From the CEO

What Is Good Customer Service?

In Ensto, we have agreed that we want to be the customers' preferred supplier of electrical systems. This entails the obligation to be good at the things our customers wish for and expect of their supplier. Excellent quality in our operations and products, a competitive price/quality ratio, innovative product and system solutions, installation and user friendliness are recognized, key customer expectations. Newer expectations include elegant and context-sensitive design.

Side by side with these expectations lies the perennial need for a businesslike but human touch. A customer relationship is usually built by a large group of people working on a range of tasks in different situations, and the way we handle customer encounters is critical. Successful communication between two business people is a two-way street, just as it is in our private lives, requiring the goodwill of both the supplier and customer.

We do not claim to be top flight in all of the above. However, third parties have presented us with awards for our performance in quite a few such areas – an array of supplier awards from Swedish and Finnish customers, branch awards in e.g. the Czech Republic and Poland, and Ensto being awarded by number one prize in procurement and purchases by the Finnish Association of Logistics in 2004.

However, the ultimate award is repeat orders from our customers. In 2004, we supplied close to 10% more systems and products to our customers than the year before, counted in euros. We consider this not a bad achievement in the world in which Ensto operates. Our heartfelt thanks to all our customers for the confidence they have shown in us through their orders!

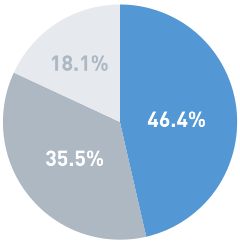
Preparing for the future requires that we consider the effectiveness and rationality of our operations and, if need be, develop them in pursuit of excellent customer service. In 2004, this meant the reorganization of manual production in Ensto, which continues in 2005. To enable our product line to remain price competitive, we are transferring manual assembly to Estonia while doing our utmost to keep any delivery disruptions to a minimum.

In 2005, we will significantly increase our R&D investments, especially in product development through all branches of our businesses. In addition, we shall continue improving brand recognition and our information and communication systems to better meet the needs of our customers and ourselves. My thanks to all Ensto staff for their work during 2004 and wishing you boundless energy for your efforts in 2005.

Seppo Martikainen

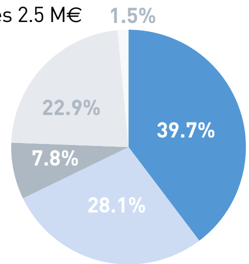
Turnover by SBU

- Building Technology 78,3 M€
- Utility Networks 60,0 M€
- Enclosures and Components 30,5 M€



Turnover by Market Area

- Finland 64.8 M€
- Other Nordic Countries 46.0 M€
- Western Europe 12.7 M€
- Eastern and Central Europe 37.5 M€
- Other Countries 2.5 M€



Key indicators (12 months)

	M€	2004	2003	2002	2001	2000
Turnover		163.5	163.1	175.7	182.8	200.7
Change compared to last period	%	0.3	-7.2	-3.9	-8.9	4.7
Sales outside Finland		98.6	95.4	101.9	99.0	112.2
Of turnover	%	60.3	58.5	58.0	54.2	55.9
Change compared to last period	%	3.4	-6.3	2.9	-11.7	3.1
Sales in Finland		64.8	67.7	73.9	83.8	88.5
Change compared to last period	%	-4.1	-8.4	-11.8	-5.4	6.9
Exports from Finland		64.8	59.4	60.2	56.7	55.9
Change compared to last period	%	9.1	-1.2	6.2	1.4	23.6
Profit before depreciation		18.0	19.0	24.3	16.4	28.7
Of turnover	%	11.0	11.6	13.9	9.0	14.3
Depreciation		5.8	7.6	8.9	8.6	10.8
Of turnover	%	3.6	4.6	5.0	4.7	5.4
Operating profit		12.1	11.4	15.5	6.5	17.9
Of turnover	%	7.4	7.0	8.8	3.6	8.9
Financial items		-0.8	-1.1	-1.4	-2.1	-1.9
Of turnover	%	-0.5	-0.7	-0.8	-1.2	-0.9
Profit before extraordinary items		11.3	10.3	14.1	4.4	16.0
Of turnover	%	6.9	6.3	8.0	2.4	8.0
Profit before income taxes		11.3	11.4	13.0	4.5	17.9
Of turnover	%	6.9	7.0	7.4	2.5	8.9
Net profit		5.8	9.7	8.5	2.4	11.0
Of turnover	%	3.5	5.9	4.8	1.3	5.5
Gross investments		8.1	4.5	7.0	7.6	8.3
Of turnover	%	5.0	2.7	4.0	4.2	4.1
Return on investment (ROI)	%	16.0	15.0	21.0	10.2	19.9
Return on equity (ROE)	%	12.0	18.5	24.1	7.1	21.8
Solvency	%	55.5	55.0	47.7	37.1	45.5
Gearing	%	-8.0	0.3	25.3	78.0	55.6
Current ratio		2.2	2.6	1.8	1.4	1.9
Net liabilities		-4.7	0.2	12.7	30.7	31.9
Of turnover	%	-2.9	0.1	7.2	16.8	15.9
Total assets		105.8	104.7	105.6	106.2	126.9
Research and Development costs		3.9	4.4	4.2	6.1	5.8
Of turnover	%	2.4	2.7	2.4	3.3	2.9
Undelivered orders		7.0	8.3	10.8	12.4	16.3
Profit/share (EPS)	€	0.40	0.61	0.66	0.16	0.67
Equity/share	€	3.55	3.51	3.05	2.36	3.51
Dividend/share	€	0.69	0.46	0.17	0.06	1.30
Dividend/profit	%	173.2	74.1	26.4	34.3	194.6
Turnover/employee	1,000 €	140.4	122.8	119.1	112.0	114.8
Average personnel		1,164	1,328	1,476	1,633	1,748
Personnel at the end of period		1,195	1,099	1,340	1,504	1,649
Number of shares		14,498,700	14,498,700	14,498,700	14,498,700	14,498,700
Average number of shares		14,498,700	14,498,700	14,498,700	14,498,700	14,498,700

Principles for calculating key figures

Invested capital = balance sheet total – non-interest debts

Return on investment (ROI) = $\frac{\text{Profit before extraordinary items + interest expense and other financial expence}}{\text{Capital invested (average for period)}} \times 100$

Return on equity (ROE) = $\frac{\text{Profit after financial items – taxes}}{\text{Shareholder's equity + minority interest + group reserve (average for period)}} \times 100$

Solvency = $\frac{\text{Shareholder's equity + minority interest + group reserve}}{\text{Balance sheet total – advances received at the end of the financial period}} \times 100$

Net liabilities = Non-current and current liabilities – non-interest debts – cash in hand and at banks – shares

Gearing = $\frac{\text{Net liabilities}}{\text{Capital + minority interest + group reserve}} \times 100$

Current ratio = $\frac{\text{Financial assets + current assets}}{\text{Short-term liabilities}}$

Earnings/share (EPS) = $\frac{\text{Profit after financial items – minority interest and taxes}}{\text{Issue adjusted average number of shares}}$

Equity/share = $\frac{\text{Capital + minority interest + group reserve}}{\text{share issue adjusted number of shares at the end of the financial period}}$

Dividend/share = $\frac{\text{The dividend}}{\text{Share issue adjusted number of shares at the end of the financial period}}$

Dividend/Profit = $\frac{\text{The dividend}}{\text{Earnings/share}} \times 100$

THE YEAR IN BRIEF

From the beginning of 2004, Ensto consisted of three business units operating under the Ensto brand: Ensto Building Technology, Ensto Utility Networks and Ensto Enclosures and Components.

Ensto Group's net turnover grew across the board during the financial period, as did profitability compared to the previous year.

In addition to Ensto's traditional markets, growth was attained in Russia and central Europe in particular.

2004 was a year of internal development, focused on developing information and communication technology and the Ensto brand.

NET TURNOVER AND OPERATING PROFIT

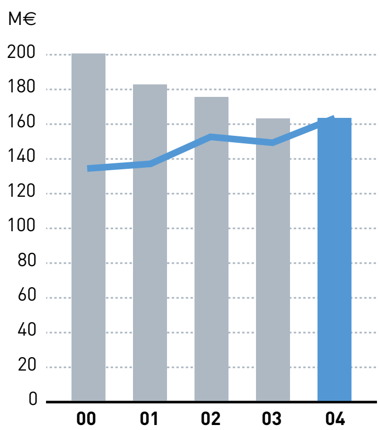
Ensto Group's net turnover for 2004 totalled EUR 163.5 million against last year's net turnover of EUR 163.1 million, i.e. an increase of 0.3% year-on-year. Growth attained 9.1% in comparable terms.

Operating profit for 2004 stood at EUR 12.1 million i.e. 7.4% of net turnover. Operating profit rose by 9.4% compared to the previous year's comparable figures.

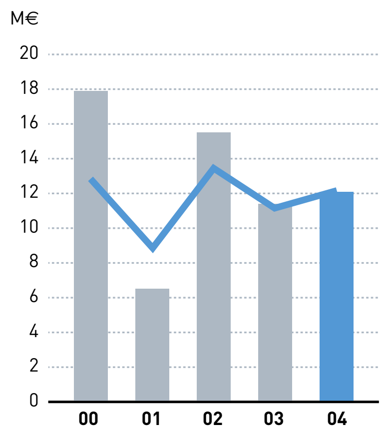
The Group's international operations' share of net turnover was EUR 98.6 million or 60.3%, while the Nordic countries' combined share was EUR 110.8 million or 67.8%. Net turnover for eastern and central Europe were EUR 37.5 million or 22.9% of consolidated net turnover.

