

BUSINESS REVIEW 2004

customisation

partnership

R EVOX RIFA

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The Financial Statements of Evox Rifa Group Oyj have been published separately. The Business Review 2004 and the Financial Statements 2004 are available in PDF format on the Group's website at www.evoxrifa.com, where the printed versions can be ordered.

Capacitors for professionals

Evox Rifa is a specialised manufacturer of electrolytic, plastic film and paper capacitors with global operations: it has a worldwide sales and distribution network and its production plants are located in Indonesia, UK, China, Sweden and Finland. The company is headquartered in Espoo, Finland.

Evox Rifa has two global business areas: Electrolytic Capacitors, and Film & Paper Capacitors. In both business areas Evox Rifa's strengths lie especially in the combination of large scale production capability and design of customised products that require specialist expertise.

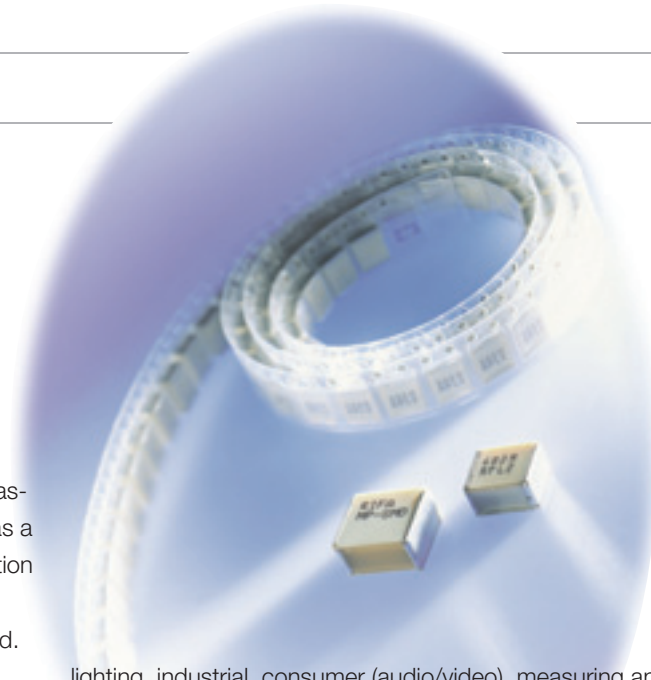
Following the acquisition of BHC Components in 2002, Evox Rifa Group became one of the largest producers of large can aluminium electrolytic capacitors in Europe and a world class manufacturer. Electrolytic capacitors have many applications in industrial electronics, power supplies, lighting, automotive and consumer electronics.

Film capacitors are used in precision, pulse, EMI suppression and general purpose applications in a wide range of electrical and electronic equipment. These include many

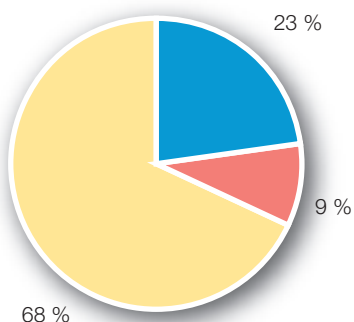
lighting, industrial, consumer (audio/video), measuring and automotive applications. Evox Rifa is the world's largest manufacturer of metallised paper capacitors. These are used extensively for EMI suppression in mains power supplies of equipment that meet stringent safety requirements. This includes products such as televisions, industrial machines and medical equipment.

In 2004 Evox Rifa Group had net sales of EUR 89.5 million and employed about 1300 people. Of these 46.7 percent were employed in Asia. Evox Rifa is the largest manufacturer of capacitors in the Nordic countries and the fifth largest in Europe.

The shares of Evox Rifa Group Oyj are traded on the Helsinki Stock Exchange in Finland.

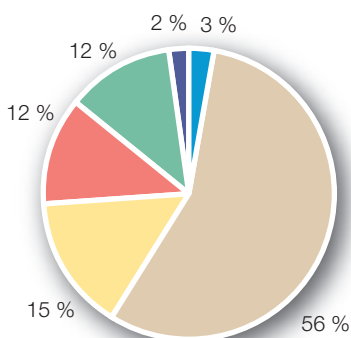


Net sales 2004 by sales channel



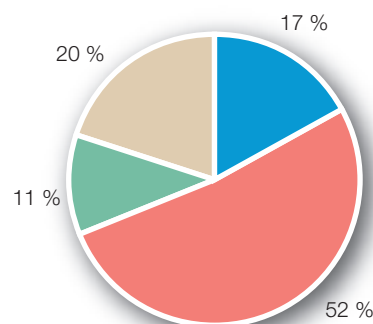
- Distributors
- CEM
- OEM

Net sales 2004 by type of industry



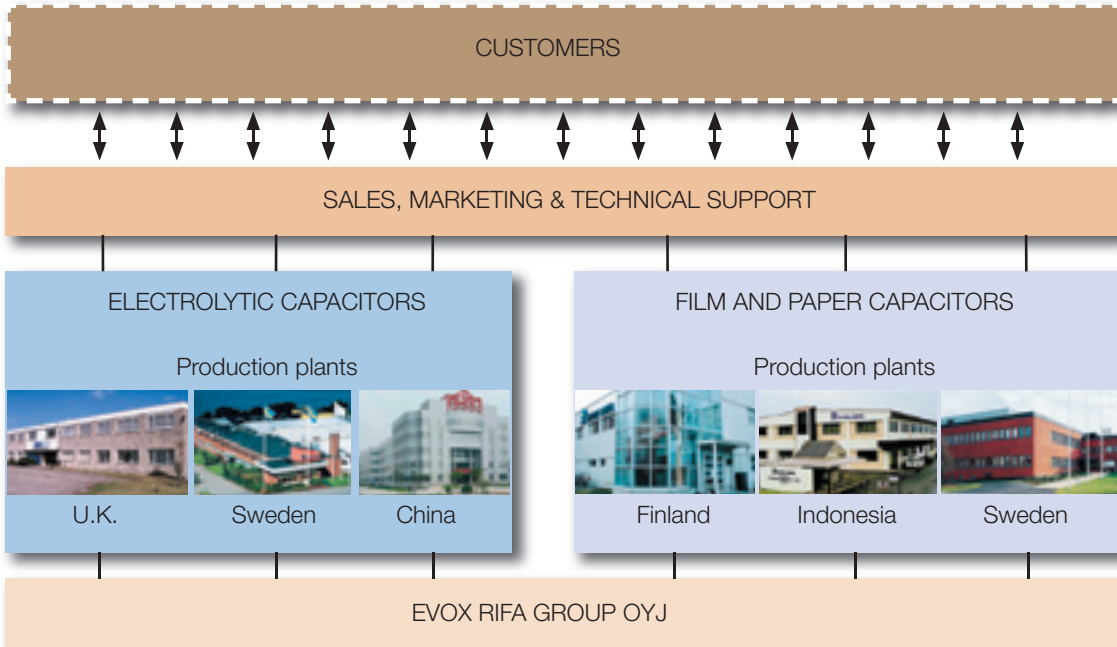
- Telecom
- Industrial
- Lighting
- Consumer
- Automotive
- Other

Net sales 2004 by geographical distribution



- Nordic
- Rest of Europe
- North America
- Asia

BUSINESS AREAS IN A NUTSHELL



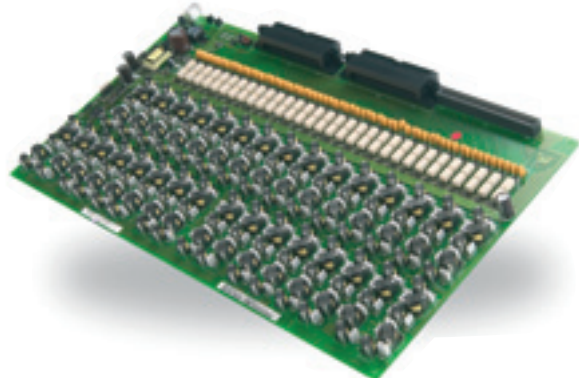
Electrolytic Capacitors Business Area

- Manufacturing in China, U.K. and Sweden
- A leading manufacturer of large can electrolytic capacitors in Europe
- One of the largest manufacturers of axial electrolytic capacitors worldwide
- Focus on professional applications
- Electrolytic capacitors have many applications in industrial, automotive and consumer electronics, power supplies, and lighting.
- In 2004 electrolytic business formed about half of the group's total net sales



Film and Paper Capacitors Business Area

- Manufactures paper and plastic film capacitors in Indonesia, Finland and Sweden
- A leader in EMI technology with the widest capacitor selection in the world
- Global market leader in metallised paper capacitors, which are used in equipment that meet stringent safety requirements
- Largest selection of SMD film capacitors in the world
- Film capacitors have applications e.g. in lighting, in industrial and consumer electronics, in measuring devices and automotive applications
- In 2004 film business formed about half of the group's total net sales



New opportunities through restructuring

THE YEAR 2004 WAS ONE OF CHANGING MARKETS and changing operations. Growth in sales and improvement in profitability during the year resulted from intensive cost-cutting and reorganisation. This encourages us to continue restructuring activities.



Tuula Ylhäinen
President & CEO

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The continuing growth of the electronics market in China, combined with higher oil prices, caused raw material prices to rise. However, the real challenge for profitability at the moment is the weakness of the US dollar, which we can expect to create further changes in the market.

Another major reason for changes has been the new EU directive (Restriction of Hazardous Substances), which concerns the entire electronics industry. The directive bans the use of certain materials, such as lead, in electronic equipment from July 2006 onwards. To be able to meet customer requirements well in advance, Evox Rifa has already reviewed all its product designs. All redesigned products will be ready for deliveries at the latest after the first quarter of 2005.

Local service wherever our customers operate

The industrial and automotive markets, our main segments, keep developing in a stable fashion in Europe. That is why Europe will remain the most important market area for us. Evox Rifa has been successful in increasing its market share in Europe in previous years – an upward curve that continued in 2004. Another important factor is that we are well positioned to serve our industrial partners who are now expanding their operations in China.

Evox Rifa's sales force has been reorganised by market

area and our key account concept will be further developed worldwide. The aim is to provide our global customers with effective local service wherever they operate. Our CRM system and the logistics hubs operating on three continents will play a vital role in this.

The profitability of both our business areas improved in 2004. This resulted from improved run rates and also from cost cutting and reorganisations. Following the reorganisations, at the end of the year almost 50% of Evox Rifa Group personnel were based in Asia.

Successful restructuring for Electrolytic Capacitors

The major restructuring in the Aluminium Electrolytic Capacitors business area was completed in July, after screw terminal production in Gränna, Sweden, was successfully transferred to BHC in Weymouth, England. An investment programme to modernise the BHC production plant was also launched, while the development of new product families proceeded according to plan.

The performance at the Gränna plant was very good during the transfer. The productivity of the plant's remaining product family, axial leads, also improved encouragingly.

The profitability of the business area is picking up, and the investment programmes and product development in



both Europe and Asia will continue. During 2004, preparations were made to expand production at the Nantong plant in China to enable us to grow with the business of our major customers. Screw terminal production in Nantong, which will start in the spring, will utilise local raw materials and is supported by the advanced product development capabilities in Weymouth.

Film and Paper turnaround plan being implemented

The profitability of our Film and Paper Capacitors business area has not been satisfactory in Europe. The cost cutting measures implemented in 2003 started to yield results and so profitability in 2004 was considerably better than in the previous year.

The main effort of the year for the business area was to re-define the business strategy and to make the restructuring plans considered necessary for long-term profitability. It was evident that Evox Rifa needs specialised production and product development capability in Europe to serve its customers. Following the redefinition of the strategy, personnel negotiations were initiated in Kalmar, Sweden, in September relating to the closure of the production plant. The decision on the closure was made on December 7, and the production transfers from the Kalmar plant to Suomussalmi and Indonesia will be completed by the end of 2005.

