

## PMJ automec Corporation

### Interim Report for January 1 – September 30, 2003

#### July – September 2003

- Net sales amounted to EUR 8.1 (6.4) million.
- Operating profit totalled EUR 0.6 (-1.2) million.
- Profit before taxes was EUR 0.3 (-1.6) million.
- The Group's order book stood at EUR 6.0 million at the time of publishing this interim report.

(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>7-9/2003</b>	<b>7-9/2002</b>	<b>1-9/2003</b>	<b>1-9/2002</b>	<b>1-12/2002</b>
Net sales	<b>8 062</b>	6 427	<b>23 095</b>	31 043	38 307
Operating profit/loss (EBIT)	<b>564</b>	-1 246	<b>995</b>	-169	-7 274
% of net sales	<b>7 %</b>	-19 %	<b>4 %</b>	-1 %	-19 %
Profit/loss before taxes (EBT)	<b>338</b>	-1 590	<b>414</b>	-1 355	-9 005
% of net sales	<b>4 %</b>	-25 %	<b>2 %</b>	-4 %	-24 %
R&D expenditure	<b>372</b>	411	<b>1 128</b>	1 109	1 482
% of net sales	<b>5 %</b>	6 %	<b>5 %</b>	4 %	4 %
Equity ratio, %	<b>19 %</b>	34 %	<b>19 %</b>	34 %	18,5 %
Equity ratio*, %	<b>30 %</b>		<b>30 %</b>		
Personnel, average	<b>282</b>	358	<b>297</b>	358	357
Personnel, at end of period	<b>282</b>	350	<b>282</b>	350	318
Earnings per share (diluted), EUR	<b>0,01</b>	-0,07	<b>0,01</b>	-0,06	-0,37

\*The subordinated loan is included in shareholders' equity

## **Net sales and earnings performance**

### **July – September 2003**

PMJ automec Corporation's net sales amounted to EUR 8.1 (6.4) million during the review period. The Group posted an operating profit of EUR 0.6 million, compared to an operating loss of EUR 1.3 million for the corresponding period last year. Profit before taxes was EUR 0.3 (-1.6) million. Earnings per share (diluted) were EUR 0.01 (-0.07).

### **January – September 2003**

PMJ automec Corporation's net sales totalled EUR 23.1 (31.0) million. Operating profit was EUR 1.0 (-0.2) million. The Group's net financial items for the review period were EUR -0.6 (-1.2) million. Profit before taxes was EUR 0.4 (-1.4) million. Net profit for the period amounted to EUR 0.1 (-1.5) million. Earnings per share (diluted) were EUR 0.01 (-0.06).

## **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 that give added value to its customers in the telecommunications, consumer electronics, industrial electronics and automotive electronics industries.

The Group's net sales were higher than forecast mainly due to growth in the testing business. Testing generated 52% (31%) of the Group's total net sales during the review period, compared to 42% (11%) in the second quarter. There has not yet been any discernible upturn in companies' willingness to invest in production automation systems. The sales and order book of the Company's production automation business remained at broadly the same level as the previous quarter.

The breakdown of net sales for January–September by customer segment was as follows: telecommunications 56% (71%), automotive electronics 10% (9%) and other sectors of the electronics industry 34% (20%).

In addition to the telecommunications sector, automotive electronics and industrial electronics are also important sectors in the overall development of the market for production automation for the electronics industry.

The geographical breakdown of the Company's net sales for January–September was: Europe 54% (59%), the Americas 34% (21%) and Asia 12% (20%).

## **Balance sheet and financing**

The balance sheet figures on September 30, 2003 are compared to the balance sheet figures on December 31, 2002.

The Company's cash flow after investments was EUR 1.2 million. Net debts, excluding the EUR 3 million subordinated loan, totalled EUR 12.7 (16.9) million at the end of the review period. Accounts receivable totalled EUR 6.6 (7.1) million while inventories rose to EUR 9.9 (8.9) million. The balance sheet total at the end of the review period was EUR 27.2 (28.6) million.

The equity ratio, when the EUR 3 million subordinated loan is included in shareholders' equity for the calculation, was 29.9%. The equity ratio when the EUR 3 million subordinated loan is included in liabilities for the calculation, was 18.9%.

Gross capital expenditure for July–September totalled EUR 0.3 (0.2) million, representing 4.1% (3.2%) of net sales. Expenditure mainly focused on intangible investments.