The table below shows Ensto's net turnover by business unit during 2004.

Turnover 2000–2004

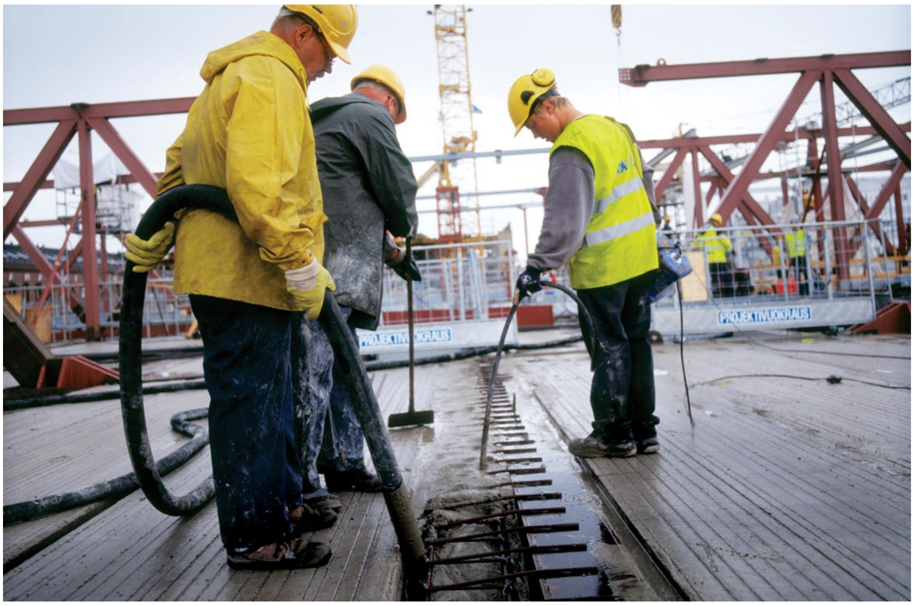


Operating profit 2000–2004



The lines illustrate the development in comparable figures.

1 Jan.–31 Dec. 2004	Net turnover		
M€	2004	2003	Change %
Building Technology	78.3	73.2	7.0
Utility Networks	60.0	54.2	10.7
Enclosures and Components	30.5	27.5	11.0
Others and eliminations	-5.3	8.2	
Total	163.5	163.1	0.3
Comparative total	163.5	149.9	9.1



GROUP STRUCTURE

Through a transaction dated 1st January 2004, Ensto Oy purchased a 24.0% minority holding in Ensto Elsto Kft which operates in Hungary; subsequently, the company's entire stock was held by Ensto Group.

Ensto Connector Oy merged with Ensto Electric Oy on 30th September 2004.

On 8th October 2004, the unit established a new sales company, CJSC Ensto Ukraine, which will begin by focusing on the sale and marketing of utility networks solutions. At the moment, Ensto is a minority shareholder in the company. Based on the ownership agreement, Ensto will have the right to acquire a majority holding at a later date.

Ensto Control Holding Oy merged with Ensto Oy on 31st December 2004.

Ensto will restructure its operations in the United Kingdom. Ensto Briticent Ltd's business was sold to Brackenheath Ltd on 27th January 2005. In the future, Ensto Briticent Ltd will focus on Ensto systems and products, and the company has assumed the name, Ensto UK Ltd, and relocated to Southampton.

On 13th January 2004, Ensto began joint discussions in Finland with the goal of restructuring its operations in Finland and Estonia, aimed at strengthening Ensto's position as a major, competitive international provider of electrification solutions.

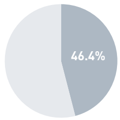
The discussions concluded on 14th September 2004. During this process, the division of production between the Keila factory in Estonia and the Porvoo and Mikkeli factories in Finland was reviewed, introducing a staff cut of 89 in the Ensto Porvoo factories. These jobs will be off-shored to the Ensto Keila factory, where new facilities will be completed at the end of October. Production will be transferred in stages, by April 2005.

The following foreign branch offices belong to the Ensto group: Ensto Busch-Jaeger Oy, filial Sverige; Ensto Electric Oy, filial Sverige; Ensto Control Oy, filial Sverige; and Ensto Sekko Oy; filial Sverige.

ENSTO

ANNUAL REPORT 2004

ENSTO BUILDING TECHNOLOGY



Net turnover for the Ensto Building Technology business unit totalled EUR 78.3 million. The corresponding figure for 2003 was EUR 73.2 million i.e. a rise of 7.0%.

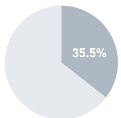
The business unit employed a staff of 416 at the end of 2004, while the corresponding figure in the previous year was 392.

Ensto Building Technology's sales grew in almost all market areas at a faster rate than the market average. The demand for electrical supplies remained stable in the main market areas in Scandinavia but Ensto Building Technology managed to increase its sales. Investments in sales continued and the sales organisation was reinforced.

The year saw major product launches to revamp basic product lines in lighting, accessories and heating, upgrading them to satisfy international demand. A new, general lighting series, AVR 320, was introduced as well as a whole new product concept, Ensto Connect, for home information solutions. In addition, the most comprehensive integrated home control system solution in the market, Ensto Smart, was launched.

Ensto Building Technology's traditional market, Scandinavia, is not expected to improve in 2005 but the business unit's net turnover across all market areas should increase.

ENSTO UTILITY NETWORKS



Net turnover for Ensto Utility Networks business unit came to EUR 60.0 million, a year-on-year improvement of 10.7% (net turnover in 2003: EUR 54.2 million).

Utility Networks had a staff of 445 at the end of 2004, topping the previous year's figure of 392.

Ensto Utility Networks' market developed as expected, seeing sales volumes increase in key markets, especially Russia.

Due to the war in Iraq, insecurity vis-à-vis the market situation in general, and project sales within the region in particular, affected this business unit's performance. Also, the death of sales and marketing director, Seppo Haapanen, during his business trip to Iraq had a major emotional impact.

In 2004, the Utility Networks business unit internationalised further. More than half of its profit came from outside the Nordic countries and production transfers increased staff numbers and production in countries other than Finland. Furthermore, the sales and marketing organisation was enhanced to meet the demands of internationalisation.

A new disconnector, the SZ 24, was introduced, the Insulated Messenger Wire solution was complemented and several old products upgraded to meet international standards. The operations of the Utility Networks product development laboratory were enhanced.

In 2005, sales are expected to rise in new markets in Russia, Ukraine and other CIS countries. Sales in our traditional markets in Finland and the Nordic countries should remain steady, in line with general market developments.

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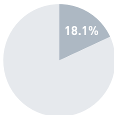
ENSTO ENCLOSURES AND COMPONENTS



The business unit's net turnover for 2004 came to EUR 30.5 million. The corresponding figure for 2003 was EUR 27.5 million i.e. a rise of 11.0%.

Staff totalled 265 at the year-end, an increase of 8 compared to the previous year.

Net turnover increased on all main market areas, although there were no fundamental changes in the general market situation. Excellent volumes achieved in Western Europe promoted the business unit's internationalisation.

Sales of plastic enclosures and customised enclosure solutions were up, epitomised by the warm reception given to Ensto Clampo Pro terminals.

Price increases in plastic and metal raw materials brought new challenges, met by boosting the efficiency of our use of raw materials through the Six Sigma method.

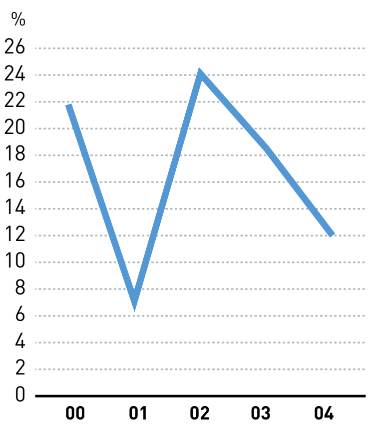
In 2005, we forecast a rise in net turnover for Ensto Enclosures and Components in comparative terms. Our goal is to increase our market share, particularly in our key markets, while continuing our strong investment in supplying, and service provision for, customised enclosure solutions.

RESULT AND PROFITABILITY

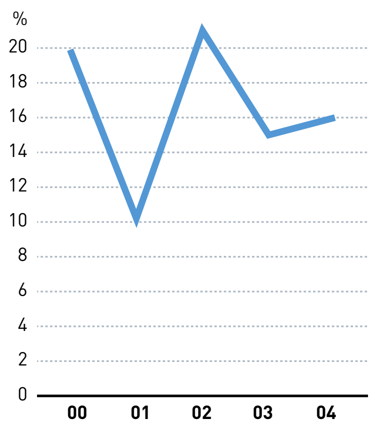
Ensto Group's operating profit before extraordinary items was EUR 11.3 million (EUR 10.3 million in 2003).

Return on equity stood at 12.0% (18.5%) and return on investment at 16.0% (15.0%). Net profit for the financial period after minority interest came to EUR 5.8 million. Last year's equivalent was EUR 9.7 million.

