



■ **Annual Report 2002** ■

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**AHLSTRÖM  
CAPITAL**



**Ahlström Capital is a private investment company, creating value for its shareholders by focusing on industrial investments. With assets of over 150 million euros, Ahlström Capital is among the biggest private equity firms in Finland.**

**Ahlström Capital's strengths are based on solid industrial expertise, long entrepreneurial traditions and considerable financial resources.**





# Focusing on Industrial Investments

## Specifying the Strategy and Targets

The year 2002 was Ahlström Capital's first full year in business, during which we focused the forms and guidelines of our operations. Through a process carried out by the Board of Directors and the management, we specified our strategy and targeted the main thrust of our operations more strongly on industry, which is the sphere of investment in which Ahlström Capital's expertise is at its strongest. We seek to invest in companies which have already established their position and clearly possess the factors of success. In this way, we make sure that the target company has the earning potential that we require.

Our objective over the next three years is at least to double the number of our industrial investments from the current four, by acquiring substantial stakes in one or two companies a year. To balance the risks, we continued to spread our investments by keeping part of our assets in forests and real estate and by placing our liquid assets mainly in short-term interest-bearing investments. Our portfolio is augmented with cost-effective, index-based investment in shares that tracks the global stock market trend. These assets can be freed up quickly when necessary to finance new industrial investments.

## The Implications of the Strategy to the Shareholders and the Profits Accruing from Operations

Ahlström Capital, which continues the industrial heritage of Ahlstrom, has stabilized its position as a Finnish private equity investor in the less than two years it has been in business. With

its considerable capital, the company is among the biggest private equity firms in Finland. Our company is known for its expertise in the industrial sector, so our decision to specialize in industrial investment was a natural choice.

It is Ahlström Capital's aim to operate actively on the private equity investment market and to offer its shareholders a supplementary investment product characterized by a high return and risk as well as a long investment period. We aim for a 15–25 percent return and its realization for the shareholders after exiting from the investment target. Investing in companies is long-term work which bears fruit only years after acquiring the stake. Usually it is necessary to tie up money for at least five years. This is the time that is needed for the systematic development of the company's business and to draw up a continuation plan that serves both the company and the equity investor in the best possible way. Realizing the increase in value requires a favorable market, so it is not possible to make a precise schedule. So far, our dividend-payment ability has been based on sales of forest holdings.

## The Business Climate and Ahlström Capital in 2002

In the course of the year, we evaluated several dozen companies, one of which led to an investment decision. NK-Holding Oy Ab, which was founded by a group of investors led by Ahlström Capital and CapMan, signed a contract in December for the acquisition of the entire issued stock of Nordkalk Corporation. The final contract was confirmed in February 2003. Northern Europe's leading manufacturer of



limestone-based products, Nordkalk strengthens Ahlström Capital's industrial investments and supports the long-term yield we seek from investment business. Our stake is a good fourth of the company's share capital.

In the early months of the year, we reinforced our team with two investment experts. We are now able more efficiently to handle the entire investment process, from corporate analysis and acquisition to participation in the target companies' strategic work. We obtained valuable experience of this in the Nordkalk deal.

Ahlström Capital's financial position remained steady in the past year. The company's solvency and financing ability were on a favorable level, but the disadvantageous trend on the stock market reduced the net asset value of the company's shares. Not all the industrial investments reached their targets: the board packaging producer Å&R Carton again posted a clear net loss, particularly in the UK and Sweden, and the contract manufacturer for the electronics industry Ahltronix did not increase its volume of sales due to the difficult market. The frequency converter manufacturer Vacon continued its profitable growth, however, and strengthened its position on all continents. Nordkalk's result can be described as excellent. The rental income from real estate and the interest income from liquid assets were approximately on a par with those of the previous year. This, combined with the profits from sales of tracts of forest, enabled the Group to post a profit for the fiscal year.

## Outlook for the Future

The past year was almost as unpredictable for investors as the previous one. Uncertainty over the global economy continued, companies barely stepped up their capital spending, and private consumer demand did not rally. An economic trough has both positive and negative effects on the activities of the private equity firms: it becomes more difficult to realize the investments held by funds, but at the same time, restructuring and industry consolidation put attractive new prospects for acquisition into the marketplace. Changes in industrial structures create new investment opportunities for a company like Ahlström Capital.

To attain the level of return we seek, we deploy effort in the development of the target companies and in acquiring new ones. The companies' success and the earnings from our investments in interest-bearing securities and shares are naturally highly dependent on the overall trend in the global economy. Our strong financial position and our solid industrial expertise still constitute a stable foundation for our operations.

The confidence of our shareholders is the cornerstone of our business. Our extensive network of contacts is a gateway to a world of opportunities. Our team's ability to hear, see and understand is an essential prerequisite for success. I express my warmest thanks to everyone.

A handwritten signature in black ink, appearing to read 'Jan Inberr', written in a cursive style.

Jan Inberr



# Active Investments in Industrial Companies

## Mission Statement

Ahlström Capital is a private investment company, almost entirely owned by the Ahlström family, which places active investments in medium-sized and large industrial companies. In order to balance its risk, the company invests part of its assets in forests and real estate, and in money and stock market instruments.

## Targets and Strategy

It is Ahlström Capital's goal to provide its shareholders with a long-term average annual return of 15–25 percent. The earnings will be realized for the owners in the form of value appreciation and through dividends when Ahlström Capital exits its industrial placements roughly 5–7 years after making the investment.

Ahlström Capital's strategy is to concentrate on active industrial investments and to build up a portfolio of 8–10 companies by the end of 2005. The company will seek to place one or two new investments in the amount

of MEUR 5–25 per year. The company will finance its investments by selling off the greater part of its forest holdings by the end of 2004, and by reducing the proportion of real estate, money and stock market instruments in its investment portfolio.

Ahlström Capital develops its target companies actively and on a long-term basis by serving on the company's board of directors and by acting in support of its operative management. Ahlström Capital provides the company not only with the ownership arrangements and financing solutions it needs but also with Ahlström Capital's experience and network, supporting the company in achieving its goals.

## Strengths

Ahlström Capital continues the industrial traditions of Ahlstrom. The solid industrial expertise of Ahlström Capital's professionals and their extensive network of

contacts in various sectors of industry and the financial market form an excellent basis for the company's investment decisions and for its active development of target companies. The company's strong balance sheet provides a stable foundation for flexible and long-term investment business.

## Investment Policy

Ahlström Capital increases the number of its target companies with careful consideration, examining in detail the company's suitability as a target for investment before the decision to invest is made. Ahlström Capital assesses companies by six criteria. These are as follows:

- the fundamentals of the company and sector, and their growth potential
- management competence
- investment's value-creation logic
- investment's potential for growing in value and how to realize it
- the value-added by Ahlström Capital's ownership to the company
- risks involved in the investment.

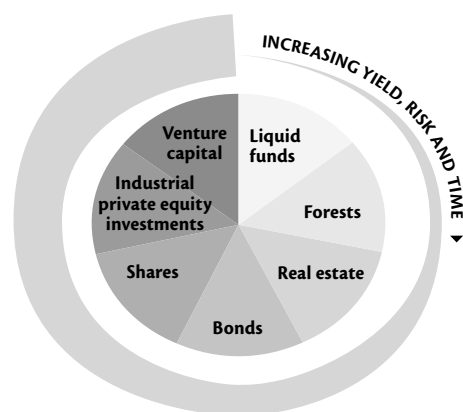
A typical prospect that Ahlström Capital finds attractive is an industrial company that has already established itself, has the drive for further development, and which is looking for support for the planning and implementation of its strategy. Well suited for ownership by Ahlström Capital is an industrial company operating in Finland or in the neighboring countries, with net sales of MEUR 15 or more and in which an investment of MEUR 5–25 will give a significant holding.

Ahlström Capital concentrates on industrial medium-sized and large companies, because its professionals have extensive experience of challenges faced by companies in those categories. Also, the active approach requires a considerable work contribution irrespective of the size of the target company and the investment involved, which makes small enterprises less attractive as investment objects.

With larger target companies, the size of the required investment is also often bigger. To be able to invest in large prospects that it finds attractive, Ahlström Capital frequently acts in cooperation with other private equity investors. Alliances between private equity investors make it possible to participate in developing large companies, which greatly expands the pool of prospective investments.

- **Active investments in industrial companies**
- **A portfolio of 8–10 companies within three years**
- **An investment of MEUR 5–25 in each company**
- **Value creation through active development**
- **An investment horizon of 5–7 years**

*Yield potentials of various investments*



*Industrial private equity investments yield a higher long-term return at a higher level of risk.*



## The Private Equity Business has Stabilized

### Competition is Intensifying

Over a period of more than ten years, the Finnish private equity market has gone from dizzying growth to a steadier phase. The sector has developed dynamically and it has stabilized its position as one method of corporate finance. The capital controlled by the sector in Finland has grown from a few hundred million euros to almost three billion, and the number of private equity firms has grown to about fifty.

However, 2002 was an unstable year for private equity firms as for others. Uncertainty over the general trend of the world economy and the unfavorable trend on the stock market kept the investment business highly challenging and cautious.

For private equity investors, the economic slowdown makes itself felt particularly in the form of difficulties in the divestment of portfolio companies. The problems of technology companies also impacted on private equity firms and their willingness to take risks, making it even harder for young enterprises to obtain financing whatever industry they are in. A positive feature of the economic slowdown is that the shakeout in industrial structures is bringing into the marketplace attractive new prospects for acquisition which already have a strong cash flow and an established customer base.

However, as private equity firms tightened their criteria, there was heavy competition for good prospects



in the past year. A rising amount of capital is looking for a declining number of good prospects. In January, 2003, Finnish private equity firms had almost one and a half billion euros of uninvested funds.

