difficulty emerged: sudden raw material price increases. According to information supplied by the steel manufacturers, the increased demand for steel in China caused the price of scrap metal and thus mild reinforcement steel and prestressed wires to almost double during the year. This development was exceptionally difficult for the Consolis Group which has traditionally relied on long-lasting relationships with its customers, which were honored, and annual contracts with its suppliers, some of which where not.

Although disappointing, 2004 also brought positive developments. The Group's growth strategy in Eastern and Central Europe clearly showed its success; as a whole the turn-over in these countries almost doubled and the result tripled. The new factory in Stopini, close to Riga in Latvia, was brought on stream and the Group's first factory in Russia, in the city of Kolomna close to Moscow, was established. The growth of the Group in 2005 will also be very dependant on the rapidly expanding markets in Russia, the Baltic countries, Poland and the Czech Republic.

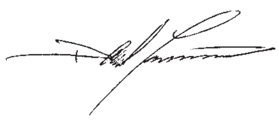
There were no changes in the ownership structure of the Group during 2004. However, during an issue of shares in the autumn of 2004, the present owners decided to convert their capital loan into shares, thereby further strengthening the balance sheet of the company.

Considering the preliminary ownership structure of the Group, which has already existed for seven years, the owners and Managing Director mutually agreed during the spring of 2004 that the continuation of management is of the utmost importance and as my retirement age is very close, a new President and CEO should be employed as soon as practically possible. My successor, Mr Arto Metsänen, will assume his new responsibilities from June 1st, 2005. I will continue in the Group as a Senior Advisor to the Board until my retirement in May 2006.

I am happy to be able to hand over the responsibility as President and CEO to Mr Metsänen in a situation where the Group's result can only improve. This is due not only to new and innovative management, but also to the fact that by year end 2004 the Group had its biggest order backlog ever and now seems to be geared for a swift recovery, especially during the later half of the year.

I would also like to take this opportunity, while writing my last review, to sincerely thank my personnel and the owners for the support and trust I have always felt that I have received. My thanks also go to the Group's customers in more than twelve countries; without your continuing support and belief the bright future of the Consolis Group, which I know is there, will not be possible.

Vantaa, April 2005



Bengt Jansson
President and CEO

Hollow-core Floors in VBI style

Prestressed hollow-core floors belong to the most modern floor systems due to their efficient design and production methods, the choice of unit depth and capacity, surface finish and structural efficiency. Innovation has made Consolis' VBI a leader.

VBI in the Netherlands specializes in precast concrete floor products. VBI has six factories throughout the country and is the biggest producer of hollow-core floor systems in Europe. VBI's factory in Huissen is the largest and most modern hollow-core production facility in the world. The company has developed many innovative solutions for the market such as pipe-flooring products where the building's plumbing runs inside the hollow-core slabs.

"VBI has been responsive to market demands and trends," says Martin Koppenhol, Head of Communication and Public Relations at VBI. "It was customer surveys that led us to place the pipes in the floors, first in single dwellings and then in apartments."

The modern consumer has very specific requirements when it comes to residential matters. Home-owners and tenants have different residential wishes at every stage of their lives. In addition, organizations expect their facilities to be capable of evolving in step with business-related developments. In recent years, VBI brought about a small revolution in the Netherlands with the introduction of the Pipe Floor. Following that success, VBI went on to develop a new type of floor, the Apartment Floor. The Apartment Floor offers unprecedented possibilities in designing the apartment of the future, for which space and comfort are the most important requirements.

"The nice thing is that each precast element can be unique. It can be produced and delivered just in time according to schedule and the order the elements are required in. This is one of VBI's strong points and it is unique in the Netherlands."

In the case of VBI's floor systems, a substantial savings in raw materials is also achieved and the product is easy to recycle. Meanwhile the flexible configuration possibilities mean that the building has a longer life cycle. Building with VBI hollow-core slab floors results in a more manageable building process and the construction risk is reduced.

The VBI Pipe and Apartment floors are already adapted to individual user wishes during the production process. The grooves for pipes are incorporated according to specification. It is also possible to take account of changing user wishes in advance. For instance, even shortly before delivery the buyer can still change the layout of the bathroom when using a recess for parameter piping. Virtually unlimited changes can be made to the configuration of the dwelling, even many years later.

A huge advantage of the Pipe Floor is its almost unlimited flexibility. That which was impossible in the past is now possible thanks to the Pipe Floor and Apartment Floor. All pipes can be put into the floor, irrespective of which pipes have to be placed exactly where. Another strong point is the simplification of the building process, saving time and thus money. Reinforcement, heavy concrete, propping, formwork or casting in situ is no longer necessary. Builders get help in learning these new techniques. "At VBI, we have a group of technical advisors to give clients support about materials handling on the site. These are technical professionals," Koppenhol points out.

Construction time can be slashed since the complete floor is supplied on the building-site. This means that the building contractor can make significant saving on wages and building-site costs, which can average 40% of total costs on the Dutch market.

"What differentiates VBI products and solutions in the market," says Martin Koppenhol, "is that we are very reliable, and that is not just our view either, but based on the results of client surveys. We are the most innovative company in the field in this country. We always inform our clients about the latest things available or coming up, not just hollow-core products, but all our innovations."

Consolis companies have paid special attention to the development and adaptability of hollow-core floors.

Consolis has more than 50 production plants in eleven countries.

Integrated Hollow-core Slabs from Parma

A new HC solution developed and produced by Parma can dramatically increase the usability and lifespan of buildings. In this system, the voids in the hollow-core slab are used as passages for technical installations, i.e., ventilation, plumbing and compressed air pipes and electric cables.

This solution enables high flexibility for future changes in the building. Consequently, changes and repairs can be made without disturbing activities in the other parts of the building. Parma's integrated HC slab received third prize in the yearly RIL competition on September 29th, 2004. Parma has developed this advanced hollow-core system together with the University of Helsinki, Senate Properties and other partners.

"We tried to create a totally new model for flexibility. Our policy for years has been to make each project better than the previous one," explains Toivo Vainiotalo, Head of the Technical Department at the University of Helsinki. We started with an open research area of 25,000 square meters. This entire area needed to be designed so that we could install all the technical facilities that major research needs at a later date without disturbing activities nearby. This has worked quite well. Everyone is very satisfied and our visitors are impressed. Parma was the only firm that could develop and deliver the right hollow-core slabs."

"This presented an exciting range of challenges," says Parma Project Engineer Marko Levola. "The problem was that the design called for the pipes to be inside the structure, so that they could be changed. At an early stage, we discussed whether or not the ventilation ducts could also be placed inside the slabs. They are very large and usually hidden in a false ceiling. So we decided to go ahead and develop slabs that the ducts could be put in. When we first sat down to consider this in May 2000, there were obvious issues such as fire resistance, cleanliness and the interior smoothness of the slab, which need to be clean and smooth to prevent collecting dust from the air. They also have to be accessible for cleaning. So, this meant that the surfaces have to be treated, and in such a way that there are no odors, no toxins and so that they are able to withstand mechanical brushing. The outstanding questions, however, were then the connection details between vertical ducts and slabs and outside ducts. We only had three months to find the right answers and to work out the cost."

The empty areas in special hollow-core slabs are used as ventilation ducts for incoming fresh air. These are washed at factory with high-pressure water and then coated with special paint to ensure cleanliness. Before being transported to the site, they are sealed with hatches made of galvanized steel. Air ventilators and conventional steel ducts are then attached on site. The hatches will still be accessible so that the sanitary sewers, water pipes, electric cables and compressed air pipes that have been put in the hollow-core slabs can be controlled and cleaned. These sewers and pipes are inserted in the slabs in pre-assembled packages. Usually this is done on site, although it can also be done at the factory. The empty spaces in these special slabs are larger than usual so that installation is easy. The pre-assembled packages can be moved to another space or replaced with a new one if needed.

"Even though the initial investment may be higher, the client still saves money," Marko Levola points out. "The lifecycle of the building is extended and there is much more flexibility when changes need to be; for example, research projects at a university typically last three to five years. After that, the layout of a room may need to be altered to meet the requirements of a different project; these changes need to be made fast. In a conventional building, that would mean cracking the concrete open and then replacing vents and ducts. Here, all that needs to be done is a hatch needs to be opened, what needs to be changed is changed and then the hatch is closed up again. This is extremely flexible."

In addition to facilitating changes in a building, the use of integrated hollow-core slabs is also more economical on a life-cycle scale than the implementation of traditional construction technology is. There are also benefits such as not needing false ceilings, which provides the room with more height, in addition to which, overall maintainability is much easier.

While this new type of integrated hollow-core slab has been successfully implemented into building projects that are not finished, development work continues. Further advances are expected on how to make the inside surface of the voids even smoother. Parma is also working on exploiting the thermal mass of the slabs and is aiming at attaining type approvals.

Three different examples of

A Complete Package

Consolis Group companies can and do supply clients with a lot more than just precast concrete elements. The major benefits of precast structures are best gained when the use of details is taken into account in the basic design of the structures. As specialists, Consolis Group companies make its engineering, planning and design resources available to the client to assist them in achieving the practical efficient and economic implementation of the design concept.

Typically, clients find that merely delivering materials is not enough. More often than not, detailed technical proposals and assistance are needed in dealing with issues from techniques to the environment, and even corporate image. It is all aimed at finding the best fit for the client.

Consolis can and does provide design and production information to the client, architect, consulting engineer, services engineers and all other disciplines to give full guidance to the entire design team. This ensures that all parties are aware of the particular methods adopted in all phases of the project, leading to maximum efficiency and benefits.

Residential quarter in Vilnius, Lithuania

A prime example can be seen in a residential quarter in Vilnius, the capital of Lithuania, for which Betonika has provided both materials and comprehensive services.

The project consisted of five buildings of nine to ten floors each with between 45 and 104 apartments per building plus underground parking. The client was originally interested in constructing three identical buildings. Our designers worked very closely with the client's architects to create the best solutions in design and even in costs.

"What particularly impressed the client were the savings in square meter costs found, as well as the savings in time," says Vytautas Niedvaras, Managing Director of Betonika. "The prefabrication allowed construction to start in winter. The winter was a harsh one and since the client was bank-financed, speedy construction time was essential. Another system could have prolonged sales by 3–4 months. Our project team was available to help the client in any way possible. We assisted in securing building approval and documentation. We helped the client get expertise in erection. We provided support with gaining machinery, skills and auxiliary materials. We had a project manager on site transferring our knowledge. We even had to correct some specifications on site, including measurements of placement."

The first parking basement was cast in situ; for the others, the client turned to Betonika's precast solution, which was faster and better. "Altogether, there was a team of only 9 workers assembling the houses. If they had been cast in situ, there would have been at least 60."

In Soviet times, the majority of residential buildings were built from precast concrete, but of lower quality, design and construction, which led to the reputation of precast apartment buildings not being so good in Lithuania. As a part of its contribution to the project, Betonika even mounted a mass media campaign in co-operation with its client to inform the public, and prospective buyers, of the quality and expertise exemplified in these buildings. "The image of precast concrete housing had been spoiled, so even the end users had to be convinced that this project was something very different."

The success of the project led to a contract with the same client for four more residential buildings. "We have created the basic concepts for these residential buildings," points out Vytautas Niedvaras. "In part, this is based on best practice from Consolis and replication for local conditions and architectural design. We have received many more inquiries and it looks as if there is growing demand for the packages we can put together in the residential sector."

Hospital in Trondheim, Norway

The new St. Olav's Hospital in Trondheim, mid-way up Norway's west coast, is one of Norway's largest and most complex development projects ever. The first stage, scheduled for completion in 2006 will include a supply center, a patient hotel, a laboratory center, a woman-child center, and a neuro center. During the second-stage, an administrative center and six different types of care centers will be built.

The process started in March 1999 when the consultant was in contact with Spenncon as plans for a new hospital complex were being formulated. "We stated to them that they should use precast concrete and we

Concrete elements do not have to be grey or dull. New technologies allow the use of different colours and textures.

Prefabrication enables construction also during harsh winter months.

provided them with information about precast in general and about our solutions", says Spenncon's Managing Director Terje Søhoel.

"This is a project where the initial client was a consultant," explains Terje Søhoel. "The end client is a public municipality so they need to use architects and technical consultants. At first, the consultants wanted an in situ building. We explained all the benefits of precast techniques. They listened and they believed what we said. We argued less about materials than environmental factors, time consumption, flexibility, costs and foundations."

One key to overall customer satisfaction, according to Terje Sohøel, was the environmental advantages that Spenncon could demonstrate.

In terms of resource consumption, an in situ building would have used much more concrete, and, for example, transportation gasoline consumption would have been higher with more materials.