ROE



ROI

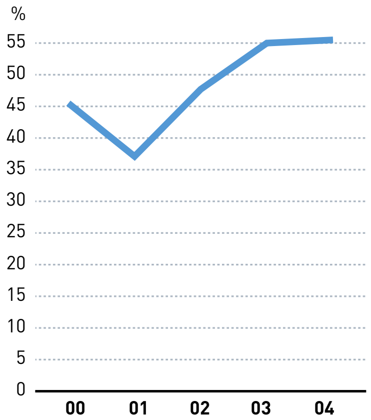


BALANCE SHEET AND FINANCING

At the end of 2004, the balance sheet total stood at EUR 105.8 million (EUR 104.7 million).

The Group's equity ratio was 55.5% (55.0%).

Equity ratio



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INVESTMENTS AND DEVELOPMENT

Gross investments for the financial period amounted to EUR 8.1 million (EUR 4.5 million). During the period, Ensto's new production and office building was completed in Keila, Estonia. Ensto is renting the premises, but the interior decoration and technical systems were part of Ensto's acquisition. Other investments comprised ICT investments, production machinery and equipment as well as the acquisition of a minority interest in our Hungarian subsidiary.

Research and development expenses totalled EUR 3.9 million (EUR 4.4 million), equating to 2.4% (2.7%) of net turnover, investment in product development continuing to rise through the Ensto Building Technology business unit.

In 2004, Ensto's brand development reached the phase at which the company's direction, values and operating model were summarised, and its goals clarified. The Ensto brand is associated with reliability, customer care and creativity, while the new Ensto brand manual with graphic instructions was published and our new visual identity applied in our communication and marketing guides. Brand work shops organised for staff continued to deal with the questions, "What we stand for and how we do things?"

In February 2004, Ensto's new Internet-based network service was introduced, serving various target groups in Ensto market areas all over the world. The new web pages aim at communicating Ensto's ambition to be the most reliable and innovative supplier of electrical systems and supplies. The pages have been published in 13 languages and their development continues.

Both Ensto Enclosures and Components and Ensto Utility Networks in Finland and Sweden introduced a new ERP system. At the end of the year, the new ERP system was introduced in Russia as well. The parent company, Ensto Oy, began using the ERP system at the beginning of 2005.

QUALITY AND ENVIRONMENT

The quality systems of Ensto's Finnish companies are ISO 9001:2000 or QS 9000/ ISO 9002 certified, and their environmental management systems ISO 14001:1996 certified.

The quality systems of our Polish, Hungarian, Norwegian and British companies are ISO 9001:2000 certified, as were those of our Estonian companies as of February 2004.

With the WEEE directive (Waste from Electrical and Electronic Equipment) coming into force in 2005, all Finnish subsidiaries of Ensto to which the directive applies have joined a producer community called SELT ry, that will focus on meeting the directive's requirements.

During 2004, Ensto began a project to prepare for the entry into force of the EU RoHs (Restrictions on Hazardous Substances) directive, restricting the use of hazardous substances in electrical and electronic equipment.

The first Six Sigma project was implemented in 2004. Six Sigma is a sophisticated problem solving method, bringing order and delivery processes and product quality as close to perfection as possible.

MANAGEMENT

Jukka Koskinen was appointed Director of Ensto Utility Networks, effective from 3rd June 2004, following the resignation of his predecessor, Jacek Ratajczak. Keijo Mäkelä was appointed Director of Ensto Enclosures and Components from August 1st 2004. His predecessor, Kai Qvist, joined M-Capital Oy.

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PERSONNEL

Ensto's average number of staff totalled 1,164 in 2004 (1,328), while the year-end figure was 1,195. The corresponding figure in the previous year was 1,099. At the beginning of 2004, Ensto implemented a new reward system for sales staff.

The international Ensto Council, which meets once a year, provides the Group's staff with a joint forum, and in May 2004 it convened for the 10th time, in Keila, Estonia. Ensto Council enables employees to receive information and co-operate across borders, promoting interaction between management and staff.

ANNUAL GENERAL MEETING

Ensto's annual general meeting held on 23rd February 2004 decided to distribute EUR 0.455 per share, or a total of EUR 6,596,909 in dividends, for 2003.

The following were elected as board members: Marjo Raitavuo (Chairman), Risto Anttonen, Heikki Mairinoja, Ensio Miettinen, Timo Miettinen and Esa Saarinen.

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AUDITORS

The authorised public accountancy firm, Ernst & Young Oy, acted as the company's auditor. Pekka Luoma, Authorised Public Accountant, acted as the responsible auditor, working alongside Maj-Britt Jensen, Authorised Public Accountant.

SHARES AND OWNERSHIP

Ensto Oy's share capital comprises 781,200 Series K shares (20 votes per share) and 13,717,500 Series E shares (one vote per share). Both share series carry equal entitlement to dividends. Pajatorppa Oy is Ensto Oy's parent company.

Ensto Oy's ownership at the end of 2004 was as follows:

Shareholder information December 31st 2004

Shareholders	No. of shares	% of Total %	% of Vote %
M-Capital Oy	8,118,900 E	56.0	27.7
Sponsto Oy	4,280,057 E	29.5	14.6
Pajatorppa Oy	781,200 K	5.4	53.2
Perhetorppa Oy	625,455 E	4.3	2.1
Raitavuo, Marjo	282,936 E	2.0	1.0
Miettinen-Valsta, Anu	141,461 E	1.0	0.5
Miettinen, Taru	141,461 E	1.0	0.5
Annovest Oy	127,230 E	0.8	0.4
Series E shares total	13,717,500 E		
Series K shares total	781,200 K		
Shares total	14,498,700	100.0	100.0

CORPORATE GOVERNANCE

Corporate Governance is a methodology with which Ensto is led in order to increase the company's value, taking the interests of the owners and partners into account.

The purpose of the Corporate Governance principles is to clarify the roles related to ownership and leadership of the company. Clear division of roles with their authorities and responsibilities ensures a functional decision-making process.

The principles comprise a summary of the roles, rights and responsibilities of Ensto Group's administrative bodies – the annual general meeting, the Board of Directors, the CEO and the management group. The principles are based on Ensto values: trust capital, excellent performance, partnership and encouraging creativity.

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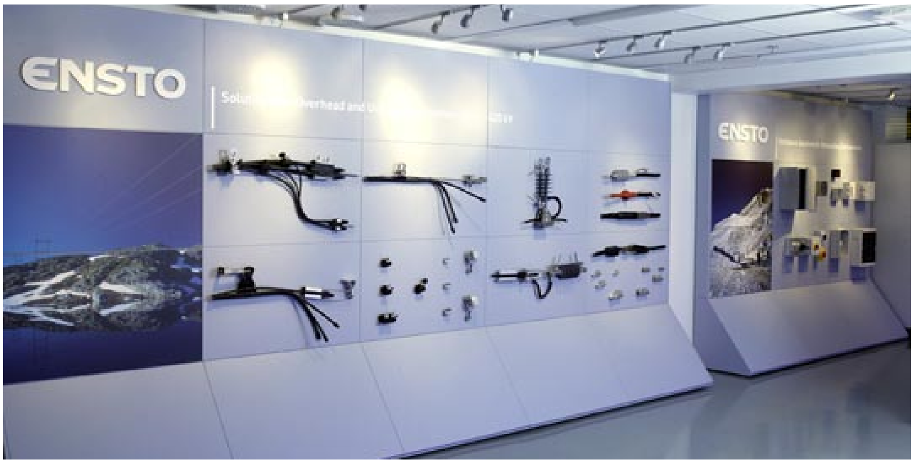
PROSPECTS

In our traditional markets in Scandinavia, construction demand is expected to remain relatively stable. Growth is forecast for all market areas in building and electricity network maintenance. We aim to be better prepared for rises in demand due to storms, such as that which struck at the turn of the year 2004/2005. Due to our restructured operations, we are confident that we can meet demand for enclosures and components. We seek sales growth in home electrification and electrical network systems, especially in Russia and other CIS countries.

We forecast slightly reduced profitability across Ensto Group during 2005, due to increased investments in our operations and product lines.



BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION

According to the balance sheet on 31st December 2004, consolidated distributable funds stood at EUR 40,756,470.

The parent company's profit for the year was EUR 619,426, giving it distributable funds of EUR 22,040,627.

The Board of Directors proposes that EUR 0.69 per share, or a total of EUR 10,004,103, be paid in dividends, the remainder of distributable retained profit, EUR 12,036,524, to be retained as non-restricted equity.