## The Sector is Specializing and Internationalizing

The private equity business is still growing, although the rate leveled off at the beginning of the new millennium. The golden age of little competition and easily found, sure prospects is over. The economic downturn has made it more difficult for private equity firms to raise new funds, and they have been forced to change along with the market. With competition hotting up, private equity firms' sphere of operations has expanded and many small players have been absorbed by larger ones as they seek to survive in a tough market; this has led to internationalization on the part of Finnish private equity firms. On the other hand, some of the firms have focused on niche expertise to achieve a competitive edge. In the years ahead, growth in the number of very large, individual investments is likely to direct the development of the sector, in addition to growth in cross-border investments and internationalization.

If the economy bottoms out in 2003, it will have a positive effect on the stock market. This in turn will stimulate the private equity sector, increasing the number of exits and making it easier to raise new funds. However, actual growth in the private equity market can be expected only in 2004.

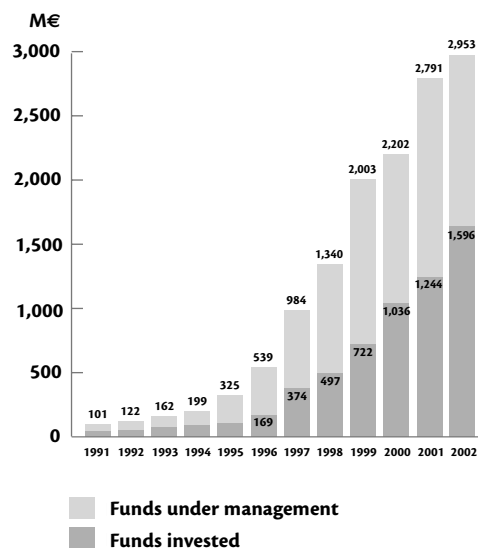
## Ahlström Capital is One of Finland's Biggest Private Equity Firms

Ahlström Capital is one of the biggest members of the Finnish Venture Capital Association, with over MEUR 150 of assets under management. The bursting of the IT bubble, which shook many firms in the sector, has not affected Ahlström Capital's operations as the company is specialized in corporations in traditional industrial sectors.

Ahlström Capital has built itself a strong competitive position by profiling itself as a large investor with excellent capabilities to develop established industrial companies. This focus facilitates the creation of a clear competitive advantage in the private equity markets of Finland and the neighboring countries.

- **Large amounts of funds waiting to be invested**
- **Fierce competition**
- **Golden age is over**
- **Competitive advantage through sharp focus**

*Funds managed by the Finnish private equity firms*



*Half of the funds under management by Finnish private equity firms are uninvested.*



## Continued Refinement of the Investment Portfolio

Ahlström Capital's investment portfolio consists of holdings in companies in various fields of industry, together with forests and real estate, plus money and stock market instruments. Ahlström Capital invests its assets discerningly in various placements to balance its risk and thus to assure its shareholders of a return in line with the company's strategy.

### Industrial Investments

At the end of 2002, roughly MEUR 70 of Ahlström Capital's assets was in investments in industrial companies. The biggest individual investments were Å&R Carton AB, Ahltronix Oy and Vacon Plc. The company's industrial investment portfolio also includes the German marketing company Paul Lippke Handels-GmbH.

In the course of 2002, Ahlström Capital assessed several dozen prospective investments, of which about twenty were subsequently investigated more closely.

A few of these led to a thorough analysis, and in one case a holding was acquired.

Ahlström Capital and Finland's biggest private equity firm, CapMan Capital Management Ltd, agreed with a group of other institutional investors in December 2002, to acquire the entire issued stock of Nordkalk Corporation from Partek Corporation. NK-Holding Oy Ab was established as a holding company for Nordkalk's shares: when the transaction was effected in February 2003, Ahlström Capital's holding in NK-Holding Oy Ab was 27.8%. The value of the corporate acquisition was MEUR 270. The intention of Ahlström Capital and the other investing parties is to reduce their holdings and to expand Nordkalk's ownership base in 3–5 years.

Ahlström Capital increased its holding in Vacon Plc during the fiscal year from 8 to 12 percent. Ahlström Capital made a further investment in Å&R Carton to support the growth of its profitable divisions and to maintain its liquidity.

Paul Lippke Handels-GmbH is a wholly owned subsidiary of Ahlström Capital: it markets testing systems intended particularly for applications in the plastic, food packaging and pharmaceutical industries. The company's net sales in 2002 were MEUR 4.9. Its profitability continued to be good.

## Forests and Real Estate

Forests and real estate comprise a significant capital reserve and balance the risks of the company's investments.

At the end of 2002, Ahlström Capital had in its possession some 15,000 hectares of forest, the value of which was roughly MEUR 26. Under a contract signed with the National Board of Forestry in 2001, Ahlström Capital is to relinquish the greater part of its forest holdings gradually by the end of 2004.

Ahlström Capital's real estate holdings consist of two office buildings with a combined value of MEUR 37. Most of the building at Eteläesplanadi 14 in Helsinki and the entire building located in Varkaus have been leased out on long-term contracts to external parties.

## Money and Stock Market Instruments

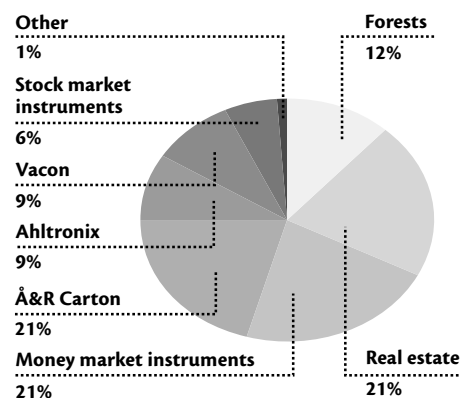
Ahlström Capital has invested roughly MEUR 40 in short-term interest-bearing securities, which can be realized rapidly whatever the state of the market. With this liquid investment portfolio, Ahlström Capital seeks to safeguard the real value of its capital and to achieve a fair market return. As the company's operations become focused on direct industrial investment, liquidity rises in importance, which limits the investment timeframe for money market investments.

During the fiscal year, Ahlström Capital invested approximately MEUR 10 in Morgan Stanley's OPALS (Optimized Portfolios As Listed Securities). OPALS are based on MSCI World and MSCI Europe indexes, which follow the trend of global stock markets. The intention of this passive investment allocation in global shares is to participate in the long-term trend of stock markets at minimal expense. So far the trend has been unfavorable.

In 2002, the main stock market indexes of the world recorded their longest uninterrupted declines since World War II. Standard & Poor's 500 index fell last year by 23% and the Stoxx 50 index of European stock markets fell by 33%. The Helsinki Exchanges' Hex 25 index dropped by 19% last year.

- **A major investment decision was made**
- **Further deployments in portfolio companies**
- **Money market investments rapidly realizable**
- **Weak trend on the stock market**

*Portfolio December 31, 2002*





- Northern Europe's leading manufacturer of limestone-based products
- Limestone-based product applications in many different customer segments
- Nordkalk is in a strong stage of development

**Net sales**

MEUR 252

**Personnel**

1,311

**President**

Christer Sundström

[www.nordkalk.com](http://www.nordkalk.com)

# Nordkalk Corporation

**NORDKALK IN BRIEF** Nordkalk is Northern Europe's leading manufacturer of limestone-based products. The industrial sectors using the company's products include paper, steel, construction materials and the pulp industry, and they are also used in environmental care and agriculture.

Crushed, ground and screened limestone as well as burnt and slaked lime are marketed under the trademark Nordkalk. Nordkalk has operations in eight countries: it has production in Finland, Sweden, Poland and Estonia and sales offices in Russia, Lithuania and Germany, in addition to which the company has part-ownership of a limestone quarry in Norway. The company has roughly 1,300 employees at more than 30 locations.

Nordkalk owns all its extraction rights, which secures the company's access to raw material for its products. Nordkalk extracts 11 million tons of minerals per year from its total of 18 quarries and 3 mines. The company's quarries and mineral deposits are located strategically around the Baltic Sea.

Nordkalk's subsidiary Suomen Karbonaatti Oy produces GCC (Ground Calcium Carbonate) and is Finland's largest manufacturer of coating pigments for paper and cardboard. Nordkalk supplies burnt lime for the production of the paper pigment PCC (Precipitated Calcium Carbonate). Both types of paper pigment are used in magazines and advertising paper, packaging and copying paper, among other products.

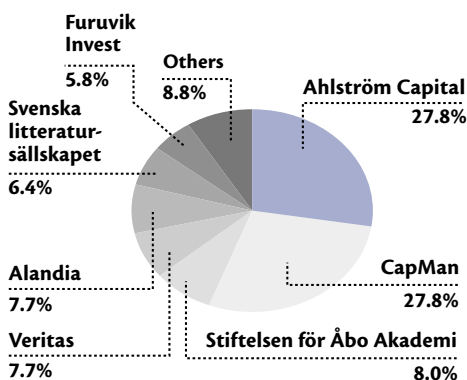
**THE BUSINESS CLIMATE** Limestone is a natural base mineral used as a raw material in the manufacturing of various products or in their production processes. Limestone precipitates the slag from ores in the furnaces of iron and steelworks, the caustic soda can be reused with the aid of lime in the manufacture of pulp, and in the food processing industry lime is a key ingredient in the purification of sugar beet juice. Nordkalk's products are also used e.g. in building material industry, in chemical industry as well as in road building and construction.

**THE YEAR 2002** In recent years, Nordkalk has grown dynamically, mainly through acquisitions and investments. The company's investments in the years 1998–2002 were almost MEUR 190. The biggest investments in 2002 were the acquisition of a grinding plant in Landskrona, Sweden, and boosting the capacity of Suomen Karbonaatti in Lappeenranta.

Nordkalk's net sales grew last year by 17% to MEUR 252.0 and operating profit by 46% to MEUR 35.2. The biggest increase took place in the industrial segment, where sales to the paper industry grew dynamically. Also the building material sector and sales of soil stabilization products grew appreciably.

