



HEDENGREN

Leading Solutions



Review of the Year 2002

Hedengren Group

A minor economic growth and uncertain global conditions characterized last year. Particularly within the euro zone the economic growth rate was low. On the whole, the Finnish economy developed as expected and the growth is assumed to remain at 1.5%. The Finnish consumers' trust in their own economical standing was nevertheless strong.

A good result and a stable turnover were forecasted within the Hedengren Group in 2002 and we were successful in our endeavours in this respect.

Hedengren's financial position is strong and we exceeded our profitability target in spite of the unstable economic situation. Hedengren's corporate turnover amounted to 89.9 million euros and the operating profit was 3.1 million euros. The solvency ratio rose up to 51.9% and the balance sheet sum total was 47.4 million euros. The average number of employees was 394.

The result of the corporate improved 11% over the year before, which demonstrates that we have both qualifications and resources to adapt ourselves to rapid changes of the markets. The strength of the

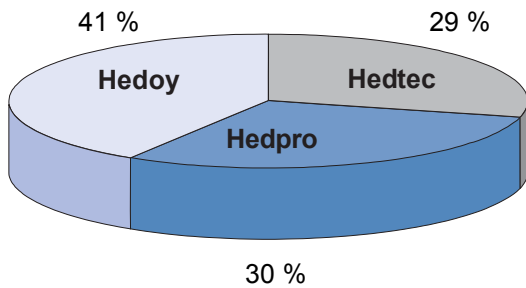
Hedengren Group lies in being active in several areas of business and, when looking back at the past year, we can proudly state that all divisions have done their share in a praiseworthy way. Each one of the subsidiaries have done better in view of the general development on the market. The excellent result of Hedoy, Hedtec's significant improvement of the result and, when bearing in mind the difficult market situation, the good result of Hedpro are all worth mentioning.

The general outlook for 2003 predicts a slight growth in the Finnish economy compared to the previous year. However, prognosis for the beginning of the year are most uncertain and we believe that the expected growth in business lines important to us will not materialize until the end of the year. Still, we look at the current year with confidence and we anticipate that the turnover will be somewhat higher and the result slightly poorer.

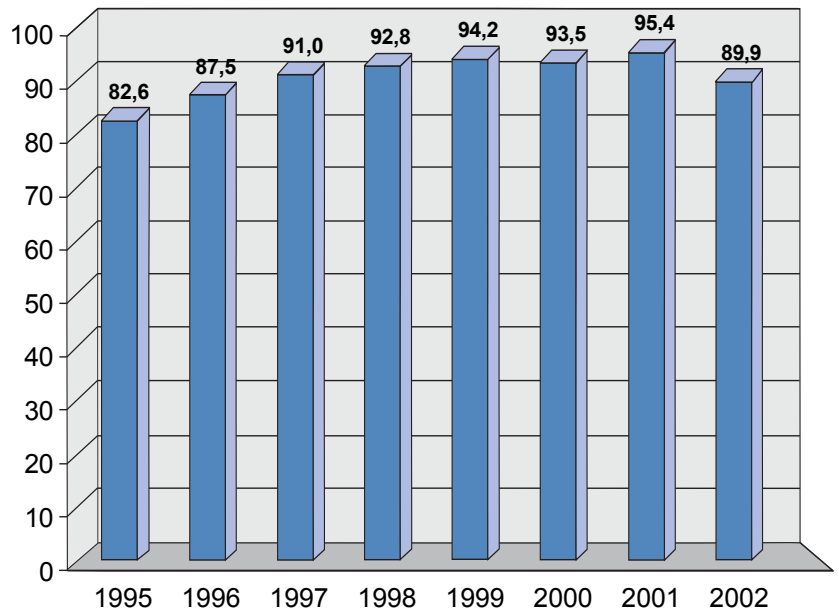
Berndt Johansson
Chairman of the Board

Income Statement (1000 EUR)			Balance Sheet (1000 EUR)		
	2002	2001		2002	2001
Turnover	89 851	95 361	Assets	15 761	16 447
-Other operating income	456	389	Inventories	14 249	15 251
-Materials and services	-62 705	-66 681	Financial assets	17 364	18 502
-Personnel expenses	-15 181	-16 042	Total assets	<u>47 374</u>	<u>50 200</u>
-Depreciation and value adjustments	-1 088	-1 200	Shareholders equity		
-Other expenses	-8 224	-8 893	-Share capital	1 036	1 036
Operating profit	<u>3 109</u>	<u>2 934</u>	-Other equity	23 420	22 332
Financial income and expenses	71	-103	Provisions	4 968	5 190
Profits before taxes	<u>3 180</u>	<u>2 831</u>	Liabilities		
Income taxes	-976	-1 007	-Long-term	5 209	5 900
Profit for the financial year	<u>2 204</u>	<u>1 824</u>	-Short-term	<u>12 741</u>	<u>15 742</u>
			Total liabilities and equity	<u>47 374</u>	<u>50 200</u>
Personnel	394	409			

Turnover by subsidiary



Turnover growth (MEUR)



Hedtec

Renovation of the National Theatre

The renovation of the Finnish National Theatre was one of the most outstanding projects in 2002. Many of the old luminaires could be reconditioned but quite a few new luminaires were installed too. The public spaces were decorated with more than 120 high-quality glass luminaires manufactured by Glashütte Limburg which nicely harmonized with the old style of architecture. In addition, a great number of Erco and Bega luminaires were installed. Expertise and various preliminary experiments resulted in that Bega floodlights were chosen for the facade lighting.