The Suomussalmi plant will be modernised and developed as the production plant for the most advanced film and paper capacitors. Paper capacitor production will be transferred from Sweden during the third and fourth quarters of 2005. The Suomussalmi operations will be supported by a new development centre to be situated in nearby Kajaani.

The base for EMI/EMC competence will be the Development and Testing Centre Dectron, in Sweden. This will be a major unit with some 35 experts and advanced testing capabilities. The centre will support the production plants in Finland and Indonesia, and utilise the production capacity of our subcontracting partners.

Capacity for cost-efficient production in Asia is essential for our business. Evox Rifa's long history in Asia, the expertise of our local management and production quality have

also enabled us to step up the production of high-end film capacitors at our plant in Batam, Indonesia.

Product development resources in Singapore were strengthened during the year and the production capacity of the Batam plant further increased with a new line, expanding the product range to large-size film capacitors. The investment programme will continue in 2005. In addition to the production lines to be transferred from Sweden, the production capabilities in Indonesia will be further developed to enable us to serve customers with even more advanced products.

Building a foundation for long-term development

The group's development programme is supported by a financing package. This consists partly of bank loans and partly of funds from the capital market. Following the results of a study made in December 2004, the Board of Directors has made a proposal to the Annual General Meeting regarding the issue of a convertible loan during the first quarter of 2005. In addition, in January Evox Rifa agreed to sell the Kalmar production facility in February 2006. These funds will further strengthen the balance sheet.

The year 2004 was a year of hard work and major changes. These challenges will continue in 2005. The positive development of the company has been possible with the support of our customers, subcontractors, shareholders and other partners – and, of course, our personnel. I would like to thank all of you for your trust and co-operation. With your support, we are now implementing the changes that will provide a solid foundation for the long-term development of Evox Rifa as a producer of high-end components for demanding customers.

Tuula Ylhäinen
President & CEO
Evox Rifa Group

Improved profitability paves way for new strategy



AFTER A FEW YEARS of unsatisfactory profitability, the Film and Paper Capacitors business area raised its performance significantly in 2004. Run rates improved and the cost-cuttings of previous years bore fruit, enabling Evox Rifa to enhance its position in a very competitive market.

Evox Rifa designs and produces paper and plastic film capacitors in Finland, Sweden and Indonesia, specialising in demanding applications. Engineering is also carried out at Dectron AB, an Evox Rifa subsidiary in Sweden.

The market for film and paper capacitors is mature and very competitive. Since capacity is greater than demand, suppliers are constantly looking for differential advantages - new products to make from base technologies and ways to lower costs in production, product technology and labour. The continuing price erosion has resulted in further transfers of production to low-cost areas.

Evox Rifa's competitive edge lies in its ability to supply high-quality products that meet the customer's requirements in all respects, from technology and delivery through to engineering support. Wherever possible, services are customised to add value to the customer's end product. Evox Rifa concentrates on the industrial and automotive customer segments, which require high-quality capacitors and good support.

In the first half of 2004 the market was in a very unusual state, with long lead times, high volumes and growth in inventories. During the summer there were already signs in the Asian and US markets that this was to be a short-lived trend.

In the second half of the year, lead times shortened as customers and distributors reduced their inventories. However, capacity utilisation rates at Evox Rifa plants still remained at a reasonable level.

Action to improve profits produces results

Evox Rifa's share of the European market for film and paper capacitors has been growing for several years. This is partly because manufacturers who provide demanding applications

Wee Cheng Hoon
Director,
Business Area
of Film and Paper
Capacitors



have not shifted their operations to Asia to the same extent as those working with commodity products. Industrial electronics and the automotive industry have strengthened their position as the largest customer segments for the business area.

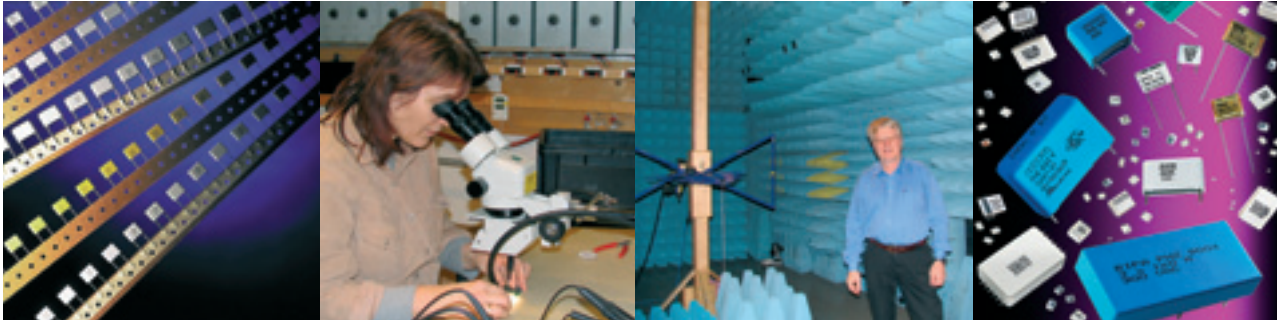
Despite these positive developments, the profitability of Film and Paper Capacitors, especially in Europe, has been unsatisfactory for some years. The weakness of the US dollar has been particularly harmful for film capacitors, which have strong sales in the USA and face competition from countries such as China, whose currency is pegged to the US dollar.

In 2004, the business area took a marked turn for the better in this respect. Both profitability and productivity improved, thanks to better run rates and the cost-cuttings made during previous years.

Nevertheless, it has become evident that structural changes have to be made in addition to cost-cutting. To this end, a new strategy for European operations was finalised.

Production to be concentrated in Finland and Asia

According to the strategy, Evox Rifa will concentrate its film and paper capacitor production in Finland and Asia, and close down the Kalmar plant in Sweden by the end of 2005, resulting in a workforce reduction of approximately 190 persons.



Most of the current production capacity of the Kalmar plant will be moved to the Suomussalmi plant in Finland, creating 80 new permanent jobs. In addition, the Suomussalmi plant will be expanded and modernised, which will improve its competitiveness and position as a supplier of specialised components for demanding applications. Another product development unit will be established in Kajaani, Finland.

On the Asian front, the Batam plant in Indonesia continues to strengthen its role as a mass producer of cost-effective high-end film capacitors. Film capacitor production will be increased and the product range broadened in response to the changing needs of customers.

The production area at the plant has already been expanded and the service capability further improved with the new machinery for large-size film capacitors taken into service at the end of the year. A new R&D centre has also been introduced in Singapore, focusing on customer-specific tailoring and looking for cost-efficiency through new local raw materials.

Production has increasingly been transferred from Europe to Indonesia when larger production volumes are required, and this trend will continue. However, as with electrolytic capacitors, Evox Rifa considers it is also vital to have production capacity in Europe in order to maintain a global service for its customers.

Partnerships and Dectron's expertise to enhance R&D

While most of Evox Rifa's film capacitors are produced in Indonesia, R&D investments by the business area are focused on the European units. Dectron AB, the company's Swedish subsidiary, will function as Evox Rifa's Development and Testing Centre, expanding its operations and specialising in EMC/EMI technologies, product development and pilot production.

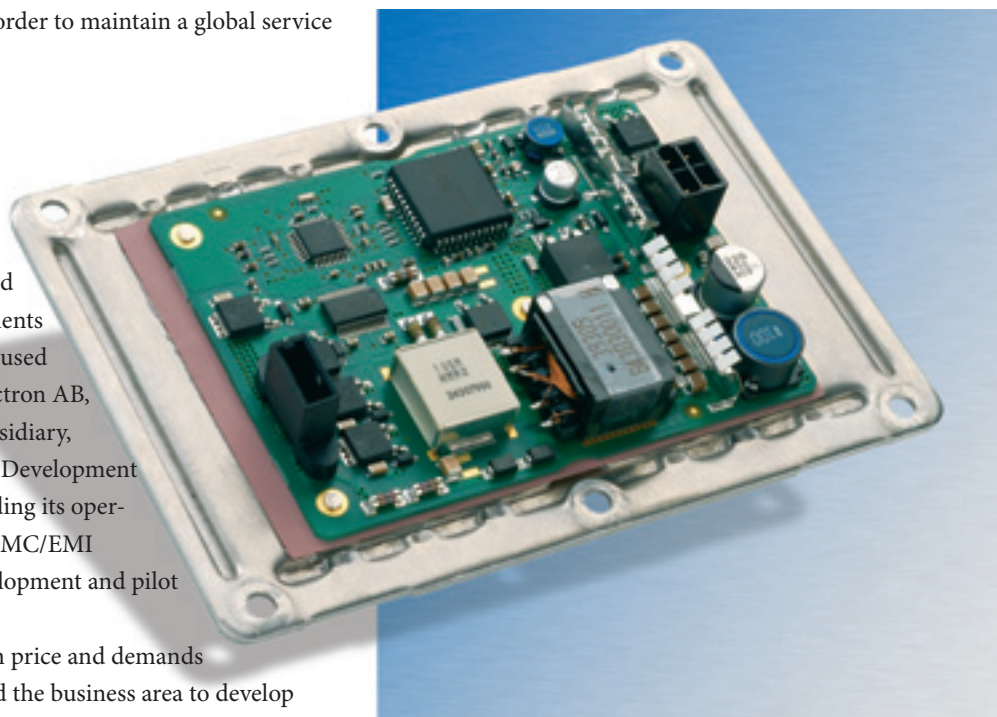
Continuing pressures on price and demands for miniaturisation have led the business area to develop

products for new application areas, especially for the automotive industry and industrial electronics. The work has been increasingly successful, with several application-specific products developed in 2004. The skills and capabilities of Dectron have been increasingly employed in these projects.

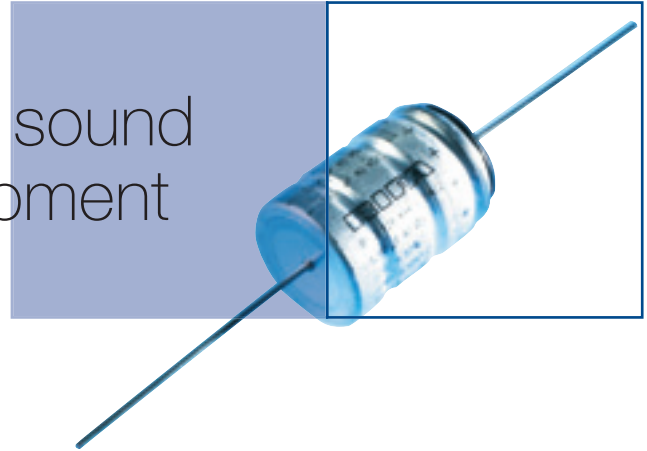
Evox Rifa's RFI suppression capacitor offering, already the widest on the market, was supplemented with a metalised polypropylene Y2 capacitor range. A new acrylic capacitor series was also added to the portfolio, while co-operation with Matsushita continued in SMD film capacitors.

The company considers that the key to continuing success in developing application-specific products lies in co-operation with selected partners. Several partnership projects were actively underway in 2004.

Valeo, supplier of automotive parts and modules to vehicle manufacturers worldwide, has wide cooperation with Evox Rifa. The module shown below is the control board for Xenon headlights. Each lamp needs a board like this which has one Evox Rifa SMD film capacitor as a key component.



Restructuring creates sound foundation for development



Keith Hunter
Director,
Business Area of
Electrolytic Capacitors

AFTER A SUCCESSFUL RESTRUCTURING of operations in Europe, the year 2004 was one of improved productivity and profitability for the Electrolytic Capacitors business area. With a healthy business and a sound cash flow, the business area now has everything in place to continue its modernisation and development programs.

Evox Rifa's Electrolytic Capacitors business area designs and manufactures a broad range of high-end aluminium electrolytic capacitors for the power electronics, automotive and lighting industries. The business area has production facilities in the UK, Sweden and China.

