



HEDENGREN

Leading Solutions



Review of the Year 2004

Hedengren Group

The economic development in Finland turned out fairly favourably in 2004. The strong domestic demand contributed to the growth of the gross national product by 3.7%. Private consumption grew less than the year before still being 2.6%, whereas investments went up to +4.8% after a cutback of two years. Unemployment rate remained on a relatively high level and inflation was extremely low.

In the home technology sector quite good market conditions were prevailing, although investments of importance to our project sales did not develop satisfactorily in 2004.

The result of the Hedengren Group developed less than was forecast. However, we succeeded in increasing our turnover by 3.9% up to 88.4 million euros. The operating profit was 1.1 million euros, which means that we achieved the same result as in 2003. Self sufficiency ratio was 41% and balance sheet sum total 49 million euros. The number of employees of the Group was 382 on an average.

Oy Hedtec Ab succeeded in improving the turnover by 5%, but the operating profit was slightly weaker compared to the year before. The installation material profit centre accounted for the best sales result in 2004.

Oy Hedoy Ab's turnover rose 12% and the result was good. Among the profit centres the direct sales was the most successful.

For Oy Hedpro Ab the year was difficult due to unfavourable market conditions and the extremely keen competition in obtaining contracts. The turnover fell off by 7.3% and the result was poor. The Security profit centre achieved the best sales results during the year.

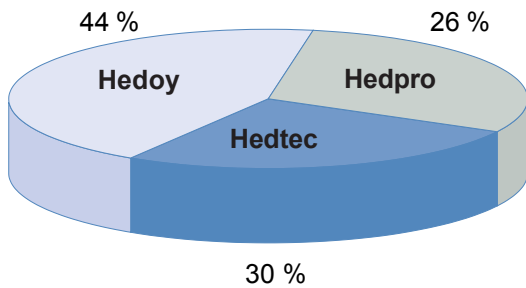
We anticipate that the private consumption and the demand for home technology products will be strong in 2005 and that the demand for products in our other business areas will be on the upswing by the end of the year. The fair volume of orders in our project sales business and the amount of inquiries at the beginning of the year give us reason to expect improved market conditions.

We are aiming at a turnover growth of well over 4% and we expect a substantial growth of our result in 2005. The most essential goal is to improve our profitability. We are developing our product ranges and we have strengthened our forms of activity in order to increase efficiency. In particular, we will attend to developing our electronic trade.