Frico products were successful

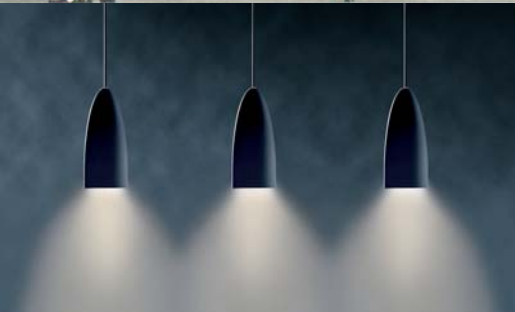
Last year turned out to be the best year ever for the Frico products. Enlarged co-operation with wholesalers and various gainful demanding projects conducted to bigger market shares in all areas of the heating sector. New air curtain products enhanced sales remarkably and uplifted the air curtain technology to quite another level. Many significant heating and air curtain solutions were installed country-wide in projects like karting halls, factories and shopping centres.

Efficient control of electrical networks by a new analysis system

One significant novelty launched by the department for installation material was the energy control system implemented by Lovato's control meters and LasDat software, an energy calculation program developed by a Finnish engineering office. The system locates failures in the networks and analyses them. Furthermore, it produces detailed data of the network's function, which can be used e.g. in billing. The system has been delivered e.g. to Nordic Cement's factory in Estonia and one of the biggest Finnish insurance companies,

Steinel sensor lights for indoor use

During ten years we have successfully sold Steinel sensor products on the Finnish market. Last year the product line was extended to comprise also high-frequency table and ceiling lights. Opal glass has been used for the shades and they are hand-blown, which makes each light a unique piece of work.



Hedoy

The Soccer World Championship kicked off sales

JVC is one of the main sponsors for soccer world championships. The 2002 world championship was successfully utilized in our marketing activities. The emphasis in our campaigns was laid on backing up sales of wide-screen TV sets.

The new representation of our tele section scored success

The AEG cordless telephones for domestic use, which were launched during the year in Finland, conquered more than 20% of the market share in less than one year. The Moccamaster coffee makers further strengthened their position as market leader.

Hedoy received an honourable mention

As a token of good customer relationships Hedoy received an honourable mention in the key supplier rating arranged by Oy Stockmann Ab (the biggest department store chain in Finland).

Hedi

Direct sales' new activity concept

Direct sales for Lux vacuum cleaners adopted a new product concept, Lux for Life, which also implies a new way of thinking in cleaning matters. In addition to the traditional vacuum-cleaning this versatile product series helps you to keep your home utterly clean.



Hedpro

Prodex fire alarm system adds to the completeness

In the autumn of 2002 Hedpro Security finished a major R & D project, the Prodex fire alarm system, which uses detectors supplied by the leading fire detector manufacturer Hochiki. The first Prodex 500 fire alarm systems were installed already the same autumn, i.a. in a factory with a floor space of 12000 square metres. This new system completes excellently the existing security systems of Hedpro: Hedsam access control and time attendance, Provisys CCTV, HHL-Access burglar alarm and Smart Call personal alarm systems.

Ship projects of vital importance

The shipyards provided jobs on a large scale for the communication department all through the year. These deliveries represented one third of the turnover. Sales of Ring-Master intercom systems picked up very well. The intercom system supplied to a prison in Tartu, Estonia was a comprehensive and most challenging project, a system for communication between the prison cells and warders. The Dynacord Promatrix digital audio systems were introduced during the year. These PA systems were included in all ships deliveries, but also used in other significant projects on land

Hedcom

Hedcom dominated the high end production and presentation systems markets

Demand was high in all sectors of the broadcast, production and presentation technology markets resulting in a record breaking systems integration year for the company. Notable turnkey contracts include two entire broadcast TV studios for university media schools located in Satakunta and Jyväskylä, high-end AV systems for the insurance company Ilmarinen and a multi screen control room system for the Helsinki Energy Company. Demand in the culture sector was also vibrant with stage lighting and sound systems installed in numerous prestigious venues such as the National Theatre, Espoo Culture Centre, Helsinki City Theatre's Studio Pasila and the Turku City Theatre. Audio, video and lighting technology sales for the ship building industry also continued with strength.