CONSOLIDATED INCOME STATEMENT

(1,000 €)	2004	2003
NET TURNOVER	**163,479**	**163,071**
Variation in stocks of finished goods and in work in progress	-560	2,437
Other operating income	1,205	1,056
Materials and services	-70,014	-65,412
Personnel	-41,031	-45,901
Depreciation and write-downs	-5,818	-7,563
Other operating expenses	-35,126	-36,280
OPERATING PROFIT	**12,135**	**11,408**
Financial income and expenses	-796	-1,076
PROFIT BEFORE EXTRAORDINARY ITEMS	**11,339**	**10,332**
Extraordinary items		1,099
PROFIT BEFORE TAXES	**11,339**	**11,431**
Direct taxes	-4,376	-663
Minority interest	-1,188	-1,084
PROFIT FOR FINANCIAL YEAR	**5,775**	**9,684**

PARENT COMPANY INCOME STATEMENT

(1,000 €)	2004	2003
NET TURNOVER	**4,528**	**4,550**
Other operating income	25	16
Staff expenses	3,254	3,370
Depreciation, amortisation and reduction in value	435	349
Other operating expenses	4,663	4,243
OPERATING LOSS	**-3,799**	**-3,396**
Financial income and expenses	1,376	20,501
LOSS/PROFIT BEFORE EXTRAORDINARY ITEMS	**-2,423**	**17,105**
Extraordinary items	3,232	565
PROFIT BEFORE APPROPRATIONS AND TAXES	**809**	**17,670**
Appropriations	-78	-1
Direct taxes	112	2,635
PROFIT FOR THE FINANCIAL YEAR	**619**	**15,034**

CONSOLIDATED BALANCE SHEET

(1,000 €)

Assets

	Dec. 31, 2004	Dec. 31, 2003
NON-CURRENT ASSETS		
Intangible assets	3,288	2,637
Consolidated goodwill	736	82
Tangible assets	27,010	27,142
Investments	1,295	1,070
NON-CURRENT ASSETS TOTAL	**32,329**	**30,931**
CURRENT ASSETS		
Inventories	26,539	24,543
Long-term debtors	775	760
Short-term debtors	25,153	26,575
Investments	12,976	18,800
Cash in hand and at banks	8,012	3,089
CURRENT ASSETS TOTAL	**73,455**	**73,767**
TOTAL ASSETS	**105,784**	**104,698**

Shareholders' equity and liabilities

	Dec. 31, 2004	Dec. 31, 2003
SHAREHOLDERS' EQUITY		
Subscribed capital	2,465	2,465
Share premium account	509	
Revaluation reserve	1,684	1,684
Other reserves	2,232	2,209
Accumulated appropriations	3,776	3,805
Retained earnings	34,981	31,013
Profit for the financial year	5,775	9,684
SHAREHOLDERS' EQUITY TOTAL	**51,422**	**50,860**
MINORITY INTEREST	**7,272**	**6,647**
STATUTORY PROVISIONS	**429**	**200**
CREDITORS		
Non-current creditors	12,596	18,180
Current creditors		
Interest bearing	5,224	5,577
Non-interest bearing	28,841	23,234
CREDITORS TOTAL	**46,661**	**46,991**
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	**105,784**	**104,698**

PARENT COMPANY BALANCE SHEET

(1,000 €)

	Dec. 31, 2004	Dec. 31, 2003
Assets		
NON-CURRENT ASSETS		
Intangible assets	911	947
Tangible assets	1,006	1,085
Investments	30,009	27,882
NON-CURRENT ASSETS TOTAL	**31,926**	**29,914**
CURRENT ASSETS		
Long-term deptors	822	1,084
Short-term deptors	23,302	26,883
Investments	12,976	18,800
Cash in hand and at banks	5,056	1,299
CURRENT ASSETS TOTAL	**42,156**	**48,066**
TOTAL ASSETS	**74,082**	**77,980**
Equity and liabilities		
CAPITAL AND RESERVES		
Subscribed capital	2,465	2,465
Share premium account	509	
Other reserves	41	41
Retained earnings	21,422	12,984
Profit for the financial year	619	15 034
CAPITAL AND RESERVES TOTAL	**25,056**	**30,524**
APPROPRIATIONS	**78**	**1**
CREDITORS		
Non-current creditors	9,427	12,808
Current creditors		
Interest bearing	37,021	32,148
Non-interest bearing	2,500	2,499
CREDITORS TOTAL	**48,948**	**47,455**
TOTAL EQUITY AND LIABILITIES	**74,082**	**77,980**

CASH FLOW STATEMENTS

(1,000 €)	Consolidated 2004	Consolidated 2003	Parent Company 2004	Parent Company 2003
Operating profit/loss	12,135	11,408	-3,799	-3,396
Depreciation	5,818	7,563	435	349
Financial items	-796	-1,076	1,376	20,501
Extraordinary items	0	1,099	3,232	565
Taxes	-4,376	-663	-112	-2,635
Funds generated from operations	**12,781**	**18,331**	**1,132**	**15,384**
Change in inventories	-1,996	439	0	0
Change in short-term receivables	1,422	-4,955	3,638	2,307
Change in short-term non-interest bearing liabilities	5,607	-3,031	0	692
Change in working capital	**5,033**	**-7,547**	**3,638**	**2,999**
CASH FLOW FROM BUSINESS OPERATIONS	**17,814**	**10,784**	**4,771**	**18,383**
Investments in fixed assets	-8,107	-4,470	-1,996	-3,098
Other decrease / increase	602	9,635		
CASH FLOW BEFORE FINANCING	**10,309**	**15,949**	**2,775**	**15,285**
Change in long-term receivables	-15	133	263	-735
Change in long-term liabilities	-5,584	-3,061	-3,382	-2,311
Change in short-term liabilities	-353	-1,732	4,873	-408
Dividends	-6,794	-2,894	-6,597	-2,537
Change in shareholders' equity	1,536	-217	0	0
Cash flow from financing	**-11,210**	**-7,771**	**-4,843**	**-5,991**
CASH FLOW AFTER FINANCING	**-901**	**8,178**	**-2,068**	**9,294**
Cash and cash equivalents, as of December 31				
2003	**21,889**	**13,711**	**20,099**	**10,805**
2004	**20,988**	**21,889**	**18,032**	**20,099**

ACCOUNTING PRINCIPLES

Ensto uses the euro as its accounting currency. The financial statement and consolidated financial statement are drawn up in euros. The accounts are based on historical acquisition costs, with the exception of certain appreciations allocated to buildings included in restricted equity.

Consolidated financial statement

The consolidated financial statement includes all companies in which Ensto Oy has a more than 50% direct or indirect interest.

The acquisition cost method is applied to the elimination of cross-ownership within the group. Consolidation goodwill arises when the acquisition price of shares exceeds the shareholders' equity of an acquired subsidiary at the time of acquisition. Income from subsidiaries sold during the financial period is included in the consolidated financial statements up to the moment the company was sold.

Mutual receivables and debts belonging to the Group companies, internal income and expenses and internal profits on inventories have been eliminated. Minority interest has been calculated for the subsidiaries' profits and shareholders' equity. Minority interest has also been separated from accumulated appropriations. The accumulation of appropriations is divided in the consolidated balance sheet between deferred tax liability and shareholders' equity.

The financial statements of international subsidiaries have been translated so as to correspond to Finnish accounting principles.

Items denominated in foreign currency

Finnish subsidiaries' receivables and debts denominated in foreign currency have been converted into euros at the European Central Bank's average rate on the date of the closing of the books.

The balance sheets of international group companies have been converted into euros at the European Central Bank's average rate on the date of the closing of the books, and the profit and loss accounts have been converted at the average rate for the financial period. The translation difference arising from the elimination of acquisition costs of international group companies has been included in shareholders' equity.

Derivative instruments

The Group enters into foreign currency derivative contracts to hedge against exchange rate risks arising from the receivables and debts in the balance sheet as well as from both binding and probable sales and purchase contracts. The foreign currency derivative contracts that Ensto uses include forward exchange agreements, currency options and currency swaps.

The exchange rate gain relating to hedging the Group's binding and probable purchase and sale contracts is entered as income and exchange rate losses are booked as costs over the period to maturity.

Depending on the created interest rate difference, valuation of the forward exchange agreements uses either spot or forward exchange valuation. Premiums paid on currency options paid and redeived are booked as income or expense during the financial period when the hedging arrangement matures.

The Group uses interest rate derivative contracts to hedge against interest risks. Interest rate derivative contracts used by Ensto include interest rate swaps and interest rate options. Payments relating to the interest rate swaps (i.e. paid or received interest) over the contract period are booked as adjusting items and interest income or interest expense (income and expenses are netted). Premiums paid on interest rate options paid or received are booked as income or expense during the financial period when the hedging arrangement matures.

Receivables

Receivables are booked according to their probable value. The portion that is likely to remain outstanding is booked as a credit loss.

Inventories

In Group companies, inventories are, in accordance with the FIFO principle, valued at a variable acquisition cost comprising the acquisition and manufacturing costs of the goods, or the probable selling price, whichever is the lowest. An individually calculated, non-marketability deduction for stocks has been applied in the Group companies. If non-marketable inventories become marketable, the non-marketability entry is revised.

Fixed assets and depreciation

Fixed assets are shown at the historical acquisition cost, with the exception of certain revaluations of buildings less planned depreciation. The planned straight-line depreciation is based on the acquisition cost and the economic life cycle of the item as follows:

- Buildings 10–30 yrs
- Machinery 5–8 yrs
- Equipment 5 yrs
- Computer hardware and software 4 yrs
- Other tangible fixed assets 10 yrs
- Consolidation difference asset 5 yrs
- No depreciation is applied to value adjustments and land areas
- Shares and holdings are booked at acquisition cost in compliance with the write-down principle.

Net sales

Turnover comprises sales revenue adjusted with annual discounts and cash discounts granted, and with exchange rate differences arising from sales receivables denominated in foreign currency. Sales freightage, credit losses and sales commissions are entered under other expenses.

Pension arrangements

Pension coverage for the employees of Group companies has been arranged through pension insurance.

