

# STOCK EXCHANGE RELEASE

12 August 2004

## PMJ automec Corporation Interim Report for 1 January–30 June 2004

### April–June 2004

- Net sales amounted to EUR 6.9 (7.4) million.
- Operating profit (EBIT) amounted to EUR -1.1 (0.3) million.
- Profit before taxes was EUR -1.3 (-0.1) million
- The order book on 30 June 2004 totalled EUR 9.3 million  
(30 June 2003: EUR 4.5 million)

(The figures given for comparison are those for the corresponding period in the previous year unless otherwise stated.)

### Group's key figures

(unaudited figures)

<b>1 000 euroa</b>	<b>4-6/2004</b>	<b>4-6/2003</b>	<b>1-6/2004</b>	<b>1-6/2003</b>	<b>1-12/2003</b>
Net sales	<b>6 938</b>	7 398	<b>12 362</b>	15 033	31 962
Operating profit/loss (EBIT)	<b>-1 075</b>	263	<b>-2 826</b>	431	607
% of net sales	<b>-15 %</b>	4 %	<b>-23 %</b>	3 %	2 %
Profit/loss before taxes (EBT)	<b>-1 280</b>	-54	<b>-3 146</b>	76	-230
% of net sales	<b>-18 %</b>	-1 %	<b>-25 %</b>	1 %	-1 %
R&D expenditure	<b>438</b>	446	<b>837</b>	757	1 613
% of net sales	<b>6 %</b>	6 %	<b>7 %</b>	5 %	5 %
Equity ratio, %	<b>7 %</b>	19 %	<b>7 %</b>	19 %	<b>17 %</b>
Equity ratio*, %	<b>19 %</b>	31 %	<b>19 %</b>	31 %	<b>29 %</b>
Personnel, average	<b>276</b>	293	<b>276</b>	301	292
Personnel, at end of period	<b>277</b>	296	<b>277</b>	296	282
Earnings per share (diluted), EUR	<b>-0,06</b>	0,00	<b>-0,14</b>	-0,01	-0,02

\*The subordinated loan is included in shareholders' equity

## **Net sales and earnings performance**

### **April–June 2004**

The net sales for the period amounted to EUR 6.9 (7.4) million. Net sales exceeded first-quarter figures (EUR 5.4 million) by EUR 1.5 million. Operating profit (EBIT) was EUR -1.1 (0.3) million, compared to EUR -1.8 million in the first quarter. Operating profit (EBIT) includes non-recurring expenses of EUR 0.5 million resulting from personnel adjustments. The Group's net financial items totalled EUR -0.2 (-0.3) million. Profit before taxes was EUR -1.3 (-0.1) million. Diluted earnings per share were EUR -0.06 (0.00).

### **January–June 2004**

While PMJ automec's operating profit (EBIT) improved in the second quarter, it is still in the red. The net sales for the period amounted to EUR 12.4 (15.0) million, and operating profit (EBIT) to EUR -2.8 (0.4) million. The Group's net financial items for the review period were EUR -0.3 (-0.4) million. Profit before taxes totalled EUR -3.1 (0.1) million. The net loss for the period was EUR -3.0 (-0.2) million. Diluted earnings per share were EUR -0.14 (-0.01).

## **Business conditions and customers**

PMJ automec operates in the global market for production automation for the electronics industry. The Company supplies production automation systems and testing equipment to the telecommunications, consumer electronics, industrial electronics and automotive electronics industries.

The markets for automation and testing business improved during the period under review, with companies beginning to show more interest in investments. PMJ automec's order book has grown both over the previous quarter and the corresponding period last year, amounting to EUR 9.3 million on 30 June 2004 (EUR 4.5 million – the growth being 107% respectively). At the time of publication of this bulletin the order book totalled EUR 9.6 million, which consists mainly of delivery of standard equipment.

First-half net sales by business area were: telecommunications 47% (50%), automotive electronics 28% (16%) and other sectors of the electronics industry 25% (34%). The geographical breakdown of the Company's net sales in the period was: Europe 61% (61%), the Americas 28% (27%) and Asia 11% (12%).

