



HEDENGREN

Leading Solutions



Review of the Year 2003

Hedengren Group

Although the growth rate of the world economy rose last year along with increased production in the United States and Asia the economic situation in Europe was poor. The gross national product in Finland increased by 1.9% in 2003 owing to the strong domestic demand. The public consumption growth was weaker and investments went down compared to the year before.

The sales and result of the Hedengren Group developed less than was forecast. Our activities are partly dependent on building industry and, public construction in particular, as well as company investments in business premises were insignificant in 2003. However, the strong demand within the home technology sector was positive to note. Turnover in 2003 was 85.1 million euros and operating profit 1.1 million euros. Self sufficiency ratio was 46% and balance sheet sum total was 45.3 million euros. The number of employees in the Group during the year was 383 on an average.

In November Hedengren took over a company that owned 10% of Hedengren's share-capital. By this purchase the ownership of Hedengren is again concentrated on the original owner families, who have an explicit will to develop the company and commit themselves to a long-standing proprietorship.

Oy Hedtec Ab succeeded in improving the operational profit by 11%, in spite of the slightly decreased turnover. It is worth noticing that the result of the company was balanced more evenly among the profit centres than during earlier years.

Turnover of Oy Hedoy Ab showed a 5.7% decline and the result weakened over the peak year 2002, still being quite good. The direct sales profit centre accounted for the best sales result in 2003.

Oy Hedpro Ab passed through a difficult year due to unfavourable market conditions and the extremely keen competition in obtaining contracts. Turnover went down by 7.6% and the result fell off, still being clearly at a profit. The profit centres Security and Service reached the goals set.

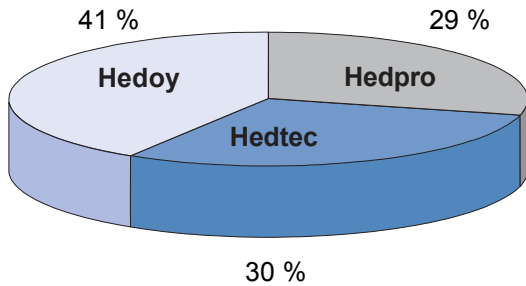
We anticipate that the private consumption and the demand for home technology will increase heavily in 2004 and that the demand for products in our other business areas will be on the upswing by the end of the year. We are aiming at a turnover growth of well over 7% and a significant improvement of our result in 2004.

To come up to our expectations during 2004 we will develop our product ranges and invest strongly in various development projects in order to improve customer satisfaction and our own efficiency. One essential project is further development of the electronic order processing system within home technology.