In electrolytics, Evox Rifa is one of the world's leading suppliers in the segments it operates in. The company has positioned its electrolytic capacitor business in the high end of the market, where customers typically require a high level of responsiveness from the supplier. In large can screw terminal capacitors, for example, this means fast deliveries of relatively low volumes of a product built to a unique specification.

The overall market for electrolytic capacitors is still growing in specific areas, especially for products that improve energy-efficiency, eg in drives and wind power. While the strength of the Euro continues to inconven-

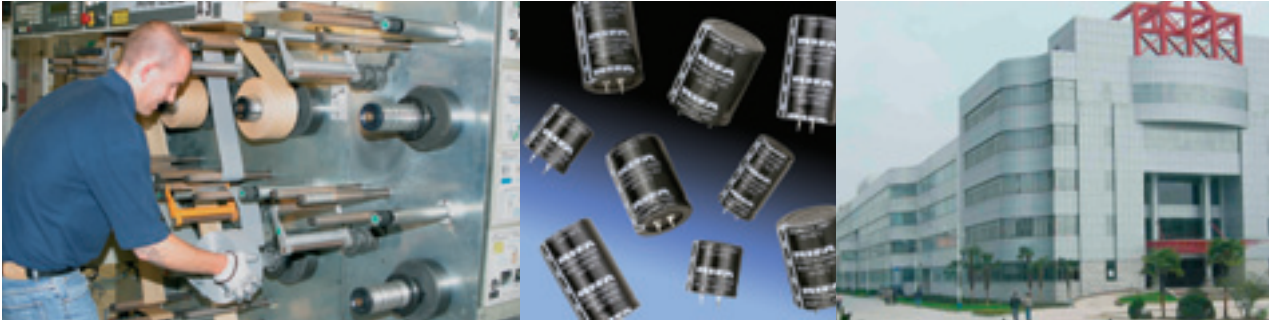
ience European companies, Evox Rifa holds the advantage of having the base for its main product of the electrolytic business in the UK. This, together with the modernisation plans, will boost the company's competitiveness.

In 2004, the Electrolytic Capacitors business area increased its sales volume in all market areas: Europe, America and AsiaPacific. The business area has further strengthened its position in industrial and automotive electronics - its largest customer segments. Major production bottlenecks have been removed through investments and increased productivity resulting in increased profitability in all product groups.



Restructuring in Europe completed successfully

The biggest undertaking within the business area in 2004 concerned the restructuring of the European opera-



tion. The production transfer of screw terminal capacitors from Gränna, Sweden, to Weymouth, UK, was successfully finalised in July without loss of continuity in production. In fact, the production levels at the Gränna plant remained strong until the completion of the transfer. All personnel reductions were realised by the end of the year.

Axials remain an important product group for the company, and production and R &D continue in Gränna. Productivity and efficiency at the plant have improved, especially during the second half of 2004, after the screw terminal production transfer had been concluded.

Following this successful restructuring, the company is now ready to continue the modernisation of the Weymouth plant and the expansion in China, where its customers and partners in Europe and the USA continue to move operations. Echoing the developments in consumer electronics, the industrial electronics market – one of Evox Rifa's traditional stronghold areas – is now expanding in China.

Evox Rifa is responding to this shift by further expand-

ing production at its Chinese plant, a joint venture located in Nantong. This ensures that the company will be able to provide its customers operating in China a full range of products and support services on a local basis. Although the products are designed in the UK and Sweden, there will be a capability in China for customer-specific tailoring of products and testing of local raw materials.

Development work proceeds in step with customers' needs

Electrolytic capacitors are constantly evolving in parallel with the needs of the Electronics industry. In the automotive and industrial segments, the general trend is geared toward more power, which favours electrolytics. As the manufacturers of drives and power applications strive to reduce size and cost in units of lower power, there has been a shift from terminal to snap-in designs.

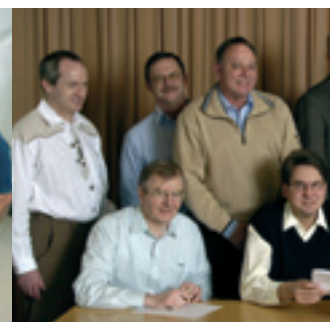
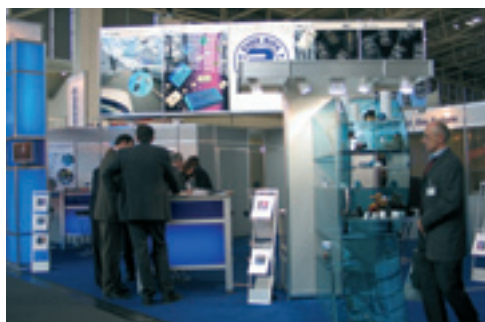
The main efforts in Evox Rifa's electrolytic product development are taking place in Weymouth with Project Unity, where the Rifa and BHC Screw Terminal capacitor series are being unified into a single range that integrates the best of both but also incorporates many new ideas for better performance and/or lower cost. The project has already produced results, but the work continues.

The R&D work in Gränna has concentrated on the ongoing upgrading of the Automotive 150°C axial range towards higher temperatures and on modifying the mechanical construction for surface mounting. Concurrently, Gränna has developed an automotive snap-in capacitor for the Nantong plant. The first product has already been designed-in and delivered to a customer for an electric power-steering application.

In addition to the new products, Evox Rifa's R&D efforts encompass the technology that supports the products, not only electrolytes, but also foils and papers. Another important focus point is the involvement in customers' R&D processes through shared projects that promote long-term relationships and ensure that Evox Rifa will be able to respond to the developments in customers' technologies.



Vacon, one of our important partners, is a manufacturer of electric motordrives. They have recently started manufacturing their NXL range of products in China, and Evox Rifa can supply components for this model locally from its Nantong production.

**12 February 2004**

Evox Rifa Group's financial statement for 2003: The operating loss was halved and net sales increased from the previous year. The result for 2003 was weakened by costs of about MEUR 1 arising from the restructuring of the electrolytic business area. Demand is expected to continue to grow in Asia and the USA.

31 March 2004

Stock Exchange Release

The Annual General Meeting of Shareholders. The meeting decided not to pay dividend.

29 April 2004

Interim report for the first three months of the financial year. The operating result developed positively. The positive result was the outcome of high capacity utilisation and improved performance in production, and action taken to cut costs. Demand is at a strong level in all sales areas, and this situation is expected to continue at least until early autumn.

2 August 2004

Interim report for the first six months of the financial year. Net sales improved on the previous year, with the market in general developing positively. The operating result would have been positive without the costs for transferring production.

The company believes that net sales and profit for the whole of 2004 will improve considerably on the previous year.

22 September 2004

Stock Exchange Release

The company proposes to close its production unit in Kalmar, Sweden. The plant employs about 220 persons. The company plans to transfer film and paper capacitor production from Kalmar to

other production plants, and at the same time to build up Dectron AB in Sweden as a Development and Testing Center.

29 October 2004

Interim report for the first nine months of 2004. Net sales increased and profitability improved from the previous year, the operating result was positive. The transfer of electrolytic capacitor production from Sweden (Gränna) to the United Kingdom was completed in July. Trade union negotiations are underway at the other Evox Rifa plant in Sweden, in Kalmar.

7 December 2004

Stock Exchange Release

Evox Rifa will concentrate its film and paper capacitor production in Finland and Indonesia; the plant in Kalmar will be closed down by the end of 2005. The group's Board has decided to expand production in Finland and Indonesia. Product development investments will be spent for example on strengthening Dectron AB and on setting up a new development unit in Kajaani, Finland.

Evox Rifa's Financial Reviews in 2005

February 9: 2004 Financial Statements

Week 8: 2004 Annual Report

April 20: Interim Report for January – March

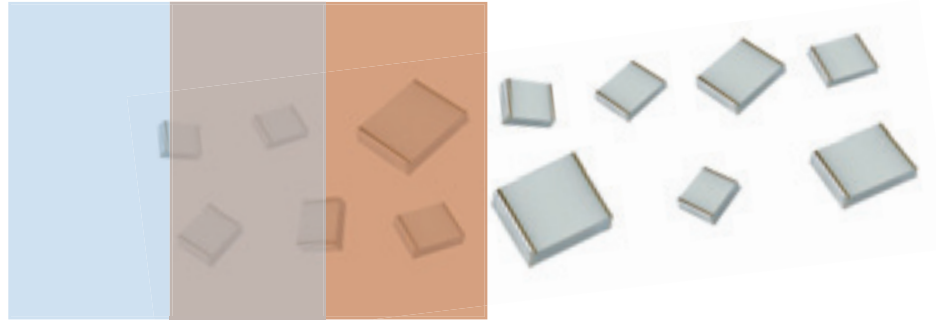
August 5: Interim Report for January – June

October 27: Interim Report for January – September

Evox Rifa will also publish its Annual Report on the Internet.

Annual General Meeting of Evox Rifa Group Oyj will be held on February 28, 2005 in Espoo, Finland.





Board of Directors

Chairman

Henrik Ehrnrooth, born 1954, M.Sc. (Forest Econ.), B.Sc. (Econ.)

Jaakko Pöyry Group Oyj, Chairman of the Board of Directors;

Otava Books and Magazines Group Ltd., Member of the Board of Directors;

Oy Forcit Ab, Member of the Board of Directors.

Chairman of the Evox Rifa Group Board since 2003, Board Member since 2002.

Evox Rifa Group shares: 0

Options entitling to subscribe 120 000 shares

Henrik Ehrnrooth, together with his brothers Georg Ehrnrooth and Carl-Gustav Ehrnrooth, indirectly holds a controlling interest in Fennogens S.A. which owns 39,3 % of Evox Rifa Group's shares.

Vice Chairman

Jerker Molander, born 1955, LL.M., MBA, MA.

eQ Online Oyj, President & CEO (until Feb 11, 2005);

Monilaite Dayton Oy, Member of the Board of Directors.

Member of the Evox Rifa Group Board since 2000

Evox Rifa Group shares: 90 000

Options entitling to subscribe 200 000 shares

Mikko J. Aro, born 1945, B.Sc. (Econ.)

Okmetic Oyj, Chairman of the Board of Directors;

Helkama Auto Oy, Member of the Board of Directors;

Oy Airam Electric Ab, Member of the Board of Directors

Member of the Evox Rifa Board since 2000

Evox Rifa Group shares: 4000

Options entitling to subscribe 100 000 shares

Pertti Laine, born 1941, B.Sc. (Econ.)

Veikko Laine Oy, Chairman of the Board of Directors;

Finnlines Oyj, Chairman of the Board of Directors;

United Bankers Oy, Chairman of the Board of Directors;

Rukanmaisema Oy, Member of the Board of Directors.

Member of the Evox Rifa Group Board since 2002

Evox Rifa Group shares: 19 908 972

Options entitling to subscribe 60 000 shares

Jarmo Niemi, born 1953, M.Sc. (Eng.)

Tecnomen Oyj, President & CEO.

Member of the Evox Rifa Group Board since 2000

Evox Rifa Group shares: 0

Options entitling to subscribe 100 000 shares

Group Management Team

President and CEO

Tuula Ylhäinen, born 1955, M.Sc. (Econ)

Evox Rifa Group shares: 0

Options entitling to subscribe 600 000 shares

Director, Business Area of Film and Paper Capacitors

Wee Cheng Hoon, born 1946, B.Sc. (Mech. Eng.)