## **Balance sheet and financing**

The balance sheet figures on 30 June 2004 are compared to those on 31 December 2003.

The balance sheet total at the end of the review period was EUR 26.3 (26.1) million. The Company's cash flow after investments was EUR -2.1 million, while interest-bearing net debts at the end of the review period amounted to EUR 12.7 (10.9) million. Accounts receivable increased to EUR 5.9 (5.0) million, and inventories rose to EUR 9.5 (8.1) million.

Non-interest-bearing liabilities amounted to EUR 7.4 (5.1) million and interest-bearing liabilities to EUR 13.3 (13.2) million. The equity ratio was 7.4% (17.3%). With the subordinated loan included, the equity ratio amounted to 19.1% (28.8%). Gross investments in April–June totalled EUR 0.2 (0.6) million, or 3.3% (8.4%) of the period's net sales, and mainly came from product development.

## **Research & development**

The R&D expenses for April–June totalled 6.3% of net sales, or EUR 0.4 (0.4) million, EUR 0.2 million of which was capitalised in the balance sheet.

The development of the new E02 product family has been completed. Future R&D investments will target especially new product segments to enable growth in new markets, such as production automation for the semiconductor industry. With this in mind, PMJ automec signed a co-operation agreement with Corelase Oy, manufacturer of advanced fibre lasers that boast excellent ray quality.

## **Board, management and personnel**

On 1 August 2004 PMJ automec Corporation's management team consisted of Jouni Suutarinen (CEO), Pekka Kettunen (Technology), Marko Liimatainen (Sales, Marketing and After-Sales), Hannu Seppälä (Operations), Olli-Pekka Juhantila (Finance and Administration) and Ville Parpola (Legal Affairs).

PMJ employed an average of 276 (293) people in April–June. The payroll at the end of the period totalled 277 (296) employees: 225 (244), or 81% (82%), in Finland and 52 (52), or 19% (18%), abroad.

The statutory negotiations launched in April ended on 4 May 2004. As a result, 55 employees were laid off in Virkkala. The layoffs are not included in the personnel numbers quoted above.

## **Share performance and changes in ownership**

The price of PMJ automec's share ranged between EUR 0.48 (4–6/2003: EUR 0.23) and EUR 0.63 (4–6/2003: EUR 0.39) over the review period, the average share price being EUR 0.55 (4–6/2003: EUR 0.26). A total of 1,805,200 (4–6/2003: 6,780,200) shares, or 6.2% (4–6/2003: 24.1%) of the company's entire capital stock, were traded during the period.

The Company's market capitalisation at the end of the review period was EUR 17 million (30 June 2003: EUR 11 million).

At the end of the review period the Company had 7,543 registered shareholders (30 June 2003: 7,526). A total of 513,391 (30 June 2003: 780,041) shares, or 1.8%, were nominee registered. PMJ automec had a total of 29,133,470 shares outstanding at the end of the review period (30 June 2003: 28,133,470), and it had one share series.

## **Events after the review period**

### **Decisions made by the Extraordinary General Meeting**

#### **1. Directed issue**

PMJ automec's General Meeting decided to increase the company's share capital by a minimum of EUR 0.1 and a maximum of EUR 222,669.4 by issuing not less than 1 and not more than 2,226,694 new shares with a bookkeeping counter-value of EUR 0.1.

The General Meeting decided that those entitled to subscribe for the shares may belong to the executive management of the company or a company in the Group, to the Board of Directors or to another insider group as referred to in Chapter 1, Section 4 of the Finnish Companies Act. As an exception to the shareholders' pre-emptive subscription right, not more than 619,998 shares will be offered to the executive management and Board of Directors of PMJ automec as part of PMJ automec's commitment and incentive system and to develop the company's capital structure. As an exception to the shareholders' pre-emptive subscription right, not more than 1,606,694 shares will be offered for subscription to Oy Etra-Invest Ab to develop PMJ automec's capital structure. The General Meeting set the subscription price at EUR 0.52 per share.