**OUTLOOK FOR THE FUTURE** Demand for high-quality grades of paper are expected to continue growing in the next few years, which in turn will boost growth in the paper industry's demand for refined coating pigments and filling agents. Nordkalk expects its investments made in recent years to yield in the near future. Continuing growth in net sales is expected in 2003.

**Ownership**  
(NK-Holding Oy Ab, February 12, 2003)



# Vacon Plc

**VACON IN BRIEF** Founded in 1993, Vacon develops, manufactures and markets low-voltage AC drives for the needs of industry and the public sector worldwide, embracing both simple and the most demanding applications. The company's core competencies are R&D, key account management and logistics. Vacon is the technology leader in the AC drives business and seeks to boost its status further.

An AC drive is a power control unit used to control the speed of a squirrel cage induction motor. Frequency converters are also used in applications like hoists and cranes, elevators, conveyors, winders, compressors and winches. Pumps and fans are other applications for frequency converters, providing not only process control but also energy savings. Rising energy costs are making frequency converters more attractive, as they can significantly reduce energy consumption. This means customers can quickly recoup their investment in many applications.

**THE BUSINESS CLIMATE** Global demand for frequency converters declined in 2002. Average market growth in Europe and the U.S. has lagged behind Asia in the past few years. The global market is forecast to grow by 5–7% in the next five years, although the situation varies significantly from one market region to another according to the overall economic situation.

**THE YEAR 2002** In 2002, Vacon had a successful year for growth, profitability, and internationalization as well as for strengthening its market position. The company's net sales were up to MEUR 97.5 and its operating profit was MEUR 9.9. In spite of the difficult market, Vacon succeeded in increasing its market share.

The three biggest deals during the year were an order from RWE Solutions GmbH in Germany, Vacon Traction's contract in China, and an order from Tatenergo, the biggest energy company in Tatarstan, Russia.

Vacon also reinforced its position as a pioneer in the field by signing a letter of intent for R&D on frequency converters with Rockwell Automation, a leading industrial automation supplier. The companies' complementary technologies form a solid basis for enhancing the performance of frequency converters.

**OUTLOOK FOR THE FUTURE** Vacon is a stable company in terms of its prospects for growth and profitability. The driving force behind its future growth is the new NX product range. The strong financial position and the profitability improvement program initiated in 2002 provide a good foundation for 2003. In 2003, stronger growth is expected for Vacon than in 2002. The growth target for 2003 is 10–20%, and profitability is expected to improve.



- The technology leader for customer application-specific frequency converters
- Product development partnership with Rockwell Automation
- Improved market position

#### Net sales

MEUR 97.5

#### Personnel

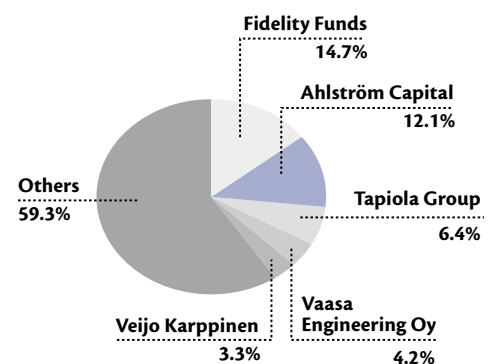
426

#### President

Vesa Laisi

[www.vacon.com](http://www.vacon.com)

Ownership December 31, 2002





- Restructuring opportunities in the packaging industry
- Focus on selected market segments
- Strong growth in Russia

**Net sales**

MEUR 355

**Personnel**

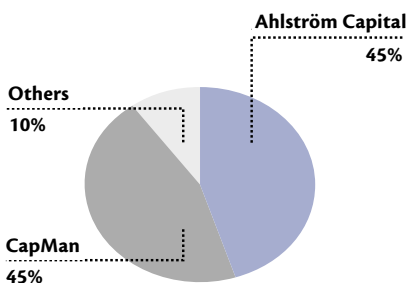
2,100

**President & CEO**

Per Lundeen

[www.ar-carton.com](http://www.ar-carton.com)

*Ownership December 31, 2002*



# Å&R Carton AB

**Å&R CARTON IN BRIEF** Å&R Carton develops, manufactures and markets board packaging and packaging machinery for the food industry and other consumer goods industries. Å&R Carton operates on the European market; its head office is in Malmö, Sweden, and it has manufacturing in nine countries.

Å&R Carton is one of the five biggest manufacturers of board packaging in Europe. In addition to its efficient and modern manufacturing machinery, its sales organization is presently being improved to serve corporate customers operating both across Europe and on a local scale. The company's prime customers are blue-chip international companies in the food and tobacco industry, including Philip Morris, Unilever, Nestlé, Heineken, Kraft, United Biscuits and Findus.

**THE BUSINESS CLIMATE** The market for board packaging in Europe is still fairly fragmented. There are many small manufacturers and there is overcapacity on the market. Price competition has been intense for many years.

Å&R Carton focuses on selected market segments, mainly beverage packaging, cigarette packs, special consumer packaging for the food industry, and primary packaging solutions. The company has built its organization in accordance with this.

**THE YEAR 2002** Å&R Carton's financial result for 2002 was lower than expected, mainly due to lower demand for consumer packages in November and December. Among the market segments, packaging for beverages and cigarettes took a steady and positive trend, but the financial result for packaging solutions was not as good as expected. Net sales continued to grow dynamically in Russia and the company intends to expand its operations there.

Å&R Carton is continuing to reorganize its operations to turn the company around to a steady, profitable track.

**OUTLOOK FOR THE FUTURE** Å&R Carton forecasts sales continuing to grow in 2003 in its main market segments, i.e. beverage packaging, cigarette packaging, and primary packaging solutions. The biggest growth is expected in the East European market. Å&R Carton believes that the reorganization of its food packaging sector will boost the company's profitability to a satisfactory level.

# Ahltronix Oy

**AHLTRONIX IN BRIEF** Ahltronix Oy is a contract manufacturer for the electronics industry. In addition to purchasing circuit boards, the company's customers also increasingly often outsource assembly and delivery to their own customers. Ahltronix's customers are leading manufacturers of systems and equipment in the sectors of electrical power technology, data communications and industrial automation, utilizing industrial electronics. Medical equipment manufacturers and leisure electronics are also major fields.

Focus on manufacturing services for the electronics industry is the cornerstone of Ahltronix's high level of expertise. The company has an efficient and lean process organization, founded on self-directing teams, flexible operational model, delegation of customer-specific responsibilities and highly developed resource management. The continual improvement of productivity, promoting the smooth running of the manufacturing process, and efficient procurement are fundamental elements of Ahltronix's operations.

**THE BUSINESS CLIMATE** The expression Electronic Manufacturing Services (EMS) describes the business of Ahltronix. EMS operations are a highly dynamic business, one which has expanded in recent years as customers outsource a growing proportion of their electronics manufacturing. Companies in the electronics manufacturing business have to operate in accordance not only with demand but also with constantly developing product and production technology and with increasingly fast logistics. The recent shakeouts in the sector have provided Ahltronix with additional room for growth as major global EMS corporations have significantly cut back their presence in the Finnish marketplace.

**THE YEAR 2002** The company's separate divisions adopted the common name Ahltronix in February 2002, thus supporting the company's strategy and boosting its corporate image. At the same time the company focused its strategy, and started to implement it during the fall by initiating an upgrade of operations and expanding capacity in Estonia, by consolidating sales, marketing and strategic procurement in Espoo, and by establishing a unit to launch new products, the New Product Introduction (NPI) Center.

In 2002, Ahltronix maintained the volume and profit level of 2001 and increased the number of key customer relationships. The operating profit did not achieve the long-term target level. The company responded to heavy fluctuations in demand caused by the general economic situation by means of a flexible system and by readjusting resources. Long-term targets were met in enhancing asset turnover.

**OUTLOOK FOR THE FUTURE** Ahltronix expects the new customers and projects it obtained in 2002 to increase net sales markedly in 2003. It is the company's long-term goal to become a major player in the Finnish market for EMS.



- Leading companies as customers
- A customer-centered business model and an efficient process organization
- A right-sized partner for growth

**Net sales**

MEUR 30

**Personnel**

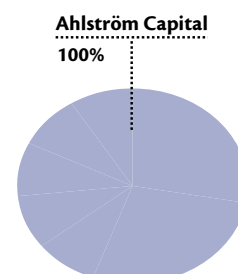
234

**President**

Markku Ahlbäck

**[www.ahltronix.com](http://www.ahltronix.com)**

*Ownership December 31, 2002*





### The Mission and Purpose of Ahlström Capital

Ahlström Capital continues Ahlstrom's long tradition of entrepreneurship. The company provides its shareholders with an opportunity to invest in new sectors of business in a balanced and professional way, through a jointly owned company. Ahlström Capital seeks to expand its shareholders' wealth by refining and diversifying its investment portfolio and thus pursuing high returns at the chosen level of risk.

The company holds assets, amounting to over 150 million euros, which transferred to the company on July 1, 2001, in the demerger of A. Ahlstrom Corporation. Ahlström Capital's assets are comprised of shareholdings in companies in various fields of industry, holdings of forest land and real estate, stock and money market instruments.

Ahlström Capital had its first full year in business in 2002. During the year, the company focused its strategy and decided to concentrate on direct investments in medium-sized and large industrial companies, where Ahlström Capital's expertise is at its strongest. These investments are characterized by high rates of return and risk and by a long investment horizon. To balance the risks, the company continues to diversify by keeping part of its assets in forests and real estate and in short-term interest-bearing instruments. The company intends to expand the number of its industrial investments to about ten companies from the present figure of four. Ahlström Capital develops the business of its portfolio companies by participating actively in the work of the board of directors of the companies and by acting as a support for the companies' operative management.

Ahlström Capital's goal is to achieve a long-term return of 15–25 percent on the capital it manages and to realize the value increase of its investments over a period of 5–7 years. This rise in value is achieved by having the company listed on the stock exchange, by selling it to an industrial buyer, or by refinancing it. For the shareholders, the return is realized in the form of the rising value of the company's share and through dividends paid in connection with exits.