"We calculated that there would be 1,250 heavy trucks coming and going if they built in situ and that means noise, and a lot of road congestion. On costs, we could show that using hollow-cores, instead of the consultant's suggestion of casting in situ was considerable lower. And lighter. On the foundation side, we could show that they would save 15,000 tonnage of concrete in construction since the construction is lighter."

Bashallen in Jönköping, Sweden

ITAB is a listed company in Sweden that makes display furniture for shops. Before ITAB decided to build one centralized facility in the city of Jönköping, it operated at five different sites.

Strängbetong's project with ITAB is yet another example of how a well packaged, but adaptable solution can be quickly and successfully rolled out. The company had its first meeting with ITAB's architect in October 2000. By May 2001, the shell has already been erected and some of the storage premises ready for use. In December 2001, the whole site was up and running.

Strängbetong's task was to be the contractor for the frame and shell of the building including technical design. This is one example of the about 200 "Bashallen" buildings sold by Strängbetong. The size of Bashallen buildings normally varies from 1,000 to 40,000 square meters. The ITAB building is 16,000 square meters.

"From the beginning, it was not a given that they would use concrete, although there were some demands for flexibility, which made the choice clear. In addition, the short construction time was a key consideration," says Arne Hellström, Marketing Manager of Strängbetong in Sweden.

"We worked together with the architect. He used our basic concept Bashallen in order to get the look that he wanted. He was able to develop the architecture further and still have control over the cost. Strängbetong was also responsible for the technical design. Apart from us and the architect, the design team consisted of consultants and contractors for technical installations, internal construction works and fittings."

Inside, the ITAB facility is 8 meters high and the framework is a Bashallen precast concrete structure with external walls of sandwich elements of concrete. The sandwich elements have a light façade of exposed aggregate, a gray stone, but are very light. The associated office building has a wooden façade, with the framework in steel and concrete.

Many architectural possibilities can be applied when using prefabricated façade elements such as claddings or load-bearing sandwiches. Outer walls can be designed with different principles and provide varying architectural expressions.

"Looks count for a lot," Arne Hellström points out. "A building of stone or concrete gives an impression of solidity. They get a lot of visitors from abroad and a building like this gives a good impression of the corporate image. I believe our concept was interesting both from an economical point of view and from a standard point of view. It was a package that more than met their demands."

Keeping Pace with Change

A Technology Roadmap

The world is changing more rapidly than before, and so the future is increasingly difficult to predict. There is an increased need to observe and analyse our business environment. It is crucial to success that the present state of the market be determined, the logical conclusions be drawn and the technological changes influencing our business be anticipated.

With this in mind, Consolis completed an in-depth project on the creation of a technology roadmap in 2004. The mission of the project was to figure out what technology and market changes may influence the business of Consolis. This outcome will be used now both to direct the Group's future investments and R&D efforts and to form a broad outline for a clear strategic direction with regard to technology.

Innovative solutions play a central role in success. The exploitation of new ideas is of the utmost importance for the development of the Group's operations. Development is vital to increasing our competitiveness. Better quality and cost efficiency require additional investments. In addition to being able to compete with similar products on the market, Consolis' products and concepts must also be competitive when it comes to alternative products and building systems. This is the challenge facing Consolis today and in the future.

The roadmap project was able to combine the existing, solid knowledge within the Group and determine a means of extending it. According to Olli Korander, Managing Director of Consolis Technology, a deep understanding of the current and future positioning of Consolis' technologies, as well as of the precast industry as a whole, was achieved.

Consolis functions internationally while producing and selling locally. "This is a challenging position for technologies," says Olli Korander, "But, we strongly believe it is a benefit, too. When we went through the emerging trends, we expected a lot of local variation. In the end, we found that they were very close to each other. Different countries might be in different positions on the trend curve, but the topics are the same and so we can identify the issues relevant for most countries. It was a real surprise for me that they were so close to each other."

These findings will give further impetus to inter-Group co-operation as well, Korander points out, "I believe that one good, typical example is the residential housing market where we can see a need for good housing concepts in almost all countries, ranging from single-family dwellings to multi-story apartment buildings. We already have good systems and concepts in this area. A big part of the job now is to transfer these from one country to another. And, if we are talking about concrete as a material, it is the single biggest cost factor in our products and this means that we have to be on the highest level imaginable."

The creation of an integrated, seamless technology portion in Consolis' strategy will not only form a solid base for directing investments and R&D, but also continue to provide improved insight into technology and market needs in general. The main R&D areas were defined as innovation management, design management, lean production and lean construction. It is intended to increase the ability to react to market- and technology-driven changes through a type of early warning system; furthermore, it extends to the possibilities for innovation and/or partnerships.

A central task has also been to organise the technology management structure within Consolis. The target is to enable a smooth non-bureaucratic handling of technological matters and to create short communication lines between its subsidiaries, Consolis Technology and the Consolis' main office. This is a key feature in improving the ability to react to changes, in implementing the preferred options for improvement in technologies and in knowledge management, as well as in creating the foundation for further innovation.

"We have taken a systematic approach. We are confident that we have used the best analysis techniques. We started with global trends and ended with the local trends closest to our operations," notes Consolis Technology's Korander. "One main point is that this kind of work, as with any strategy, is an on-going process. We have established the means to continuously update and develop our roadmap. Our environment and the technologies are constantly changing."

Consolis provides the customer full solution for the building frame, including erection of the building.

Consolis Group Companies

PARMA, Finland

The Finnish construction market remained stable during 2004 due to consumer confidence in the future. In addition, housing demand was active as a result of low interest rates. The number of building start-ups, in the non-residential building sector, exceeded the 2003 figure. The growth in consumer demand has fuelled activity in the non-residential building sector. Initiatives to reduce spending in governmental and municipal economies, impeded growth in public service buildings sector. A number of large-scale civil engineering projects were realised during 2004. Growth in construction volume, during 2004, was estimated at 2 – 3%.

Operations

Despite the very low construction volume during the first part of the year, Parma's net sales amounted to EUR 140 million, 16% higher than 2003. Growth was due to several successful operational factors. Parma was able to swiftly react and meet rising demand, and customer's needs, towards the end of 2004. Increases in costs, especially in steel, were partly offset by improving cost efficiency.

In the residential building sector, key customers indicated their solid support for quality and reliability. Substantial growth occurred in the supply of slabs and foundations for single family homes. Market share increased, in regard to the new style of small home building projects, initiated by construction companies. The new jointless façade - with rendering coat – was launched successfully in the residential and public building sectors.

Hannu Martikainen
Parma

Heikki Haikonen
DW Beton

Thomas Krämer-Wasserka
DW Beton

Parma's strong competitive position was reflected in projects for logistic centres and commercial facilities investments – a successful implementation of system deliveries according to the ParmaTempo concept. Parma supplied the major building components for the Helmi project in Kaskinen, the largest investment in the wood-processing industry. Parma's entry into the infrastructure sector succeeded better than expected, supplying extraordinary volumes of culvert elements to the nuclear power plant projects of the IVO and TVO energy companies.

Parma's focus on quality, the environment and safety, continued to be the core management issues.

The contents of the ISO 14 001 and ISO 9001 systems were harmonised, with the certification process proceeding and encompassing all factories during 2005.

Innovations and Investments

Business operation concepts are developed based on close partnerships. New products and services have accounted for 10% of net sales over the past few years.

The rendering coat system, developed and produced for residential buildings – ParmaRappaus – has established a niche position in projects that require a jointless prefabricated façade. In regards to intermediate floors, several types of bathroom slabs were produced. The new Trimmeri slab has become a favourable solution in terms of total economy.

The supply of balcony and precast cladding units were notable in regard to the renovation sector.

A slab called TEK400 was developed as a thinner version of TEK to be included in the Tempo concept. The benefits of the TEK400 are based on the optimum use of materials. Utilization of the thermal mass of the building in the optimum way is being surveyed in an extensive, customer-based development project, the target being maximum energy economy and pleasant indoor climate of the building.

Progress was made in producing noise barriers for highways and egde beams for bridges in the civil engineering sector. Railway level crossings were replaced in cooperation with the Finnish Rail Administration.

Parma is able to deliver innovative solutions for the needs of the Energy industry as new projects arise.

ICT development continues in a focused manner. Working in close cooperation with customers and interest groups has benefited all parties involved in the construction process.

Key ratios 2004

PARMA

Net Sales, 139.9 m EUR
Operative Investments, 7.2 m EUR
Personnel (average) 954

DW GROUP

Net Sales, 61.3 m EUR
Operative Investments, 3.4 m EUR
Personnel (average) 496

Investment was directed at improving productivity in a number of factories. An environmental investment was completed at the Hyrylä factory during the year. An investment at the Nummela factory, enabled the production of walls for industrial building projects. The largest investment was the centralisation of production to the Rusko factory in Turku.

Outlook for the future

The economic trend in the construction industry is expected to remain stable, though construction start-ups are forecast to decline marginally during 2005. According to the forecast the total volume of construction starts in building construction will be about 36 million cubic meters.

Public service, commercial and industrial buildings, is forecast to achieve the highest growth during 2005.

Renovation volume is expected to grow at 2 – 3% due to the growing number of aging residential buildings. Renovation work accounts for over 40% of the total house building volume.

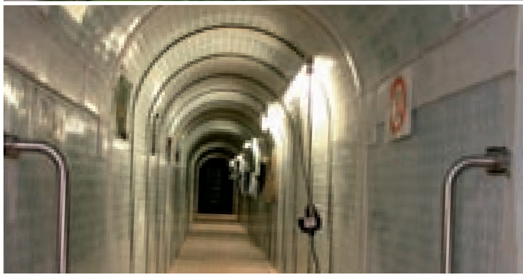
The basic conditions for the favourable development of residential production continue to look healthy. The demand for dwellings continues in the growth centres and surrounding districts, due to the brisk movement of the population and low interest levels. The demand for single-family homes will continue to increase. The growth centres lack available property, which is problematic for new building projects.

Parma faces some great challenges in 2005. Parma's initiatives involve productivity improvement, control of material costs and the creation of an open, innovative, and entrepreneurial atmosphere among employees. Working cooperatively with key customers, in the development of products and operations, will actively continue. Focus will be directed at creating healthy, safe, and economical solutions for new and renovated buildings.

DW GROUP, Germany

The German economy continued to be export driven. While German exports grew by 10% during 2004, the domestic market stayed flat with domestic investments declining by 1.1%

Construction activity reflected the unfavourable domestic economy with housing construction volume falling by 1.9% and civil engineering by 2.3%. The decline was more significant in the West (2.0%) than the East (1.2%) in contrast to many previous years.



Construction volume in the residential sector was marginally positive at 0.5%, a spill-over effect from the tax renewals carried out in the previous year. However, the construction volume in the non-residential sector, the main market for DW Systembau, declined by 6.8%.

DW Schwellen's main market volume in Railway renovation dropped by half compared with the previous year. Two major factors contributing to this sudden decline; firstly, the road toll system for trucks using German freeways faced technical problems causing postponement of the initialisation of the system by one year. This system planned to provide financing for railway renovations. Secondly, Deutsche Bahn imposed a large number of cost-cutting actions, including the postponement of a significant number of railway renovation projects anticipated for 2004.

Infrastructure projects related to water and waste water supply remained at a low level. A major large-scale project for DW Betonrohre, the Emscher project in the Ruhr area, commenced construction slower than anticipated.

Operations in 2004

The new name of DW Systembau brought together the previous operations of Brespa and Imbau. The name Systembau reflects the new positioning of the company: Combined products and services for frames and floors based on innovative precast systems.

DW Systembau acquired the hollow-core activities of BKP at the beginning of the year. This has reflected a clear increase in hollow-core deliveries during the year.

The acquisition of the former Imbau plant in Rinteln in April additionally reinforced DW Systembau's market position. With four factories in total, DW Systembau has become one of the main suppliers of precast products in Northern Germany. The core of new activity is Consolis' in-house expertise in the field of precast solutions, particularly in respect to prestressing technology.

DW Schwellen faced a tremendous drop in sleeper demand compared with the previous year. A reduction in demand forced a significant downsizing in operations during 2004. All three factories continued to work by a single-shift operation only.

The demand for water and waste water supply systems was low resulting in a significant drop in DW Betonrohre's activity level.

Innovations and investment

DW Systembau released a solid prestressed slab into the market at the beginning of 2004. The product is ideal for extreme-load areas where standard hollow-core slabs have limitations. The market reacted positively to the introduction of the solid slab reaching a 7% share of DW Systembau's total slab sales.

DW Betonrohre introduced three product innovations during 2004; double-lined polymer pipes, pipes with a crack detecting system, and pipes equipped with prefabricated extension possibilities for side lines.

DW Beton kept capital expenditure low during 2004 with the most important investment being a productivity improvement scheme at DW Betonrohre.