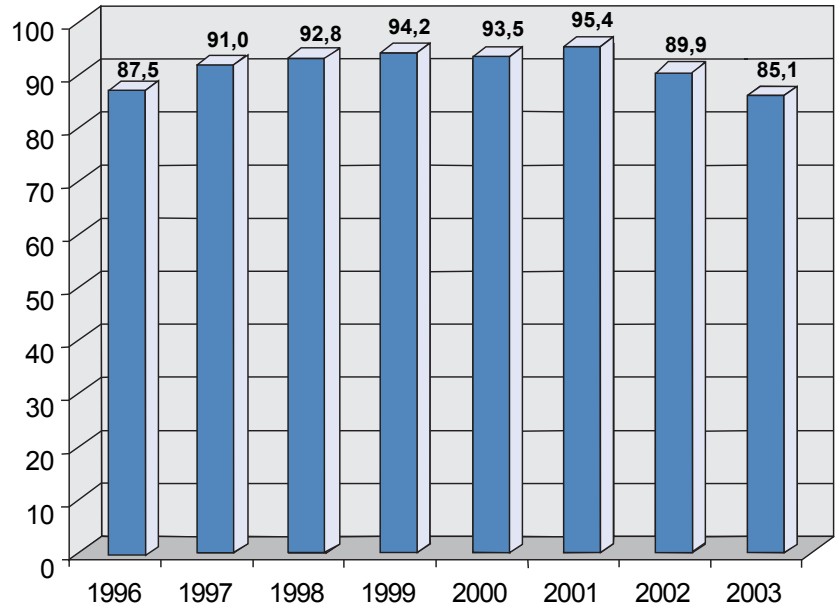
Berndt Johansson
Chairman of the Board

Income Statement (1000 EUR)			Balance Sheet (1000 EUR)		
	2003	2002		2003	2002
Turnover	85 088	89 851	Assets	15 100	15 761
-Other operating income	351	456	Inventories	13 952	14 249
-Materials and services	-58 900	-62 705	Financial assets	16 346	17 364
-Personnel expenses	-16 119	-15 181	Total assets	<u>45 398</u>	<u>47 374</u>
-Depreciation and value adjustments	-1 026	-1 088	Shareholders equity		
-Other expenses	-8 331	-8 224	-Share capital	1 036	1 036
Operating profit	1 063	3 109	-Other equity	19 927	23 420
Financial income and expenses	162	71	Provisions	5 113	4 968
Profits before taxes	1 225	3 180	Liabilities		
Income taxes	-371	-976	-Long-term	7 337	5 209
Profit for the financial year	<u>854</u>	<u>2 204</u>	-Short-term	11 985	12 741
			Total liabilities and equity	<u>45 398</u>	<u>47 374</u>
Personnel	383	394			

Turnover by subsidiary



Turnover growth (MEUR)



Hedoy

New technology

JVC launched a complete recording DVD player. By the end of the year the demand for plasma flat screen televisions increased. JVC got the best score in the Hifi magazine test, which proves the good quality of the JVC plasma televisions.

Long-standing co-operation

Two milestones of significance were recorded during the year. Import of Moccamaster coffee makers started 30 years ago and 25 years have passed since the JVC products were introduced. Both brands have reached a top position in Finland.

New representation

Import of the Spanish Fagor domestic appliances got started. Fagor is a noteworthy supplier of washing machines, refrigeration products and stoves. Besides Spain, Fagor has manufacturing plants in Poland, Morocco and Argentina.

Hedi

Co-operation with the Norwegian and Swedish Lux-organizations intensified during the year. The main subject was the strategic management of direct sales of vacuum cleaners.



Hedpro

Project deliveries in progress

In 2003 a security systems project was completed for a public office building of the City of Helsinki. The work stretched over three years and the total value of the project exceeded one million euros. The overall delivery included personal alarm, networked HRMV video, Hedsam access control and HHL burglar alarm systems.

In the autumn of 2003 deliveries of the PRODEX-500 fire alarm system started, through a dealer, to the Court House of Helsinki, which is one of the biggest judicial systems gathered under the same roof in the Nordic Countries. At the first stage of the renovation, eight PRODEX.500/4A fire alarm control panels and 2500 sensors will be supplied. The project, to its full extent, will be completed within the next few years and will then comprise 12 networked fire alarm control panels.

Sister ship Viktoria plying between Tallinn and Stockholm

The Tallink II ships project was the most comprehensive and challenging project for the communication department during the year. The cruiser Viktoria starts operating between Tallinn and Stockholm in the spring of 2004. The delivery included i.a. public address, antenna, video surveillance, talk-back, clock, paging and UHF radio systems.

Hedcom

Strength from versatility

Hedcom's year was dominated by versatile systems integration projects. Demand kept strong in all the key strategic business areas of production and presentation technology for the AV and broadcast markets. Hedcom's largest account was the Finnish Broadcasting Co. (YLE) and the largest project the Järvenpää High School AV installation being also the largest of its kind in 2003. Other interesting projects were a TV studio for the Jyväskylä Polytechnic, HUS hospital operating theatre AV systems, control room monitoring and projection systems for YLE, Helsinki Energy, Air Force and Crisis Control Centers, sound, lighting and video systems for cruisers, clubs and concert halls.



Hedtec

Custom-made lighting projects

One of the most interesting projects performed by Hedtec's lighting department during 2003 was the lighting of the Kuopio Cathedral. The comprehensive work included deliveries of high-quality glass luminaires manufactured by Glashütte Limburg, several standard luminaires and 8 big and 12 small chandeliers specially designed for this cathedral.

Peak year for the heating range

During 2003 sales growth of Frico heaters continued resulting in record figures, the highest ever. Air curtains topped sales again, especially series for industrial use and the air curtain AD Corinte designed for public building entrances. The severe cold period at the beginning of the year contributed to the excellent result.

Heat° luminaires designed for Finnish homes

The Heat° lighting concept, launched in 2001, has found its way into the Finnish homes. The Finnish style and easy installation have been taken into account when designing this range of luminaires. The Heat° selection offers lighting solutions for practically every purpose in the home.