Evox Rifa Group shares: 0

Options entitling to subscribe 400 000 shares

Director, Business Area of Electrolytic Capacitors

Keith Hunter, born 1956

Evox Rifa Group shares: 0

Options entitling to subscribe 190 000 shares

Director, Sales and Marketing (Europe)

Olavi Lehtimäki, born 1953, B.Sc. (Econ)

Evox Rifa Group shares: 14 962

Options entitling to subscribe 225 000 shares

Chief Financial Officer

Olli Nermes, born 1956, M.Sc. (Econ)

Evox Rifa Group shares: 32 000

Options entitling to subscribe 120 000 shares

Marketing Director

Dale Price, born 1947

Evox Rifa Group shares: 0

Options entitling to subscribe 400 000 shares

Development and Quality Director

Kimmo Saarinen, born 1950, M.Sc. (physics)

Evox Rifa Group shares: 69 920

Options entitling to subscribe 400 000 shares

Ownership information about shares and options on this page is from December 31, 2004. Figures include direct and indirect ownership.

CORPORATE GOVERNANCE STATEMENT IN SHORT



General

The statutory basis of the Corporate Governance of Evox Rifa Group is the Finnish Companies Act, the Securities Markets Act, and the Articles of Association of the parent company Evox Rifa Group Oyj, according to which the control and management of the company are divided between the shareholders represented at the General Meeting of Shareholders, the Board of Directors, and the President.

The Board of Directors, elected by the Annual General Meeting, is responsible for controlling and overseeing the management and operations of the company. The Board of Directors decides about matters which are significant for the company, such as its strategy, investments, organisational structure and financial matters. The Group President is in charge of the overall management of the Group.

Committees of the Board of Directors

The Strategy Committee assists the Board of Directors in developing the Group strategy and organisation. The Compensation and Audit Committee assists the Board of Directors in reviewing the management compensation and general compensation policies, and in the supervision of the Group's financial reporting process, including the monitoring and guidance of auditing processes. The Board of Directors appoints among its members a Chairman and a Vice Chairman.

President and the Management Team

The President is in charge of the day-to-day management of Evox Rifa Group in accordance with the guidelines and decisions of the Board of Directors. The President is in charge of the preparation of matters to be presented to the Board, and also in charge of their implementation.

The President also serves as Chairman of the Company's Management Team. The Management Team members are nominated by the Board of Directors, based on the President's proposal. The Management Team assists the President in preparing e.g. matters common to Business Areas and the Group, such as Group strategy and operational principles. Management Team members are in charge of organising the Group administration in practice.

Business Organisation Structure

The business operations of Evox Rifa Group are conducted through two Business Areas: paper and film capacitors, and electrolytic capacitors.

Both Business Areas have a Business Area Director appointed by the President. The appointments are approved by the Board of Directors. Each Business Area has a management team chaired by the Business Area Director. The Business Area Directors report to the President of Evox Rifa Group Oyj.

Auditor

The Annual General Meeting nominates the Auditors for one year at a time. In 2004 Auditors of the company were KPMG Oy Ab, authorised public accountants.

This is a shortened text of the Corporate Governance principles of Evox Rifa Group Oyj. The whole text is published on the Company's internet pages: www.evoxrifa.com





GLOBAL PRESENCE

Evox Rifa has six production units, several own sales offices in Europe, Asia and Americas, as well as a worldwide resale network. All contact information of this network can be found on Evox Rifa website.

- Production
- Sales
- Resale network

www.evoxrifa.com





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flexibility

productivity

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FINANCIAL STATEMENTS 2004

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Key figures

The information concerning the year 2000 is based on proforma figures.

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Net sales, MEUR | 84.2 | 69.0 | 69.8 | 78.9 | 89.5 |
| EBIT, MEUR | 4.1 | -4.8 | -8.9 | -4.9 | -0.7 |
| % of net sales | 4.8 | -6.9 | -12.8 | -6.2 | -0.8 |
| Return on investment, % | 10.4 | -10.3 | -19.1 | -11.3 | -1.8 |
| Earnings per share, EUR | 0.014 | -0.059 | -0.068 | -0.034 | -0.013 |
| Equity ratio, % | 48.7 | 47.5 | 36.5 | 31.1 | 29.0 |
| Personnel, average | 1 406 | 1 336 | 1 288 | 1241 | 1355 |
| Order backlog 31.12., MEUR | 35.6 | 10.5 | 13.6 | 16.6 | 17.4 |

General

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

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

Market Survey

The first two quarters of 2004 were a period of high demand in all market areas. However, the inventories of customers and distributors increased, and during the summer the order backlog started to decrease. Capacity utilisation rates at Evox Rifa plants continued as generally good.

Evox Rifa's market share in Europe continued to grow, and sales of both business areas developed favourably in all market segments. The sales to automotive industry and industrial electronics formed 78,6% of the total sales of the group in 2004 (77,5% in 2003). In the most important product and market segments, Evox Rifa's customers' business operations have kept on growing in China.

The rising raw material prices and the weakness of the US dollar were a real challenge for profitability during the latter half of 2004.

Financial Performance

Net sales of the Group were EUR 89.5 million in the fiscal year 2004 (EUR 78.9 million in 2003). The operating loss was EUR 0.7 million (loss EUR 4.9 million in 2003). Loss before extraordinary items was EUR 1.8 million (loss EUR 5.8 million). This includes one-time restructuring costs worth EUR 1.6 million (EUR 1.0 million in 2003).

The substantial improvement in profit was the result of the cost savings carried out during previous accounting periods, the reorganisation of electrolytic business area and better capacity utilisation rates of the production plants.

Especially during the second half of the year, profitability was burdened by the strengthening of the euro in relation to the US dollar. Demand weakened in all market areas during this period.

Earnings per share were EUR -0.013 (EUR -0.034) and shareholders' equity per share EUR 0.084 (EUR 0.094).

The order backlog of Evox Rifa Group was EUR 17.4 million at the end of 2004 (EUR 16.6 million at the end of 2003).

The operating cash flow of the Group was negative due to the reorganisation of the business. Also increased sales tied up more funds into the working capital. Group's net debt was EUR 20.3 million (EUR 17.0 million in 2003). Gross investments were EUR 1.5 million. New investments in production equipment were made in the plants both in Asia and Europe.

At the end of 2004, the liquid assets of the Group were EUR 2.8 million (EUR 3.1 million). The financial position developed as planned. The equity ratio was 29.0 % (31.1% in 2003). To secure the implementation of the investment program, arrangements were agreed with the main bankers in December.

The Group structure was streamlined by transferring the shares of BHC Components Ltd. from the ownership of Evox Rifa AB to Evox Rifa Group Oyj at the beginning of 2004. The real estate in Kalmar, Sweden was transferred to the ownership of the parent company. This transaction strengthened the equity of Evox Rifa AB by the trading profit of EUR 2.1 million.

Net sales of the Film and Paper Capacitors business area were EUR 46.1 million (EUR 39.2 million in 2003). Although the result of the business area developed positively, the profitability of the European production plants was still unsatisfactory. The decision to close the production operations in Kalmar, Sweden was made in December. Net sales of the products manufactured in Kalmar are about EUR 18 million. The manufacturing of these products will be transferred to the Evox Rifa plants in Indonesia and Finland by the end of 2005. Production transfers of small-size film capacitors from Finland to Indonesia were continued, also new investments in production equipment were made at the Batam plant.

Net sales of the Electrolytic Capacitors business area were EUR 43,4 million (EUR 39.8 million in 2003). The production transfer of screw terminal capacitors from the Gränna factory in Sweden to the factory of BHC Components Ltd. in Weymouth, UK was finalised in July, 2004. The personnel reductions caused by the transfer, were carried out as planned by the end of the year. Profitability of the business area developed according to expectations, and modernising investments at the BHC plant were started.

Shares and shareholders

The shares of Evox Rifa Group Oyj have a nominal value of EUR 0.05. On 31 December 2004, the number of shares was 173,371,018 and the share capital was EUR 8 668 550.90. The Annual General Meeting of Evox Rifa Group Oyj on 31 March 2004 approved the proposal of the Board of Directors to authorise the Board to decide to issue new shares and / or convertible loans, disapplying the shareholders' pre-emptive rights, so that the share capital may rise by a maximum of EUR 1,733,710. Concurrently the Annual General Meeting decided to revoke its authorisation of 2 April 2003. The Board

of Directors did not use this authorisation.

On 14 November 2000, the Shareholders' Meeting of Evox Rifa Group Oyj resolved to issue 7,500,000 stock options that entitle the holders to subscribe for 7,500,000 Evox Rifa Group Oyj shares.

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

Stock options were offered for subscription of key personnel, the management of Evox Rifa Group Oyj, and of Evox Rifa Oy which is a subsidiary of Evox Rifa Group Oyj. The Board of Directors of Evox Rifa Group Oyj has decided that the key personnel and the Group management will be offered no more stock options, and has decided to propose to the Annual General Meeting that the stock options currently in the possession of the Group, in total 2,745,999 pieces, be cancelled.

Personnel

The number of Evox Rifa Group personnel at the end of the fiscal year was 1298 (1271 in 2003), of whom 1013 (982) were factory personnel and 285 (289) office staff. The average number of personnel was 1355 (1241), of whom 1066 (941) were factory personnel and 289(300) office staff.

Negotiations are on-going at Evox Rifa AB in Kalmar regarding personnel reductions due to the company's decision to close down the production plant. These negotiations are estimated to result in redundancies of about 190 persons. Production transfers from Kalmar to Suomussalmi, in Finland, are estimated to create about 80 new permanent jobs in Suomussalmi. The number of personnel will also increase at Evox Rifa's factory in Batam, Indonesia.

At the end of 2004, 47% (43%) of the Group personnel was employed in Asia. The company estimates that after the implementation of the decided restructuring actions, 57% of Evox Rifa Group personnel will be employed in Asia.

Research and Development

The Film & Paper business area focused on developing products for application specific projects, especially for the automotive industry and industrial electronics. The skills and capabilities of Dectron have been increasingly employed in these projects. Evox Rifa's RFI suppression capacitor offering,

already the widest on the market, was supplemented with a metallised polypropylene Y2 capacitor range. A new acrylic SMD capacitor series was also added to the portfolio.

The main efforts in Evox Rifa's electrolytic product development are taking place in Weymouth with Project Unity, where the Rifa and BHC Screw Terminal capacitor series are being unified into a single range that integrates the best features of both but also incorporates many new ideas for better performance and/or lower cost. The project has already produced results in 2004.

The R&D work in Gränna has concentrated on the ongoing upgrading of the Automotive 150° C axial range towards higher temperatures. Concurrently, Gränna has developed an automotive snap-in capacitor for the Nantong plant. The first products have already been delivered.

Environment

During 2004 Evox Rifa prepared to conform to the new EU Directive which bans the use of certain hazardous materials, such as lead, in electronic equipment from July 2006 onwards. To be able to meet customer requirements well in advance, Evox Rifa has already reviewed all its product designs. All redesigned products will be ready for deliveries at the latest after the first quarter of 2005.

The Evox Rifa plants have a scheduled plan to obtain the ISO 14001 certificate, the work for it has been on-going in 2004.

Management and auditors

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

Mikko J. Aro, Board Member
Henrik Ehrnrooth, Chairman of the Board
Pertti Laine, Board Member
Jerker Molander, Deputy Chairman
Jarmo Niemi, Board Member

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

The members of the Board's strategy committee were Henrik Ehrnrooth, and Jerker Molander until October 2004 – he was replaced by Mikko J. Aro; and of the compensation and audit committee Mikko J. Aro and Pertti Laine.

The President and CEO of Evox Rifa Group Oyj was Ms. Tuula Ylhäinen, MSc. (Econ).

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

Incidents after the fiscal period

In January 2005 Evox Rifa Group Oyj made an agreement to sell the real estate in Kalmar to Peab Sverige AB. The deal will be closed in February 2006 after the closure of the factory.

The selling price, 41,5 million Swedish Crowns, will be used to amortise debts related to the current business operations in Kalmar after the closure of the plant.