Outlook for the future

DW Systembau has presented itself as interesting newcomer to the German market by combining structural elements and hollow-core floors. DW Systembau expects this position to offer potential for the future. Even in a housing construction market forecasted to remain flat. DW Systembau expects to advance and become the largest part of DW Group's German operations in the coming year.

DW Schwellen will concentrate on additional product development, in order to compensate for the reduction in railway renovation operations, expected during the next few years.

DW Betonrohre's polymer-lined pipe was specified for the main channel of the Emscher project, beginning in the coming years. The outlook for DW Betonrohre remains cautiously optimistic.

The mutual sign "DW", and the concentration of all administrative functions into one location, were examples of DW Beton's completed integration activities during 2004. There is reason to believe, that with DW Beton's combined resources, the company is better equipped to face the future challenges of the market than ever before.

Lambert Teunissen
VBI and Spanbeton

Terje Søhoel
Spenncon

VBI, The Netherlands

The Dutch economy shows signs of recovery in large part due to a healthy export performance. The Consumer index remains at a very low level decreasing further towards the year's end.

The residential sector showed an increase of approximately 5% in comparison with 2003, however, the non-residential sector suffered from low investment in office-buildings.

Operations in 2004

Performance was satisfactory despite heavy price reductions during the year.

Improved efficiency, previously instituted initiatives and low rejection levels have all contributed to reductions in cost levels.

Components of the new ERP (Pro-Mis) system were implemented during 2004 with the system running satisfactorily due to the efforts of our employees.

Innovations and investments

The Pipe Floor and the Apartment Floor are continuing to gain interest.

VBI Casco will be introduced at the exhibition in Utrecht in February 2005.

The company has high expectations for the sales of the Casco which will positively influence the sales of the Pipe Floor and the Apartment Floor.

Outlook for the future

The Office buildings' market is at a very low level with a recovery not expected during 2005.

The so-called 'budget market'; schools, carehouses, hospitals and prisons is currently performing extremely well. The prospects for this sector remain high for 2005.

The government is making a concerted push to increase the residential sector due to the shortage of homes. The intention is to increase the number of dwellings from the present level of 60,000 to 80,000 per year.

SPANBETON, The Netherlands

Lower investments in infrastructure are due to a reduction in government spending. This has lead to a minimal number of 'short' highway tracks being planned, however, the widening of present highways is receiving greater interest.

Operations in 2004 / Innovations and investments

The completion of the Betuwe railway saw the rail business reach an extremely high level, contrastingly, bridges and turn-out sleepers were at a disappointingly low level.

Outlook for the future

Improving efficiency will be vitally important due to volumes in all sectors being under pressure. The market for bridges was especially low towards the year's end with only a minimal increase expected by the end of 2005.

The rail business will remain at a satisfactory level during 2005 due to railway sleeper replacements and arrears in maintenance.

SPENNCON, Norway

The construction sector reached a turning point during 2004 after having endured two years of negative growth. Dwelling production increased, particularly in Oslo, however, the size of dwellings decreased in relation to those built in 2003.

Non-residential building construction for the business sector has decreased over the last years. Buildings for the public sector, private garages and holiday houses (household sector) have assisted in keeping the total constructed floor area relatively constant.

Operations in 2004

Spenncon's available market increased as a consequence of the dwellings sector.

Spenncon was chosen as the supplier for the erected building frame of the new Opera House in Oslo – a somewhat complex and unique structure. Large-scale commercial projects have declined compared with previous years.

The challenges for Spenncon have been to satisfy the customer's demands for design and project management in the residential sector. High capacity and flexibility has become obligatory.

The total volume of concrete elements produced was 17% higher than 2003. Spenncon defended and maintained its market share in flooring and increased its share in walls and façades.

Turn-key deliveries developed by contractors, dominated the market as in the previous years. Spenncon managed this situation well but resources became strained in areas of development, design processes and project management.

Acotec, a new market segment established in 2003, delivered an operational loss during 2004. The business idea was to expand the deliveries of prefabricated components by installing partition walls made of lightweight concrete. It turned out to be extremely difficult entering this business segment. Consequently, Spenncon has no longer any activity in this market sector.

Significant increases in the prices of raw materials, particularly steel, negatively influenced the end-of-year result.

The programs initiated for improvements in production efficiency, cost reductions and market orientation were monitored accordingly. Fixed costs were reduced during the year along with improvements in managing variations in market activity.

Spenncon pursued and achieved a program (partnering contracts with NCC), becoming a preferred supplier in the Eastern Region of Norway.

Innovations and investments

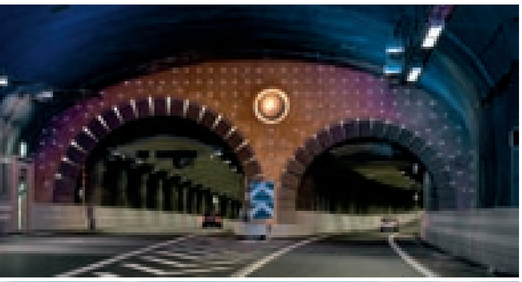
A number of factory renovations and the replacement of redundant production equipment continued as planned. Spenncon did not launch any large investment projects during 2004.

Key ratios 2004

VBI
Net Sales, 114.4 m EUR
Operative Investments, 2.7 m EUR
Personnel (average) 712

SPANBETON
Net Sales, 30.6 m EUR
Operative Investments, 0.5 m EUR
Personnel (average) 221

SPENNCON
Net Sales, 86.0 m EUR
Operative Investments, 0.8 m EUR
Personnel (average) 531



Key ratios 2004

STRÄNGBETONG
Net Sales, 133.7 m EUR
Operative Investments, 2.9 m EUR
Personnel (average) 919

DYWIDAG PREFA LYSÀ
Net Sales, 8.4 m EUR
Operative Investments, 3.3 m EUR
Personnel (average) 158

E-BETOONELEMENT
Net Sales, 21.4 m EUR
Operative Investments, 0.9 m EUR
Personnel (average) 401

Outlook for the future

Overall building activity is forecast to increase by 5% during 2005. Start-up activity is expected to vary across the construction sectors and between the geographical regions as in 2004. New project start-up activity may decline in the Northwest region market.

Spenncon's backlog has increased by 54 % from the year ending 2003 and is on a high level.

STRÄNGBETONG, Sweden

Sweden experienced positive economic development during 2004. GDP growth rate was 3.6% with new building construction at 9 %.

Residential construction, especially new multifamily housing, increased by approximately 16%. The industrial and commercial sectors volumes rose marginally, apart from the logistics and retail business sectors. Public investment volume remained unchanged compared with 2003.

New construction investments remain low in comparison with other west European countries, in spite of the increases.

Operations in 2004

Strängbetong's net sales rose by 11% with order influx amounting to EUR 134 Million.

A new organisational structure was established in order to improve customer service, and create sustainable market shares. The structure divides sales into two business areas: Buildings/Infrastructure and Residential buildings.

The residential sector was strengthened by development of the 'Basic Building Platform' that was successfully used in a number of projects.

A new accounting system along with iNetto, was implemented during 2004.

Middle-level management was reorganised, and an incentive system introduced in the factories, in order to increase manufacturing productivity.

The barrier construction works for the Stockholm Southern Link was finalized, and the tunnel commissioned during the year. The project was one of Strängbetong's most significant orders to date.

Innovations and investments

New façade treatments were successfully developed, and partly introduced, increasing the potential for architectural concrete.

The Royal Institute of Technology in Stockholm, and Strängbetong's R & D, began a cooperative venture to reduce energy and air-conditioning demands, by utilising the termal capacity of the concrete in a building's structure.

The 'T30 project' to improve productivity and quality of building site assembly is ongoing: The target is to reduce erection times by 30%.

Investments in sleeper production factories have improved efficiency substantially. Construction of a new aisle at the Herrljunga factory, along with further investments, was approved for 2005.

Outlook for the future

The Swedish market is forecast to expand over the next two years due to increased demand in housing and a change for the better in the commercial sector.

Tunnel and railway infrastructure investment are forecast to expand. Concerted initiatives at further penetrating the residential market will go ahead.

Customer and supplier partnerships will increase during 2005.

All factors considered, the environment for increased market shares and profitability looks healthy for 2005.

DYWIDAG PREFA LYSÀ, The Czech Republic

The Czech Republic's new residential construction output remained at the same level as 2003. A marginal increase in new civil engineering output was driven principally by the growth in the infrastructure construction; bypasses, motorways and railway corridors.

Several factors promoted good market development in the building construction sector during 2004: Numerous major non-residential projects, shopping centres and industrial halls, plus growth in the residential sector due to enhanced mortgage loan schemes. Low interest rates worked as a catalyst.

Operations in 2003

Dywidag Prefa Lysà is a leading precast supplier for the Flooring and Water treatment market in the Czech Republic. Dywidag Prefa Lysà considers 2004 a successful year with turnover equivalent to 2003. Turnover in 2003 saw an increase of 50% in comparison with previous years. The company could not fully incorporate the increase in raw material costs into the final sale prices of the products.

Dywidag Prefa Lysà delivered more than 220,000 m^2 of hollow-core slabs to a broad variety of building types. Major projects for 2004 were Terminal 2 of the Prague Airport (34,000 m^2) and Supermarket KIKA Cestlice (28,000 m^2). The most significant residential projects consisted of Apartment housing in Susice (8,200 m^2), Roztoky and Horomerice (8 000 m^2). The introduction of 320 and 400 mm slabs reaching spans up to 16 m, has led to growing interest in the flexibility of a building's lifetime design solutions, not possible with traditional cast in situ structures.

The aqua protection sector achieved a record in production volume. The most significant order during the year was the CTP Modrice shipment consisting of eight retention and two fire tanks.

Innovations and investments

The entirety of the hollow-core slabs production line worked at maximum capacity from April onwards. A comprehensive investment to increase the capacity of hollow-core slab production, and internal logistics, began at the beginning of 2004. The investment will significantly improve the hollow-core facilities and stockyard handling. Dywidag Prefa Lysà completed modernisation of the concrete batch and mix station during 2004. Increased investment activity delivered a robust increase in production productivity and improvement in customer services.

Dywidag Prefa Lysà investment strategy included an important updating of the quality management system in accordance with the Czech standard ČSN EN ISO 9001:2001.

Outlook for the future

New recruitments (designers), advanced IT tools and substantial education programs reinforced sales and engineering expertise. These incentives, together with investment in the prestressed product line, will pave the way for Dywidag Prefa Lysà to provide customers with viable new concepts. These concepts can supply entire frame structures for various building types; industrial buildings, state-of-the-art dwelling houses or parking houses. The company is preparing to adapt the production and erection concept of precasted halls (Bashallen) for the next period. Both initiatives give rise for Dywidag Prefa Lysà to assert its presence in this sector in the near future.

E-BETOONELEMENT, Estonia

The Estonian building market's rapid growth continued during 2004.

A primary goal for AS E-Betoonelement during 2004, was to adapt to the changing market environment and alter production structure to meet market demands.

Operations in 2004

By the end of 2003, the Rakvere factory had been adapted for the production of wall elements. Production capacity was fully applied by 2004.

BasicHall™ has proven to be a significant breakthrough, our flexible solution to production, storage, sports and commercial facilities.

With the rapid increases in steel prices, more and more clients are choosing concrete solutions as it offers the best long-term economy.

E-Betoonelement's capacity for growth, concerning environmental projects, has rapidly increased during 2004, with growth exceeding 100%.

The Russian market was of significant importance for the company in 2004. The St. Petersburg market has seen resurgence in deliveries following a significant lull begun in 1995. The daughter company OOO Betoonelement SPb was set up in St. Petersburg to accelerate development.

Johnny Ståhl
Strängbetong

Michal Mikšovský
Dywidag Prefa Lysá

Jaan Valbet
E-Betoonelement

Innovations and investments

The first project utilising the new Silo element for the agricultural sector was delivered during 2004.

Implementation of the ERP system of Consolis companies – iNetto - begun in 2004.

Investment was instituted in order to increase wall production capacity. This was exemplified by the production mould area increasing more than 25% with the acquisition of 8 tilting tables.

Outlook for the future

The main growth area in the Estonian market seems to be unchanged, namely - housing. Still the growth rate is expected to be more modest in comparison with the boom of previous years.

The Estonian confidence index increased significantly by the year's end compared with 2003. This supports Contractors optimism for the coming year.

AS E-Betoonelement's order backlog is higher compared with previous years.

The year 2005 will see a committed effort to increase sales within the St. Petersburg market. AS E-Betoonelement has initiated Quality Management System improvements in compliance with ISO quality standards.