### The Business Climate

The uncertain state of the global economy and the unfavorable trend in the stock market kept the investment environment highly challenging in 2002. Share prices fell for the third consecutive year and the main indexes for

stock markets in 2002 recorded the longest-lasting uninterrupted periods of decline since World War II. Cautiously optimistic forecasts in the first half of the year of global economic recovery and of the stock market bottoming out after two years of weakness had to give way to disappointment, as share prices continued to fall during the second half of the year. The economic recession showed no signs of recovery in spite of the interest rate having continued to fall in the past year.

In the unstable climate for investment, attractive new opportunities opened up for private equity investors when capital was needed to finance corporate restructuring caused by the economic downturn.

The unfavorable trend in the investment market has simultaneously complicated the business of private equity companies because it has been harder to exit from investments. The problems with investments in technology companies have made private equity investors stricter with their investment criteria, which has led to heavy competition among investors over good investment prospects.

### Investments and the Development of the Investment Portfolio

Ahlström Capital's investment portfolio is comprised of asset items with different risk and return profiles and with different investment periods. The investments with low risks and prospects for returns are real estate, forests and fixed income instruments. Investments in industrial companies offer opportunities for a better return at higher risk and over a longer period. An investment in index-based stock market securities complements our portfolio.

At the end of 2002, MEUR 69.4 of Ahlström Capital's assets (40% of the assets) was invested in industrial companies, MEUR 20.6 (12%) in forests, MEUR 37.0 (21%) in real estate, MEUR 37.7 (21%) in money market instruments, and MEUR 10.0 (6%) in indexed stock instruments.

In order to advance towards the higher rate of return according to its strategy, during the fiscal year Ahlström Capital stepped up its investment in industrials and continued its divestment of forest assets as planned.

### Industrial Investments

A significant new industrial investment was a 27.8% holding in Northern Europe's leading producer of limestone-based products, Nordkalk Corporation, for which



Ahlström Capital Oy paid MEUR 13.3. The investment was implemented by a holding company established for this purpose, NK-Holding Oy Ab, which is owned by Ahlström Capital, CapMan Capital Management Ltd. and a group of institutional investors. NK-Holding contracted in December to acquire the entire issued stock of Nordkalk Corporation from Partek Corporation. The price net of debt to be paid for the company was MEUR 270, from which the company's net interest-bearing debts are to be deducted. The price for the shares was MEUR 137. It is the intention of Ahlström Capital and the other investors to expand Nordkalk's ownership in 3–5 years.

During the fiscal year, Ahlström Capital increased its holding in Vacon Plc from 8 to 12 percent by acquiring company shares for MEUR 4.6. Vacon's net sales were MEUR 97.5 in 2002 and the operating profit was MEUR 9.9.

Ahlström Capital and the other main owner, CapMan, invested MEUR 5 each in Å&R Carton AB in the form of new equity and a subordinated loan to promote the growth of the company's profitable business sectors, to finance its restructuring and to ensure its liquidity. In addition, both parties converted MEUR 7.5 of their subordinated loans into shareholders' equity. Å&R Carton's bank loans were also rearranged as a part of the financing package. Ahlström Capital Oy's total investment in Å&R Carton was MEUR 52.3 at the end of the year. Because of the accumulated losses, the book value of the investments by the Ahlström Capital Group was MEUR 36.5 at the end of the year. Å&R Carton's net sales in 2002 were MEUR 355.4 and its net loss for the year was MEUR -7.6. Ahlström Capital and CapMan each have a 45% stake in the company.

Ahltronix, a provider of electronics manufacturing services, had net sales of MEUR 29.7, which is on a par with the figure for 2001. The company experienced problems in selling products due to a downturn in demand on the market, but in spite of this it won new customers and improved its operational efficiency. It posted a small loss, but progress was made in enhancing the efficient use of the capital employed. Ahlström Capital holds the entire issued stock of this company.

The German marketing company Paul Lippke Handels-GmbH continued its operations without major changes. The company's net sales were MEUR 4.9 and its profitability remained good. Ahlström Capital holds the entire issued stock of this company.

## **Real Estate and Forestry**

Ahlström Capital's real estate portfolio consists of two office buildings, one of which is at Eteläesplanadi 14 in Helsinki and the other in Varkaus. Most of the commercial and office premises in the building in Helsinki and the entire property in Varkaus have been leased out on long-term leases. There were no significant changes in the real estate holdings during the year.

Ahlström Capital will gradually reduce its forest holdings by the end of 2004 under an agreement concluded with the National Board of Forestry in 2001. In January 2002, Ahlström Capital sold 5,000 hectares of forest in accordance with the agreement.

## **Money Market Instruments**

The roughly MEUR 40 in liquid assets held by Ahlström Capital is invested mainly in short-term interest-bearing securities. These can be freed up for new investments rapidly, irrespective of the state of the market.

## **Stock Market Instruments**

During the fiscal year, Ahlström Capital invested roughly MEUR 10 in Morgan Stanley OPALS (Optimized Portfolios As Listed Securities). The purpose of this investment is to achieve a return in accordance with the global stock market in a cost-efficient way. So far the trend has been negative.

## **Group Structure**

Ahlström Capital Oy is the parent company of the Ahlström Capital Group. The Group includes Ahltronix Oy together with its subsidiaries, Paul Lippke Handels-GmbH, and the forest ownership company Karhula Osakeyhtiö, all of which are wholly owned subsidiaries. Major holdings not forming part of the Group are Å&R Carton AB (45%) and Vacon Plc (12%). The company established for the purpose of acquiring shares in Nordkalk Corporation, NK-Holding Oy Ab, had no operations at the end of the year, at which time Ahlström Capital Oy owned 100% of the holding company. When the Nordkalk Corporation share transaction went into effect in February 2003, Ahlström Capital's holding in it declined to 27.8%.



### Ahlström Capital's Financial Status and Financing

Ahlström Capital's second fiscal year covered the period January 1 – December 31, 2002. The Group's financial status remained stable, although it was impacted by the loss posted by Å&R Carton.

The Ahlström Capital Group's net sales were MEUR 38.7 (July 1 – Dec. 31, 2001: MEUR 19.3). Net sales were composed of the business operations of Ahltronix and Paul Lippke Handels-GmbH as well as the parent company's income from rents and timber harvesting. Other operating income amounted to MEUR 5.3 (MEUR 2.9). This came from gains on sale of forest land areas, as calculated from the historical acquisition cost. The revaluation included in the balance sheet values of the forest land sold has been reversed from the assets and shareholders' equity in the balance sheet, as a result of which the gains from the sale increased the Group's shareholders' equity by only MEUR 1.1.

The Group's operating profit was MEUR 6.5 (MEUR 3.4). Net financing income before the impact of associated companies was MEUR 2.3 (MEUR 1.3).

Ahlström Capital's share in the losses of associated companies during the fiscal year was MEUR -3.4 due to the loss posted by Å&R Carton (loss of MEUR -5.6). The MEUR 1.5 item for extraordinary income posted during the fiscal year arose from the positive difference between Å&R Carton's final results for 2001 and the preliminary result used in Ahlström Capital's consolidated financial statements.

The costs of Ahlström Capital Oy's management and administration during the fiscal year were MEUR 2.4, which is 1.4% of the Group's shareholders' equity.

The Group's net profit was MEUR 4.7 (loss of MEUR -2.5).

At the end of December 2002, interest-bearing debts amounted to MEUR 2.5 (MEUR 3.6 at the end of 2001). At the end of the year, the equity ratio was 92% (86%) and the gearing ratio was -23% (-30%).

Ahlström Capital's cash flow from operating activities, including the effect of sales of forest land, was MEUR 18.7, before new investments and cash flow from financing activities.

Net cash flow from financing activities was MEUR 10.6 due to a decline in short-term money market investments.

MEUR 29.8 was used for new investments during the fiscal year, of which shares in Vacon Plc accounted for MEUR 16.3, OPALS for MEUR 10.0 and an investment in Å&R Carton for MEUR 3.5. The investments made in the industrial activities and real estate amounted to MEUR 1.2,

of which Ahltronix accounted for MEUR 0.6 and the building on Eteläesplanadi for MEUR 0.5.

Dividend income received from Vacon Plc and OPALS amounted to MEUR 0.4. Dividends paid amounted to EUR 3.50 per share, totaling MEUR 1.3 in all.

### The Balance Sheet and Net Asset Values of the Ahlström Capital Share

The balance sheet value per share of Ahlström Capital Oy's shares at the end of the year was EUR 463.40. The net asset value of the shares was EUR 430.72, i.e. EUR 32.68 below the balance sheet value.

The investments in Vacon Plc shares and in OPALS are of a long-term nature and they are included in Ahlström Capital's financial statements at the acquisition cost. The balance sheet value of the building on Eteläesplanadi includes revaluations.

The net asset value differs from the balance sheet value in that, in the calculation of net asset value, investments in shares in Vacon Plc and OPALS securities are valued at their market value at the end of the fiscal year, with the deferred tax asset on the difference between the investments' balance sheet values and their market value also figured in. Similarly, the calculation of the net asset value figures in MEUR 7.6 in deferred tax liability on the revaluation included in the balance sheet value of the building on Eteläesplanadi. Ahlström Capital's other assets and liabilities have been assessed at their balance sheet value for the calculation of the net asset value.

Because of the unfavorable trend in the stock market, the net asset value of Ahlström Capital's Vacon Plc shares was MEUR 14.4, which is MEUR 1.9 lower than the balance sheet value. For the same reason, the net asset value of the OPALS was MEUR 7.7, which is MEUR 2.3 lower than the balance sheet value.