The Board of Directors of Evox Rifa Group Oyj made an agreement with Mr. Wee Cheng Hoon to purchase his minority share of 15% of Evox Rifa Pte.Ltd. Half of the purchase price will be paid in cash. For the payment of the remaining purchase price, the Board proposes to the Annual General Meeting to be held on February 28, 2005, an issuance of 3,850,000 new shares. The shares are offered for subscription of Mr. Wee Cheng Hoon at a price of EUR 0.10 per share. The Board of Directors proposes to the Annual General Shareholders' Meeting that the reserve fund of the company be decreased in total by EUR 12,311,838.04 to cover the accumulated losses.

The Board proposes to the Annual General Meeting an issuance of a convertible capital loan in March 2005. The Board proposes that the maximum amount of the loan will be EUR 5.0 million. In the event of over-subscription, the Board shall have the right to increase the loan amount to EUR six (6.0) million.

Evox Rifa Group was informed on February 9, 2005 that a customer of BHC Components Ltd. in the US has again filed for bankruptcy (Chapter 11). In a similar situation in 2004, the Group was finally paid by Robicon for the receivables in full. A maximum risk for Evox Rifa Group is now a receivable of approximately EUR 0,3 million. Due to the incomplete status of the matter, no entries have been made in the financial statements 2004 to cover a bad debt risk caused by Robicon.

Outlook for 2005

The business cycles of electronic industry are becoming shorter and shorter, which makes forecasting difficult. Yet, the most important customer groups of Evox Rifa Group, i.e. industrial electronics and automotive industry, are estimated

to develop steadily in Europe and the US. The sales of the most important partners of Evox Rifa, are also expected to continue to grow in Asia. A weak US dollar could cause changes in the market and in competitive situations, and would be a considerable challenge for the profitability of Evox Rifa Group and the entire European industry. Rapid market changes are also possible.

The implemented structural changes have improved the Group's ability to adapt to potential changes. The ongoing restructuring program within the business area of Film and Paper capacitors will further increase the flexibility.

The investment program of the Electrolytic business area is expected to strengthen the Group's position in the customer segments of most important product groups. The Nantong production unit in China will be expanded. The importance of the Weymouth factory to the Group has further increased due to the production transfers carried out during 2004. Production capacity will be further developed and new product families are under development in Weymouth.

The restructuring of the Film and Paper Capacitors business area is targeted to be implemented during 2005. At the same time the Group invests in product development in Sweden (Dectron AB), in Finland (Kajaani) and in Singapore, and into modernising of production capacity in the production plants.

The one-time restructuring costs, estimated to be approximately EUR 3,0 million, will burden the Group's operating profit during 2005.

Current restructuring is estimated to reduce costs by EUR 3.0 million annually, mostly related to personnel reductions in the Nordic Countries and to the closing of one production unit. Cost savings are expected to be realized from the year 2006 onwards. In addition, new investments are expected to improve productivity in all production units.

Consolidated Income Statement

| | 1.1.-31.12.2004 1000 € | 1.1.-31.12.2003 1000 € |
|-----------------------------------------------------------|---------------------------|---------------------------|
| 1. NET SALES | 89 478 | 78 935 |
| Change in finished goods and work in progress inventories | 762 | 1 002 |
| Production for own use | 1 | 20 |
| 2. Other operating income | 178 | 30 |
| 3. Materials and services | -40 778 | -35 045 |
| 4. Personnel expenses | -31 503 | -31 946 |
| 5. Depreciation and write-downs | -3 772 | -3 722 |
| Other operating expenses | -15 076 | -14 174 |
| | -91 129 | -84 887 |
| OPERATING PROFIT (LOSS) | -710 | -4 900 |
| 6. Financial income and expenses | -1 108 | -891 |
| PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS | -1 818 | -5 791 |
| PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES | -1 818 | -5 791 |
| 7. Direct taxes | -418 | -104 |
| Minority interest | -68 | 13 |
| PROFIT (LOSS) FOR THE PERIOD | -2 304 | -5 882 |

Consolidated Balance Sheet

| ASSETS | 31.12.2004 | 31.12.2003 |
|-------------------------------------------------|------------|------------|
| | 1000 € | 1000 € |
| FIXED ASSETS AND OTHER NON-CURRENT ASSETS | | |
| 1. Intangible assets | | |
| Formation expenses | 46 | 71 |
| Goodwill | 595 | 957 |
| Other capitalised expenditure | 23 | 76 |
| | 664 | 1 104 |
| 1. Tangible assets | | |
| Land areas | 3 431 | 3 387 |
| Buildings and structures | 4 255 | 4 606 |
| Machinery and equipment | 10 482 | 12 215 |
| Other tangible assets | 104 | 151 |
| Advance payments and fixed assets in progress | 564 | 385 |
| | 18 836 | 20 744 |
| 2. Investments | | |
| Other shares and shareholdings | 4 | 3 |
| Other investments | 124 | 106 |
| | 128 | 109 |
| FIXED ASSETS AND OTHER NON-CURRENT ASSETS TOTAL | | |
| | 19 628 | 21 957 |
| CURRENT ASSETS | | |
| Inventories | | |
| Raw materials and supplies | 5 985 | 5 990 |
| Work in progress | 2 241 | 2 426 |
| Finished goods | 6 868 | 6 161 |
| | 15 094 | 14 577 |
| Current receivables | | |
| Accounts receivable | 13 542 | 13 588 |
| Loan receivable | 9 | 16 |
| Other receivable | 329 | 519 |
| 3. Prepaid expenses and accrued income | 1 068 | 893 |
| | 14 948 | 15 016 |
| Cash in hand and in banks | 2 792 | 3 101 |
| TOTAL CURRENT ASSETS | | |
| | 32 834 | 32 694 |
| TOTAL ASSETS | | |
| | 52 462 | 54 651 |

SHAREHOLDERS' EQUITY AND LIABILITIES**31.12.2004****31.12.2003**

| | 1000 € | 1000 € |
|---------------------------------------------------|---------------|---------------|
| 4. SHAREHOLDERS' EQUITY | | |
| Share capital | 8 669 | 8 669 |
| Premium fund | 1 733 | 1 733 |
| Revaluation fund | 0 | 1 944 |
| Reserve fund | 12 989 | 12 989 |
| Retained earnings | -6 542 | -3 111 |
| Net profit (loss) for the period | -2 304 | -5 882 |
| TOTAL SHAREHOLDERS' EQUITY | 14 545 | 16 342 |
| | | |
| MINORITY INTEREST | 685 | 660 |
| | | |
| LIABILITIES | | |
| 5. Deferred tax liability | 495 | 1256 |
| | | |
| 6. Non-current liabilities | | |
| Loans from credit institutions | 16 991 | 14 028 |
| Pension loans | 2 021 | 2 574 |
| Other non-current loans | 181 | 586 |
| Total non-current liabilities | 19 193 | 17 188 |
| | | |
| Current liabilities | | |
| Current loans from credit institutions | 3 554 | 3 459 |
| Pension loans | 554 | 0 |
| Accounts payable | 6 097 | 8 076 |
| Other current liabilities | 1 145 | 1 241 |
| 7. Accrued expenses and deferred income | 6 194 | 6 429 |
| Total current liabilities | 17 544 | 19 205 |
| | | |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 52 462 | 54 651 |

Consolidated Cash Flow Statement

| | 2004 | 2003 |
|-------------------------------------------------------------|-------------|-------------|
| | 1000 € | 1000 € |
| Operational Cash Flow | | |
| Operating profit (loss) | -710 | -4 900 |
| Adjustments to operating profit (loss) | | |
| Depreciation and write-downs | 3 772 | 3 722 |
| Other adjustments | 679 | 548 |
| Change in Net Working Capital | | |
| Inventories, increase (-) decrease (+) | -1 471 | -2 168 |
| Trade receivables, increase (-) decrease (+) | 107 | 1 174 |
| Non-interest bearing liabilities, increase (+) decrease (-) | -3 082 | 3 351 |
| Financial income and expenses | -1 154 | -1 078 |
| Direct taxes | -283 | 643 |
| Operational cash flow | -2 142 | 1 292 |
| Investments | | |
| Investments in fixed assets | -1 517 | -1 091 |
| Sale of fixed assets | 19 | 719 |
| Total investments cash flow | -1 498 | -372 |
| Cash flow before financing | -3 640 | 920 |
| Financing | | |
| Non-current loans increase (+) decrease (-) | 2 635 | -2 689 |
| Current loans increase (+) decrease (-) | 708 | -737 |
| Foreign currency translation adjustment | -12 | -338 |
| Total financing cash flow | 3 331 | -3 764 |
| Increase / Decrease in liquid funds | -309 | -2 844 |
| Liquid funds 1.1. | 3 101 | 5 945 |
| Liquid funds 31.12. | 2 792 | 3 101 |

Liquid funds include cash in hand and in banks.

The Accounting Principles of Group Consolidation

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

The scope of consolidation

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

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

The consolidation principles

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

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

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

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

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

Non-current assets

Valuation of the fixed assets

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

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

Depreciation principles

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

Voluntary provisions and deferred tax liability

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

Current assets

Valuation of inventories

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

Transactions in foreign currency

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

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

Pension liability coverage

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

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

Research and development expenses

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

Taxes

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

The Group companies have confirmed tax loss carry forwards. Due to the uncertainty associated with usage of them, no computed tax losses are recorded in the foreign subsidiaries either.

Adoption of the IAS/IFRS standards

Evox Rifa Group will report its accounts (both interim and year end reports) according to the International Financial Reporting Standards (IAS/IFRS) from the beginning of 2005. According to a study carried out in the Group, the most significant influence on the financial closing is due to the balance sheet recordings of financial leases in assets and liabilities (IAS 17), the change in defined benefit liability (employee benefits, IAS 19) and the measurement of possible fixed asset impairment losses (IAS 36). The adoption of the IAS/IFRS standards will not have significant impact on the Group's result, equity and other key figures according to knowledge valid today.

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

Notes to the Consolidated Financial Statements

| NOTES TO THE INCOME STATEMENT | 1.1.-31.12.2004 | 1.1.-31.12.2003 |
|---------------------------------------------------------------------------------|-----------------|-----------------|
| | 1000 € | 1000 € |
| 1. NET SALES | | |
| Net sales by product groups | | |
| Film | 28 679 | 22 597 |
| Paper | 12 707 | 11 412 |
| Electrolytics | 43 391 | 39 760 |
| Inductive | 34 | 0 |
| Others | 4 667 | 5 166 |
| Total | 89 478 | 78 935 |
| Net sales by sales regions | | |
| Finland | 6 357 | 5 925 |
| Other Nordic countries | 8 543 | 8 760 |
| Other European countries | 46 837 | 39 755 |
| Asia | 17 891 | 14 440 |
| Northern America | 9 850 | 10 055 |
| Total | 89 478 | 78 935 |
| Net sales by customer groups | | |
| Telecommunication | 1 674 | 1 785 |
| Industrial electronics | 35 085 | 33 095 |
| Lightning | 9 048 | 8 361 |
| Consumer electronics | 7 231 | 6 344 |
| Automobile | 7 047 | 5 188 |
| Contract manufacturing | 7 917 | 6 190 |
| Distributors | 20 300 | 16 712 |
| Others | 1 176 | 1 260 |
| Total | 89 478 | 78 935 |
| 2. OTHER OPERATING INCOME | | |
| Gains from sales of fixed assets | 25 | 30 |
| Other | 153 | 0 |
| Total | 178 | 30 |
| 3. MATERIALS AND SERVICES | | |
| Materials and supplies | | |
| Materials and supplies purchases during the period | 40 890 | 35 740 |
| Increase (-) / Decrease (+) in inventory | -112 | -695 |
| Total | 40 778 | 35 045 |
| 4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL | | |
| Salaries and fees | 24 295 | 24 313 |
| Pension costs | 1 811 | 2 164 |
| Other personnel costs | 5 397 | 5 469 |
| Total | 31 503 | 31 946 |
| Other personnel cost includes both compulsory and voluntary personnel expenses. | | |
| The management salaries and fees | | |
| Managing Directors | 606 | 553 |
| Board of Directors | 72 | 30 |
| Total | 678 | 583 |