BETONIKA, Lithuania

As of the 1st of May 2004, Lithuania became a full member of the EU and NATO. This fact, along with political ramifications, encouraged economic development attracting further investors. GDP growth slowed from a high of 9.7% in 2003 to 6.5% in 2004. Following three consecutive years of deflation, 2004 saw a modest 2.9% increase in the inflation rate. Construction growth slowed in 2004, down from high in 2003, with the third quarter only exhibiting a 4.5% increase.

With the opening of EU labour markets, a migration of skilled labour force to other countries has resulted in labour supply shortages. Conversely, the unemployment rate remains high at 10% acquiring a structural unemployment trend. These results together with a steep rise in steel prices, has resulted in an 8% increase in construction costs over the year. Average construction profitability increased, with services and construction material production reaching 10% and 11% respectively.

Non-residential construction still dominates the market, residential construction gained momentum due to increased demand and favourable mortgage conditions. Allocation of EU structural funds gave rise to infrastructural projects in the railways, environmental and agriculture sectors.

Vytautas Niedvaras
Betonika

Vladimirs Chamans
Consolis Latvija

Piotr Biskup
Consolis Polska

Operations in 2004

Betonika's net sales reached EUR 12.4 Million, 97% higher than 2003. The non-residential sector remains Betonika's principal market and the residential sector sales increased also strongly. Favourable mortgage conditions further increased demand for new residential construction.

Innovations and investments

Betonika invested over EUR 1.6 million in production capacity expansion. Battery mould for wall production, TT and STT moulds were purchased during 2004. A proportion of investment was directed at heating system optimisation with conversion to gas heating allowing improvement in concrete curing and a reduction in energy expenditure.

Betonika has taken an order for a PET factory in Klaipéda, where for the first time in company history the complete structure of precast concrete frame for demanding industrial building has been designed and produced in-house.

Outlook for the future

GDP growth for 2005 – 2006, is expected to remain at the relatively high rate of 6.5% to 7%. Inflation is forecast to remain at 2.5% with unemployment decreasing further to a 6.5% average during the year. The national economy should receive financing of over EUR 500 million for various projects, including construction. The construction market is expected to grow at a rate of 10% to 15%. New construction will shift from the capital to other Lithuanian cities where a high degree of mostly non-residential and industrial construction is expected. Residential market growth will remain high in the capital.

CONSOLIS LATVIJA, Latvia

Since the mid-nineties, growth rates in Latvia have been amongst the highest in Europe. The reforms accomplished in Latvia, along with integration into the European Union, have positively impacted Latvian economic

Key ratios 2004

BETONIKA
Net Sales, 12.4 m EUR
Operative Investments, 1.6 m EUR
Personnel (average) 211

CONSOLIS LATVIJA
Net Sales, 2.1 m EUR
Operative Investments, 3.4 m EUR
Personnel (average) 110

CONSOLIS POLSKA
Net Sales, 6.5 m EUR
Operative Investments, 0.6 m EUR
Personnel (average) 186

development. Growth occurred in all principal economic sectors, in particular, the trade and construction sectors.

The construction industry was one of the highest growth sectors in the Latvian economy during 2004. Annual growth rate reached a figure of 13% in this sector. The residential and non-residential sectors displayed a noticeable increase in new construction. The significant growth in the residential sector, was principally caused by increased activity in the private mortgage market.

The number of companies servicing the precast market has increased from five to eight.

Operations in 2004

Consolis Latvija started commercial production in April 2004. Most activities related to the new factory investment were completed by the end 2004.

As a result, the company is able to provide complete frame solutions in the residential and non-residential sectors.

Several large-scale dwellings projects were initiated by the middle of the year. Consolis Latvija's customers included a number of well known international construction companies: YIT, NCC and Merks. These companies have a very good understanding of precast technology. A number of projects were postponed or terminated due to customers being unable to receive building permits or receiving late financing.

At the end of the year the company created backlog for production of elements for dwellings almost until autumn 2005.

Innovations and investments

Establishing production in the new plant was the focus of investment during 2004.

Concerted attention was put into staff training and education at all levels. This initiative was necessary in order to fill the gap between basic employee knowledge and the specific knowledge required in the prefabrication industry. This initiative was also applied to potential cooperative partners, such as consultant companies, structural engineers and erection teams.

The Consolis Group provided significant support in all business activities.

Outlook for the future

It is expected that the construction sector will continue to grow rapidly. This will go hand-in-hand with the development of mortgage lending, increased economic activity and capital investments. Construction sector growth, will also be strongly influenced by project implementations, financed by EU funds.

Consolis Latvija expects significant growth in the residential sector due to the rising interest of potential investors.

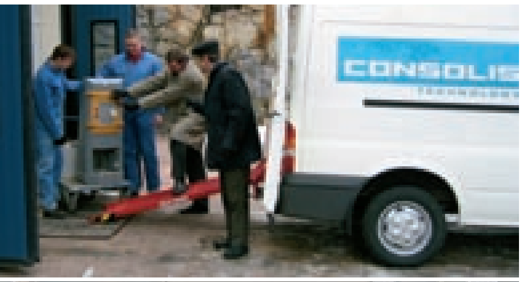
Consolis Latvija's effective implementation of marketing and sales programs, plus a commitment to deliver the highest level of customer services, will continue to strengthen its market position during 2005.

CONSOLIS POLSKA, Poland

Poland's GDP growth continued, rising by 4.8 -5.0% during 2004 compared to 3.8% in 2003. The result was driven by healthy exports and industrial production output.

Construction and assembly output has not followed the trend and was 3.7% down, year-on-year, during ten months of 2004. Prices in the construction sector began rising in the second half of 2004. In October they rose by 4.4% compared to last October. Although Polish construction companies have began returning to profitability, their financial condition remains poor. This can be accredited to a four year period of stagnation and deceleration in Poland's construction sector.

The infrastructure sector recorded a 10% growth rate in investment in comparison with the previous year. New residential construction declined by 4.0%, contrastingly, new non-residential construction grew by 4.9%.



Key ratios 2004

CONSOLIS TECHNOLOGY
Net Sales, 2.7 m EUR
Operative Investments, 1.0 m EUR
Personnel (average) 27

ELEMATIC
Net Sales, 36.8 m EUR
Operative Investments, 1.4 m EUR
Personnel (average) 147

Operations in 2004

Consolis Polska's operational growth continued through 2004. Net sales grew by 50% compared with 2003, reaching EUR 6.5 Million. Consolis Polska has become a major operator in the Polish precast market during 2004.

A relatively high backlog stabilized production load in the second half of the year achieving a year's end backlog 160% higher than 2003.

The non-residential sector is the key market for Consolis Polska, additionally however, deliveries have also begun for the residential and infrastructure sectors.

Effective measures at improving production and product quality have positively influenced delivery reliability and Consolis Polska's market representation.

The complete Swedish style "Bashallen" system was the year's most significant new product introduction.

Consolis Polska's strong presence within the Polish market together with high sales volumes have seen Consolis Polska awarded the Building Company of 2004 – in category of Building Materials Producers.

The company has begun implementation of the Group's ERP tool – iNetto. The first module was successfully transferred by the year's end with further modules under preparation. The first modules of the AddCAD program were also implemented.

Innovations and investments

Consolis Polska established two additional production lines where tables for wall elements, round column production and a casting area for TT-slabs.

A road was built behind the new production hall to allow sufficient transportation access.

After closing part of the stockyard, the aggregate storage area was moved to a new location close by the batch and mixing plant. The stockyard area was enlarged for the installation of a 20 tonne crane in last stockyard bay.

Major emphasis was directed at improving quality during 2004. Consolis Polska installed an advanced water content control system in the mixing plant and aggregate section in order to improve concrete mix consistency.

Outlook for the future

Forecasts for the Polish economy are positive. GDP should grow by 5 – 6% p.a. in the coming two years. Poland's EU membership will stimulate direct foreign investment.

The value of direct foreign investment may reach more than USD 6 – 7 billion p.a. during 2005 – 2006

Construction and assembly output should see growth at 9.9% and 11% respectively during 2005 – 2006, after having suffered four years of deceleration.

The new construction sector expects solid growth. The civil engineering sector expects the highest increase, which should rise more than 20%, compared with 2004.

The Cohesion Fund, the European Reconstruction and Development Fund combined with funds from the State budget will principally stimulate growth during 2005.

CONSOLIS TECHNOLOGY, Finland

Consolis Technology's principal function continues to be the coordination of the Groups' R&D activities, a number of common R&D projects and Transfer of Best Practice (TOB).

During the year Consolis Technology Roadmap 2010 was completed and a new technology management structures was established.

The active TOB groups are: TOB Production, Floors, Sleepers and Materials. Each factory has prepared an action plan for productivity improvements. Several plant and material reviews were carried out during the year. Improvement plans were partly based on the results of these reviews. The results were reported in the respective groups. Consolis Technology's knowledge and expertise was utilised in several investment projects.

Design is one of the principal TOB areas. Consolis Technology continued to assist companies in the Baltics, Poland and the Czech Republic, by frequent collaborations and special training programs. The creation of the internal Design handbook continued. The handbook includes design and good-practices instructions for varying cases and details. The fifth Consolis Design seminar was organised in November 2004.

The implementation of the AddCAD design tool began in several units. Hollow-core slabs and some structural elements were the first applications to benefit from the implementation. The integration of iNetto (ERP) and AddCad was intensified.

The EU funded project (shear and torsion force interactions) within hollow-core slab floors, was completed. The project delivered some new design rules that will be implemented with international cooperation. The project was performed in close cooperation with two leading Nordic research institutes: Chalmers University of Technology and VTT.

Material technology work continued with the principal areas of activity being workability and maturity control. Several pilots were built and tested. Work continued with self compacting concrete and a number of new admixtures. Consolis Technology also participated in the mix design projects in Consolis units. The results of these cost saving projects have been positive. Consolis Technology material laboratory relocated from Parainen to Rusko at the end of 2004. The aim of the relocation was to have the laboratory activities closer to the production unit.

ELEMATIC, Finland

Business environment and market development

Global economic growth was extremely rapid during 2004, boosted by countries outside Consolis' market areas. Market demand in Europe for machines and equipment in the precast construction industry remained at relatively low levels.

Net sales remained the same as 2003 while operating profit decreased slightly. Investments in the Bauma exhibition and the cancellation of several significant orders due to customer financing difficulties, causing occasional underutilization of capacity, can be regarded as the principal reasons for the weakened year end. Orders received and Backlog figures grew rapidly towards the year's end.

As in the few past years, markets in the Middle East were stable or higher than estimated. Market demand in Western Europe, other than the UK, was rather poor but remains the largest market area. Inquiries and orders from CIS countries increased rapidly with pleasing sales in the Baltic countries.

US markets did not exhibit growth, however, the capacity utilization rate of local precasters was high.

Customer Service activities reached predicted levels but remained below the premier years.

Operations

The backlog remained weak throughout 2004 with the capacity utilization rate falling below expectations. The backlog grew towards the year's end with November being the best month measured in terms of orders received. The sales margin exceeded the budget and reached a very satisfactory level. Apart from two problematic projects in the UK and Germany, most projects were completed successfully. The most significant export projects were in the Middle East, Russia, China, Denmark and Spain.

Considerable sums were invested in personnel training. The entire workforce participated in training focusing on work motivation and employee proficiency. Investments in "brand awareness" were instituted in terms of training and through marketing communication.

Innovations and investment

Acquisitions in year 2004 included the business activities of Roteco GmbH and the production hall of Rimera Oy.

Investment sums were therefore exceptionally high compared to previous years. The decision to acquire the company's office building in Toijala was made on the 1st of January 2005.

Outlook for the future

Order backlog figures for the beginning of 2005 seem satisfactory, should market demand remain at its current level, 2005 can be expected to be an improvement on the previous year.

Demand in the Middle East and the Eastern Block is expected to remain at 2004 levels, increasing in Europe, the US and the Far-East. Marketing efforts in China will remain modest.

The weakening dollar threatens sales growth in the US decelerating investment decisions, however, since competition comes principally from Europe, Consolis' market share will not be jeopardized.

The same scenario is replicated in the Far East with the addition of more extensive local competition combined with derogatory "copying practices".

Olli Korander
Consolis Technology

Leo Sandqvist
Elematic

Board of Directors

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

Per-Olof Eriksson
Born 1938. Chairman. Chairman of the Board of Odlander, Fredrikson & Co and Callans Trä. Member of the Board of SSAB Svenskt Stål AB, AB Volvo, Senea AB, Assa Abloy AB, Investment AB Öresund and Elkem ASA.

Kari Heinistö
Born 1958.
Vice Chairman.
Senior Executive Vice President of KONE Cargotec Corporation. Member of the Board of Suomen Autoteollisuus Oy, Sisu Akselit Oy and the Scout Foundation of Finland.
Shareholding: 3,495 shares

Andrejs Cakste
Born 1952. Member. Passed away in December 2004.