Research and development costs

R&D costs accrued during the financial period are booked as annual expenses.

Extraordinary income and expenses

The extraordinary income and expenses in the profit and loss account include any significant one-time items of income or expense that are not directly linked to the company's regular business.

Taxes

The Group's taxes comprise the taxes based on the profits of the parent company and its subsidiaries and are booked on an accrual basis.

On a Group level, the deferred tax liability is calculated on the basis of items arising from periodisation and combination procedures as well as optional reserves. The change in deferred tax liability is presented under taxes in the profit and loss account and under long-term debt in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
1. NET TURNOVER BY MARKET AND BUSINESS AREA				
By market area				
Finland	64,845	67,650	3,662	3,786
Other Nordic countries	45,973	45,974	247	223
Western Europe	12,718	14,116	65	64
Eastern and Central Europe	37,454	32,856	533	463
Other countries	2,489	2,475	21	14
Total	163,479	163,071	4,528	4,550
By business area				
Building Technology	78,310	73,195		
Utility Networks	59,964	54,164		
Enclosures and Components	30,537	27,500		
Other and eliminations	-5,332	8,212		
Total	163,479	163,071		
Variation in stocks of finished goods and in work in progress	-560	2,437		
2. OTHER INCOME FROM BUSINESS OPERATIONS				
Profit from sales and fixed assets	100	289	4	15
Other	1,105	767	21	1
Total	1,205	1,056	25	16
3. EXPENSES FROM BUSINESS OPERATIONS				
Materials and services				
Materials and supplies (goods)				
Purchases during the financial year	72,030	64,882		
Changes in inventories	-2,153	134		
External services	137	396		
Total	70,014	65,412		
NOTES ON PERSONNEL AND CORPORATE GOVERNANCE				
Personnel expenses				
Salaries and other compensation	32,198	35,730	2,674	2,698
Pension expenses	4,963	5,596	410	504
Other employee expenses	3,870	4,575	170	168
Total	41,031	45,901	3,254	3,370
Salaries and other compensation for the Board of Directors and Managing Directors	1,405	1,627	520	267
Average number of personnel during the financial year				
Salaried	465	523	60	62
Wage-earning	699	805		
Total	1,164	1,328	60	62
OTHER EXPENSES FROM OPERATIONS				
Other variable expenses	6,177	7,340		
Other fixed expenses	28,948	28,940	4,663	4,243
	35,125	36,280	4,663	4,243

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
4. DEPRECIATION AND WRITE-DOWNS				
Depreciation				
Intangible assets				
Intangible rights	499	650	136	146
Goodwill	392	292		
Consolidated goodwill	230	229		
	1,121	1,171	136	146
Tangible assets				
Buildings and constructions	945	1,317	53	61
Machinery and equipment	3,476	4,822	69	56
Other tangible assets	276	253	3	10
Exceptional write-downs on current assets			174	76
	4,697	6,392	299	203
Depreciations and write-downs, total	5,818	7,563	435	349
EXPENSES FROM BUSINESS OPERATIONS TOTAL	151,988	155,156	8,352	7,962
5. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From Group companies			1,341	15,667
From others	27	6	27	6
Total	27	6	1,368	15,673
Other interest and financial income				
From Group companies			583	863
From others	779	900	777	5,670
Total	779	900	1,360	6,533
Interest and financial expenses				
From Group companies			-346	-368
From others	-1,602	-1,982	-1,006	-1,337
Total	-1,602	-1,982	-1,352	-1,705
Financial income and expenses, total	-796	-1,076	1,376	20,501
The item "Financial income and expenses" includes exchange rate differences (net)	-95	-2	-18	-82
6. EXTRAORDINARY ITEMS				
Extraordinary income				
Group contributions			4,000	4,280
Profit on sale of subsidiaries		1,352		2,644
Other			178	
Extraordinary expenses				
Group contributions			-747	-388
Loss on sale of subsidiary		-501		-5,943
Change in other provisions		276		
Others		-28	-200	-28
		1,099	3,231	565

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
7. APPROPRIATIONS				
Difference between planned and booked depreciation for taxation			78	1
8. DIRECT TAXES				
Income taxes on extraordinary items		-316	-1,032	1,497
Income taxes on business operations	-4,431	-416	920	-4,132
Change in deferred tax liability	55	69		
	-4,376	-663	-112	-2,635

In addition to accrual-basis income taxes for the financial year, taxes for the year are burdened by income taxes of EUR 1 million for the previous year, on which the company has not yet made a final decision.

9. NON-CURRENT ASSETS
INTANGIBLE ASSETS

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Intangible rights				
Acquisition cost January 1	3,646	3,955	1,372	1,142
Increases	170	354	56	230
Decreases	-10	-659		
Transfer to other capitalised long-term expenditure		-4		
Acquisition cost December 31	3,806	3,646	1,428	1,372
Translation difference and other adjustments	-946	-487		
Accumulated depreciation as planned January 1	-1,745	-1,794	-975	-825
Depreciation as planned for the financial year	-357	-412	-139	-150
Book value December 31	758	953	314	397
Goodwill				
Acquisition cost January 1	2,536	2,502		
Increases		34		
Acquisition cost December 31	2,536	2,536		
Decreases	-807			
Accumulated depreciation as planned January 1	-904	-1,819		
Depreciation as planned for the financial year	-392	-292		
Book value December 31	433	425		
Other capitalised long-term expenditure				
Acquisition cost January 1	3,646	3,893		
Increases	1,229	216		
Decreases	-786	-467		
Transfer to other capitalised long-term expenditure		4		
Acquisition cost December 31	4,089	3,646		
Translation difference and other adjustments	-1,327	295		
Accumulated depreciation as planned January 1	-979	-2,853		
Depreciation as planned for the financial year	-283	-378		
Book value December 31	1,500	710		
Advance payments				
Acquisition cost January 1	550	550	550	550
Increases	47		47	
Acquisition cost December 31	597	550	597	550

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Consolidated goodwill				
Acquisition cost January 1	13,409	13,936		
Increases	885			
Decreases		-527		
Acquisition cost December 31	14,294	13,409		
Accumulated depreciation as planned January 1	-13,327	-13,098		
Depreciation as planned for the financial year	-230	-229		
Book value December 31	737	82		
Intangible assets total	4,025	2,720	911	947
TANGIBLE ASSETS				
Land and water				
Acquisition cost January 1	2,425	2,978	166	166
Decreases	-188	-529	-102	
Translation difference and other adjustments	147	-24		
Book value December 31	2,384	2,425	64	166
Buildings				
Acquisition cost January 1	26,086	31,017	802	778
Increases	584	874		24
Decreases	-793	-5,805	-233	
Acquisition cost December 31	25,877	26,086	569	802
Translation difference and other adjustments	-5,770	-2,271		
Accumulated depreciation as planned January 1	-6,428	-9,015	-102	-224
Depreciation as planned for the financial year	-1,046	-1,347	-52	-61
Book value December 31	12,633	13,453	415	517
Machinery and equipment				
Acquisition cost January 1	51,207	57,881	1,054	1,011
Increases	4,445	2,825	189	109
Decreases	-3,456	-9,499	-330	-66
Acquisition cost December 31	52,196	51,207	913	1,054
Translation difference and other adjustments	-24,939	-4,779		
Accumulated depreciation as planned January 1	-12,863	-31,537	-570	-843
Depreciation as planned for the financial year	-3,461	-4,820	-69	-56
Book value December 31	10,933	10,071	274	155
Other tangible assets				
Acquisition cost January 1	1,285	1,243	319	307
Increases	95	130	14	12
Decreases	-58	-88	-57	
Acquisition cost December 31	1,322	1,285	276	319
Translation difference and other adjustments	-628	-400		
Accumulated depreciation as planned January 1	-141	-334	-23	-68
Depreciation as planned for the financial year	-49	-47	-1	-5
Book value December 31	504	504	252	246

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Advance payments and construction in progress				
Acquisition cost January 1	688	1,552		
Increases	2,049	1,385		
Decreases	-2,182	-2,249		
Acquisition cost December 31	555	688		
Acquisition costs include appreciations as follows:				
Buildings	1,682	1,682		
Tangible assets total	27,009	27,141	1,005	1,084

10. INVESTMENTS

Group company shares				
Balance sheet value January 1			27,670	25,537
Increases			1,866	12,471
Decreases				-10,338
Balance sheet value December 31			29,536	27,670
Other shares				
Balance sheet value January 1	323	383	213	249
Increases	303	1	303	1
Decreases	-147	-61	-43	-37
Balance sheet value December 31	479	323	473	213
Other receivables	816	747		
Investments, total	1,295	1,070	30,009	27,883

11. INVENTORIES

Materials and supplies	14,773	12,578		
Unfinished products	2,331	2,283		
Finished products/goods	9,435	9,682		
Total	26,539	24,543		

12. LONG-TERM RECEIVABLES

From Group companies				
Loan receivables			762	1,084
Other long-term receivables				
Accounts receivables				
Loan receivables	97	35	60	
Prepayments and accrued income	1	5		
Deferred tax receivables	677	720		
Long-term receivables, total	775	760	822	1,084

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
13. SHORT-TERM RECEIVABLES				
From Group companies				
Accounts receivables			1,012	359
Loan receivables			14,987	15,963
Prepayments and accrued income			4,132	4,320
			20,131	20,642
Other short-term receivables				
Accounts receivables	19,642	17,489	32	31
Loan receivables	60	1,502	50	1,488
Other receivables	563	921	41	149
Prepayments and accrued income	4,887	6,663	3,048	4,573
	25,152	26,575	3,171	6,241
Short-term receivables, total	25,152	26,575	23,302	26,883

Accrued income includes insurance premiums, taxes and other similar items paid in advance.