#### Comparison of the balance sheet value and net asset value of Ahlström Capital Oy's shares

	31 Dec. 2002	31 Dec. 2001
Balance sheet value of AC Oy's shareholders' equity	168,437	169,576
Balance sheet value per share of AC Oy's shareholders' equity	463.40	466.53
Differences in the balance sheet value and net asset value		
Balance sheet value of the building on Eteläesplanadi	34,749	34,974
Net asset value of the building on Eteläesplanadi	27,116	27,341

	31 Dec. 2002	31 Dec. 2001
Balance sheet value of shares in Vacon Plc	16,307	11,691
Net asset value of shares in Vacon Plc	14,359	11,675
Balance sheet value of OPALS securities	9,973	
Net asset value of OPALS securities	7,675	
Differences in the balance sheet value and net asset value, total	-11,879	-7,649
Net asset value of AC Oy's shareholders' equity	156,558	161,927
Net asset value of AC Oy's shareholders' equity, per share	430.72	445.49

## Return on Investment According to Business Area

The capital employed by business areas has been calculated on the consolidated balance sheet book values as averages for the end of quarters. The returns are comprised of the revenue from different types of investment made in the business sector booked in the financial statements (operating profit, financing income, share in profits/losses of associated companies) with intra-Group items eliminated. The income items for each business sector included in the calculation, as well as the method for calculating the return on investment, are explained in greater detail in the notes to the financial statements.

### The capital amounts invested and the returns (MEUR)

	Result before interest expenses and taxes	Average capital employed in 2002	Return on investment
Å&R Carton	-1.3	36.9	-3.6%
Ahltronix	0.3	15.6	2.0%
Forestry	0.7	21.4	3.2%
Real estate	1.9	34.4	5.5%
Money market instruments	1.4	41.2	3.3%
Vacon shares	0.3	13.4	2.1%
OPALS	0.1	8.5	1.6%
Other	-1.5	2.3	
Ahlström Capital, total	1.9	173.6	1.1%

## Personnel, Administration and Auditors

In 2002, Ahlström Capital Oy strengthened its expertise by hiring two investment specialists. The number of employees at the end of the year was 8. The company's present personnel is able to handle the entire investment process independently. Jan Inbarr, B.Sc. (Econ.) has served as the company's President and CEO since the company went into business on June 30, 2001.

Morten Ahlström has served as the chairman of the Board of Directors since June 30, 2001. The ordinary members of the Board, as of the same date, have been Thomas Ahlström, Karl Grotenfelt, Johannes Gullichsen and Jouko Oksanen.

The auditor was the auditing firm KPMG Wideri Oy Ab, with Sixten Nyman, Authorized Public Accountant, as the auditor in charge.

## Post Balance Sheet Events

In January 2003, the company sold the 4,000-hectare section of its forest holdings agreed on with the National Board of Forestry for sale in 2003. The price was MEUR 8.5.

On February 10, contracts were signed regarding re-financing of Ahltronix Oy, whereby the company's financing will be handled with bank loans in addition to an equity investment from Ahlström Capital Oy. This refinancing arrangement will free up roughly MEUR 7 of liquid funds for Ahlström Capital Oy, to be used in new investments.

The transaction for Nordkalk Corporation shares was closed on February 12 after approval from the competition authorities.

## The Outlook for 2003

There is still a great deal of uncertainty over the overall economic trend in 2003. Global growth is forecast to be modest.

Ahlström Capital continues to devote efforts to developing its target companies and to acquiring new ones. The company's success and the return from the investments in money market instruments and shares are naturally highly dependent on the overall trend in the global economy. Ahlström Capital's strong financial status and broad-based industrial expertise will continue to form a stable foundation for the company's operations.

## Proposal by the Board of Directors for the Distribution of Profits

The Board will propose to the Annual General Meeting to be held on March 28, 2003, that a dividend of EUR 3.50 per share be paid.



## Consolidated Income Statement

EUR 1,000	Note	1 Jan.–31 Dec. 2002	1 July–31 Dec. 2001
<b>Net Sales</b>	1	38,734	19,341
Other operating income	2	5,262	2,858
Materials and services		-23,342	-11,183
Personnel costs	3	-8,304	-3,814
Depreciation and amortization	8	-2,146	-933
Other operating expenses		-3,683	-2,853
<b>Operating profit</b>		6,521	3,416
Financing income and expenses	5		
Share in losses of associated companies		-3,430	-5,603
Interest and other financing income		2,580	1,518
Interest and other financing expenses		-301	-238
		-1,151	-4,323
<b>Result before extraordinary items</b>		5,370	-907
Extraordinary income	6	1,489	
<b>Result before appropriations and taxes</b>		6,859	-907
Income taxes	7	-2,131	-1,594
<b>Result before minority interest</b>		4,728	-2,501
Minority interest		-28	-28
<b>Net result for the period</b>		4,700	-2,529

## Consolidated Statement of Cash Flows

EUR 1,000	1 Jan.–31 Dec. 2002	1 July–31 Dec. 2001
<b>Cash flow from operating activities</b>		
Operating profit	6,521	3,416
Depreciation and amortization	2,146	933
Other adjustments	-457	-948
Cash flow from operating activities before change in net working capital	8,210	3,401
Change in net working capital	4,013	-2,551
Cash flow from operating activities	12,223	850
Interest and other financing income	3,179	1,763
Interest and other financing expenses	-1,407	-551
Income taxes	-285	-1 374
<b>Net cash flow from operating activities</b>	13,710	688
<b>Cash flow used in investing activities</b>		
Capital expenditure	-1,206	-1,197
Other investments	-27,250	0
Proceeds from sales of non-current assets	5,489	912
Dividends received	358	165
Change in other receivables and notes receivable	-1,759	2,644
<b>Net cash flow used in investing activities</b>	-24,368	2,524
<b>Cash flow from financing activities</b>		
Change in financial investments	10,133	-268
Change in long-term liabilities	-1,102	-1,193
Change in short-term debt	2,866	-131
Dividends paid	-1,272	0
Other adjustments	9	-317
<b>Net cash flow from financing activities</b>	10,634	-1,909
<b>Change in cash and bank</b>	-24	1,303
Cash and bank at beginning of period	3,186	1,883
<b>Cash and bank at end of period</b>	3,162	3,186



## Consolidated Balance Sheet

EUR 1,000	Note	31 Dec. 2002	31 Dec. 2001
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8		
Intangible rights		358	417
Goodwill		2,127	2,446
Other intangible assets		107	68
		<u>2,592</u>	<u>2,931</u>
Tangible assets	8		
Land and water areas		50,914	59,977
Buildings and constructions		10,220	10,603
Machinery and equipment		4,009	3,680
Other tangible assets		559	419
Advances paid and construction in progress		8	785
		<u>65,710</u>	<u>75,464</u>
Investments	9		
Shares in associated companies		8,448	2,578
Receivables from associated companies	18	24,022	29,450
Other shares		26,993	12,364
		<u>59,463</u>	<u>44,392</u>
<b>Current assets</b>			
Inventories			
Materials and supplies		2,639	3,463
Work in process		463	724
Finished goods		662	612
		<u>3,764</u>	<u>4,799</u>
Receivables			
Long-term			
Receivables from associated companies	18	4,829	
Deferred tax assets	15	110	3,111
		<u>4,939</u>	<u>3,111</u>
Short-term			
Accounts receivable		3,903	4,000
Receivables from associated companies	18		4,888
Deferred tax assets	15	124	239
Other receivables		254	440
Prepaid expenses and accrued income	10	758	3,234
		<u>5,039</u>	<u>12,801</u>
Financial investments		37,730	51,290
Cash and bank		3,162	3,186
<b>TOTAL ASSETS</b>		<u>182,399</u>	<u>197,974</u>

EUR 1,000	Note	31 Dec. 2002	31 Dec. 2001
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	11		
Share capital		36,348	36,348
Capital in excess of par value		12,526	12,526
Retained earnings		114,863	123,231
Net result for the period		4,700	-2,529
		168,437	169,576
<b>Minority interest</b>		20	-8
<b>Provisions</b>	14	534	991
<b>Liabilities</b>			
Long-term	13		
Loans from financial institutions		1,361	2,392
Other long-term liabilities		104	146
Deferred tax liabilities	15	4,881	5,869
Accrued expenses and deferred income	16	228	
		6,574	8,407
Short-term			
Loans from financial institutions		897	1,073
Advances received		20	41
Accounts payable		2,912	14,442
Other liabilities		737	702
Accrued expenses and deferred income	16	2,268	2,750
		6,834	19,008
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		182,399	197,974



### ACCOUNTING PRINCIPLES

The financial statements of the Ahlström Capital Group and Ahlström Capital Oy, the parent company, are prepared and presented in accordance with the Finnish Accounting Act and other regulations in force in Finland. The financial statements are presented in euros and are prepared under the historic cost convention except for revaluations included in the book values of certain items included in non-current assets.

Ahlström Capital Oy was formed when A. Ahlstrom Corporation was demerged into three companies as of June 30, 2001. Official financial statements for 2002 have been produced for the second financial year of the company and the Group, January 1 – December 31, 2002.

### The consolidated financial statements

The consolidated financial statements include the accounts of the parent company and all companies in which it directly or indirectly owns more than 50 percent of the voting rights.

The equity method of accounting is used to account for investments in associated companies in which the Group has 20 to 50 percent of the voting rights.

Companies acquired during the accounting period are included in the consolidation from the date of acquisition, and companies that have been sold during the year are included up to the date of sale.

All intercompany transactions and accounts are eliminated in consolidation.

Acquisitions are accounted for under the purchase method of accounting, and accordingly, in each case, the purchase price is allocated to the assets acquired and the liabilities assumed based upon their estimated fair values at the date of the acquisition. The excess of the purchase price over the fair values of the assets acquired is recorded on the balance sheet as goodwill.

The sections of the purchase price allocated to assets are depreciated or charged to income at the same rate as the asset items in question. Goodwill is amortized on a straight-line basis over a maximum of 20 years.

### Revenue recognition

Income from the sale of goods and services is recognized as income when the goods are delivered or the services are

rendered. Net sales are shown net of indirect taxes and discounts. Exchange gains and losses related to sales are included in financing income and expenses.