Gerard De Geer
Born 1949. Member. Director of Operations and Business Control of Industri Kapital AB. Chairman of the Board of Citylink AB. Member of the Board of Elektrokoppar Holding AB, Continental Bakeries B.V., Intrum Justitia AB and Superfos a/s.

Tapio Hakakari
Born 1953. Member. Director, Secretary to the Board of KONE Corporation. Member of the Board of Martela Oyj, Etteplan Oyj, Security Trading Oy and Holding Manutas Oy.

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

Michael Rosenlew
Born 1959. Member. Chairman of the Board of CityLink Intressenter, CPS Systems Invest Oy and Nordiska Husmanufaktur AB. Member of the Board of CityLink Aktiebolag, CPS Color Group Oy, Dynea Oy, Dynea Chemichals Oy, Dynea International Oy, Elektrokoppar Svenska AB, Elektrokoppar Holding Aktiebolag, Eltel Group Oy, Gardena AG, Industri Kapital AB and Sydsvenska kemi AB.

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

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

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

Group Management

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

Bengt Jansson
President and CEO

Lasse Lappalainen
Vice President,
Development Projects

Timo Linna
Vice President,
Legal Counsel

Pertti Nupponen
Vice President,
Chief Financial Officer

Seppo Rajamäki
Vice President,
Technical Director

Management Group

Bengt Jansson
President and CEO,
Consolis

Lasse Lappalainen
Vice President,
Development Projects,
Consolis

Timo Linna
Vice President,
Legal Counsel,
Consolis

Pertti Nupponen
Vice President,
Chief Financial Officer,
Consolis

Seppo Rajamäki
Vice President,
Technical Director,
Consolis

Piotr Biskup
Managing Director,
Consolis Polska

Vladimirs Chamans
Managing Director,
Consolis Latvija

Heikki Haikonen
Managing Director,
DW Beton

Jouko Järvi
Managing Director,
CES

Olli Korander
Managing Director,
Consolis Technology

Thomas Krämer-Wasserka
Managing Director,
DW Beton

Hannu Martikainen
Managing Director,
Parma

Michal Mikšovský
Managing Director,
Dywidag Prefa Lysá

Vytautas Niedvaras
Managing Director,
Betonika

Olli Ruutikainen
Managing Director,
Parastek Beton

Leo Sandqvist
Managing Director,
Elematic

Heinz-Hermann Schulte-Loh
Managing Director,
DW Beton

Johnny Ståhl
Managing Director,
Strängbetong

Terje Søhoel
Managing Director,
Spenncon

Lambert Teunissen
Managing Director,
VBI and Spanbeton

Jaan Valbet
Managing Director,
E-Betoonelement

Business Risk Management

Financial Risks

Consolis' policy is to provide sufficient funding for its operational needs at a competitive cost and to minimize the impact that foreign exchange, interest rate credit, liquidity and selected commodity risks have on the Group and its subsidiaries. Consolis' treasury policy outlines the financing and financial risk management responsibilities covering the use of financial instruments to hedge selected risk exposures and acceptable risk levels.

Foreign Exchange Risk

Consolis is a multinational group with its principal business in Europe. The sales and purchases of the Group's companies are predominantly in their local currency. The Group company's foreign currency hedging activities are carried out towards the parent company that hedges the Group's consolidated foreign currency exposures.

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

Interest Rate Risk

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

The policy outlines the average interest fixing term of the financial instruments to be between 12 and 18 months. The portion of fixed rate loans of the total interest-bearing debt was 70% at the end of 2004. The average interest rate fixing term was at 17 months at year's end, at which time the interest-bearing loan capital carried an average interest of 5.0%.

Funding Risk

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

Liquidity Risk

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

At year's end, cash and bank amounted to EUR 0.5 million, committed (approx. 3 years) non-utilized long-term credit facilities totalled approximately EUR 43 million, and available short-term credit facilities amounted to EUR 26 million.

Commodity Risks — Electricity

The Commodity risk represents the uncertainty of the Consolis Group's estimated cost base against the forecasted production plans. Consolis' commodity risk management policy aims to decrease the electricity price risk by fixing the price of the part of future electricity consumption using standard derivative instruments. Hedging activities are not extended beyond the 3-year horizon.

Credit Risk

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

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CONSOLIS

Annual Accounts 2004

Concrete solutions

Contents

Report of the Board of Directors

General

The economic environment of the Consolis Group was characterized by strong price competition and an increase in the price of raw materials. The drastic increase in steel price, in particular, has had a negative effect on the Group result. The biggest separate factor that negatively affected the result was the decision by the German railway office Deutsche Bahn to limit the modernization of its railway routes, which led to sleeper deliveries being only a fraction of what they were last year.

The GDP increase in the Western Europe was only 2.1% and the total building sector increased with 1.6%. The figures for the whole Euro zone was 2.2%, and respectively 1.8%.

Net sales, orders received and order backlog

The Group's net sales increased to EUR 646 million compared to EUR 618 million in 2003. This increase is mainly the result of increased sales in the Nordic and Baltic countries. As a consequence of the defaulting amount of orders from the German railway office, the turnover decreased by a third.

Orders received totalled EUR 691 million (EUR 594 million in 2003) with an order backlog of EUR 229 million (EUR 168 million in 2003) at year's end.

Result and profitability

The result before taxation and minority interests was EUR 6.1 million (EUR 19.4 million in 2003).

Return on capital employed was 5.6% (10.6% in 2003) and return on equity was 3.2% (8.6% in 2003). Earnings per share were EUR 0.33 (EUR 0.91 in 2003).

Liquidity and capital

Liquidity during the year was good.

The interest-bearing net debt, excluding the capital loan, decreased from EUR 117.9 million to EUR 107.2 million. During the year, new shares were issued, which were paid with a compensation of the capital loan and its unpaid interest.

Equity increased thereby by EUR 27.3 million. At the end of the year, it stood at EUR 156.7 million, which includes a minority interest of EUR 3.2 million, which gives an equity ratio of 36.0% (35.2% in 2003).

The distributable funds in the Group amounted to EUR 72.1 million by the end of the year (EUR 67.7 million in 2003). The distributable funds of the parent company were EUR 60.4 million (EUR 54.6 million in 2003).

Capital expenditure

The Group's annual capital expenditure amounted to EUR 29.8 million (EUR 26.6 million in 2003).

In the beginning of the year, Rajaville Oy, a part of Parma Oy, acquired land and buildings by the factory in Oulu.

In springtime, German DW Beton GmbH bought an element factory in Rinteln and, during the summer, the Latvian SIA Consolis Latvija started production at the new element factory outside Riga.

Outside Prague, the Czech Prefa Lysá nad Labem AS, made an investment in a new production line and ZAO Parastek Beton invested in a factory in Kolomna outside Moscow.

During the year, investments in more effective machinery for the production of different kinds of concrete elements has been made in most of the Group's companies.

Changes in Group structure

In April, the parent company-owned, Finnish Addtek Holding Oy Ab was liquidated.

In December, the Finnish company Parma Oy sold Parastek Oy and Parastek Holding Oy to the parent company Consolis Oy Ab.

In springtime, the Finnish Elematic Oy Ab acquired the real estate company Kuopanmäki Oy, which was consolidated in July. Rimera Oy, a part of the Elematic Group, operates in that building.

From the beginning of the year, the operations of DW Brespa GmbH were transferred to the affiliated company DW Imbau GmbH, which is a part of the German DW Beton Group. The companies were merged later in the year.

In September, Consolis acquired an additional 1.36% of the shares in the Czech company Dywidag Prefa Lysá nad Labem AS, of which it now owns 95.74%. Consolis has submitted a purchase offer for the rest of the shares.

In fall, the parent company, Consolis Oy Ab, founded CES A/S, an engineering office that started operations in the beginning of 2005. For the business in the St. Petersburg area, E-Betoonelement established the Russian company OOO Betoonelement Spb, which has been consolidated since December.

Research and development activities

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

Environmental protection

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

Personnel

During the year, the Group had an average of 5,101 employees, which was 155 more than the year before. This was mostly due to the new factory in Latvia. Of the total number, 3,974 work in Group companies outside of Finland (3,819 in 2003).

Board of Directors, company management and auditors

Per-Olof Eriksson acted as the Chairman of the Board and Kari Heinistö as Vice Chairman. The other members of the Board were Andrejs Cakste (until his death in December), Gerard De Geer, Tapio Hakakari, Bengt Jansson, and Michael Rosenlew. Klaus Cawén and Kristian Kemppinen acted as deputy Board members.

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

Shares and shareholders

During the year, 2,731,634 new shares were issued and, at the end of the year, the share capital was EUR 25,685,047.92. The largest shareholders of Consolis Oy Ab are the investors in Industri Kapital's 1994 Fund and the Kone Corporation. The remaining shares are owned by private and institutional investors. The management of the company owns 6.7% of the total number of shares.

Other items

During 2004 the Dutch Competition Authorities (NMa) started investigations regarding the whole building industry in The Netherlands for possible breaches against the Dutch Competition Act. Consolis' two Dutch subsidiaries are also under investigation by NMa. If these companies are found having been acting in breach of the competition laws, penalties could be imposed. The magnitude of such possible penalties can not be determined reliable at this moment. As a consequence no provision has been accounted for in the financial statements.

Events after the financial year

To secure continuity in the management of the company, the Board of Consolis Oy Ab has appointed M.Sc. (Eng) Arto Metsänen Executive Vice President of Consolis Oy Ab from April 1st, 2005 on. After an introductory period, Mr. Metsänen will take over as President and CEO in May 31st, 2005. Mr. Bengt Jansson will take care of special duties assigned by the Board until his retirement in May 2006.

Outlook for 2005

At the end of the year, the Consolis Group had a record high order book and the year 2005 result is expected to be better than it was this year.

Income Statement 1 January – 31 December

In million euro	Note	Group 2004	%	Group 2003	%	Parent company 2004	Parent company 2003
Net sales	1, 2	**646.1**	**100**	618.4	100	**5.5**	3.2
Cost of goods sold		**-555.1**	**-86**	-517.8	-84	**0.0**	0.0
Gross profit		**91.0**	**14**	100.6	16	**5.5**	3.2
Selling and marketing costs		**-32.5**		-31.1		**0.0**	0.0
Administration costs		**-41.3**		-40.9		**-6.3**	-5.4
Other operating income	6	**2.3**		4.0		**0.3**	0.0
Other operating expenses	6	**-5.1**		-3.3		**-6.2**	0.0
Earnings of associated companies		**0.1**		0.2		**0.0**	0.0
		-76.5	**-12**	-71.1	-11	**-12.2**	-5.4
Operating profit	3, 5, 6	**14.5**	**2**	29.5	5	**-6.7**	-2.2
Financial income and expenses	7	**-8.4**	**-1**	-10.1	-2	**-2.2**	16.3
Result before extraordinary items, taxation and minority interest		**6.1**	**1**	19.4	3	**-8.9**	14.1
Extraordinary income	8	**0.0**		0.0		**16.6**	10.9
Result before taxation and minority interest		**6.1**		19.4		**7.7**	25.0
Taxes	9	**-1.2**	**0**	-7.2	-1	**-1.9**	-5.7
Minority interest		**-0.6**		-0.8		**0.0**	0.0
Result for the period		**4.3**	**1**	11.4	2	**5.8**	19.3

Cash Flow Statement 1 January – 31 December

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Operating activities				
Operating profit/loss	**14.5**	29.5	**-6.7**	-2.2
Depreciation	**30.0**	28.2	**0.1**	0.1
Other adjustments	**-0.3**	-0.7	**0.0**	0.0
Cash flow before changes in working capital	**44.3**	57.0	**-6.6**	-2.1
Change in working capital				
Interest free short-term receivables increase (-), decrease (+)	**-17.0**	-4.1	**-1.2**	0.7
Inventories, increase (-), decrease (+)	**-8.8**	4.4	**0.5**	0.0
Interest free short-term liabilities increase (+), decrease (-)	**28.5**	8.2	**0.0**	0.0
Cash generated from operations before financial items and taxes	**46.9**	65.5	**-7.3**	-1.4
Interest paid and other financial expenses	**-12.0**	-7.6	**-10.8**	-6.9
Dividends received	**0.0**	0.0	**1.2**	15.6
Interest received and other financial income	**0.4**	0.3	**4.8**	6.6
Income taxes	**-3.6**	-1.6	**0.0**	0.0
Cash flow from operating activities	**31.6**	56.6	**-12.2**	13.9
Investing activities				
Investments in fixed assets	**-29.8**	-26.6	**-5.0**	-5.5
Proceeds from sale of fixed assets	**5.9**	1.9	**0.0**	0.0
Change in loan receivables	**0.6**	-1.7	**20.2**	12.6
Cash flow from investing activities	**-23.3**	-26.4	**15.2**	7.1
Financing activities				
Change in minority	**-0.6**	-0.8	**0.0**	0.0
Translation differences	**-0.2**	0.8	**0.0**	0.0
Change in short-term debt	**-8.1**	-0.5	**-14.4**	15.6
Change in long-term debt	**-4.6**	-38.7	**-0.5**	-41.0
Change in capital loans	**-22.8**	0.0	**-22.8**	0.0
Share issue	**27.3**	11.0	**27.3**	11.0
Dividends paid	**0.0**	-11.0	**0.0**	-11.0
Group contribution	**0.0**	0.0	**10.9**	3.6
Cash flow from financing activities	**-8.9**	-39.2	**0.6**	-21.8
Change in cash and cash equivalents	**-0.6**	-9.0	**3.6**	-0.8
Cash and cash equivalents at the beginning of the period	**1.1**	10.2	**0.0**	0.8
Adjustment due to change in exchange rates	**0.0**	-0.2	**0.0**	0.0
	1.1	10.0	**0.0**	0.8
Cash and cash equivalents at the end of the period	**0.5**	1.1	**3.6**	0.0
Change in cash and cash equivalents	**-0.6**	-9.0	**3.6**	-0.8

The cash flows of the separate group companies have been consolidated by using the average currency exchange rates.