The new shares have equal rights with those already issued and they entitle in full to any dividend paid for the financial year that started on 1 January 2004. Any other shareholder rights linked to the new shares shall belong to the subscriber as of the moment when the increase in the share capital is entered in the trade register.

## **2. Cancellation of the Board of Directors' issue authorisation and new issue authorisation given to the Board of Directors**

The General Meeting decided to cancel the issue authorisation given to the Board of Directors by the Annual General Meeting held on 24 March 2004.

The Board of Directors was authorised to decide on an increase in the company's share capital through a subscription issue and/or through the issue of options rights and/or through the issue of convertible bonds in one or more instalments so that the increase in the share capital shall not exceed EUR 222,669.40. Hence, new shares with a counter-value of EUR 0.10 can be issued up to the maximum amount of 2,226,694 shares through a subscription issue, option rights or convertible bonds. The entire amount authorised corresponds to approximately 8 percent of the currently registered share capital and to approximately 7 percent of the share capital after the directed issue. The authorisation includes the right to depart from the shareholders' pre-emptive subscription right if, from the company's point of view, there is a strong financial reason to do so, such as for financing or implementing an acquisition or similar arrangement, or for developing the company's capital structure. The Board of Directors has the right to decide who is entitled to subscribe for shares, as well as the subscription price, the grounds for determining the subscription price, other terms relating to a share subscription, and other terms and matters relating to a subscription issue, the issue of option rights and the issue of convertible bonds.

If necessary, the subscription issue can be paid for with apportioned property or by exercising the right of set-off.

The Board of Directors of the Company shall likewise be authorised to decide on directing the subscription issue, convertible bond or option rights to the executive management, Board of Directors, employees or key personnel of the Company or a company in the Group, or to another party that belongs to the insider group as set forth in Chapter 1, Section 4 of the Finnish Companies Act, and to decide on other matters and conditions pertaining to the subscription issue, the issue of options or the issue of a convertible bond.

The authorisation remains in effect for one year, until 15 July 2005.

### **Directed issue**

On 16 July 2004 PMJ automec was notified about an action for annulment raised by THE-Invest Oy, which owns one thousand PMJ automec shares, concerning the decision about a directed issue made by the Extraordinary General Meeting on 15 July 2004. The District Court of Lohja ordered a temporary stay of enforcement concerning the execution of the directed issue. The order was given without hearing PMJ automec.

PMJ automec announced it would answer the action for annulment and present grounds for the cancellation of the temporary stay of enforcement.

On 21 July 2004 the District Court of Lohja cancelled the stay of enforcement. The decision was made after PMJ automec demanded that the stay should be cancelled.

In accordance with the decision made by the Extraordinary General Meeting, the subscription period of the directed issue began immediately and continued until 30 July 2004. A total of 2,117,121 shares were subscribed in the issue at a price of EUR 0.52 per share.

When the share capital increase of EUR 211,712.10 corresponding to the subscriptions made in the directed issue will be registered in the Trade Register, Oy Etra-Invest Ab's holdings in PMJ automec shares and votes shall exceed 10%, rising from 2,500,000 shares to 4,106,694 shares, or from 8.6% to 13.1% of shares and votes available after the share subscription.

On 3 August 2004 PMJ automec Corporation has a total of 29,133,470 shares outstanding, and a total of 31,250,591 shares after the share capital increase will be registered in the Trade Register. PMJ automec has one share series.

## **Co-operation agreements**

PMJ automec has signed sales and service agreements with Test Solutions Limited (TSL) and Autron Corporation Ltd.

TSL will take over PMJ automec's operations in the UK. TSL is one of the leading independent companies in the market for electronics manufacturing test ([www.testsolutions.biz](http://www.testsolutions.biz)).

Autron will assume responsibility for the sales and service of PMJ automec's products in Asia. Autron Corporation Limited is the largest total solutions provider of assembly equipment and services to electronics manufacturing industry in Asia. The company employs more than 500 people in China.