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

| | 1.1.-31.12.2004 | 1.1.-31.12.2003 |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Personnel during the fiscal year (average) | | |
| Office employees | 289 | 300 |
| Other employees | 1 066 | 941 |
| Total | 1 355 | 1 241 |
| Personnel at the end of the fiscal year | | |
| Office employees | 285 | 289 |
| Other employees | 1 013 | 982 |
| Total | 1 298 | 1 271 |
| 5. DEPRECIATIONS AND WRITE-DOWNS | | |
| Formation expenses*) | 22 | 21 |
| Consolidation goodwill | 364 | 366 |
| Other capitalised expenditure | 52 | 65 |
| Buildings and structures | 292 | 320 |
| Machinery and equipment | 3 000 | 2 907 |
| Other tangible assets | 42 | 43 |
| Total | 3 772 | 3 722 |
| *) Capitalised formation expenses belong to the foundation of China factory | | |
| 6. FINANCIAL EXPENSES AND INCOME | | |
| Interest and other financial income | | |
| Interest income from current investments | 23 | 99 |
| Other financial income | 13 | 41 |
| Total interest and other financial income | 36 | 140 |
| Interest and other financial expenses | | |
| Interest expenses | 919 | 905 |
| Other financial expenses | 110 | 130 |
| Total interest and other financial expenses | 1 029 | 1 035 |
| Foreign exchange gain / (loss), net | -115 | 4 |
| Total financial income and expenses | -1 108 | -891 |
| 7. DIRECT TAXES | | |
| Income taxes on operations | | |
| For the period | 416 | 422 |
| For the previous fiscal years | 2 | -350 |
| Change in deferred tax liability | 0 | 32 |
| Total | 418 | 104 |

Notes to the Consolidated Financial Statements

NOTES TO THE BALANCE SHEET

1. INTANGIBLE AND TANGIBLE ASSETS (1000 €)

| | Intangible assets | | | | Tangible assets | | | | | |
|-----------------------------------------------------------|---------------------|------------------------|-------------------------------|--------|-----------------|--------------------------|-------------------------|----------------|------------------|---------|
| | Formation expenses* | Consolidation goodwill | Other capitalised expenditure | Total | Land areas | Buildings and structures | Machinery and equipment | Other tangible | Advance payments | Total |
| Acquisition cost 1.1.2003 | 106 | 1 827 | 687 | 2 620 | 3 387 | 7 369 | 54 148 | 396 | 385 | 65 685 |
| Translation difference | -7 | 2 | -2 | -7 | 44 | -82 | -173 | -21 | 1 | -231 |
| Increase 1.1.–31.12. | 0 | 0 | 0 | 0 | 0 | 0 | 983 | 1 | 514 | 1 498 |
| Decrease 1.1.–31.12. | 0 | 0 | 0 | 0 | 0 | 0 | -589 | 0 | -45 | -634 |
| Transfers between balance sheet items 1.1. - 31.12. | 0 | 0 | 0 | 0 | 0 | -31 | 322 | 0 | -291 | 0 |
| Acquisition cost 31.12.2004 | 99 | 1 829 | 685 | 2 613 | 3 431 | 7 256 | 54 691 | 376 | 564 | 66 318 |
| Accumulated depreciation and Write-downs 1.1.2003 | -35 | -870 | -611 | -1 516 | 0 | -2 763 | -41 933 | -245 | 0 | -44 941 |
| Translation difference | 4 | 0 | 1 | 5 | 0 | 52 | 137 | 15 | 0 | 204 |
| Accumulated depreciation from the decrease of investments | 0 | 0 | 0 | 0 | 0 | 0 | 589 | 0 | 0 | 589 |
| Depreciation for the fiscal year | -22 | -364 | -52 | -438 | 0 | -292 | -3 000 | -42 | 0 | -3 334 |
| Transfers between balance sheet items | 0 | 0 | 0 | 0 | 0 | 2 | -2 | 0 | 0 | 0 |
| Accumulated depreciation and write-downs 31.12.2004 | -53 | -1 234 | -662 | -1 949 | 0 | -3 001 | -44 209 | -272 | 0 | -47 282 |
| Book value 31.12.2004 | 46 | 595 | 23 | 664 | 3 431 | 4 255 | 10 482 | 104 | 564 | 18 836 |
| Book value 31.12.2003 | 71 | 957 | 76 | 1 104 | 3 387 | 4 606 | 12 215 | 151 | 385 | 20 744 |
| Machinery and equipment balance sheet value 31.12.2004 | | | | | | | | 9 229 | | |
| Machinery and equipment balance sheet value 31.12.2003 | | | | | | | | 12 109 | | |

*) The foundation costs of China factory

2. INVESTMENTS

| | 31.12.2004 | 31.12.2003 |
|------------------------|------------|------------|
| Shares and holdings | | |
| Book value 1.1. | 3 | 3 |
| Increase 1.1. - 31.12. | 1 | 0 |
| Book value 31.12. | 4 | 3 |
| Other receivables | | |
| Book value 1.1. | 106 | 89 |
| Increase | 18 | 17 |
| Book value 31.12. | 124 | 106 |

STOCK OWNERSHIP

Group companies:

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

| | 1.1.-31.12.2004 1000 € | 1.1.-31.12.2003 1000 € |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| 3. PREPAID EXPENSES AND ACCRUED INCOME | | |
| Income taxes | 129 | 65 |
| Interest | 0 | 61 |
| Others | 939 | 767 |
| Total | 1 068 | 893 |
| 4. SHAREHOLDERS' EQUITY | | |
| Share capital 1.1. | 8 669 | 8 669 |
| Share capital 31.12. | 8 669 | 8 669 |
| Premium fund 1.1. | 1 733 | 1 733 |
| Premium fund 31.12. | 1 733 | 1 733 |
| Revaluation fund 1.1. | 1 944 | 0 |
| Changes during the fiscal year | -1 944 | 1 944 |
| Revaluation fund 31.12. | 0 | 1 944 |
| Reserve fund 1.1. | 12 989 | 12 989 |
| Reserve fund 31.12. | 12 989 | 12 989 |
| Retained earnings 1.1. | -8 993 | -1 718 |
| Transfers from revaluation funds | 1 944 | 0 |
| Transfers from deferred tax liabilities*) | 771 | 0 |
| Cumulative translation adjustment | -264 | -1 393 |
| Retained earnings 31.12. | -6 542 | -3 111 |
| Net profit (- loss) for the fiscal year | -2 304 | -5 882 |
| Shareholders' equity 31.12. | 14 545 | 16 342 |
| *) In connection with the internal transaction of real estate, the revaluation of fixed assets were revoked. The deferred tax related to the transaction was transferred to retained earnings, because no tax effect was materialised. | | |
| 5. DEFERRED TAX LIABILITIES | | |
| Deferred Tax Liabilities and Receivables | | |
| The Group companies have confirmed tax loss carry forwards. | | |
| Due to the uncertainty associated with usage of them, no | | |
| computed tax losses are recorded in the foreign subsidiaries either. | | |
| Deferred Tax Liabilities | | |
| From appropriations | 495 | 485 |
| From revaluations | 0 | 771 |
| Total | 495 | 1 256 |
| 6. LOANS MATURING AFTER FIVE YEARS | | |
| Loans from credit institutions | 364 | 770 |
| Total | 364 | 770 |
| 7. ACCRUED EXPENSES OR DEFERRED INCOME | | |
| Accrued vacation expenses | 2 388 | 2 813 |
| Pension and social costs | 1 557 | 1 738 |
| Income tax | 569 | 0 |
| Interest | 89 | 112 |
| Others | 1 591 | 1 766 |
| Total | 6 194 | 6 429 |

Notes to the Consolidated Financial Statements

OTHER NOTES

1. PLEDGES, MORTGAGES, CONTINGENT AND OTHER LIABILITIES

| | 31.12.2004 1000 € | 31.12.2003 1000 € |
|----------------------------------------------------|----------------------|----------------------|
| Debts secured with mortgages and pledges | | |
| Loans from credit institutions | 20 545 | 13 757 |
| Real estate mortgages | 6 575 | 6 750 |
| Mortgage on company assets | 14 024 | 10 881 |
| Pledged shares and funds*) | 7 047 | 6 226 |
| Other pledges | 0 | 193 |
| Mortgages total | 27 646 | 24 050 |
| Pension loans | 2 575 | 2 574 |
| Mortgage on company assets | 2 771 | 2 753 |
| Mortgages total | 2 771 | 2 753 |
| Mortgages given as security total | 30 417 | 26 803 |
| Other pledges | 64 | 92 |
| Deposits pledged as security for other liabilities | 35 | 38 |
| | 99 | 130 |

*) Pledged funds

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In 2002 a product claim was presented to BHC Components Ltd.. The Company has made a provision of MEUR 0.6, which the Company considers appropriate.

2. RENTAL AND LEASING LIABILITIES

Due dates for financial leases with maturity exceeding one year or rental agreements irrevocable within one year are as follows:

| | | |
|---------|-------|-------|
| In 2005 | 1 354 | 1 449 |
| Later | 1 891 | 2 960 |
| Total | 3 245 | 4 409 |

3. DERIVATIVE FINANCIAL INSTRUMENTS

The value of derivative contracts made to hedge exposure against foreign currency fluctuations.

| | | |
|----------------------------|-------|-------|
| Foreign currency options | | |
| Bought options | | |
| Value at the contract date | 1 589 | 3 001 |
| Asset value 31.12. | 16 | 102 |
| Foreign currency options | | |
| Sold options | | |
| Value at the contract date | | 6 052 |
| Asset value 31.12. | | -48 |

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

Income Statement and Balance Sheet of Parent Company

| INCOME STATEMENT OF PARENT COMPANY | | 1.1. - 31.12.2004 | 1.1. - 31.12.2003 |
|---------------------------------------------|--------------------------------------------------------|--------------------------|--------------------------|
| | | 1000 € | 1000 € |
| | NET SALES | | |
| | Other operating income | 1 900 | 1 709 |
| 1. | Personnel expenses | -966 | -900 |
| | Depreciation and write-downs | -209 | -33 |
| | Other operating expenses | -1 320 | -1 257 |
| | | -2 495 | -2 190 |
| | OPERATING PROFIT (- LOSS) | -595 | -481 |
| 2. | Financial income and expenses | -133 | 141 |
| 3. | Write-downs of non-current investments | -14 400 | 0 |
| | | -14 533 | 141 |
| | PROFIT (- LOSS) BEFORE APPROPRIATIONS AND TAXES | -15 128 | -340 |
| | PROFIT (- LOSS) FOR THE PERIOD | -15 128 | -340 |
| BALANCE SHEET OF PARENT COMPANY | | 31.12.2004 | 31.12.2003 |
| ASSETS | | 1000 € | 1000 € |
| NON-CURRENT ASSETS | | | |
| 1. | Intangible assets | | |
| | Other capitalised expenditure | 5 | 14 |
| 1. | Tangible assets | | |
| | Land areas | 3 838 | 0 |
| | Buildings and structures | 1 035 | 0 |
| | Machinery and equipment | 495 | 22 |
| | Other tangible assets | 21 | 0 |
| | | 5 389 | 22 |
| 2. | Investments, non-current | | |
| | Shares in the subsidiary companies | 6 601 | 10 451 |
| | Other shares | 1 | 1 |
| | | 6 602 | 10 452 |
| CURRENT ASSETS | | | |
| 3. | Non-current receivables | | |
| | Loan receivables | 881 | 10 193 |
| | | 881 | 10 193 |
| 4. | Current receivables | | |
| | Loan receivables | 2 651 | 2 514 |
| | Other receivables | 1 541 | 3 126 |
| | Prepaid expenses and accrued income | 15 | 66 |
| | | 4 207 | 5 706 |
| | Cash in hand and in banks | 334 | 1 016 |
| | TOTAL ASSETS | 17 418 | 27 403 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| 5. | SHAREHOLDERS' EQUITY | | |
| | Share capital | 8 669 | 8 669 |
| | Premium fund | 1 734 | 1 734 |
| | Reserve fund | 12 989 | 12 989 |
| | Retained earnings | 2 815 | 3 155 |
| | Profit (loss) for the financial year | -15 128 | -340 |
| | | 11 079 | 26 207 |
| 6. | LIABILITIES | | |
| | Non-current liabilities | | |
| | Loans from credit institutions | 5 543 | 0 |
| | | 5 543 | 0 |
| 7. | Current liabilities | | |
| | Loans from credit institutions | 254 | 683 |
| | Other current liabilities | 324 | 367 |
| | Accrued expenses and deferred income | 218 | 146 |
| | | 796 | 1 196 |
| | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 17 418 | 27 403 |