Balance Sheet 31 December

In million euro	Note	Group 2004	%	Group 2003	%	Parent company 2004	Parent company 2003
Assets							
Fixed assets	10, 11						
Intangible assets		**31.5**	**7**	32.5	7	**0.1**	0.2
Tangible assets		**268.7**	**58**	271.2	62	**0.1**	0.1
Investments		**2.0**	**1**	2.7	1	**107.7**	102.7
Fixed assets, total		**302.2**	**66**	306.4	70	**107.9**	103.0
Current assets and long-term receivables							
Long-term loan receivables	12	**0.9**	**0**	1.5	0	**106.3**	127.0
Deferred tax receivable	18	**4.2**	**1**	1.0	0	**0.0**	0.0
Inventories	13	**48.4**	**11**	39.3	9	**0.0**	0.0
Short-term receivables	12	**104.9**	**22**	88.7	21	**22.5**	14.8
Cash and bank		**0.5**	**0**	1.0	0	**3.6**	0.0
Current assets and long-term receivables, total		**158.9**	**34**	131.5	30	**132.4**	141.8
Assets, total		**461.1**	**100**	437.9	100	**240.3**	244.8

In million euro	Note	Group 2004	%	Group 2003	%	Parent company 2004	Parent company 2003
Equity and liabilities							
Shareholders' equity	14, 15						
Share capital		**25.7**	**5**	21.1	5	**25.7**	21.1
Share premium account		**41.0**	**9**	18.2	4	**41.0**	18.2
Retained earnings		**82.2**	**18**	70.8	16	**54.6**	35.3
Result for the period		**4.3**	**1**	11.4	3	**5.8**	19.3
Translation difference		**0.3**	**0**	0.0	0	**0.0**	0.0
Capital loan	15	**0.0**	**0**	22.8	5	**0.0**	22.8
Shareholders' equity total		**153.4**	**33**	144.3	33	**127.1**	116.7
Minority interest		**3.2**	**1**	3.2	1	**0.0**	0.0
Provisions	16	**4.4**	**1**	4.5	1	**0.0**	0.0
Liabilities							
Long-term liabilities	17	**101.0**	**22**	107.6	25	**100.6**	104.4
Deferred tax liability	18	**39.3**	**9**	40.0	9	**0.0**	0.0
Short-term liabilities	19	**159.8**	**34**	138.3	31	**12.6**	23.7
Liabilities, total		**300.1**	**65**	285.8	65	**113.2**	128.1
Equity and liabilities, total		**461.1**	**100**	437.9	100	**240.3**	244.8

Accounting Principles

Basis of the financial statements

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

Consolidation principles

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

The associated companies have been consolidated in accordance with the equity method.

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

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

The value of the acquired assets and assumed liabilities is based on independent external valuations and well documented internal analyses.

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

Valuation of long-term assets

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

Foreign currency

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

The following exchange rates have been used compared to euro:

		Year end rates	
Country	Currency	31.12.2004	31.12.2003
Sweden	SEK	9.0206	9.0800
Norway	NOK	8.2365	8.4141
Estonia	EEK	15.6466	15.6466
Latvia	LVL	0.6979	0.6725
Lithuania	LTL	3.4528	3.4524
Poland	PLN	4.0845	4.7019
Czech Republic	CZK	30.4640	32.4100
USA	USD	1.3621	1.2630

		Average rates	
Country	Currency	31.12.2004	31.12.2003
Sweden	SEK	9.1243	9.1242
Norway	NOK	8.3697	8.0033
Estonia	EEK	15.6466	15.6466
Latvia	LVL	0.6652	0.6407
Lithuania	LTL	3.4529	3.4527
Poland	PLN	4.5268	4.3996
Czech Republic	CZK	31.8910	31.8460
USA	USD	1.2439	1.1312

Taxes

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

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

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

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

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

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

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

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

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

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

All project deliveries are now booked according to production status. Small project deliveries have during earlier years been booked based on the delivery time.

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

Pension arrangements
In the parent company and in the Finnish subsidiaries the legal pension responsibility is covered by means of pension insurance and is charged to income on accrual basis. Other pension responsibilities are also insured but charged to income based on payments. The pension costs in other countries are recorded according to the practice of the country in question.

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

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

Notes to Financial Statements

1. Net sales

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
By geographic area				
Finland	138.1	117.0	1.4	0.8
Sweden	132.3	116.2	1.3	0.6
Norway	86.8	79.8	0.5	0.3
The Netherlands	141.0	129.8	1.0	0.6
Germany	65.3	102.5	0.8	0.5
Other countries	82.5	73.1	0.5	0.4
Total	646.1	618.4	5.5	3.2
By product group				
Floors	201.6	187.1	0.0	0.0
Structures	75.4	55.4	0.0	0.0
Walls	62.0	56.3	0.0	0.0
Infrastructure	93.1	110.5	0.0	0.0
Other products	25.2	42.9	0.0	0.0
Engineering	45.0	39.6	0.0	0.0
Service	159.4	141.0	5.5	3.2
Internal sales	-15.8	-14.4	-	-
Total	646.1	618.4	5.5	3.2

2. Income from projects according to percentage of completion

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Amount of total annual net sales	457.7	352.5	0	0
Ongoing projects 31 Dec				
Amount included in net sales	247.3	64.2	0	0
Sales not yet booked	173.5	90.2	0	0

All project deliveries are now booked according to production status. Small project deliveries have during earlier years been booked based on the delivery time. The resulteffect due to change of accounting principle is +2.0 m€.

3. Wages and salaries

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Salaries				
Salaries and fees				
To Board members and Managing Directors	3.0	2.3	0.4	0.4
To others	138.7	132.6	1.4	1.2
Bonus to Managing Directors	0.3	0.3	0.0	0.0
	142.0	135.2	1.8	1.6
Other salary-related costs				
Pensions and pension premiums	11.0	11.4	0.8	0.9
Other salary-related costs	44.7	42.3	0.1	0.1
	55.7	53.7	0.9	1.0
Total	197.8	188.9	2.7	2.6
Managing Directors' pension age	60–65	60–65	60	60

Salaries and fees of the Board of Directors and CEO

The fees of the Board of Directors are defined by the Annual General Meeting and the salary and other benefits of the CEO by the Board. The CEO of the parent company has during the year received a salary including fringe benefits totalling 309 480 euro. The fees to the Board during the year were 88 472,70 euro. The employees of Consolis who also are Board members of group companies have received no separate fees.

Pension terms

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

Dismissal

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

4. Personnel

	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Personnel average				
Blue collar	3 685	3 542	0	0
White collar	1 416	1 404	20	16
Total	5 101	4 946	20	16
Personnel at year end				
Blue collar	3 726	3 546	0	0
White collar	1 463	1 391	22	18
Total	5 189	4 937	22	18
Personnel at year end by geographic area				
Czech Republic	159	146	0	0
Estonia	421	385	0	0
Finland	1 116	1 101	22	18
Germany	457	508	0	0
Latvia	164	52	0	0
Lithuania	213	173	0	0
The Netherlands	918	951	0	0
Norway	531	556	0	0
Poland	201	157	0	0
Russia	80	9	0	0
Sweden	918	888	0	0
USA	11	11	0	0
Total	5 189	4 937	22	18

5. Depreciation

In million euro	Group 2004	2003	Parent company 2004	2003
Depreciation per function				
Production	24.8	23.5	0.0	0.0
Sales and marketing	1.4	1.3	0.0	0.0
Administration	2.3	2.3	0.1	0.1
Other operating expenses				
- Goodwill	1.2	1.2	0.0	0.0
- Other depreciations	0.2	0.0	0.0	0.0
Total	30.1	28.3	0.1	0.1
Depreciation according to plan per type of asset				
Goodwill	1.2	1.2	0.0	0.0
Intangible rights	1.3	1.1	0.0	0.0
Other capitalized expenditure	0.3	0.2	0.0	0.0
Land	0.5	0.5	0.0	0.0
Buildings and constructions	6.9	6.8	0.0	0.0
Machinery and equipment	17.6	16.4	0.0	0.0
Other tangible assets	2.3	2.1	0.1	0.1
Total	30.1	28.3	0.1	0.1

6. Other operating income and expenses

In million euro	Group 2004	2003	Parent company 2004	2003
Income				
Profit on sale of fixed assets	1.9	1.1	0.0	0.0
Badwill	0.0	1.4	0.0	0.0
Liabilities written off	0.0	0.6	0.0	0.0
Public regional development subsidy	0.1	0.1	0.0	0.0
Other income	0.3	0.8	0.3	0.0
Total	2.3	4.0	0.3	0.0
Expenses				
Loss on sale of fixed assets	0.1	0.3	0.0	0.0
Depreciation of goodwill	1.2	1.2	0.0	0.0
Write-off costs	0.2	0.2	0.0	0.0
Restructuring costs	2.7	0.0	1.5	0.0
Liquidation loss	0.0	0.0	4.8	0.0
Receivables written off	0.1	0.6	0.0	0.0
Property tax	0.2	0.2	0.0	0.0
Other expenses	0.5	0.9	0.0	0.0
Total	5.1	3.3	6.2	0.0

7. Financial income and expenses

In million euro	Group 2004	2003	Parent company 2004	2003
Dividend income from group companies	-	-	1.2	15.5
Dividend income from associated companies	0.0	0.0	0.0	0.0
Credit on corporate tax	0.0	0.0	0.0	4.2
Interest income from group companies	-	-	4.5	6.3
Interest income from others	0.3	0.4	0.0	0.0
Interest expenses to group companies	-	-	-0.1	-0.1
Interest expenses to others	-6.4	-8.1	-5.9	-7.2
Interest expenses on capital loan	-1.3	-1.6	-1.3	-1.6
Other financial items to group companies	-	-	0.1	-0.4
Other financial items to others	-1.0	-0.8	-0.7	-0.4
Total net	-8.4	-10.1	-2.2	16.3
Other financial items				
Other financial income				
Exchange rate differences	2.7	5.9	2.6	5.1
Other income	0.1	0.1	0.0	0.0
	2.8	6.0	2.6	5.1
Other financial expenses				
Exchange rate differences	2.8	6.0	2.6	5.0
Other expenses	1.0	0.8	0.6	0.9
	3.8	6.8	3.2	5.9
Total net	-1.0	-0.8	-0.6	-0.8

8. Extraordinary income

In million euro	Group 2004	2003	Parent company 2004	2003
Group contribution	-	-	16.6	10.9
Total	-	-	16.6	10.9

9. Taxes

In million euro	Group 2004	2003	Parent company 2004	2003
Taxes paid	-5.0	-6.4	-1.9	-5.7
Change in deferred taxes during the year	3.8	-0.8	0.0	0.0
Total net	-1.2	-7.2	-1.9	-5.7