## **Outlook for the future**

In line with its strategy, the Company will continue to focus on sales and marketing in its customer sectors: telecommunications, automotive and industrial electronics. PMJ automec is internally divided into four profit centres: Automation, Testing, Projects and Software. Automation includes standard products, while Projects will focus on customised automation lines. Testing covers standard testing applications, with Software including robot control systems and OTACCO production control systems.

The new PMJ 1000 (E02) product family has been well accepted by the market. The MLT (Multi Level Tester) product family, which has enjoyed good customer feedback, will be expanded with new products.

Due to the increased demand of standard products the outlook for the second half of the year in terms of net sales and performance is more positive than that of the first half. Net sales are expected to exceed EUR 9.0 million in the third quarter. The operating profit is expected to be positive.

Virkkala, Finland, 12 August 2004

PMJ automec Corporation

Jouni Suutarinen  
CEO

## CONSOLIDATED INCOME STATEMENT

(unaudited figures)

EUR 1 000	4-6/2004	4-6/2003	1-6/2004	1-6/2003	1-12/2003
<b>Net sales</b>	<b>6 938</b>	7 398	<b>12 362</b>	15 033	31 962
Other operating income	<b>46</b>	58	<b>105</b>	109	240
Expenses, total	<b>-7 708</b>	-6 822	<b>-14 546</b>	-13 968	-31 659
Depreciation on fixed assets and other capitalized long-term expenses	<b>-351</b>	-353	<b>-747</b>	-731	-1 514
Share of results of associated companies	<b>0</b>	-18	<b>0</b>	-12	6
<b>Operating result</b>	<b>-1 075</b>	263	<b>-2 826</b>	431	607
Financial income and expenses	<b>-205</b>	-317	<b>-320</b>	-355	-837
<b>Result before extraordinary items and taxes</b>	<b>-1 280</b>	-54	<b>-3 146</b>	76	-230
Income taxes *	<b>93</b>	25	<b>173</b>	-267	-185
<b>Consolidated net result</b>	<b>-1 187</b>	-29	<b>-2 973</b>	-191	-415

## CONSOLIDATED BALANCE SHEET

(unaudited figures)

EUR 1 000	30.6.2004	30.6.2003	31.12.2003
<b>ASSETS</b>			
Fixed assets			
Intangible assets	<b>4 354</b>	4 078	4 199
Tangible assets	<b>5 071</b>	4 051	5 446
Investments	<b>102</b>	84	102
	<b>9 527</b>	8 213	9 747
Current assets			
Inventories			
Materials and supplies	<b>3 849</b>	3 845	3 642
Work in progress	<b>2 376</b>	1 919	845
Finished products and goods	<b>3 239</b>	3 860	3 641
	<b>9 464</b>	9 624	8 128
Receivables			
Accounts receivable	<b>5 865</b>	4 799	4 967
Other receivables	<b>887</b>	834	1 006
	<b>6 752</b>	5 633	5 973
Cash in hand and at bank	<b>572</b>	1 800	2 254
<b>Total assets</b>	<b>26 315</b>	25 270	26 102
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity**	<b>4 901</b>	7 846	7 490
Obligatory provisions	<b>707</b>	128	324
Liabilities			
Long-term	<b>7 208</b>	9 172	7 392
Short-term	<b>13 499</b>	8 124	10 896
	<b>20 707</b>	17 296	18 288
<b>Total shareholders' equity and liabilities</b>	<b>26 315</b>	25 270	26 102

\* Taxes according to the estimated result of the year 2004

\*\* The subordinated loan is included in shareholders' equity

## CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

EUR 1 000	1-6/2004	1-6/2003	1-12/2003
Cash flow from operations	-1 612	3 165	5 928
Cash flow into and from investments	-526	-750	-3 052
Financial cash flow	434	-2 388	-2 353
Increase(+)/ decrease(-) in financial assets	-1 704	27	523

## GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	4-6/2004	4-6/2003	1-6/2004	1-6/2003	1-12/2003
Net sales	6 938	7 398	12 362	15 033	31 962
Operating result	-1 075	263	-2 826	431	607
% of net sales	-15,5 %	3,6 %	-22,9 %	2,9 %	1,9 %
Result before extraordinary items and taxes	-1 280	-54	-3 146	76	-230
% of net sales	-18,4 %	-0,7 %	-25,4 %	0,5 %	-0,7 %
Total assets	26 315	25 270	26 315	25 270	26 102
Equity ratio*, %	7,4 %	19,2 %	7,4 %	19,2 %	17,3 %
Equity ratio, %, the subordinated loan in shareholders' equity	19,1 %	31,0 %	19,1 %	31,0 %	28,8 %
Gearing ratio**, %	827,4 %	299,1 %	827,4 %	299,1 %	310,4 %
Gross investments	231	619	526	785	3 096
% of net sales	3,3 %	8,4 %	4,3 %	5,2 %	9,7 %
R&D expenditure	438	446	837	757	1 613
% of net sales	6,3 %	6,0 %	6,8 %	5,0 %	5,0 %
Personnel, average	276	293	276	301	292
Personnel, at end of period	277	296	277	296	282
Non-interest bearing liabilities	7 406	4 002	7 406	4 002	5 099
Interest bearing liabilities	13 301	13 294	13 301	13 294	13 189
Per-share key figures					
Equity per share*, EUR	0,07	0,17	0,07	0,17	0,16
Earnings per share, EUR/share (diluted)	-0,06	0,00	-0,14	-0,01	-0,02
Earnings per share, EUR/share (undiluted)	-0,04	0,00	-0,11	-0,01	-0,01
Share price trend					
High, euros	0,63	0,39	1,02	0,40	0,86
Low, euros	0,48	0,23	0,48	0,23	0,23
Average, euros	0,55	0,26	0,74	0,27	0,44
Price at end of period, euros	0,57	0,39	0,57	0,39	0,71
Market capitalization at end of period, EUR millions	17	11	17	11	20

\* The subordinated loan eliminated from the shareholder's equity

\*\* The subordinated loan in interest bearing liabilities

## CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	<b>30.6.2004</b>	30.6.2003	31.12.2003
<b>Pension loans</b>	<b>316</b>	<b>583</b>	450
Corporate mortgages granted	<b>235</b>	<b>235</b>	235
Real-estate mortgages granted	<b>0</b>	<b>0</b>	0
<b>Loans from financial institutions</b>	<b>12 746</b>	<b>12 079</b>	9 283
Corporate mortgages granted	<b>12 452</b>	<b>12 452</b>	12 452
Real-estate mortgages granted	<b>0</b>	<b>168</b>	168
<b>Other loans</b>	<b>3 239</b>	<b>3 632</b>	3 456
Real-estate mortgages granted*	<b>0</b>	<b>0</b>	0
<b>Used bank guarantee facility</b>	<b>941</b>	<b>858</b>	1 090
Real-estate mortgages granted	<b>0</b>	<b>0</b>	0
<b>Given as collateral</b>			
Corporate mortgages granted, total	<b>12 687</b>	<b>12 687</b>	12 687
Real-estate mortgages granted, total*	<b>0</b>	<b>168</b>	168
<b>Leasing commitments</b>			
falling due during the next 12 months	<b>112</b>	<b>101</b>	164
falling due later	<b>60</b>	<b>66</b>	144
<b>Rental liabilities</b>			
falling due during the next 12 months	<b>8</b>	<b>8</b>	136
falling due later	<b>32</b>	<b>40</b>	40
<b>Liabilities due to derivative contracts</b>			
Forward exchange contracts	<b>2 468</b>	<b>0</b>	0
of which taken out to hedge the parent company's accounts receivable	<b>2 468</b>	<b>0</b>	0
of which taken out to hedge the parent company's other receivables	<b>0</b>	<b>0</b>	0

\*The comparison figure (June 30, 2003) of the real-estate mortgages has been corrected.

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PMJ supplies automation solutions to the electronics industry  
that enhance productivity.

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