### Items denominated in foreign currency

Assets and liabilities denominated in foreign currency are translated in the financial statements into euros at the year-end rate. Exchange rate differences in receivables and liabilities are credited or charged to income.

The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the accounting period, and the balance sheets at the year-end rate. The effect of such translation is included in the Group shareholders' equity.

### Research & development expenditure

Research and development costs are expensed as incurred.

### Pension costs

In Finland, the statutory pension liability and supplementary pension benefits are funded through insurance policies and accounted for in accordance with actuarial calculations. In other countries the pension liabilities are funded and accounted for in accordance with local legislation and practice.

The Group companies' own liability for pensions is included in long-term liabilities in the balance sheet. Pension insurance premiums and changes in pension liabilities are charged to income.

### Inventories

Inventories are stated at the lower of cost or market basis.

### Investments

Investments which are intended to generate income for more than one accounting period are booked in non-current assets at the original acquisition cost.

Securities included in financial assets are stated at the lower of cost or market basis.



## Non-current assets

Intangible and tangible assets are presented in the balance sheet at cost less accumulated depreciation and amortization. The book values of certain forest and land areas include revaluations which are based on fair market values prevailing at the time the revaluations were made. If the basis for a revaluation subsequently declines or is no longer valid, the revaluation is adjusted correspondingly. The revaluations applied to sold areas of forest have been reversed from the non-restricted equity.

Depreciation is calculated on the cost or revaluated amounts using the straight-line method over the estimated useful lives of the assets.

The depreciation periods are as follows:

Buildings	25–40 years
Heavy machinery	10–20 years
Other machinery and equipment	3–10 years

Land and water areas are not depreciated.

## Taxes

Income taxes are comprised of current taxes paid and payable on taxable income for current and previous accounting periods in accordance with local tax laws, plus deferred taxes.

Deferred taxes are calculated for timing differences between book and taxable income.

Deferred tax assets or liabilities have been calculated on the financial statements' temporary differences, applying the tax rate confirmed for subsequent years as of the date of the financial statements. The deferred tax liability attributable to revaluations of forest areas made in the book values of forest land is included in the balance sheet, whereas the deferred tax liability attributable to the building on Eteläesplanadi is not included. The estimated probable benefit of the deferred tax assets is included in the balance sheet.

## Extraordinary items

Nonrecurring revenue and expense items not related to normal business operations are presented as extraordinary items in the income statement.

## The net asset value of Ahlström Capital Oy's shares

The net asset value of the shares differs from the balance sheet value in that, in the calculation of the net asset value, long-term investments in publicly quoted shares and stock market instruments are valued at the market value at the end of the fiscal year, whereupon the tax share applied to the difference between the investments' balance sheet value and their market value is also figured in. In the calculation of the net asset value, the tax share applied to the revaluation included in the property's balance sheet value has been taken into consideration in respect of the building on Eteläesplanadi. Other assets and liabilities were assessed at the balance sheet value in calculating the net asset value.

## Return on investment per business areas

The calculations of return on investment are given both for the business areas and for the entire Group. Gains on sales of land and forest areas are not included in the calculation.

The returns used to calculate the return on investment are for the entire fiscal year and they consist of the different types of return applicable to each business area, with intercompany items within the Group eliminated. The returns are proportioned to the average capital invested in the business areas, which is calculated on the average consolidated book values for the ends of the quarters (March, June, September and December). In respect of the entire Group, the figures are similarly calculated from the figures in the consolidated financial statements.

The components of returns in the calculation for the business areas are as follows:

- Real estate business and forestry: operating profit
- Ahltronix and Paul Lippke Handels-GmbH: operating profit plus the interest income in the companies' income statements
- Money market instruments: interest and other financing income
- Associated companies: the share of the companies' result and the interest income received from the companies. For Å&R Carton, the return includes the extraordinary income booked in Ahlström Capital's consolidated financial statements as a correction to the share of result for 2001.
- Stock market instruments: dividends received.



## Notes to Income Statement and Balance Sheet

EUR 1,000

	Group 1 Jan.–31 Dec. 2002	Group 1 July–31 Dec. 2001	Parent 1 Jan.–31 Dec. 2002	Parent 1 July–31 Dec. 2001
<b>1. Net Sales</b>				
Distribution of net sales by country				
Finland	31,985	15,643	3,282	1,942
Other Nordic countries	1,435	733		
Germany	1,055	559		
Ireland	676			
Italy	666	151		
UK	625	196		
France	546	414		
Switzerland	424	709		
Spain	363	133		
Rest of Europe	816	734		
Others	143	69		
Total	38,734	19,341	3,282	1,942
<b>2. Other operating income</b>				
Gain on sale of non-current assets	5,261	2,854	5,218	2,771
Insurance indemnification received	1	4		
Total	5,262	2,858	5,218	2,771
<b>3. Personnel costs</b>				
Wages and salaries	6,779	3,364	931	402
Pension costs	1,146	446	320	40
Other wage related costs	379	4	46	-83
Total	8,304	3,814	1,297	359
Salaries for managing directors of which bonuses	1,001 55	306		
Remunerations to Board members	61	23	61	23
<b>4. Average number of personnel</b>				
Salaried	79	75	8	6
Blue-collar	195	236		
Total	274	311	8	6
<b>5. Financing income and expenses</b>				
Dividend income from Group companies			1,312	
Dividend income from associated companies				165
Dividend income from others	449		449	
Interest and financing income from Group companies			959	294
Interest and financing income from associated companies			634	
Interest and financing income from others	2,131	1,518	1,711	1,498
Total	2,580	1,518	5,065	1,957
Write-downs in short-term financial investments			-17	-23
Interest and financial expenses to Group companies			-125	-6
Interest and financial expenses to others	-301	-238	-457	-222
Total	-301	-238	-599	-251
<b>6. Extraordinary income and expenses</b>				
Adjustment of the net result of an associated company	1,489			
Group contribution			-260	
Total	1,489		-260	
<b>7. Income taxes</b>				
Taxes for current and previous years	-3	-2,441	434	-2,154
Change in deferred taxes	-2,128	847	-1,946	887
Income taxes in the income statement	-2,131	-1,594	-1,512	-1,267

## 8. Intangible and tangible assets

Group	Goodwill	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at 1 Jan.	3,160	642	151	13,764	13,149	7,057	432	785
Increases		124		34	27	304	199	491
Decreases		-7		-5,461		-14	-19	
Reclassifications		-77	115			1,230		-1,268
Acquisition cost at 31 Dec.	3,160	682	266	8,337	13,176	8,577	612	8
Accumulated depreciation and amortization at 1 Jan.	714	226	83		2,546	3,377	13	
Decreases						-7	-5	
Reclassifications		-22	22					
Depreciation and amortization for the period	319	120	54		410	1,198	45	
Accumulated depreciation and amortization at 31 Dec.	1,033	324	159		2,956	4,568	53	
Revaluations at 1 Jan.				46,213				
Decreases				-3,636				
Revaluations at 31 Dec.				42,577				
Book value at 31 Dec. 2002	2,127	358	107	50,914	10,220	4,009	559	8

Parent company	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at 1 Jan.	8		6,331	9,585	273	41	102
Increases	25		34		590		483
Decreases	-7		-1,791			-19	-585
Reclassifications							
Acquisition cost at 31 Dec.	26		4,574	9,585	863	22	
Accumulated depreciation and amortization at 1 Jan.				848	194	9	
Decreases						-5	
Depreciation and amortization for the period	1			301	23	2	
Accumulated depreciation and amortization at 31 Dec.	1			1,149	217	6	
Revaluations at 1 Jan.			46,096				
Decreases			-3,636				
Revaluations at 31 Dec.			42,460				
Book value at 31 Dec. 2002	25		47,034	8,436	646	16	

## 9. Long-term investments

Group	Shares in associated companies	Other shares	Other receivables
Book value at 1 Jan.	2,578	12,364	29,450
Share of profits	-3,430		
Increases	8,920	14,629	2,072
Decreases			-7,500
Other changes	380		
Book value at 31 Dec. 2002	8,448	26,993	24,022
Parent company	Shares in Group companies	Shares in associated companies	Other receivables
Book value at 1 Jan.	16,328	15,824	29,450
Increases	8	8,920	2,072
Decreases			-7,500
Book value at 31 Dec. 2002	16,336	24,744	24,022



## Notes to Income Statement and Balance Sheet

EUR 1,000

### 10. Prepaid expenses and accrued income

	Group 31 Dec. 2002	Group 31 Dec. 2001	Parent 31 Dec. 2002	Parent 31 Dec. 2001
Short-term				
Receivables related to sale of non-current assets		2,794		2,794
Accrued interest income	26	49	26	49
Periodization of social costs		111		
Current tax receivable	368		368	
Other	364	280	2	15
Total	758	3,234	396	2,858

### 11. Shareholders' equity

Shareholders' equity at 1 Jan.	169,576	173,836	188,053	186,492
Change in revaluations	-3,636	-1,793	-3,636	-1,793
Dividends paid	-1,272		-1,272	
Translation adjustment	-427	681		
Other	-504	-619		
Net income	4,700	-2,529	7,337	3,354
Shareholders' equity at 31 Dec.	168,437	169,576	190,482	188,053
Retained earnings	119,563	120,702	141,616	139,187
Depreciation difference net deferred tax liability	-252	-89		
Distributable shareholders' equity	119,311	120,613	141,616	139,187

### 12. Share capital by type of share, 31 December 2002, parent company

Shares are divided into two series, A and B. The par value of all shares is EUR 100.	Number of shares	EUR
Series A, 1 vote/share, with redemption and conversion clause	363,482	36,348,200
Series B, 1 vote/share, with redemption clause		
Total	363,482	36,348,200

### 13. Maturities of long-term liabilities, Group

	2004	2005	2006	2007	2008–	Total
Loans from financial institutions	887	454	20			1,361
Deferred tax liabilities	1,435	100	100	100	3,146	4,881
Other long-term liabilities	257	24	18	9	24	332
Total						6,574