14. MARKETABLE SECURITIES				
Replacement value	13,122	18,802	13,122	18,802
Book value	12,976	18,800	12,976	18,800
Difference	146	2	146	2

15. CAPITAL AND RESERVES				
Subscribed capital January 1	2,465	2,465	2,465	2,465
Subscribed capital December 31	2,465	2,465	2,465	2,465
Series K shares , 781,200 (nominal value 0.17 €)				
Series E shares, 13,717,500 (nominal value 0.17 €)				
Series K (20 vote/share)				
Series E (1 vote/share)				
Share Premium reserve January 1				
Increase	509		509	
Share Premium reserve December 31	509		509	
Revaluation reserve January 1	1,684	1,684		
Revaluation reserve December 31	1,684	1,684		
Other reserves January 1	2,209	2,373	41	41
Decrease		-5		
Change in exchange rate	23	-159		
Other reserves December 31	2,232	2,209	41	41
Proportion of accumulated appropriations entered under shareholders' equity December 31	3,776	3,805		
Retained earnings January 1	40,697	32,589	28,018	15,521
Dividends	-6,749	-2,894	-6,597	-2,537
Transfer to Share Premium fund	-509			
Other changes in shareholders' equity	1,542	1,318		
Retained earnings December 31	34,981	31,013	21,421	12,984
Net profit for the financial year	5,775	9,684	619	15,034
	40,756	40,697	22,040	28,018
Total shareholders' equity December 31	51,422	50,860	25,055	30,524

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
16. ACCUMULATED APPROPRIATIONS				
Accumulated appropriations	5,584	5,817	78	1
Minority share	-482	-458		
Deferred tax liability	-1,326	-1,554		
Portion of accumulated appropriations entered under shareholders' equity	3,776	3,805		
17. CREDITORS				
Loans from financial institutions	9,811	14,702	8,963	12,258
Pension loans	1,143	1,686	464	550
Other long-term liabilities	1,642	1,792		
Total	12,596	18,180	9,427	12,808
Debts maturing after more than five years				
Loans from financial institutions				500
Pension loans				
Total				500
18. PROVISIONS				
Other provisions	429	200		
19. DEFERRED TAX LIABILITY AND RECEIVABLES				
Deferred tax receivables				
From consolidation	655	720		
Deferred tax liability				
for appropriations	1,452	1,687	20	
20. CURRENT CREDITORS				
Loans from financial institutions	4,740	4,682	2,821	3,212
Pension loans	457	371	186	157
	5,197	5,053	3,007	3,369
To Group companies				
Accounts payable			3	15
Other liabilities			34,014	28,779
Accruals and deferred income			884	530
			34,901	29,324
Other liabilities				
Advances received	36	144		
Accounts payable	11,088	8,164	632	755
Other liabilities	2,819	2,335	80	210
Accruals and deferred income	14,925	13,115	901	989
	28,868	23,758	1,613	1,954
Total	34,065	28,811	39,521	34,647

Accruals and deferred income mainly comprise cost periodisation of employee benefits, annual discounts, interests, taxes and others.

(1,000 €)	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
21. GUARANTEES PROVIDED, CONTINGENT LIABILITIES AND OTHER COMMITMENTS				
From own obligations				
Collaterals		90		90
Guarantees	653	707	650	707
Leasing and rent liabilities	4,981	4,809	640	1,028
	5,634	5,606	1,290	1,825
For Group companies				
Guarantees			4,867	5,877
For others				
Guarantees		42		42
Total				
Collaterals		90		90
Guarantees	653	749	5,517	6,626
Leasing and rent liabilities	4,981	4,809	640	1,028
	5,634	5,648	6,157	7,744
Sums to be paid on leasing agreements				
Due next year	2,308	2,142	315	378
Due later	2,673	2,474	325	457
Total	4,981	4,616	640	835
Derivative contracts				
Interest rate swaps, nominal value	3,507	4,491	3,507	4,205
Currency derivates	6,660		6,660	
	10,167	4,491	10,167	4,205

Environmental aspects

Owing to the WEEE Directive and the related national legislation, as stated in the Board of Directors' Report, certain Group companies will be responsible for scrapping electrical equipment. The legislation came into force in September 2004 and the related recovery system will be adopted in August 2005. In Finland, fulfilling the obligations involved will require joining SELT, which in practice will manage waste collection and its sale to treatment plants. On the balance sheet date, no reliable estimate in euro terms was available regarding the effect of this obligation effective as of August 2005. However, our preliminary estimate suggests that this will have no material effect on the Group's financial results.

SHARES AND HOLDINGS

	Domicile	Holding %	Number of shares	Nominal value	Book value (1,000 EUR)
Parent company's holdings in subsidiaries					
Ensto Briticent Ltd.	Dorset	100.00	700,000 GBP	1	0
Ensto Busch-Jaeger Oy	Porvoo	79.00	1,366 EUR	1,350	14,257
Ensto China Oy	Porvoo	100.00	10 EUR	1,000	10
Ensto Control Oy	Porvoo	100.00	3,704 EUR	169	623
Ensto Czech s.r.o.	Prague	100.00	1,000 CZK	5,000	138
Ensto Electric Oy	Porvoo	91.61	8,866 EUR	169	1,646
Ensto Elekter AS	Keila	100.00	6,350 EEK	100	46
Ensto Elsto Kft.	Budapest	24.07	65 HUF	100,000	1,301
Ensto Ensek AS	Keila	100.00	4,500 EEK	1,000	736
Ensto GmbH Germany	Kelkheim	100.00	DEM	300	0
Ensto Italia s.r.l.	Milan	100.00	EUR		99
Ensto Latvija AS	Riga	100.00	100 LVL	300	42
Ensto Lietuva UAB	Vilnius	100.00	70 LTL	1,000	64
Ensto NOR AS	Oslo	100.00	175,000 NOK	200	4,266
Ensto Sekko Oy	Porvoo	100.00	123 EUR	337	3,443
Ensto Services AB	Stockholm	100.00	1,000 SEK	100	1,779
Ensto Trade Oy	Porvoo	100.00	100 EUR	300	30
Ensto Ukraine CJSC	Kiev	40.00	400 UAH	635	20
Koy Askolan Sepäntie 4	Askola	100.00	1,000 EUR	10	349
Koy Ensio Miettisen katu 2	Porvoo	100.00	11,560 EUR	1	686
					29,535
Subsidiaries' holdings in Group companies					
Ensto Aspol Sp.z o.o.	Straszyn	100.00	1,500 PLN	1,000	409
Ensto Busch-Jaeger AS	Oslo	100.00	1,100 NOK	1,000	126
Ensto Electric Oy	Porvoo	8.39	812 EUR	169	137
Ensto Elektro OOO	St. Petersburg	100.00	RUR	90	53
Ensto Elsto Kft.	Budapest	75.93	205 HUF	100,000	318
Ensto Pol Sp.z o.o	Straszyn	100.00	200 PLN	500	312
Ensto (Tianjin) Electrical Accessories Ltd	Tianjin	100.00	RMB		1,147
Koy Mikkelin Insinöörinkatu 1	Porvoo	100.00	25,000 EUR	168	4,205
					6,707

OTHER SHARES AND HOLDINGS

	Domicile	Holding %	Number of shares	Nominal value	Book value (1,000 EUR)
Other shares and holdings held by the parent company					
Baltic Investment Fund	Jersey				127
Porvoon A-Asunnot Oy	Porvoo		147		27
Posintra Oy	Porvoo		25		8
Koy Porvoon Leporanta	Porvoo				303
Muut osakkeet ja osuudet					8
					473
Other shares and holdings held by Group companies					
Other shares and holdings					6
					6

Foreign branch offices

Ensto Busch-Jaeger Oy, Finland, filial Sverige
Ensto Control Oy, Finland, filial Sverige
Ensto Electric Oy, Finland, filial Sverige
Ensto Sekko Oy, Finland, filial Sverige