10. Fixed assets

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Intangible assets				
Goodwill				
Acquisition value 1 Jan	20.0	19.4	0.0	0.0
+ Investments	0.3	0.6	0.0	0.0
Acquisition value 31 Dec	20.4	20.0	0.0	0.0
- Accumulated depreciation	-4.2	-2.9	0.0	0.0
Residual value 31 Dec	16.2	17.1	0.0	0.0
Intangible rights				
Acquisition value 1 Jan	17.1	11.9	0.0	0.0
+ Investments	1.2	1.7	0.0	0.0
+ Other increase	0.0	3.9	0.0	0.0
- Decrease	-0.3	-0.4	0.0	0.0
Acquisition value 31 Dec	17.9	17.1	0.0	0.0
- Accumulated depreciation	-4.3	-3.2	0.0	0.0
Residual value 31 Dec	13.6	13.9	0.0	0.0
Other capitalized expenditure				
Acquisition value 1 Jan	2.9	2.7	0.3	0.2
+ Investments	0.5	0.3	0.0	0.1
- Decrease during the year	0.0	-0.2	0.0	0.0
Acquisition value 31 Dec	3.4	2.9	0.3	0.3
- Accumulated depreciation	-1.6	-1.3	-0.2	-0.1
Residual value 31 Dec	1.8	1.5	0.1	0.2
Intangible assets, total	31.6	32.5	0.1	0.2
Tangible assets				
Land				
Acquisition value 1 Jan	65.8	65.4	0.0	0.0
+ Investments	1.3	0.7	0.0	0.0
+ Other increase	0.4	0.4	0.0	0.0
- Decrease during the year	-0.5	-0.7	0.0	0.0
Acquisition value 31 Dec	67.0	65.8	0.0	0.0
- Accumulated depreciation	-6.1	-6.1	0.0	0.0
Residual value 31 Dec	60.9	59.7	0.0	0.0
Buildings and constructions				
Acquisition value 1 Jan	162.4	161.1	0.0	0.0
+ Investments	6.5	2.0	0.0	0.0
+ Other increase	1.6	0.9	0.0	0.0
- Decrease during the year	-5.4	-1.6	0.0	0.0
Acquisition value 31 Dec	165.0	162.4	0.0	0.0
- Accumulated depreciation	-60.8	-56.6	0.0	0.0
Residual value 31 Dec	104.2	105.8	0.0	0.0
Machinery and equipment				
Acquisition value 1 Jan	211.5	210.9	0.1	0.1
+ Investments	8.4	8.2	0.0	0.0
+ Other increase	7.4	1.1	0.0	0.0
- Decrease during the year	-5.3	-8.7	0.0	0.0
Acquisition value 31 Dec	222.0	211.5	0.1	0.1
- Accumulated depreciation	-136.8	-124.5	-0.1	-0.1
Residual value 31 Dec	85.2	87.0	0.0	0.1

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Other tangible assets				
Acquisition value 1 Jan	33.0	31.4	0.0	0.0
+ Investments	1.6	2.5	0.0	0.0
+ Other increase	0.2	0.1	0.0	0.0
- Decrease during the year	-0.8	-1.0	0.0	0.0
Acquisition value 31 Dec	34.0	33.0	0.0	0.0
- Accumulated depreciation	-23.2	-21.5	0.0	0.0
Residual value 31 Dec	10.8	11.5	0.0	0.0
Construction in progress				
Acquisition value 1 Jan	7.2	1.6	0.0	0.0
+ Investments	10.0	7.3	0.0	0.0
- Decrease during the year	-9.6	-1.7	0.0	0.0
Acquisition value 31 Dec	7.6	7.2	0.0	0.0
Tangible assets, total	268.7	271.2	0.0	0.1
Investments				
Shares and participations in subsidiaries				
Acquisition value 1 Jan	-	-	102.7	97.3
+ Investments	-	-	5.0	5.4
- Other increase	-	-	0.0	0.0
Acquisition value 31 Dec	-	-	107.7	102.7
Shares and participations in associated companies				
Acquisition value 1 Jan	2.3	2.1	0.0	0.0
+ Increase during the year	0.1	0.3	0.0	0.0
- Decrease during the year	-0.8	0.0	0.0	0.0
Acquisition value 31 Dec	1.7	2.4	0.0	0.0
Shares and participations, external				
Acquisition value 1 Jan2	0.3	0.6	0.0	0.0
+ Increase during the year	0.0	0.0	0.0	0.0
+ Other increase	0.0	0.0	0.0	0.0
- Decrease during the year	0.0	-0.3	0.0	0.0
Acquisition value 31 Dec	0.3	0.3	0.0	0.0
Investments, total	2.0	2.7	107.7	102.7
Fixed assets total	302.2	306.4	107.9	103.0

11. Shares and participations as per 31 December 2004

In million euro	Group Holding %	Parent company Holding %	Parent company Book value
Group and associated companies			
Consolis Projects Oy Ab, Helsinki Finland	100.0	100.0	0
Consolis Technology Oy Ab, Helsinki Finland	100.0	100.0	1.7
Elematic Oy Ab, Toijala Finland	100.0	100.0	5.6
Kuopanmäki Oy, Riihimäki Finland	100.0		
Rimera Oy, Riihimäki Finland	95.0		
Elematic GmbH, Germany	100.0		
Elematic Inc., USA	100.0		
FUB Anschan B.V.	100.0		

In million euro	Group Holding %	Parent company Holding %	Parent company Book value
Parastek Oy, Vihti Finland	100.0		1.1
Parastek Holding Oy, Vihti Finland	100.0		0.0
A/O Parastek, Russia	100.0		
A/O Parastek Beton, Russia	100.0		
ZAO Mospart, Russia	50.0		
Parma Oy, Vihti Finland	100.0	100.0	52.8
Rajaville Oy, Oulu Finland	100.0		
Paramid Oy, Nurmijärvi Finland	100.0		
Forssan Tehdaspalvelu Oy, Forssa Finland	100.0		
Cellrock Oy, Nurmijärvi Finland	100.0		
Rakennusvalmiste Oy, Forssa Finland	100.0		
Parma Kehä Oy, Forssa, Finland	100.0		
Parma Betonila Oy, Vihti Finland	100.0		
Nastolan Elementti Oy, Nastola Finland	100.0		
Addtek International AB, Sweden	100.0	100.0	29.5
Strängbetong AB, Sweden	100.0		
Forsells Prefab AB, Sweden	100.0		
A/S Strängbetong, Norway	100.0		
Strängbetong Aps, Denmark	100.0		
A/S Strängbetong Eesti, Estonia	100.0		
A/S Swetrak, Estonia*)	50.0		
Consolis B.V., The Netherlands	90.0		
Spanbeton B.V., The Netherlands	90.0		
VBI Verenigde Bouwprodukten Industrie B.V., The Netherlands	90.0		
Bouwstoffen Industrie Weurt B.V., The Netherlands	90.0		
Leenstra Machine en Staalbouw B.V., The Netherlands	90.0		
Nebi Verkoopmaatschappij B.V., The Netherlands	90.0		
VBI Huissen B.V., The Netherlands	90.0		
VBI Ontwikkeling B.V., The Netherlands	90.0		
VBI Oss B.V., The Netherlands	90.0		
VBI Schuilenburg B.V., The Netherlands	90.0		
VBI Verkoopmaatschappij B.V., The Netherlands	90.0		
VBI Weert B.V., The Netherlands	90.0		
Windpark Looveer B.V., The Netherlands *)	40.5		
Verbin Baufertigteile GmbH, Germany	90.0		
Zwijndrecht Inli B.V., The Netherlands	90.0		
Waalwijk Elementen Betonindustrie B.V., The Netherlands	100.0		
Condita GmbH, Germany	100.0		
Consolis AS, Norway	100.0		
Spenncon AS, Norway	100.0		
Elematic Engineering AS, Norway	100.0		
DW Beton Systeme GmbH, Germany	100.0		1.0
DW Schwellen GmbH, Germany	100.0		
DW Betonrohre GmbH, Germany	100.0		
DW Brespa GmbH, Germany	100.0		
DW Imbau GmbH, Germany	100.0		
AS E-Betoonelement, Estonia	100.0	100.0	5.3
AS CES, Estonia	100.0	100.0	0.0
SIA Consolis Latvija, Latvia	100.0	100.0	4.9
UAB Betonika, Lithuania	100.0	100.0	2.6
Consolis Polska Sp. z o.o., Poland	100.0	100.0	2.5
Dywidag Prefa Lysá nad Labem A.S., The Czech Republic	95.7	95.7	0.7
Parent company´s total holding in group and associated companies			107.7

*) Associated company

12. Long and short-term receivables

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Subsidiaries				
Long-term loan receivables	-	-	106.3	127.0
Accounts receivables	-	-	0.5	0.2
Accrued income and prepaid expenses	-	-	0.9	1.0
Other short-term receivables	-	-	20.1	12.0
	-	-	127.9	140.2
Associated companies				
Accounts receivables	0.0	0.0	0.0	0.0
Trade debtors	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
External				
Long-term loan receivables	0.9	1.5	0.0	0.0
Accounts receivables	0.0	0.0	0.0	0.0
Trade debtors	70.8	63.9	0.0	0.0
Accrued income and prepaid expenses	29.8	20.0	0.4	1.6
Other short-term receivables	4.3	4.8	0.5	0.1
	105.8	90.2	0.9	1.6
Total	105.8	90.2	128.8	141.8
Long-term receivables				
Interest-bearing				
Subsidiaries	-	-	106.3	123.0
Associated companies	0.0	0.0	0.0	0.0
External	0.3	0.3	0	0.0
	0.3	0.3	106.3	123.0
Interest free				
Subsidiaries	-	-	2.2	4.0
Associated companies	0.0	0.0	0.0	0.0
External	0.6	1.2	0.0	0.0
	0.6	1.2	2.2	4.0
Long-term receivables total	0.9	1.5	108.5	127.0
Short-term receivables				
Interest-bearing				
Subsidiaries	-	-	0	0
External	0	0	0	0
	0	0	0	0

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Interest free				
Subsidiaries	-		19.4	13.1
Associated companies	0.0	0.0	0.0	0.0
External	104.9	88.7	0.9	1.6
	104.9	88.7	20.3	14.8
Short-term receivables total	104.9	88.7	20.3	14.8
Total	105.8	90.2	128.8	141.8

Specification of accrued income and prepaid expenses		
Income according to % of completion	25.8	15.6
Insurance premiums	1.6	1.3
Financial items	0.3	0.2
Other	2.1	2.9
Total	29.8	20.0

13. Inventories

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Materials and supplies	33.1	20.9	0.0	0.0
Finished and semi-finished goods	15.1	18.3	0.0	0.0
Advance payments	0.1	0.0	0.0	0.0
Total	48.3	39.3	0.0	0.0

14. Shareholdel's equity

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Share capital 1 Jan	21.1	21.1	21.1	21.1
Change during the year	4.6		4.6	
Share capital 31 Dec	25.7	21.1	25.7	21.1
of which				
- series A, right to dividends	5.3	5.3	5.3	5.3
- series B, no right to dividends	20.4	15.8	20.4	15.8
	25.7	21.1	25.7	21.1
Share premium account 1 Jan	18.3	7.2	18.3	7.2
Share issue premium	22.7	11.0	22.7	11.0
Share premium account 31 Dec	41.0	18.2	41.0	18.3
Retained earnings 1.1	82.2	81.8	54.6	46.3
Paid dividends during the year	0.0	-11.0	0.0	-11.0
Result for the year	4.3	11.4	5.8	19.3
Translation differences	0.2	0.0	0.0	0.0
Retained earnings 31.12	86.7	82.2	60.4	54.6
Capital loan 1 Jan	22.8	22.8	22.8	22.8
Change during the year	-22.8	0.0	-22.8	0.0
Capital loan 31 Dec	0.0	22.8	0.0	22.8
Shareholders' equity 31 Dec	153.4	144.3	127.1	116.8

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Distributable funds 31 Dec				
Retained earnings	82.2	70.8	54.6	35.3
Result for the year	4.3	11.4	5.8	19.3
Translation differences	0.2	0.0	0.0	0.0
The equity share deducted from untaxed reserves	-14.6	-14.5	0.0	0.0
Total	72.1	67.7	60.4	54.6

15. Capital loan

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
The parent company Consolis Oy Ab has a capital loan from the following investors:				
Investors represented by				
Industri Kapital 1994 Ltd.	0.0	12.5	0.0	12.5
KONE Corporation	0.0	10.3	0.0	10.3
Total	0.0	22.8	0.0	22.8

On 29.10.2004 the capital loan of 22 755 826,45 euro and the accrued unpaid interst to the amount of 4 560 513,55 euro were used as payment for the issued new shares.

