

# STOCK EXCHANGE RELEASE

28 October 2004

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

### July–September 2004

- Net sales amounted to EUR 11.2 (8.1) million
- Operating profit (EBIT) totalled EUR 1.2 (0.6) million
- Profit before taxes was EUR 1.1 (0.3) million
- The order book on 30 September 2004 totalled EUR 6.3 million (30 September 2003: EUR 6.0 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)

EUR 1 000	7-9/2004	7-9/2003	1-9/2004	1-9/2003	1-12/2003
Net sales	11 197	8 062	23 559	23 095	31 962
Operating profit/loss (EBIT)	1 207	564	-1 619	995	607
% of net sales	11 %	7 %	-7 %	4 %	2 %
Profit/loss before taxes (EBT)	1 050	338	-2 096	414	-230
% of net sales	9 %	4 %	-9 %	2 %	-1 %
R&D expenditure	484	372	1 320	1 128	1 613
% of net sales	4 %	5 %	6 %	5 %	5 %
Equity ratio, %	15 %	19 %	15 %	19 %	17 %
Equity ratio*, %	26 %	30 %	26 %	30 %	29 %
Personnel, average	275	282	274	297	292
Personnel, at end of period	247	282	247	282	282
Earnings per share (diluted), EUR	0,03	0,01	-0,07	0,01	-0,02

\*The subordinated loan is included in shareholders' equity

## **Net sales and earnings performance**

### **July–September 2004**

The net sales for the period amounted to EUR 11.2 (8.1) million, exceeding second-quarter figures (EUR 6.9 million) by EUR 4.3 million. Operating profit (EBIT) was EUR 1.2 (0.6) million, compared to EUR -1.1 million in the second quarter. Operating profit (EBIT) includes non-recurring expenses of EUR 1.2 million resulting from business restructuring. The Group's net financial items totalled EUR -0.2 (-0.2) million. Profit before taxes amounted to EUR 1.1 (0.3) million, while diluted earnings per share were EUR 0.03 (0.01).

### **January–September 2004**

While PMJ automec's operating profit turned positive in the third quarter, it is still overall negative for the year so far. The net sales for the period amounted to EUR 23.6 (23.1) million, and operating profit (EBIT) totalled EUR -1.6 (1.0) million. The Group's net financial items for the review period were EUR -0.5 (-0.6) million. Profit before taxes totalled EUR -2.1 (0.4) million, the net loss for the period EUR -2.0 (0.1) million, and diluted earnings per share EUR -0.07 (0.01).

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

### **1. Directed issue**

PMJ automec's Extraordinary General Meeting held on 15 July 2004 decided to increase the company's share capital by a minimum of EUR 0.10 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 0.10.

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 Extraordinary 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 corresponded to approximately 8 percent of the share capital registered at the time of the General Meeting 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 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.

In conjunction with the share capital increase of EUR 211,712.10 corresponding to the subscriptions made in the directed issue, Oy Etra-Invest Ab's holdings in PMJ automec shares and votes exceeded 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.

The share capital increase corresponding to the subscriptions made in the directed issue of PMJ automec was registered in the Trade Register on 9 September 2004. The company now has a total of 31,250,591 shares outstanding and a share capital of EUR 3,125,059.10. The additional shares were listed for trading on the Helsinki Exchange alongside previously issued shares on 10 September 2004.

## **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 tests ([www.testsolutions.biz](http://www.testsolutions.biz)).

Autron Corporation will assume responsibility for the sales and service of PMJ automec's products in Asia. Autron is the largest total solutions provider of assembly equipment and services to the electronics manufacturing industry in Asia. The company employs over 500 people in China ([www.autroncorp.com](http://www.autroncorp.com)).

## **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.

Companies have continued to show a strong interest in investing throughout the period under review. PMJ automec's order book totalled EUR 6.3 million on 30 September 2004.

## **Balance sheet and financing**

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

The balance sheet total at the end of the review period was EUR 27.1 (26.1) million. The Company's cash flow after investments was EUR -2.0 million, while interest-bearing net debts at the end of the review period amounted to EUR 11.5 (10.9) million. Accounts receivable increased to EUR 7.0 (5.0) million, and inventories rose to EUR 9.2 (8.1) million.

Non-interest-bearing liabilities amounted to EUR 6.8 (5.1) million and interest-bearing liabilities to EUR 13.0 (13.2) million. The equity ratio was 14.9% (17.3%). With the subordinated loan included, the equity ratio amounted to 26.4% (28.8%). Gross investments in April–September totalled EUR 0.2 (0.3) million, or 1.5% (4.1%) of the period's net sales, and mainly came from product development.

## **Research & development**

The R&D expenses for April–September totalled 4.3% of net sales, or EUR 0.5 (0.4) million, EUR 0.2 million of which was capitalised in the balance sheet.

R&D investments have focused especially on new product segments to enable growth in new markets, such as production automation for the semiconductor industry.