Cash Flow Statement of Parent Company

| | 1.1.-31.12.2004 1000 € | 1.1.-31.12.2003 1000 € |
|-------------------------------------------------------|----------------------------------|----------------------------------|
| Operational cash flow | | |
| Operating profit (loss) | -595 | -481 |
| Adjustments to operating profit (loss) | | |
| Depreciation and write-downs | 209 | 33 |
| Other adjustments | | 1 |
| Change in working capital | | |
| Trade receivables, increase (-) decrease (+) | 1 636 | -990 |
| Non-interest bearing loans, increase (+) decrease (-) | -133 | 278 |
| Financial income and expense | 9 | 141 |
| Operational cash flow | 1 126 | -1 018 |
| Investments | | |
| Investments in other fixed assets | -6 154 | -6 |
| Investments cash flow | -6 154 | -6 |
| Cash flow before financing | -5 028 | -1 024 |
| Financing | | |
| Share issue | | |
| Non-current loan receivable increase (-) decrease (+) | 4 911 | 34 |
| Current loan receivable increase (-) decrease (+) | -137 | 902 |
| Non-current loans increase (+) decrease (-) | 0 | -870 |
| Current loans increase (+) decrease (-) | -429 | -1 610 |
| Financing cash flow | 4 345 | -1 544 |
| Increase / Decrease in liquid funds | -683 | -2 568 |
| Liquid funds 1.1. | 1 017 | 3 585 |
| Liquid funds 31.12. | 334 | 1 017 |

Liquid funds include cash in hand and in banks.

Notes to the Financial Statements of Parent Company

| NOTES TO THE INCOME STATEMENT | 1.1. -31.12.2004 | 1.1. -31.12.2003 |
|-----------------------------------------------------------------------------------------|------------------|------------------|
| | 1000 € | 1000 € |
| 1. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL | | |
| Salaries and fees | 672 | 616 |
| Pension costs | 140 | 160 |
| Other personnel costs | 154 | 124 |
| Total | 966 | 900 |
| Other personnel costs include both compulsory and voluntary personnel expenses. | | |
| The management salaries and fees | | |
| Managing Directors | 140 | 235 |
| Board of Directors | 72 | 30 |
| Total | 212 | 265 |
| The retirement age of the parent company Managing Director has been agreed to 60 years. | | |
| Personnel during the fiscal year (average) | | |
| Office personnel | 7 | 6 |
| Personnel at the end of the fiscal year | | |
| Office personnel | 8 | 6 |
| 2. FINANCIAL INCOME AND EXPENSES | | |
| Interest and other financial income | | |
| Interest income from non-current investments | | |
| Evox Rifa Group internal | 204 | 354 |
| Interest income from current investments | | |
| External | 8 | 68 |
| Other financial income | | |
| External | 0 | 3 |
| Interest expenses for the external liabilities | | |
| Evox Rifa Group internal | 144 | 0 |
| External | 27 | 92 |
| Total | 171 | 92 |
| Other interest expenses | | |
| External | 16 | 21 |
| Foreign exchange gain / (loss), net | -158 | -171 |
| Total financial income and expenses | -133 | 141 |
| 3. WRITE-DOWNS OF NON-CURRENT INVESTMENTS | | |
| Write-downs | | |
| Write-down of shares of Evox Rifa Oy | 10 000 | 0 |
| Write-down of loan receivables of the subsidiaries | 4 400 | 0 |
| Total | 14 400 | 0 |

Notes to the Financial Statements of Parent Company

NOTES TO THE BALANCE SHEET

1. INTANGIBLE AND TANGIBLE ASSETS

| | 31.12.2004 1000 € | 31.12.2003 1000 € |
|-------------------------------------------------|----------------------|----------------------|
| Intangible Assets | | |
| Other capitalized expenditure | | |
| Acquisition cost 1.1. | 77 | 74 |
| Increase 1.1. - 31.12. | 0 | 3 |
| Acquisition cost 31.12. | 77 | 77 |
| Accumulated depreciation and write-downs 1.1. | -63 | -42 |
| Depreciation for the fiscal year | -9 | -21 |
| Accumulated depreciation and write-downs 31.12. | -72 | -63 |
| Book value 31.12. | 5 | 14 |
| Tangible Assets | | |
| Land areas | | |
| Acquisition cost 1.1. | 0 | 0 |
| Increase 1.1. - 31.12. | 3 838 | 0 |
| Acquisition cost 31.12. | 3 838 | 0 |
| Book value 31.12. | 3 838 | 0 |
| Buildings and structures | | |
| Acquisition cost 1.1. | 0 | 0 |
| Increase 1.1.-31.12. | 1 127 | 0 |
| Acquisition cost 31.12. | 1 127 | 0 |
| Accumulated depreciation and write-downs 1.1. | 0 | 0 |
| Depreciation for the fiscal year | -92 | 0 |
| Acquisition cost 31.12. | -92 | 0 |
| Book value 31.12. | 1 035 | 0 |
| Machinery and equipment | | |
| Acquisition cost 1.1. | 51 | 49 |
| Increase 1.1.-31.12 | 579 | 2 |
| Decrease 1.1.-31.12. | 0 | 0 |
| Acquisition cost 31.12. | 630 | 51 |
| Accumulated depreciation and write-downs 1.1. | -29 | -18 |
| Depreciation for the fiscal year | -106 | -11 |
| Accumulated depreciation and write-downs 31.12. | -135 | -29 |
| Book value 31.12. | 495 | 22 |
| Other Intangible Assets | | |
| Acquisition cost 1.1. | 0 | 0 |
| Increase 1.1.-31.12. | 23 | 0 |
| Acquisition cost 31.12. | 23 | 0 |
| Accumulated depreciation and write-downs 1.1. | 0 | 0 |
| Depreciation for the fiscal year | -2 | 0 |
| Acquisition cost 31.12. | -2 | 0 |
| Book value 31.12. | 21 | 0 |

| | 31.12.2004 1000 € | 31.12.2003 1000 € |
|------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------|
| 2. SHARES | | |
| Shares in subsidiaries | | |
| Acquisition cost 1.1. | 10 451 | 10 451 |
| Increase 1.1. - 31.12. | 6 150 | 0 |
| Decrease 1.1. - 31.12. | -10 000 | 0 |
| Accumulated acquisitions 31.12. | 6 601 | 10 451 |
| STOCK OWNERSHIP | | |
| | Parent company's ownership of the stock/voting power, % | |
| Evox Rifa Oy, Finland | 100 | 100 |
| BHC Components LTD | 100 | 0 |
| 3. NON-CURRENT RECEIVABLES FROM THE GROUP COMPANIES | | |
| Loan receivables | 881 | 10 193 |
| 4. CURRENT RECEIVABLES FROM THE GROUP COMPANIES | | |
| Loan receivables | 2 651 | 2 514 |
| Other receivables | 1 503 | 3 037 |
| Receivables from the Group companies total | 4 154 | 5 551 |
| CURRENT EXTERNAL RECEIVABLES | | |
| Other receivables | 38 | 89 |
| Prepaid expenses and accrued income | 15 | 66 |
| Receivables total | 53 | 155 |
| 5. SHAREHOLDERS' EQUITY | | |
| Share capital 1.1. | 8 669 | 8 669 |
| Share capital 31.12. | 8 669 | 8 669 |
| Premium fund 1.1. | 1 734 | 1 734 |
| Premium fund 31.12. | 1 734 | 1 734 |
| Reserve fund 1.1. | 12 989 | 12 989 |
| Reserve fund 31.12. | 12 989 | 12 989 |
| Retained earnings 1.1. | 2 815 | 3 156 |
| Retained earnings 31.12. | 2 815 | 3 156 |
| Net profit (loss) for the fiscal year | -15 128 | -340 |
| Shareholders' equity 31.12. | 11 079 | 26 207 |
| Calculation of the distributable earnings 31.12.2004 | | |
| The parent company has no distributable earnings on December 31, 2004. | | |
| Retained earnings | 2 816 | 3 156 |
| Net profit (loss) for the period | -15 128 | -340 |
| Distributable earnings 31.12. | -12 312 | 2 816 |
| 6. NON-CURRENT LIABILITIES FROM GROUP COMPANIES | | |
| Loan | 5 543 | 0 |
| Group companies total | 5 543 | 0 |
| 7. CURRENT LIABILITIES FROM GROUP COMPANY | | |
| Loans | 254 | 0 |
| Other short term liabilities | 81 | 271 |
| Group companies total | 335 | 271 |

OTHER NOTES OF PARENT COMPANY**1. PLEDGES, MORTGAGES, CONTINGENT AND OTHER LIABILITIES**

| | 31.12.2004 | 31.12.2003 |
|------------------------------------------|-------------------|-------------------|
| Debts secured with mortgages and pledges | | |
| Loans from credit institutions | 0 | 683 |
| Real estate mortgages | 0 | 0 |
| Mortgage on company assets | 0 | 0 |
| Mortgages total | 0 | 0 |
| Pledges on behalf of Group companies | | |
| Real estate mortgages | 5 210 | 0 |
| Pledged shares | 6 168 | 0 |
| Other pledges | 18 415 | 11 076 |
| Total | 29 793 | 11 076 |

2. RENTAL OR LEASING LIABILITIES

Due dates for financial leases with maturity exceeding one year or rental agreements irrevocable within one year are as follows:

| | | |
|---------|-----|----|
| In 2005 | 79 | 44 |
| Later | 63 | 37 |
| Total | 142 | 81 |

3. DERIVATIVE FINANCIAL INSTRUMENTS

The value of derivative contracts made to hedge exposure against foreign currency fluctuations:

| | | |
|----------------------------|-------|-------|
| Foreign currency options | | |
| Bought options | | |
| Value at the contract date | 1 589 | 3 001 |
| Asset value 31.12. | 16 | 102 |
| Foreign currency options | | |
| Sold options | | |
| Value at the contract date | | 6052 |
| Asset value 31.12. | | -48 |

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

Consolidated Key Figures

Figures from the year 2000 are based on proforma calculations.