16. Provisions

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Pensions	2.9	3.3	0.0	0.0
Guarantees	1.2	1.2	0.0	0.0
Restructuring costs	0.0	0.0	0.0	0.0
Other provisions	0.3	0.0	0.0	0.0
Total	4.4	4.6	0.0	0.0

17. Long-term liabilities

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Loans from financial institutions	100.9	104.3	100.6	101.2
Other interest-bearing liabilities, external	0.1	0.1	0.0	0.0
Other interest-bearing liabilities, internal	-	-	0.0	0.0
Other interest free liabilities, external	0.0	3.2	0.0	3.2
Total	101.0	107.6	100.6	104.4

The long-term liabilities, fall due as follows:	Group	Parent company
Year 2006	15.7	15.6
Year 2007	85.3	85.0
Year 2008	0.0	0.0
Year 2009	0.0	0.0
Later	0.0	0.0
Total	101.0	100.6

18. Deferred taxes

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Deferred tax receivables				
From joining measures	0.2	0.3	-	-
From periodisation differences	4.0	0.7	0.0	0.0
Total	4.1	1.0	0.0	0.0
Deferred tax liabilities				
From joining measures	21.5	21.1	-	-
From periodisation differences	17.8	18.9	0.0	0.0
Total	39.3	40.0		0.0

2.8 m EUR of the deferred tax receivable is based on the losses of DW Beton during the year. 13.8 m EUR of the deferred tax liability is based on the allocation of goodwill when the Group was established 1997 and when 50% of the shares in Parma was purchased 2002.

19. Short-term liabilities

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Interest-bearing				
Subsidiaries				
Other interest-bearing liabilities	-	-	7.5	19.0
Other				
Amortisation on long-term loans	1.6	5.5	0.0	0.0
Other interest-bearing liabilities	5.4	9.4	2.1	2.7
	7.0	14.9	2.1	2.7
Interest-bearing, total	7.0	14.9	9.6	21.7
Interest free				
Subsidiaries				
Trade creditors	-	-	0.1	0.1
Accrued expenses and deferred income	-	-	0.0	0.1
Other interestfree liabilities	-	-	0.0	0.0
	-	-	0.1	0.2
Associated companies				
Trade creditors	0.0	0.0	0.0	0.0
Accrued expenses and deferred income	0.0	0.0	0.0	0.0
Other interestfree liabilities	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
Others				
Advances received	26.0	18.8	0.0	0.0
Trade creditors	63.2	51.4	0.7	0.2
Accrued expenses and deferred income	31.6	29.4	1.4	1.5
Other interest free liabilities	31.9	23.8	0.8	0.1
	152.7	123.4	2.9	1.8
Interest free, total	152.7	123.4	3.0	1.9
Total	159.7	138.3	12.6	23.6

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Specification of accrued expenses and deferred income				
Personnel costs	22.8	19.3		
Purchase costs	2.5	4.1		
Guarantee expenses	1.9	1.4		
Financial items	0.9	1.0		
Other	3.5	3.6		
Total	31.6	29.4		

20. Pledged assets and contingent liabilites

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Pledged assets				
As security for own debt				
Real estate mortgages	1.8	20.7	0.0	0.0
Other mortgages	0.0	1.1	0.0	0.0
Shares	0.0	0.0	0.0	0.0
	1.8	21.8	0.0	0.0
Credit and guarantee lines for which collateral is pledged	0.4	14.9	0.0	0.0
- of which booked as loans on the balance sheet	0.1	9.5	0.0	0.0
Guarantees given and other contingent liabilities				
For group companies	-	-	150.5	113.4
For commercial obligations	60.1	60.2	0.0	0.0
Total	60.1	60.2	150.5	113.4
-of which guarantees for unused but committed credit and guarantee lines available for group companies			72.5	40.3
Pension liabilities (Norway)	1.0	1.0	-	-

Ongoing legal cases

The Group has no considerable legal cases going on. Some Group companies are involved in legal cases mostly concerning reclamations of project deliveries. These have no considerable effect on the Group result. The Group has made adequate and relevant provisions deposits for this purpose.

During 2004 the Dutch Competition Authorities (NMa) started investigations regarding the whole building industry in The Netherlands for possible breaches against the Dutch Competition Act. Consolis' two Dutch subsidiaries are also under investigation by NMa. If these companies are found having been acting in breach of the competition laws, penalties could be imposed. The magnitude of such possible penalties can not be determined reliable at this moment. As a consequence no provision has been accounted for in the financial statements.

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Lease and long term rent agreements				
Payments due				
- during the coming year	4.1	4.7	0.4	0.4
- from two years to five years	5.7	8.0	0.4	0.7
- five years or later	0.0	0.0	0.0	0.0
Total	9.8	12.7	0.8	1.1

21. Derivate instruments

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Foreign exchange forward contracts				
Market value	0.0	0.2	0.0	0.2
Nominal amount	34.6	17.4	33.7	16.7
Interest swap contracts				
Market value	-1.0	-1.4	-1.0	-1.4
Nominal amount	100.8	80.5	100.8	80.5

In million euro	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Electricity hedge contracts				
Market value	-0.2	0.0	-0.2	0.0
Nominal amount	1.3	0.0	1.3	0.0

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

The electricity hedge contracts are used for hedging against changes in the market price of electricity and concerns the Group's electricity consumption in Sweden, Norway and Finland.

22. Distribution of shares

Distribution of shares by shareholder category at 31 December 2004

	Series of shares A	Series of shares B	Shares total	%
Investment companies and funds		7,117,847	7,117,847	46.6
Private companies	3,149,172	3,236,199	6,385,371	41.8
Private persons		1,768,418	1,768,418	11.6
Total	3,149,172	12,122,464	15,271,636	100.0

Distribution of shares by shareholding at 31 December 2004

Number of shares	Shareholder	%	Shares	%
1 -5 000	37	24,6	130,422	0.9
5 001 -10 000	34	22,7	230,950	1.5
10 001 - 50 000	54	36,0	1,197,690	7.8
50 001 - 100 000	6	4,0	405,597	2.7
100 001 - 500 000	15	10,0	3,377,686	22.1
500 001 -	4	2,7	9,929,291	65.0
Total	150	100,0	15,271,636	100.0

Distribution of shares by shareholder at 31 December 2004

	Series of shares A	Series of shares B	Shares total	%
Investors represented by Industri Kapital		7,690,018	7,690,018	50.4
KONE Corporation	3,149,172	3,222,736	6,371,908	41.7
Others		1,209,710	1,209,710	7.9
Total	3,149,172	12,122,464	15,271,636	100.0

Key Figures

		2004	2003	2002 1)	2001 1)	2000 1)
Net sales	Million euro	**646.1**	618.4	543.0	531.2	541.6
Gross profit	Million euro	**91.0**	100.6	90.4	90.8	100.6
% of Net sales	%	**14.1**	16.3	16.6	17.1	18.6
Operating profit	Million euro	**14.5**	29.5	30.4	27.7	42.4
% of Net sales	%	**2.3**	4.8	5.6	5.2	7.8
Result before extraordinary items, taxation and minority interest	Million euro	**6.1**	19.4	21.6	20.2	35.4
% of Net sales	%	**0.9**	3.1	4.0	3.8	6.5
Result for the period	Million euro	**4.3**	11.4	13.4	12.4	23.0
% of Net sales	%	**0.7**	1.8	2.5	2.3	4.2
Orders received	Million euro	**691**	594	515	515	535
Order book	Million euro	**229**	168	190	169	180
Total assets	Million euro	**461.1**	437.9	463.0	368.0	351.8
Gross investments	Million euro	**29.8**	26.6	105.9	22.8	37.2
% of Net sales	%	**4.6**	4.3	19.5	4.3	6.9
Depreciation	Million euro	**30.1**	28.3	23.1	18.3	16.7
% of Net sales	%	**4.7**	4.6	4.3	3.4	3.1
Interest bearing net debt	Million euro	**107.2**	140.7	176.1	102.1	94.9
- including Capital loan	Million euro	**0.0**	22.8	22.8	22.8	45.5
Return on capital employed (ROC)	%	**5.6**	10.6	11.9	13.6	23.4
Return on equity (ROE) 2)	%	**3.2**	8.6	10.8	10.2	19.2
Equity ratio 2)	%	**36.0**	35.2	30.4	35.7	40.4
Gearing 2)	%	**68**	80	113	63	36
Earnings per share (EPS)	Euro	**0.33**	0.91	1.06	0.99	1.84
Equity per share (excluding capital loan)	Euro	**10.05**	9.69	8.79	7.87	6.82
Number of shares, closing balance	x 1 000	**15,272**	12,540	12,540	12,540	12,540
Average number of personnel	Number	**5,101**	4,946	4,292	4,204	4,169
of which in Finland	Number	**1,127**	1,127	755	685	644
of which outside Finland	Number	**3,974**	3,819	3,537	3,519	3,525
Personnel at year end	Number	**5,189**	4,937	4,941	4,147	4,191
of which in Finland	Number	**1,116**	1,101	1,147	682	688
of which outside Finland	Number	**4,073**	3,836	3,794	3,465	3,503

1) The Finnish company Parma Oy was an associated company until September 2002 and it was consolidated using the row by row-method according to the ownership of 50%. After the acquisition of the other 50% of the shares, Parma Oy has been fully consolidated.
2) When calculating key figures, the capital loan has been regarded as part of equity until October 2004 when it was converted to equity in conjuction with the share issue.

Quarterly Information In million euro

Quarter	2004 1st	2004 2nd	2004 3rd	2004 4th	Year total
Income statement					
Net sales	135.3	159.9	156.3	194.6	646.1
Gross profit	17.2	23.7	22.5	27.6	91.0
% of net sales	12.7	14.8	14.4	14.2	14.1
Operating profit	-1.2	5.1	5.9	4.7	14.5
% of net sales	-0.9	3.2	3.8	2.4	2.3
Result before extraordinary items, taxation and minority Interest	-3.4	2.9	3.8	2.8	6.1
% of net sales	-2.5	1.8	2.4	1.4	0.9
Result for the period	-2.2	3.0	2.2	1.3	4.3
% of net sales	-1.7	1.9	1.4	0.6	0.7

	2004 31 Mar	2004 30 Jun	2004 30 Sep	2004 31 Dec
Balance sheet				
Assets				
Fixed assets	301.8	301.7	302.0	302.2
Long-term loan receivables	1.0	1.0	1.1	0.9
Deferred tax receivables	1.0	2.4	3.0	4.2
Inventories	45.0	49.0	52.2	48.4
Short-term receivables	98.9	109.0	115.3	104.9
Cash and bank	0.9	1.1	2.2	0.5
Current assets and long-term receivables, total	146.7	162.4	173.7	158.9
Assets, total	448.6	464.1	475.7	461.1
Equity and liabilities				
Shareholders' equity (excl. capital loan)	119.4	122.4	124.8	153.4
Shareholders' equity (incl. capital loan)	142.1	145.2	147.6	153.4
Minority interests	2.7	3.0	3.1	3.2
Provisions	4.5	4.6	4.7	4.4
Long-term liabilities	118.5	111.2	115.3	101.0
Deferred tax liability	39.5	39.7	40.1	39.3
Short-term liabilities	141.2	160.4	165.0	159.8
Liabilities, total	299.2	311.3	320.4	300.1
Equity and liabilities, total	448.6	464.1	475.7	461.1
Additional information				
Net debt (incl. capital loan)	151.7	146.2	139.1	107.2
Net debt (excl. capital loan)	129.0	123.4	116.3	107.2
Capital loan	22.8	22.8	22.8	0.0
Accrued unpaid interest on capital loan	3.6	4.0	4.4	0.0
Orderbook	188.5	220.2	210.9	229.0
Number of personnel, closing balance	4,910	5,207	5,171	5,189
Number of personnel, average	4,839	4,992	5,058	5,101

The quarters have not been separately audited as quarters.

Definitions to Key Ratios

Return on Capital Employed, %

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

Return on Equity, %

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

Equity Ratio, %

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

Gearing, %

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

Earnings per Share, in euro

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

Equity per Share, in euro

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

Proposal for the Distribution of Profit to the Annual General Meeting

The net profit of the Group during the year was 4.3 million euro and the distributable funds amounted to 72.1 million euro on 31 December 2004.

The net profit of the parent company during the year was 5.8 million euro and the distributable funds amounted to 60.4 million euro on 31 December 2004.

The Board of Directors proposes to the Annual General Meeting that the profit of the parent company of 5.8 million euro for the financial period will be transferred to the profit and loss account and that no dividend will be paid.

Vantaa, 8 March 2005

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

Auditors' Report

to the shareholders of Consolis Oy Ab

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Consolis Oy Ab for the year ended 31 December 2004. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

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

In our opinion, the financial statements, showing a profit of 4.296.000 euro in the consolidated income statement and a profit of 5.794.815,02 euro in the parent company income statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company result of operations, as well as the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial year audited by us. The proposal made by the Board of Directors on how to deal with the result is in compliance with the Finnish Companies Act.

Vantaa, 8 March, 2005

KPMG Oy Ab
Solveig Törnroos-Huhtamäki
Authorized Public Accountant

PricewaterhouseCoopers Oy
Kim Karhu
Authorized Public Accountant

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