### 14. Provisions

	Group 31 Dec. 2002	Group 31 Dec. 2001	Parent 31 Dec. 2002	Parent 31 Dec. 2001
Personnel costs	151	625	63	535
Other	383	366	316	323
Total	534	991	379	858

### 15. Deferred tax assets and liabilities

Long-term assets	110	3,111	110	3,111
Short-term assets	124	239		
Long-term liabilities	-4,881	-5,869	-4,777	-5,832
Total	-4,647	-2,519	-4,667	-2,721
Arising from:				
Depreciation difference	-104	-37		
Revaluations	-4,777	-5,832	-4,777	-5,832
Tax losses	124	3,101		2,862
Other timing differences	110	249	110	249
Total	-4,647	-2,519	-4,667	-2,721

### 16. Accrued expenses and deferred income

Long-term				
Other	228		60	
Total	228		60	
Short-term				
Personnel costs	1,350	1,025	203	87
Interest expense	39	60	39	58
Current tax payable	714	1,310	644	1,078
Other	165	355	8	
Total	2,268	2,750	894	1,223

EUR 1,000

**17. Receivables from and liabilities to Group companies**

	Group 31 Dec. 2002	Group 31 Dec. 2001	Parent 31 Dec. 2002	Parent 31 Dec. 2001
Notes receivable			11,879	12,139
Prepaid expenses and accrued income			6	167
Total			11,885	12,306
Accrued expenses and deferred income			260	1
Other short-term debt			4,162	730
Total			4,422	731

**18. Receivables from and liabilities to associated companies**

Notes receivable	24,022	29,450	24,022	29,450
Prepaid expenses and accrued income		287		287
Other long-term receivables	4,829		4,829	
Other short-term receivables		4,601		4,601
Total	28,851	34,338	28,851	34,338

**19. Collaterals**

For own liabilities				
Loans from financial institutions	2,218	3,333	2,102	2,943
Amount of mortgages	3,134	3,520	3,027	3,027
Book value of pledges		64		
For other own commitments	21	49		

**20. Contingent liabilities**

Leasing commitments				
Current portion	77	92		
Long-term portion	70	88		
Other commitments	17	17	17	17

**21. Shares**

Subsidiaries	Country	Percentage held
Ahltronix Oy	Finland	100
Ahltronix Varkaus Oy	Finland	100
Ahltronix Rauma Oy	Finland	92.3
Ahltronix Eesti As	Estonia	100
Finesat Oy	Finland	100
Karhula Osakeyhtiö	Finland	100
NK-Holding Oy Ab	Finland	100
Paul Lippke Handels-GmbH	Germany	100
<b>Associated companies</b>		
Å&R Carton AB	Sweden	44.9
Oy Kwartett-Invest Ab	Finland	45
Rauman MO-Kiinteistö Oy	Finland	47

**Other significant shareholdings**

Vacon Plc
Holding 1,832,983 shares, ownership 12%
Book value EUR 16,306,614, market value EUR 13,564,074 at 31 Dec. 2002
OPALS MSCI World
Holding 15,586 shares
Book value EUR 7,985,261, market value EUR 5,165,200 at 31 Dec. 2002
OPALS MSCI Europe
Holding 6,138 shares
Book value EUR 1,999,885, market value EUR 1,570,652 at 31 Dec. 2002



## Income Statement, Statement of Cash Flows, Parent Company

Income Statement			
EUR 1,000	Note	1 Jan.–31 Dec.	1 July–31 Dec.
		2002	2001
<b>Net Sales</b>	1	3,282	1,942
Other operating income	2	5,218	2,771
Materials and services		-72	-169
Personnel costs	3	-1,297	-359
Depreciation and amortization	8	-326	-139
Other operating expenses		-1,979	-1,142
<b>Operating profit</b>		4,826	2,904
Financing income and expenses	5		
Interest and other financing income		5,066	1,957
Interest and other financing expenses		-599	-251
		4,466	1,705
<b>Result before extraordinary items</b>		9,292	4,610
Group contribution	6	-260	
<b>Result before appropriations and taxes</b>		9,032	4,610
Change in depreciation difference		-183	11
Income taxes	7	-1,512	-1,267
<b>Net result for the period</b>		7,337	3,354

Statement of Cash Flows			
EUR 1,000		1 Jan.–31 Dec.	1 July–31 Dec.
		2002	2001
<b>Cash flow from operating activities</b>			
	Operating profit	4,826	2,904
	Depreciation and amortization	326	139
	Other adjustments	-479	-909
	Cash flow from operations before change in net working capital	4,673	2,134
	Change in net working capital	2,693	-3,525
	Cash flow from operations	7,366	-1,391
	Interest and other financing income	3,034	1,706
	Interest and other financing expenses	-375	-232
	Income taxes	82	-1,076
	<b>Net cash flow from operating activities</b>	10,107	-993
<b>Cash flow used in investing activities</b>			
	Capital expenditure	-547	-1,307
	Other investments	-27,250	
	Proceeds from sales of non-current assets	1,811	506
	Dividends received	1,492	165
	Change in other receivables and notes receivable	-1,759	2,644
	<b>Net cash flow used in investing activities</b>	-26,253	2,008
<b>Cash flow from financing activities</b>			
	Change in short-term investments	13,560	-318
	Change in long-term liabilities	-841	-421
	Change in short-term debt	3,431	
	Dividends paid	-1,272	442
	<b>Net cash flow from financing activities</b>	14,878	-297
	<b>Change in cash and bank</b>	-1,268	718
	Cash and bank at beginning of period	1,718	1,000
	<b>Cash and bank at end of period</b>	450	1,718

## Balance Sheet, Parent Company

Balance sheet				Balance sheet			
EUR 1,000	Note	31 Dec. 2002	31 Dec. 2001	EUR 1,000	Note	31 Dec. 2002	31 Dec. 2001
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Shareholders' equity</b>			
Intangible assets	8				11		
Intangible rights		25	8	Share capital		36,348	36,348
		25	8	Capital in excess of par value		12,518	12,518
				Retained earnings		134,279	135,833
				Net result for the period		7,337	3,354
Tangible assets	8					190,482	188,054
Land and water areas		47,035	52,427	<b>Accumulated appropriations</b>			
Buildings and constructions		8,436	8,737	Depreciation difference		309	126
Machinery and equipment		646	78	<b>Provisions</b>			
Other tangible assets		16	32		14	378	858
Advances paid and construction in progress			102	<b>Liabilities</b>			
		56,133	61,377	Long-term	13		
				Loans from financial institutions		1,261	2,102
Investments	9			Deferred tax liabilities	15	4,777	5,832
Shares in Group companies		16,336	16,328	Accrued expenses and deferred income	16	60	
Shares in associated companies		24,744	15,824			6,098	7,934
Receivables from associated companies	18	24,022	29,450	Short-term			
Other shares		26,964	12,335	Loans from financial institutions		841	841
		92,066	73,937	Accounts payable		146	11,983
<b>Current assets</b>				Liabilities to			
Receivables				Group companies	17	4,422	731
Long-term				Other liabilities		121	26
Receivables from associated companies	18	4,829		Accrued expenses and deferred income	16	895	1,224
Deferred tax assets	15	110	3,111			6,425	14,805
		4,939	3,111	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Short-term						203,693	211,776
Accounts receivable		69	153	<b>TOTAL ASSETS</b>			
Receivables from							
Group companies	17	11,885	12,306				
Receivables from associated companies	18		4,888				
Other receivables			131				
Prepaid expenses and accrued income	10	396	2,858				
		12,350	20,336				
Financial investments		37,730	51,290				
Cash and bank		450	1,718				



## Proposal of the Board of Directors to the Annual General Meeting and Auditors' Report

### Proposal of the Board of Directors to the Annual General Meeting

According to the consolidated balance sheet as of December 31, 2002,  
the Group's retained earnings and net result for the accounting period are:

	EUR
Retained earnings	114,863,000
Net income for the period	4,700,000
Total	<u>119,563,000</u>
of which distributable funds	119,311,000

According to the parent company's balance sheet as at December 31, 2002,  
the Group's retained earnings and net result for the accounting period are:

Retained earnings	134,279,478
Net income for period	7,336,530
Total distributable funds	<u>141,616,008</u>

The Board of Directors proposes that

A dividend of 3.50 euros per share be paid on the 363,482 outstanding shares, 1,272,187  
and the remainder to be retained.

Helsinki, February 17, 2003

Morten Ahlström  
Thomas Ahlström  
Johannes Gullichsen  
Karl Grotenfelt  
Jouko Oksanen  
Jan Inborr  
*President and CEO*

### Auditors' Report

#### To the shareholders of Ahlström Capital Oy

We have audited the accounting, the financial statements and the administration of Ahlström Capital Oy for the financial period January 1 – December 31, 2002. The financial statements, which 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, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on administration.

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

Directors and the President and CEO have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations, as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and CEO 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 distributable funds is in compliance with the Companies Act.