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------------------------------------------------|--------|--------|---------|---------|---------|
| | 1000 € | 1000 € | 1000 € | 1000 € | 1000 € |
| Net sales | 84 162 | 68 968 | 69 839 | 78 935 | 89 478 |
| Operating profit | 4 051 | -4 774 | -8 942 | -4 900 | -710 |
| % of net sales | 4.8% | -6.9% | -12.8% | -6.2% | -0.8% |
| Profit (loss) before extraordinary items | 2 492 | -6 381 | -9 739 | -5 791 | -1 818 |
| % of net sales | 3.0% | -9.3% | -13.9% | -7.3% | -2.0% |
| Profit (loss) before direct taxes | 2 451 | -6 302 | -9 739 | -5 791 | -1 818 |
| % of net sales | 2.9% | -9.1% | -13.9% | -7.3% | -2.0% |
| Profit (loss) for the period | 1 192 | -4 996 | -8 735 | -5 882 | -2 304 |
| % of net sales | 1.4% | -7.2% | -12.5% | -7.5% | -2.6% |
| Return on equity (ROE), % | 4.7% | -17.5% | -36.3% | -29.9% | -13.9% |
| Return on investment (ROI), % | 10.4% | -10.3% | -19.1% | -11.3% | -1.8% |
| Equity ratio, % | 48.7% | 47.5% | 36.5% | 31.1% | 29.0% |
| Gross investments in fixed assets | 4 084 | 5 893 | 7 147 | 1 019 | 1 517 |
| % of net sales | 4.9 % | 8.5 % | 10.2 % | 1.3 % | 1.7% |
| Research and development costs | 3 114 | 2 828 | 2 724 | 3 026 | 2 978 |
| % of net sales | 3.7 % | 4.1 % | 3.9 % | 3.8 % | 3.3% |
| Earnings / share, EUR | 0.014 | -0.059 | -0.068 | -0.034 | -0.013 |
| Equity / share, EUR | 0.36 | 0.30 | 0.13 | 0.09 | 0.08 |
| Price / earnings ratio (P/E) | 15.5 | -2.1 | -0.9 | -3.5 | -7.7 |
| Share prices | | | | | |
| low, EUR | 0.20 | 0.11 | 0.04 | 0.04 | 0.10 |
| high, EUR | 0.50 | 0.25 | 0.14 | 0.15 | 0.16 |
| average, EUR | 0.29 | 0.16 | 0.09 | 0.09 | 0.13 |
| Closing rate of the last trading day | 0.22 | 0.12 | 0.06 | 0.12 | 0.10 |
| Market value of total shares outstanding 31.12. | 19 071 | 10 402 | 10 402 | 20 804 | 17 337 |
| Share turnover, 1 000 pcs | 18 779 | 30 950 | 52 568 | 63 908 | 44 016 |
| Share turnover % | 21.7% | 35.7% | 41.0% | 36.9 % | 25.4% |
| Total share turnover, TEUR | 5 267 | 5 972 | 3 930 | 6 013 | 5 608 |
| Number of shares, 1 000 | 86 686 | 86 686 | 173 371 | 173 371 | 173 371 |
| Issue-adjusted number of shares, weighted average, 1 000 | | | 128 247 | | |
| Order stock, MEUR | 35.6 | 10.5 | 13.6 | 16.6 | 17.4 |
| Average number of personnel | 1 406 | 1 336 | 1 288 | 1 241 | 1 355 |

Calculation Principles of Key Figures

RETURN ON EQUITY (ROE), %

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

RETURN ON INVESTMENT (ROI), %

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

EQUITY RATIO, %

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

EARNINGS / SHARE (EPS)

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

EQUITY / SHARE

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

PRICE / EARNINGS RATIO (P/E)

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

EQUITY MARKET VALUE

$$\text{Total number of shares outstanding} \times \text{closing rate at the last day of fiscal year}$$

SHARE TURNOVER, %

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

Shareholders and Shares

Major Shareholders 31.12.2004

| Shareholders | Number of shares | Holdings and votes % |
|---------------------------|------------------|----------------------|
| Fennogens Investments SA | 68 191 976 | 39,33 % |
| Veikko Laine Oy | 19 908 972 | 11,48 % |
| Etra-Invest Oy | 9 000 000 | 5,19 % |
| Gripenberg Gustaf | 1 200 000 | 0,69 % |
| Oksanen Markku | 750 000 | 0,43 % |
| Terkki Risto | 620 000 | 0,36 % |
| Asikainen Tapio | 600 700 | 0,35 % |
| Nevalainen Vesa | 600 000 | 0,35 % |
| Niini Kustaa | 550 000 | 0,32 % |
| Mikkola Santeri | 500 000 | 0,29 % |
| Tarkkio Jori | 500 000 | 0,29 % |
| Nominee registered shares | 1 137 279 | 0,66 % |

Number of nominee registered shares and shares in foreign ownership as of December 31, 2004 was 69 659 503, i.e. 40,2% of the holdings and votes.

Management Share Ownership

Evox Rifa Group Oyj's Board Members and President held a total of 20 002 972 shares, i.e. 11.5 % of the shares outstanding as of 31.12.2004. As per resolution by the extraordinary shareholders' meeting on November 14, 2000, regarding the issuance of stock options, the Board Members' and President's ownership could rise by 1 150 000 shares if the stock options were exercised. After that the Board Members' and President's ownership would be 21 152 972 shares, i.e. 12.1 % of the shares outstanding.

Henrik Ehrnrooth, Chairman of the Board, together with his brothers, George Ehrnrooth and Carl Gustaf Ehrnrooth, indirectly holds a controlling interest in Fennogens S.A.

Distribution of Share Ownership 31.12.2004

| By number of shares | By number of shareholders | % of shareholders | Total shares | % of total shares |
|---------------------|---------------------------|-------------------|--------------|-------------------|
| 1 - 1000 | 1 549 | 25,83 % | 670 368 | 0,39 % |
| 1 001 - 10000 | 3 029 | 50,52 % | 14 143 400 | 8,16 % |
| 10 001 - 50 000 | 1 156 | 19,28 % | 27 064 891 | 15,61 % |
| 50 001 - 100 000 | 168 | 2,80 % | 12 849 386 | 7,41 % |
| 100 001 - | 94 | 1,57 % | 118 642 973 | 68,43 % |
| | 5 996 | 100,00 % | 173 371 018 | 100,00 % |

| By owner groups | Numbers of total holding | Total Holding % | Number of Shares | Total Shares % |
|--------------------------------------|--------------------------|-----------------|------------------|----------------|
| Foreign | 22 | 0,37 % | 68 522 224 | 39,52 % |
| Households | 5 637 | 94,01 % | 67 114 151 | 38,71 % |
| Companies | 311 | 5,19 % | 36 306 511 | 20,94 % |
| Financial and insurance institutions | 7 | 0,12 % | 1 211 503 | 0,70 % |
| Public sector organisations | 2 | 0,03 % | 390 | 0,00 % |
| Non-profit organisations | 17 | 0,28 % | 216 239 | 0,12 % |
| Total | 5 996 | 100,00 % | 173 371 018 | 100,00 % |

Proposal of the Board for the Distribution of Earnings

According to the Group balance sheet on December 31, 2004 there are no distributable earnings.

The parent company's distributable retained earnings are:

| | |
|----------------------------|----------------------|
| Not distributed previously | 2 816 086.91 euros |
| Loss for the period | -15 127 924.95 euros |
| Total | -12 311 838.04 euros |

The Board proposes that the reserve fund of the Evox Rifa Group Oyj be reduced by EUR 12,311,838.04 in order to cover the accumulated losses incurred during the fiscal period ended on December 31, 2004 and previous fiscal periods, and that no dividends be distributed.

Espoo, February 14, 2005



Henrik Ehrnrooth
Chairman of the Board



Jerker Molander
Vice Chairman of the Board



Mikko J. Aro
Member of the Board



Pertti Laine
Member of the Board



Jarmo Niemi
Member of the Board



Tuula Ylhäinen
President

Auditor's Note:

The annual closing 1.1.-31.12.2004 has been done in accordance with the generally accepted accounting principles in Finland.

We have issued our Auditors' Report today.

Helsinki, February 14, 2005

KPMG Oy Ab



Lasse Holopainen
KHT

Auditors' Report to the Shareholders of Evox Rifa Group Oyj

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

Helsinki, February 14, 2005

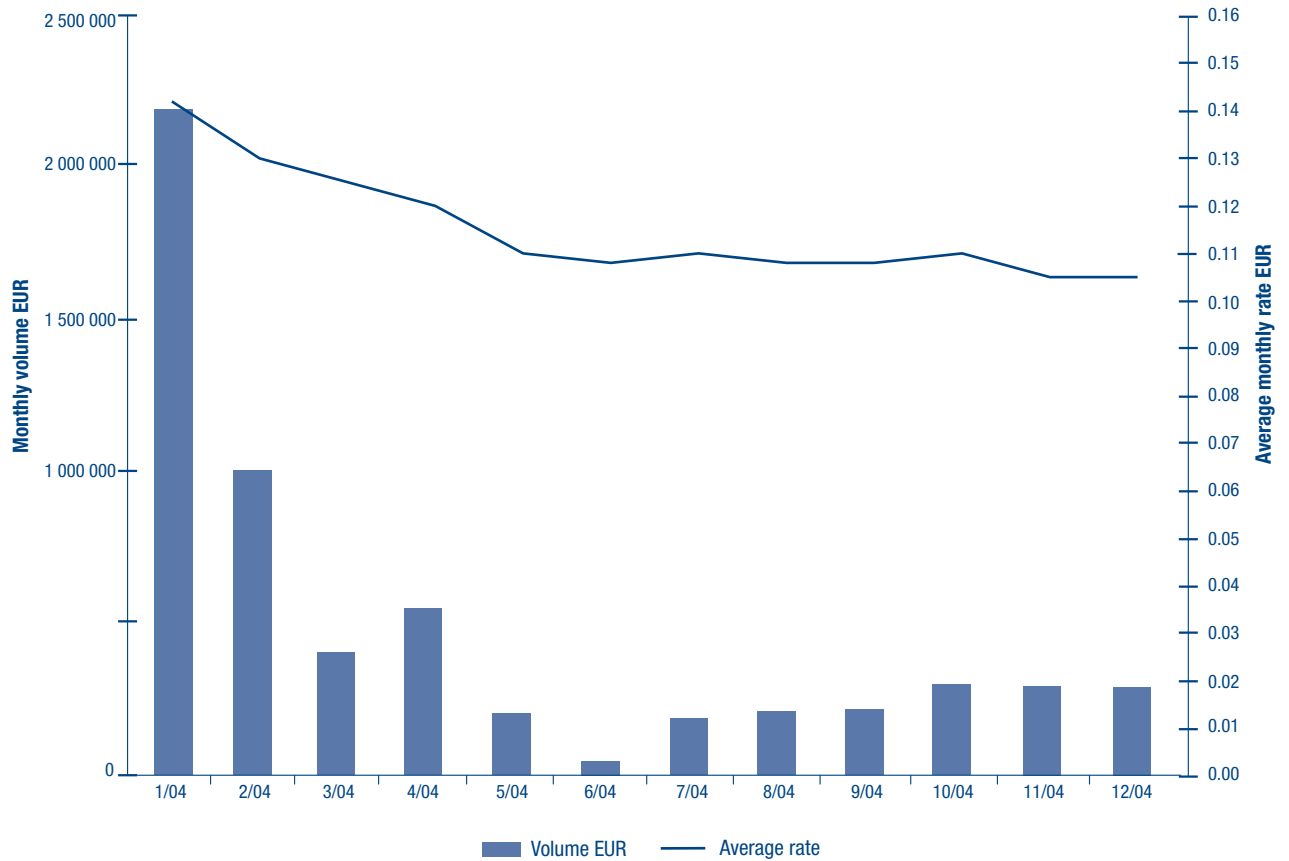
KPMG Oy Ab



Lasse Holopainen
Authorised Public Accountant

Share Trading Volume and Average Price

Share Trading Volume and Average Price Development 1.1.2004 – 31.12.2004



Information for Shareholders

The Annual Shareholders' Meeting of Evox Rifa Group Oyj will be held on February 28, 2005 at 10 a.m.

Evox Rifa Group Oyj will publish its financial information in 2005 as follows:

| | |
|------------------|---------------------------------------------|
| February 9, 2005 | 2004 Financial Statements |
| April 20, 2005 | Interim review for January – March 2005 |
| August 5, 2005 | Interim Review for January – June 2005 |
| October 27, 2005 | Interim Review for January – September 2005 |

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