ENSTO COMPANIES

	Domicile	Turnover 2004 M€	Personnel Dec. 31, 2004
In Finland:			
Ensto Sekko Oy	Porvoo	31.8	180
Ensto Control Oy	Porvoo	25.7	190
Ensto Electric Oy	Porvoo	41.3	209
Ensto Connector Oy 1)	Porvoo	2.0	0
Kiinteistö Oy Askolan Sepäntie 4	Askola	0.0	0
Ensto Oy	Porvoo	0.0	65
Ensto Busch-Jaeger Oy	Porvoo	30.8	127
Ensto Trade Oy	Porvoo	2.4	0
Kiinteistö Oy Ensio Miettisen katu 2	Porvoo	0.0	0
Kiinteistö Oy Mikkelin Insinöörinkatu 1	Mikkeli	0.0	0
Ensto China Oy	Porvoo	0.0	0
In Norway:			
Ensto Nor AS	Oslo	17.8	35
Ensto Busch-Jaeger AS	Oslo	3.0	7
In Sweden:			
Ensto Services AB	Stockholm	0.0	3
In Estonia:			
AS Ensto Elekter	Tallinn	4.1	16
Ensto Ensek AS	Keila	9.7	203
In Latvia:			
AS Ensto Latvija	Riga	2.0	5
In Lithuania:			
Ensto Lietuva UAB	Vilnius	0.9	3
In Russia:			
OOO Ensto Elektro	St. Petersburg	4.4	28
In Poland:			
Ensto Pol Sp. z o.o.	Gdansk	8.6	33
Ensto Aspol Sp. z o.o.	Straszyn	6.4	37
In Hungary:			
Ensto Elsto Kft.	Budapest	6.0	17
In Great Britain:			
Ensto Briticent Ltd.	Dorset	4.4	14
In Germany:			
Ensto GmbH Germany	Kelkheim	0.0	0
In Italy:			
Ensto Italia S.r.l.	Milan	1.2	4
In the Czech Republic:			
Ensto Czech s.r.o.	Prague	4.5	10
In the Republic of China:			
Ensto (Tianjin) Electrical Accessories Ltd.	Tianjin	0.2	9

1) Merged into Ensto Electric Oy 30 September 2004

AUDITORS' REPORT

To the shareholders of Ensto Oy

We have audited the accounting, the financial statements and the corporate governance of Ensto Oy for the period 1.1.2004–31.12.2004. The financial statements, which include the report of the Board of Directors and the consolidated and parent company income statements, balance sheets and notes to the financial statements have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

In our opinion, the financial statements, which show a consolidated profit of 5,775 t€, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the consolidated and parent company's results of operations and financial position. The financial statements and consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the result is in compliance with the Companies Act.

Porvoo, February 18, 2005

ERNST & YOUNG OY
Authorised Public Accounting Firm

Pekka Luoma	Maj-Britt Jensen
Authorised Public Accountant	Authorised Public Accountant

ENSTO WAS CHOSEN AS BEST MAIN SUPPLIER OF 2004

The Finnish Association of Logistics (LOGY) chose Ensto group as its best main supplier for 2004. LOGY has been conferring subcontractor and main supplier rewards since 1987. The criteria for the awards included hard facts and figures, such as the number of subcontractor operations, productivity and cost-effectiveness, corporate image and ability to internationalize as well as softer criteria such as desire and ability to co-operate, willingness to develop and innovativeness. The award was handed over at the Tampere Subcontractor fair on 15 September 2004.

Business operations have traditionally concentrated on keeping a company's finances, production, sales and management in order. In modern businesses, development must be continuous, balanced and applied across the board. In addition to the above, Ensto has invested in logistics and acquisitions, ICT, i.e. computer and communications technology, brand building and staff development.

Managing information and the flow of goods as well as services enables us to achieve considerable cost benefits and competitive advantages over our competitors. Ensto develops its customer and supplier partnerships continuously, acquiring the various components, equipment and technical services it requires in production and manufacturing from Finnish contractors. Ensto is also a major packaging supplier.

Ensto is continuously developing the possibilities of e-commerce. In addition to ERP systems, Ensto uses a company logistics management system and information warehousing solutions. Ensto has analyzed its supplier chains, and co-operates with universities.

ANNUAL REPORT 2004

ENSTO'S 30 YEARS IN MIKKELI

The Ensto Mikkeli factory's 30th anniversary was celebrated in a festive spirit on December 12th 2004, in the town's Hotelli Nuijamies, the scene of the factory's topping-out party in February 1974.

Over a hundred guests participated, greeted by the party organising committee led by the current factory manager, Ari Isomäki, after which they were welcomed by the organiser's representative. The official speech was delivered by Marjo Raitavuo. After the speeches came the food and Ensio Miettinen and Seppo Martikainen's reminiscences on old times, and a few remarks on the present. The rest of the evening consisted of a versatile program, e.g. socializing, dancing, a revue and a slide show.

ENSTO 30 YEARS IN SWEDEN

Ensto's 30 years in Sweden was celebrated by the own staff and a hundred guests on a wonderful spring evening in April 2004.

The anniversary celebrations took place in the Hågelbyhus restaurant, a few kilometres from Alby where Ensto launched its business on the Swedish market on 1 April, 1974. Alby is located 15 km south of Stockholm. The atmosphere was lively with everyone in good spirits as the guests and staff mingled before enjoying a buffet with all the trimmings. After the desserts, people could take their coffee out on to the terrace or into the garden to enjoy the spring weather while waiting for the music to "strike up" for dancing.

Towards the close of events, Seppo Martikainen, CEO and President of Ensto Oy, said a few well chosen words about Ensto's time in Sweden and its future. Seppo also said that although he would have liked to see our founder, Ensio Miettinen, taking part in the celebrations, it is now up to the new generation of the family with whom we look forward to least another 30 years of business in Sweden. The evening's celebration culminated in a magnificent firework display, and dancing continued well into the 'wee small hours'.

ENSTO 10 YEARS IN RUSSIA

The year 2004 was an important anniversary for Ensto's business in Russia. In May 1994, the Group's associate company in Russia, Ensto Elektro, was founded. Recent years have seen dynamic development and growth of turnover.

In 2003, Ensto Elektro moved into a large new office in St. Petersburg. Since that, the company has been stocked not only from Finland, but also directly from the Group's factories in Estonia and Poland. In 2004, Ensto Elektro Moscow office moved into a new office in the center of Moscow.

On May 12, the 10th anniversary celebrations began at the Energy and Electrical Engineering Exhibition in St. Petersburg, where Ensto has been a regular exhibitor. The dinner was held in the Russian Versaliya restaurant in the Baltic Star hotel which is close to the residence of the President of the Russian Federation, the Konstantinovsky palace. When the Konstantinovsky palace was restored recently, Ensto products were used in the refurbishment.

More than a hundred guests participated in the celebration, many of whom were not only clients but also good friends of Ensto Elektro people. The anniversary organising committee had arranged a small program of entertainment, competitions and dancing.

A special feature of the occasion was the presentation of a cake decorated with a map of Finland and Russia, highlighting the city of Porvoo and major Russian cities where Ensto clients are based. The evening ended with a disco with everyone enjoying the dancing. The anniversary was a great success and provided an occasion for staff and clients to meet informally and to make new business contacts.

ANNUAL REPORT 2004

THE OPENING OF ENSTO UKRAINE

On January 15th 2005, the opening of Ensto Ukraine office was celebrated in festive spirit, in the presidential administration's stateroom opposite the parliament building in Kiev, Ukraine. In addition to local staff, there were guests from Finland, the Ukraine Energy Ministry and representatives from other important fields.

There were many surprises for the guests during the evening and the first greeted them at the door: the stairs and hall floor were covered in oranges, in celebration of the orange revolution. Since recent political events in the Ukraine are expected to boost Ensto's business there, the evening's programme contained other references to them as well as additional surprises. Of course, there was no shortage of food, drink and dancing. The guests received plenty of presents and, as a finishing touch, each was given a bag of oranges to take home.

RENOVATION OF ENSTO HEADQUARTERS

In October 2004, the rebuilt lobby, conference rooms, show room and staff restaurant of Ensto's Porvoo headquarters were opened, with the purpose of modernizing the building's facilities and appearance.

We regard our remodeled lobby as our shop window, which is why it has been given a simple, spacious and discreet air, with the emphasis placed on only a few, carefully planned details. Large surfaces are pure white, while the moldings and floor have grey highlights. Blue has been strictly confined to details. The aim is to allow people themselves to complement and color the space, adding their own movement and life.

The simplified lobby is decorated with a few works by Finnish artists, since we have decided to promote local art in our facilities. Correspondingly, our new plant in Estonia displays Estonian art.

The new conference rooms are named after Ensto's production plants: Porvoo, Mikkeli, Keila, Tianjin and Straszyn. Their sizes vary, presenting plenty of options. One room is eminently suitable for training purposes, with ten computers linked to Ensto's intranet, while the conference rooms are equipped with state-of-the-art technology, including a wide-screen television projector, a whiteboard and Internet connections, both wireless and wired. The electrical system utilises Ensto's own EIB bus technology. In keeping with the reception area, the conference rooms' interior decoration is also modern and simple.

Ensto's solutions and products are on display for various target groups in the show room. The room's architecture and product display have been streamlined based on Ensto's trade fair concept, with brand images redolent of our business environment. The room displays a quick overview on the whole of Ensto's business and know-how.

ENSTO AND FORTUM TO CO-OPERATE OVER STAFF RECREATION SERVICE

Ensto Oy and Fortum Oil and Gas Oy have established an associated company, Kiinteistö Oy Porvoon Leporanta, providing staff recreation services. Fortum's recreational facility, Pirskeri, in Emäsalo, Porvoo, was handed over to the new company.

The company was established to promote and provide long-term recreational staff activities. Since the spring of 2004, both Fortum and Ensto staff have had the opportunity to rent cottages, an example of a new kind of co-operation between the staff of the two companies.

Pirskeri was created in 1969 and covers ten hectares. The area is mainly used during the summer, when boating and caravans provide added attractions. It has ten detached cottages, four terraced cottages attached to the main building and two saunas, as well as caravan spaces. Since February 1st 2004, the area has continued operating under the name of Leporanta and has been run by the Board of Kiinteistö Oy Porvoon Leporanta, composed of representatives from both companies.