Helsinki, February 20, 2003

KPMG WIDERI OY AB

Sixten Nyman

Authorized Public Accountant



## Key Figures

Key figures	1 Jan.–31 Dec. 2002	1 Jan.–31 Dec. 2001*	1 July–31 Dec.2001
Net sales, MEUR	38.7	40.1	19.3
Other income from operations, MEUR	5.3	3.4	2.9
Operating profit, MEUR	6.5	5.3	1.9
Share of associated companies' losses	-3.1	-8.7	-5.6

\* Pro forma

Financial key figures	31 Dec. 2002	31 Dec. 2001	1 July 2001
Equity ratio	92 %	86 %	90 %
Gearing	-23 %	-30 %	-28 %
Equity/share, EUR	463.40	466.53	478.25
Net asset value/share, EUR	430.72	445.49	457.25
Net result of the period/share, EUR**	12.93	-6.96	
Dividend/share, EUR	3.50***	3.50	

\*\* incl. gains on sale of forest land

\*\*\* proposal by the Board of Directors

### Return on investment according to business area

Result before gains on sale, interest expenses, appropriations and taxes

	MEUR
Å&R Carton	-1.3
Ahltronix	0.3
Forestry	0.7
Real estate	1.9
Money market instruments	1.4
Vacon shares	0.3
OPALS	0.1
Other (incl. management and administration)	-1.5
<b>Total</b>	<b>1.9</b>

### Reconciliation with the consolidated financial statements

Result before extraordinary items	5.4
+ interest and other financing expenses	0.3
+ extraordinary income	1.5
- gains on sale	-5.3
Result in the financial statements before gains on sale, interest expenses, appropriations and taxes	1.9

### Formulas for key figures

$$\text{Equity ratio} = \frac{\text{Shareholders' equity} + \text{Minority interest}}{\text{Balance sheet total} - \text{Advances received}} \times 100$$

$$\text{Gearing ratio} = \frac{\text{Interest-bearing debts} - \text{Securities included in financial assets} - \text{Cash and bank}}{\text{Shareholders' equity} + \text{Minority interest}} \times 100$$

$$\text{Earnings/share} = \frac{\text{Profit before extraordinary items and taxes (1 Jan. - 31 Dec. 2002)} - \text{Taxes on regular operations} \pm \text{Minority interest}}{\text{Number of shares on average for accounting period}}$$

$$\text{Equity/share} = \frac{\text{Shareholders' equity 31 Dec. 2002}}{\text{Number of shares 31 Dec. 2002}}$$



**BOARD OF DIRECTORS**



**Morten Ahlström**  
*b. 1943, M.Sc. (Econ.)*  
*Chairman of the Board of Directors*  
*Chairman of the Board of Directors,*  
*Lexel A/S*



**Thomas Ahlström**  
*b. 1958, M.Sc. (Econ.)*  
*Managing Director*  
*SEB Merchant Banking*



**Karl Grotenfelt**  
*b. 1944, LL.M.*  
*Managing Director*  
*Famigro Oy*



**Johannes Gullichsen**  
*b. 1964, Graduate Engineer*



**Jouko Oksanen**  
*b. 1951, M.Sc. (Econ.)*  
*Director*  
*Varma-Sampo Mutual Pension Insurance Company*

**Governance principles**

The corporate governance of Ahlström Capital complies with high standards. It is based on the Finnish Companies Act and, where applicable, on the recommendations on corporate governance in public companies issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Ahlström Capital is a member of the European Private Equity & Venture Capital Association (EVCA) and the Finnish Venture Capital Association.

The company provides on a regular basis information to shareholders, employees and the public.

The responsibilities and working methods of the Board of Directors and the management as well as the company's reporting practices are defined and documented in the Rules of Procedure of the Board of Directors.

**Meeting of Shareholders**

Responsibility for the administration and operations of Ahlström Capital is held by the General Meeting of Shareholders, the Board of Directors, and the President. The highest authority in Ahlström Capital is exercised by the

shareholders at the General Meeting of Shareholders. The Annual General Meeting decides on the number of members on the Board of Directors and elects the members to the Board. In addition to this, the General Meeting of Shareholders has exclusive authority under the Companies Act over matters including amending the company's articles of association, adopting the financial statements, deciding on the amount of dividend, and electing auditors.

The Annual General Meeting was held in Helsinki on April 19, 2002.

**The Board of Directors**

The Annual General Meeting elects no fewer than five and no more than seven ordinary members to the Board of Directors for a term of one year. The Board of Directors chooses a chairman from among its members.

Ahlström Capital Oy's Board of Directors represents the owners of the company. The duties and responsibilities of the Board of Directors are based on the Finnish Companies Act and other applicable legislation, as well as on the articles of association and the Rules of Procedure adopted by the Board. The Board of Directors has general jurisdiction in all

## PERSONNEL



**Jan Inborr**  
b. 1948, B.Sc. (Econ.)  
President and CEO

**Kai Becker**  
b. 1970, M.Sc. (Econ.)  
Investment Director

**Johan Borgström**  
b. 1948, LL.M.  
General Counsel

**Sebastian Burmeister**  
b. 1975, M.Sc. (Econ.)  
Investment Manager



**Kari Cederberg**  
b. 1947, B.Sc. (Econ.)  
Financial Director

**Henrik Mikander**  
b. 1949, MBA  
Investment Director

**Leena Savolainen**  
b. 1948, BA  
Executive Assistant

**Helena Staffans**  
b. 1956, B.Sc. (Commerce and Languages)  
Executive Assistant to CEO

company affairs that are not specified by law or the articles of association to be decided or implemented by other bodies.

The Board of Directors confirms the company's general targets and strategy and approves its annual plans. The Board of Directors decides on direct investments and divestments. The Board of Directors also defines the guidelines and principles of other investments and decides on the allocation of funds in different investment categories.

The Board of Directors convened on a total of eight occasions during the year under review.

### The President

Ahlström Capital's President is appointed by the Board of Directors. The President plans and manages the company's business operations and bears responsibility for the company's operative administration in compliance with the directions and decisions of the Board of Directors. He supervises and manages the analysis and appraisal of prospective investments, and the development and divestiture of investments.

Jan Inborr has served as the company's President since its incorporation on June 30, 2001.

In his duties the President is supported by a team of seven professionals. They assist the President, monitor and develop actively the operations of the company in accordance with the objectives set, handle reporting and prepare decisions on investments for the discussion by the Board of Directors.

### Salaries and remuneration

The General Meeting of Shareholders confirms the remuneration of the members of the Board of Directors annually in advance. The Board of Directors confirms the President's salary and benefits and it also decides on the salaries and benefits for the other senior management.

### Supervision

Ahlström Capital's auditor is the auditing firm KPMG Wideri Oy Ab, with Sixten Nyman, Authorized Public Accountant, as the auditor in charge. The auditors supply the company's shareholders with the statutory auditor's report as part of the annual financial statements. The auditors also report on their observations to the company's Board of Directors.



### Shares and Share Capital

Ahlström Capital Oy's minimum share capital is EUR 9,090,000 and its maximum share capital is EUR 36,348,200, within which limits the share capital may be raised or lowered without amending the articles of association. The company's registered share capital on December 31, 2002, was EUR 36,348,200, and this was divided into 363,482 shares with a par value of EUR 100.

Ahlström Capital has two series of shares. Series A and B shares each entitle the holder to one vote at the General Meetings of Shareholders. At the end of 2002, the company's entire issued stock, comprising 363,482 shares, were series A shares. A share in series A may, according to the articles of association, upon request by the shareholder be converted into a series B share in compliance with a specified procedure during the period February 1 – June 30, 2004. The number of series B shares may not exceed 181,741. The company is entitled and obliged to buy back all the series B shares following the procedure specified in the articles of association, by lowering the share capital.

The articles of association also include a redemption clause as referred to in chapter 3 section 3 of the Companies Act.

### Shareholdings

At the end of 2002, Ahlström Capital Oy had 251 shareholders.

#### Major shareholders on December 31, 2002

	<b>Number of shares</b>	<b>Percentage of shares</b>
Antti Ahlströmin Perilliset Oy	32,940	9.1
Varma-Sampo Mutual Pension Insurance Company	14,075	3.9
Mona Huber	10,799	3.0
Jacqueline Tracewski	10,076	2.8
Krister Ahlström	9,415	2.6
Kaj Nahi	7,191	2.0
Estate of Irma Bojesen	7,056	1.9
Börje Ahlström	6,893	1.9
Niklas Lund	6,888	1.9
Kim Kylmälä	6,630	1.8
Others	251,519	69.1
<b>Total</b>	<b>363,482</b>	<b>100.0</b>

**Shareholders by group on December 31, 2002**

	<b>Number of shares</b>	<b>Percentage of shares</b>
Companies	35,823	9.9
Financial and insurance institutions	3,750	1.0
Public corporations	14,075	3.9
Finnish households	240,903	66.3
Foreign households	63,402	17.4
Others	5,529	1.5
Total	363,482	100.0

**Distribution of shareholdings on December 31, 2002**

<b>Number of shares</b>	<b>Number of owners</b>	<b>Percentage of owners</b>	<b>Number of shares and votes</b>	<b>Percentage of shares</b>	<b>Number of average ownership</b>
1-100	90	35.8	2,537	0.7	28
101-500	47	18.7	10,880	3.0	231
501-1 000	20	8.0	15,931	4.4	797
1 001-2 500	47	18.7	69,796	19.2	1,485
2 501-5 000	27	10.8	95,718	26.3	3,545
over 5 000	20	8.0	168,620	46.4	8,431
	251	100.0	363,482	100.0	1,448

**Shareholding by the Board of Directors**

On December 31, 2002 the members of the Board of Directors held 7,448 shares in Ahlström Capital Oy, representing 2% of the voting rights and shares.



### **Annual General Meeting**

Ahlström Capital Oy's Annual General Meeting will be held in Helsinki, Eteläesplanadi 14, at 5 p.m. on Friday, March 28, 2003.

The Notice convening the Annual General Meeting was published in the Official Gazette No. 25/March 3, 2003.

### **Financial Information**

Ahlström Capital's annual report for 2002 is published in English, Swedish and Finnish.

In 2003 the company will issue a financial review to its shareholders for the period January 1 – June 30.

The company's annual report for 2003 is estimated to be completed in March 2004.

The annual report and news releases are available on the company's website [www.ahlstromcapital.com](http://www.ahlstromcapital.com).

Certain statements herein are not based on historical facts, including, without limitation those regarding expectations for market growth and developments, returns and profitability. Phrases containing "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Since these are based on forecasts, estimates and projections, they involve an element of risk and uncertainty, which may cause actual results to materially differ from those expressed in such expectations and statements.





## **AHLSTRÖM CAPITAL**

Ahlström Capital Oy  
P.O.Box 329, Eteläesplanadi 14  
00101 Helsinki, Finland  
Tel. +358 10 888 18  
Fax +358 10 888 4769  
[www.ahlstromcapital.com](http://www.ahlstromcapital.com)