## **Board, management and personnel**

No changes took place in the composition of PMJ automec's Board of Directors during the review period. Veli Olavi Kataja, Director of Production at the Virkkala facility, was appointed member of the management team as of 1 November 2004.

PMJ employed an average of 275 (282) people in April–September. The payroll at the end of the period totalled 247 (282) employees: 197 (232), or 80 % (82%), in Finland and 50 (50), or 20 % (18%), abroad.

The full impact of the layoffs at the Virkkala facility resulting from the statutory negotiations conducted in April–May does not yet show in these figures.

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

The price of PMJ automec's share ranged between EUR 0.52 (7–9/2003: EUR 0.33) and EUR 0.72 (7–9/2003: EUR 0.49) over the review period, the average share price being EUR 0.64 (7–9/2003: EUR 0.41). A total of 2,524,000 (7–9/2003: 3,167,500) shares, or 8.1% (7–9/2003: 11.3%) 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 22 million (30 September 2003: EUR 14 million).

At the end of the review period the Company had 7,465 registered shareholders (30 September 2003: 7,574). A total of 482,191 (30 September 2003: 211,581) shares, or 1.5%, were nominee registered. PMJ automec had a total of 31,250,591 shares outstanding at the end of the review period (30 September 2003: 28,133,470), and it had one share series.

## **Events after the review period**

Based on the authorisation given by the Extraordinary General Meeting held on 15 July 2004, PMJ automec's Board of Directors decided to issue option rights to the Group's key personnel and to the Company's fully owned subsidiary, PMJ testline Oy. A total of 2,226,694 option rights will be issued, and they will entitle to the subscription of 2,226,694 PMJ automec shares. The shares subscribed to on the basis of these options shall account for a maximum of 6.7% of all shares and votes available after a possible increase in share capital.

The option rights will be divided into A and B options (both of which total 1,113,347).

In the issue phase, all option rights will be given to PMJ testline Oy, which will later issue them to existing or newly recruited key personnel of the PMJ automec Group.

The share subscription price for A and B option rights is EUR 0.78, which corresponds to the official closing price of PMJ automec's share on the Helsinki Exchanges on 4 October 2004 with an increase of ten (10) per cent and a deduction by the amount of dividend distributed after the end of the subscription price determination period and before the share subscription on the matching date of each dividend distribution.

The share subscription period for A option rights is 1 January 2006 – 31 January 2009 and for B option rights 1 January 2007 – 31 January 2009.

## **Outlook for the future**

In line with its strategy, revised in the summer, the Company will focus especially on increasing its standard equipment sales. The main goal in customised automation lines is to support existing customers.

Near-future product development will focus on developing new-generation Laser applications in co-operation with Corelase and on the related market launch of an increasingly accurate robot platform in the first half of 2005.

Thanks to continued strong demand for standard equipment, the last quarter looks good in terms of net sales and operating profit. Owing to the seasonal fluctuations

typical in the field, fourth-quarter net sales are expected to fall short of the previous quarter, but still exceed EUR 8.0 million. Operating profit is expected to show positive development.

Virkkala, Finland, 28 October 2004

PMJ automec Corporation

Board of Directors

Tables on the following three pages.

## CONSOLIDATED INCOME STATEMENT

(unaudited figures)

EUR 1 000	7-9/2004	7-9/2003	1-9/2004	1-9/2003	1-12/2003
<b>Net sales</b>	<b>11 197</b>	8 062	<b>23 559</b>	23 095	31 962
Other operating income	83	83	188	192	240
Expenses, total	<b>-9 290</b>	-7 239	<b>-23 836</b>	-21 207	-31 659
Depreciation on fixed assets and other capitalized long-term expenses	<b>-783</b>	-358	<b>-1 530</b>	-1 089	-1 514
Share of results of associated companies	0	16	0	4	6
<b>Operating result</b>	<b>1 207</b>	564	<b>-1 619</b>	995	607
Financial income and expenses	<b>-157</b>	-226	<b>-477</b>	-581	-837
<b>Result before extraordinary items and taxes</b>	<b>1 050</b>	338	<b>-2 096</b>	414	-230
Income taxes *	<b>-100</b>	-40	<b>73</b>	-307	-185
<b>Consolidated net result</b>	<b>950</b>	298	<b>-2 023</b>	107	-415

## CONSOLIDATED BALANCE SHEET

(unaudited figures)