Leporanta is intended for staff leisure time activities and year-round camping. The area can be visited on a day-to-day basis free of charge to Ensto staff, without booking. During the summer, the public sauna is open every day.

ANNUAL REPORT 2004

CRUISE SHIP CARNIVAL LIBERTY IN ITALY

Carnival Liberty, a cruise ship built by Fincantieri, is currently under construction at Monfalcone shipyard in Italy. Fincantieri is the world's leading builder of cruise ships. The Carnival Liberty cruise ship is the fourth sister ship in the Conquest class. As other Conquest class ships, Carnival Liberty is 290 metres long, 38 wide and 64 high, its gross tonnage is 110,000 tonnes, it has 18 decks and a maximum capacity for 3,783 passengers plus 1,170 crewmen accommodated in 2,120 cabins.

The passenger ship was launched in November 2004 and will be delivered in summer 2005 to an American ship owner Carnival Cruise Lines, the world's leading operator in the passenger cruise business. When ready to serve its customers, Carnival Liberty will be one of the largest cruise ships ever to sail to Europe. The passenger ship will also be cruising transatlantic voyages and in the Caribbean.

The electrification of the 2,120 cabins of the Carnival Liberty has been solved using EnstoNet cabin electrification systems including electrical boards and cable sets. EnstoNet cable sets and distribution blocks have also been installed in the public areas of the ship. Fincantieri has been pleased with EnstoNet system and appreciated especially its flexibility and safety, as Mr. Adriano Bado from Fincantieri's Business Unit says. According to Mr. Bado the cabin electrification system has allowed them a higher modulation of the system and thus an easier installation of it. Overall, "Ensto's availability to cooperate and develop systems such as to satisfy the demands of every player involved (owner, yard, installer) has allowed to improve the quality of board systems and, at the same time, to reduce the costs", Mr. Bado sums up.

On completion of the Carnival Liberty, the co-operation between Ensto and Fincantieri is continuing with P&O Princess Cruises' Crown Princess, the first of three sister ships of the 116,000-tonne Caribbean Princess class, which will also be equipped with EnstoNet System.

WEIHAI SUNSHINE GARDEN IN CHINA

The Weihai Sunshine Garden is located in Weihai City, in the Shandong Province of China. Weihai is a beautiful coastal city, facing Korea across the Yellow Sea. Ensto's dealer signed an agreement in 2002 with the Bank of China which is acting as the Real Estate Developer for the Weihai Sunshine Garden.

The Weihai Sunshine Garden is a complex of eight buildings, with a total construction area of 68 000 m^2 of which about 58 000 m^2 is in residential use. Its' design is based on the concept of sunshine and green sea. All the apartments face south to enjoy maximum sunshine, and nearly all of them have a sea view. Above all, the design is based on nature.

Ensto's TASH cables and ECO16 thermostats are used in the Weihai Sunshine Garden to enhance the 'intelligence' of the whole project. People who live in there can enjoy the beautiful seascape from their windows, even in winter, thanks to the warmth by which they are surrounded.

REAL ESTATE GRENADJÄREN IN SWEDEN

ÖrebroBostäder is a community owned real estate company with about 23,000 flats and 174,000 m^2 of commercial buildings. Örebro is a town situated in the middle of Sweden about 200 km from Stockholm with a population of 125,000 habitants.

Ensto and ÖrebroBostäder have a long history together especially in the field of light fittings. ÖrebroBostäder is a company, which always have been open and willing to use new solutions. They are e.g. familiar with Ensto Pir-luminaires since many years. Both the company and the tenants in the commercial and non-commercial buildings have benefited from the Pir-luminaire system, which saves energy and decreases lamp costs and lamp changes. Ensto Pir-system turns automatically on and off the luminaries, which brings comfort and security.

The ÖrebroBostäder building project, "Grenadjären", means 47 newly build flats divided into 4 houses with Ensto material from various product ranges. Ensto Building Techology systems are widely used: luminaries (indoor and outdoor), installation materials (System Ideal), wiring accessories (Jussi socket outlet range) and heating products.

This concept has been implemented in many new projects in Sweden: Project Markbacken (178 flats), Project Tegelmakeriet (35 flats), Project Senapen (60 flats).

NATIONAL PARK BIALOWIEZA IN POLAND

Bialowieza National Park is situated in the eastern part of Poland, at the border with Bielorussia. The area of the Park is 10,502 ha and it is considered as the most natural, and the best preserved natural forest complex in Europe. The Bialowieza National Park was created in 1921 to protect ancient natural forests. In 1977 the Park was recognized by UNESCO as the Biosphere Reserve, and in 1979 as World Heritage Site.

This is an ideal environment for about 25,000 different types of animals. Most of them are invertebrates. The Park symbol is the European bison. The population of that beautiful animals living free in the Bialowieza Primeval Forest is almost 300. The Bialowieza natural forest means a presence of dead trees both lying and standing. Cutting trees is strictly forbidden. Average age of a tree life there is 126 years.

The priceless value of the Park made that Bialystok Power Distribution Company met a big challenge to find the best solution to distribute electricity to the Forest Farm, located in the heart of the natural forest. The solution came with the cooperation with Ensto. We worked together on using MV universal cable Excel 3x10/10 15 kv for that project. In December 2003, two kilometers of the MV overhead line had been completed. For a better safety of the system we used weak links SO 135.150 and it was a pioneer's work piece, because we used them as a first in Poland.

Overhead MV universal cable Excel installation cross the natural forest very close to trees (even 0,5 m) keeping them safe for next the generations. Since 2003 it works without any breaks however few trees already fall on line. It seems to be an ideal solution turning technical advantages into environment protection. Basing on the experience of Bialowieza National Park, Białystok Power Distribution Company has built few other installations using "MV Excel cable system" offered by Ensto Pol.

REPUBLIC OF KAZAKHSTAN

Being present in Russia since many years it was a natural step for Ensto Utility Networks to branch out into the Central Asia as well as in the Republic of Kazakhstan. With its 2725 km^2 area and 15 million people the Republic of Kazakhstan offers a tempting market area for Ensto solutions for overhead and underground electricity networks.

The wide country has an extensive power electricity network. A big part of the network needs to be renewed and the privatization of utilities creates further demand for new equipment.

We have a long history of delivering OHL and UG solutions for the most demanding circumstances as well in hot, humid as in cold and snowy conditions and Ensto products have proved to be reliable and long lasting also in Central Asia. For some years Ensto has been building a local network of partners in Kazakhstan. Since then we have delivered Ensto products for many overhead line projects throughout Kazakhstan e.g. material for building 100 km of street lighting in Almay area.

Special emphases have been laid on customer care. This means taking the local needs into account and offering the best possible Ensto solutions for each project.

SZ 24 DISCONNECTOR – THE HIT PRODUCT OF 2004

In August 2004, a high industrial hall was built underneath overhead lines in the area covered by the Nurmijärven Sähkö Oy electricity company. For safety reasons, part of the electricity network had to be disconnected when the roof trusses were mounted, and this was easily performed using Ensto SZ 24 disconnectors and SO 235 tension clamps. SZ 24 is a 1-pole disconnector operated using live line tools such as the CT 48.64. Because Ensto's SO 235 tension clamps were used, there was no need to use tackle to mount the SZ 24 and the work was finished quickly.

Ensto's SZ 24 is an economical and practical solution for disconnecting MV overhead lines at network disconnection points, transformer substations, cable terminations and branch lines. It is an ideal solution when part of a network has to be disconnected for repairs or due to malfunctions.

Since August, the SZ 24 disconnector has been used in several locations for repairing existing lines and it has proven faster and more economical than traditional disconnectors.

Photo: Mikael Ullén

ROAD TRAFFIC SYSTEM IN SWEDEN

Södra Länken is Sweden's largest road tunnel construction ever, taking seven years to complete. It was taken into use on 24 October 2004, and now it improves the lives of tens of thousands of Stockholm road users by reducing travel times from 35 minutes to 5 minutes at best.

Safety was emphasized during the road tunnel project: there is no on-coming traffic within the tunnels, the speed limit is 70 km/h, and the nearest emergency exit is never more than 75 meters away. There is also a unique feature – eight huge artworks which direct drivers to the right exit.

The safe and reliable Ensto Cubo enclosure, manufactured of stainless steel, was selected as the project's enclosure solution. Ordinary road users usually never come across the Ensto Cubo, the enclosures being located at emergency exits.

Our customer for the project was EIAB El & Industrimontage Svenska AB of Umeå and the wholesaler, Contacten, of the Storel/Sonepar Group.

JELENIA GORA HEAT AND POWER GENERATING PLANT IN POLAND

Jelenia Gora, a town in south-west Poland, is supplied with thermal and electrical energy produced by a local PEC (Heat and Power Generating Plant). Having been in operation for almost 50 years, the plant was subjected to a major modernisation project in order to meet EU environmental directives. All of its existing cast-iron panels were replaced by up-to-date solutions, the versatile and flexible Ensto Cubo P being chosen as the new panel system.

Ensto Cubo P is manufactured of polycarbonate, and its protection class is IP65, making it an excellent choice for the rugged conditions of the dusty, hot and humid plant environment. The customer appreciated easy machining of the enclosures and, in particular, the Ensto Cubo P system's huge flexibility, it being suitable both for large assemblies of several modules and smaller control units.