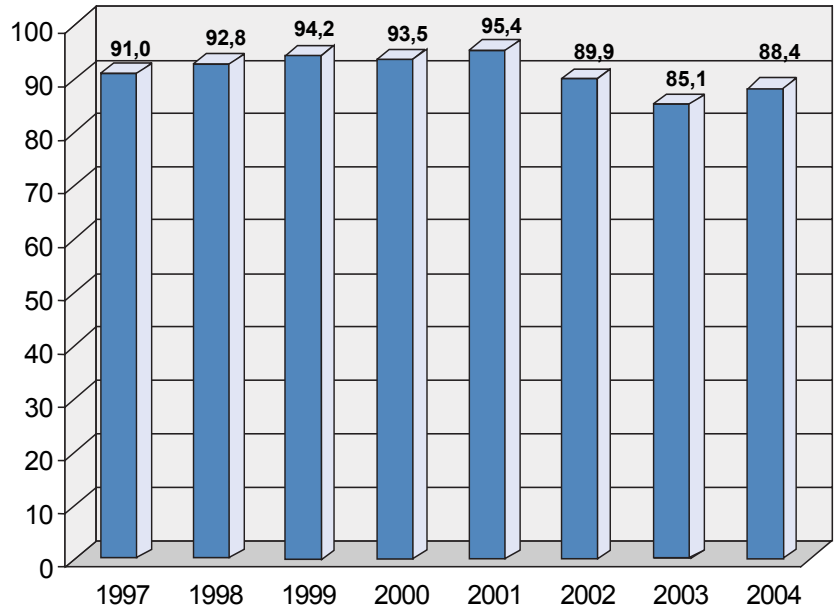
Berndt Johansson
Chairman of the Board

Income Statement (1000 EUR)			Balance Sheet (1000 EUR)		
	2004	2003		2004	2003
Turnover	88 420	85 088	Assets	14 480	15 100
-Other operating income	894	351	Inventories	15 991	13 952
-Materials and services	-63 122	-58 900	Financial assets	18 790	16 346
-Personnel expenses	-15 880	-16 119	Total assets	<u>49 261</u>	<u>45 398</u>
-Depreciation and value adjustments	-999	-1 026	Shareholders equity		
-Other expenses	-8 252	-8 331	-Share capital	1 036	1 036
Operating profit	<u>1 061</u>	<u>1 063</u>	-Other equity	18 872	19 927
Financial income and expenses	-39	162	Provisions	5 010	5 113
Profits before taxes	<u>1 022</u>	<u>1 225</u>	Liabilities		
Income taxes	-377	-371	-Long-term	6 487	7 337
Profit for the financial year	<u>645</u>	<u>854</u>	-Short-term	<u>17 856</u>	<u>11 985</u>
			Total liabilities and equity	<u>49 261</u>	<u>45 398</u>
Personnel	382	383			

Turnover by subsidiary



Turnover growth (MEUR)



Hedtec

Cables to Russia

The biggest single business deal performed by the installation material department was the delivery of RF cables to a Russian teleoperator. The delivery included altogether 200 km RF cables.

The Court House of Helsinki - a challenging lighting project

One of the most significant projects pursued by the lighting department was the delivery of luminaires to the new Court House in Helsinki. Zumtobel Staff's stylish Panos downlight luminaires were installed in the halls, open-plan offices and auditoriums and the conference rooms were furnished with the Orea luminaires by the same manufacturer. The interior lighting included also Erco's and Glashütte Limburg's luminaires. In the outdoor lighting Bega's luminaires were mostly used.

Pronec power poles for the NCC business house

The building industry group NCC chose Pronec power poles provided by the industrial department for their new business house i.a. because of the easy installation and modifiability. The power poles were tailor-made to meet the customer's requirements.



Photo Voitto Niemelä

Hedoy

New service concept

A new service concept was developed for Hedoy's staff as operation form. The aim is to be even more professional and customer-oriented to secure success on the highly competed market.

Strong supplier of new technology

JVC was clearly the market leader in Finland concerning the new technology MP3 car stereos. JVC's Everio video cameras, recording the picture on hard disk instead of tape, were launched in the autumn.

Moccamaster continues its triumphal progress

Moccamaster, the king of coffee makers, once again set up a sales record of all time. The brand is the unrivalled market leader in Finland.

Hedi

Sales of the Ekolux product line were started in the autumn. These powerful steam cleaners make a good completion to the activities of the direct sales organization. Sales of the famous Lux vacuum cleaners developed favourably.



Hedpro

Export trade to Scandinavia and the Baltic Countries

In the spring of 2004 the Prodex fire alarm product range was completed to comprise an overall integrated system. Beside the Prodex 500 central unit, little brother Prodex 100 was introduced. Also an expander unit was added to the system, by which system solutions of twelve central units and 6100 sensors can be implemented.

Export has become an important part of Hedpro Security's business operations. As from 1991 Hedpro Security has exported its products to Estonia, Russia and Scandinavia. Soon after Estonia became independent a subsidiary was established there to sell our security systems. In Scandinavia sales have been handled through authorized dealers. In Norway the Prosec AS chain has succeeded in gaining a significant position particularly in the sales of Prodex fire alarm systems. The dealers in Sweden have successfully been marketing Hedsam access control and HHL intruder alarm systems. To Russia security systems have been sold as project deliveries to different parts of the wide country, from Murmansk to Khabarovsk.

Hedcom

Presentation and production technology for the educational and cultural sectors.

Educational facilities and theatrical venues invested strongly in new digital AV presentation and production technology. Hedcom supplied and installed complete sound and stage lighting systems for the Oulu City Theatre, as well as systems for an entire TV studio and concert hall for the Oulu Polytechnic. In addition TTT Theatre of Tampere and Vaasa City Theatre invested in new digital sound and lighting systems. Lappeenranta University was supplied with modern AV systems for all of its class rooms and auditoriums.

Hedcom also established a new AV dealer division which was strengthened with new brands and sales personnel. We are now able to cover the market with a wide and comprehensive AV product range sold by a nationwide dealer network.