EUR 1 000	30.9.2004	30.9.2003	31.12.2003
<b>ASSETS</b>			
Fixed assets			
Intangible assets	4 203	4 178	4 199
Tangible assets	3 711	4 124	5 446
Investments	102	100	102
	<b>8 016</b>	8 402	9 747
Current assets			
Inventories			
Materials and supplies	3 594	3 649	3 642
Work in progress	2 750	2 902	845
Finished products and goods	2 855	3 304	3 641
	<b>9 199</b>	9 855	8 128
Receivables			
Accounts receivable	6 984	6 625	4 967
Other receivables	1 385	808	1 006
	<b>8 369</b>	7 433	5 973
Cash in hand and at bank	1 525	1 541	2 254
<b>Total assets</b>	<b>27 109</b>	27 231	26 102
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity**	6 890	8 133	7 490
Obligatory provisions	430	117	324
Liabilities			
Long-term	7 623	9 172	7 392
Short-term	12 166	9 809	10 896
	<b>19 789</b>	18 981	18 288
<b>Total shareholders' equity and liabilities</b>	<b>27 109</b>	27 231	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	1-9/2004	1-9/2003	1-12/2003
Cash flow from operations	-1 260	2 326	5 928
Cash flow into and from investments	-746	-1 080	-3 052
Financial cash flow	<b>1 265</b>	-1 478	-2 353
Increase(+)/ decrease(-) in financial assets	-741	-232	523

## GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	7-9/2004	7-9/2003	1-9/2004	1-9/2003	1-12/2003
Net sales	<b>11 197</b>	8 062	<b>23 559</b>	23 095	31 962
Operating result	<b>1 207</b>	564	<b>-1 619</b>	995	607
% of net sales	<b>10,8 %</b>	7,0 %	<b>-6,9 %</b>	4,3 %	1,9 %
Result before extraordinary items and taxes	<b>1 050</b>	338	<b>-2 096</b>	414	-230
% of net sales	<b>9,4 %</b>	4,2 %	<b>-8,9 %</b>	1,8 %	-0,7 %
Total assets	<b>27 109</b>	27 231	<b>27 109</b>	27 231	26 102
Equity ratio*, %	<b>14,9 %</b>	18,9 %	<b>14,9 %</b>	18,9 %	17,3 %
Equity ratio, %, the subordinated loan in shareholders' equity	<b>26,4 %</b>	29,9 %	<b>26,4 %</b>	29,9 %	28,8 %
Gearing ratio**, %	<b>373,0 %</b>	305,1 %	<b>373,0 %</b>	305,1 %	310,4 %
Gross investments	<b>171</b>	329	<b>697</b>	1 114	3 096
% of net sales	<b>1,5 %</b>	4,1 %	<b>3,0 %</b>	4,8 %	9,7 %
R&D expenditure	<b>484</b>	372	<b>1 320</b>	1 128	1 613
% of net sales	<b>4,3 %</b>	4,6 %	<b>5,6 %</b>	4,9 %	5,0 %
Personnel, average	<b>275</b>	282	<b>274</b>	297	292
Personnel, at end of period	<b>247</b>	282	<b>247</b>	282	282
Non-interest bearing liabilities	<b>6 756</b>	4 777	<b>6 756</b>	4 777	5 099
Interest bearing liabilities	<b>13 033</b>	14 204	<b>13 033</b>	14 204	13 189
Per-share key figures					
Equity per share*, EUR	<b>0,12</b>	0,18	<b>0,12</b>	0,18	0,16
Earnings per share, EUR/share (diluted)	<b>0,03</b>	0,01	<b>-0,07</b>	0,01	-0,02
Earnings per share, EUR/share (undiluted)	<b>0,03</b>	0,01	<b>-0,07</b>	0,00	-0,01
Share price trend					
High, euros	<b>0,72</b>	0,49	<b>1,02</b>	0,49	0,86
Low, euros	<b>0,52</b>	0,33	<b>0,48</b>	0,23	0,23
Average, euros	<b>0,64</b>	0,41	<b>0,72</b>	0,31	0,44
Price at end of period, euros	<b>0,71</b>	0,49	<b>0,71</b>	0,49	0,71
Market capitalization at end of period, EUR millions	<b>22</b>	14	<b>22</b>	14	20

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

\*\* The subordinated loan in interest bearing liabilities

## CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	30.9.2004	30.9.2003	31.12.2003
<b>Pension loans</b>	<b>235</b>	<b>502</b>	450
Corporate mortgages granted	235	235	235
Real-estate mortgages granted	0	0	0
<b>Loans from financial institutions</b>	<b>12 646</b>	<b>13 157</b>	9 283
Corporate mortgages granted	12 452	12 452	12 452
Real-estate mortgages granted	168	168	168
<b>Other loans</b>	<b>3 152</b>	<b>3 545</b>	3 456
Real-estate mortgages granted*	0	0	0
<b>Used bank guarantee facility</b>	<b>857</b>	<b>402</b>	1 090
Real-estate mortgages granted	0	0	0
<b>Given as collateral</b>			
Corporate mortgages granted, total	12 687	12 687	12 687
Real-estate mortgages granted, total*	168	168	168
<b>Leasing commitments</b>			
falling due during the next 12 months	117	132	164
falling due later	85	84	144
<b>Rental liabilities</b>			
falling due during the next 12 months	8	8	136
falling due later	32	40	40
<b>Liabilities due to derivative contracts</b>			
Forward exchange contracts	886	0	0
of which taken out to hedge the parent company's accounts receivable	886	0	0
of which taken out to hedge the parent company's other receivables	0	0	0

\*The comparison figure (September 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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