## **Research & development**

Expenditure on product development in July–September amounted to EUR 0.4 (0.4) million, representing 4.6% of net sales, of which EUR 0.2 million was capitalised in the balance sheet. Product development focused on developing the fourth-generation HISAC product platform. The new product platform will be introduced to customers in November at the Productronica trade show for electronics production in Munich.

Equipment that enhances cost-effectiveness in automated packing was both developed and delivered during the review period. The automated production control system OTACCO, which has been developed during the current year, has already been incorporated into deliveries.

## **Management and personnel**

Marko Liimatainen, 37, was appointed Director, Sales & Marketing, and a member of PMJ automec's management team with effect from August 26, 2003. Liimatainen was previously PMJ automec's Sales Manager with responsibility for the Nordic countries, Denmark and certain key customer accounts. Carl-Johan Pynnönen, who was previously PMJ automec's Director, Sales & Marketing, resigned from the Company on August 25, 2003.

In the July–September period PMJ employed an average 282 (358) people. The Company had 282 (350) employees at the end of the period. Of these, 232 (275) worked in Finland at the end of the period, representing 82% (79%), and 50 (80) worked abroad, representing 18% (21%) of total employees.

## **Changes in Group structure**

The merger between PMJ automec Corporation and its subsidiary PMJ test solutions Oy that was announced earlier will not be implemented at this stage. The existing corporate structure is still adequate in respect of the division of business functions and internal reporting.

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

The price of PMJ automec's share ranged between EUR 0.33 (Jul-Sep 2002: EUR 0.33) and EUR 0.49 (Jul-Sep 2002: EUR 0.50) during the review period, the average share price being EUR 0.41 (Jul-Sep 2002: EUR 0.41). A total of 3,167,500 (Jul-Sep 2002: 1,140,500) shares were traded during the review period, representing 11.3% (Jul-Sep 2002: 4.1%) of the Company's entire capital stock.

The Company's market capitalisation at the end of the review period was EUR 14 million (September 30, 2002: EUR 10 million).

At the end of the review period the Company had 7,574 registered shareholders (September 30, 2002: 7,690). A total of 211,581 shares were nominee registered (September 30, 2002: 781,791), representing 0.8% of all shares. PMJ automec had a total of 28,133,470 shares outstanding at the end of the review period (September 30, 2002: 28,133,470), and it had one share series.

## **Outlook for the future**

The trend in general economic prospects and, in particular, available data on companies' willingness to invest are to a certain extent inconsistent. It is still difficult, therefore, to forecast over the short term a definite recovery from the prevailing low level of corporate investment that has now lasted for three years.

The Company's prospects of growth in the telecommunications sector continue to be better in the testing business than in the automation business. The Company will continue to seek growth in both automation business and testing business from all their selected customer segments in the telecommunications, automotive electronics and industrial electronics sectors.

Net sales for the last quarter are forecast to be broadly the same as for the previous quarters in the current year. The Company will continue to pursue its target of posting a profit for the full year.

## CONSOLIDATED INCOME STATEMENT

(unaudited figures)

EUR 1 000	7-9/2003	7-9/2002	1-9/2003	1-9/2002	1-12/2002
<b>Net sales</b>	<b>8 062</b>	6 427	<b>23 095</b>	31 043	38 307
Other operating income	<b>83</b>	159	<b>192</b>	268	449
Expenses, total	<b>-7 239</b>	-6 985	<b>-21 207</b>	-28 859	-35 707
Depreciation on fixed assets and other capitalized long-term expenses	<b>-358</b>	-847	<b>-1 089</b>	-2 621	-10 281
Share of results of associated companies	<b>16</b>	0	<b>4</b>	0	-42
<b>Operating result</b>	<b>564</b>	-1 246	<b>995</b>	-169	-7 274
Financial income and expenses	<b>-226</b>	-344	<b>-581</b>	-1 186	-1 731
<b>Result before extraordinary items and taxes</b>	<b>338</b>	-1 590	<b>414</b>	-1 355	-9 005
Income taxes *	<b>-40</b>	-89	<b>-307</b>	-165	-237
Minority interests	<b>0</b>	31	<b>0</b>	36	36
<b>Consolidated net result</b>	<b>298</b>	-1 648	<b>107</b>	-1 484	-9 206

## CONSOLIDATED BALANCE SHEET

(unaudited figures)

EUR 1 000	30.9.2003	30.9.2002	31.12.2002
<b>ASSETS</b>			
Fixed assets			
Intangible assets	<b>4 178</b>	10 876	3 736
Tangible assets	<b>4 124</b>	4 790	4 386
Investments	<b>100</b>	86	95
	<b>8 402</b>	15 752	8 217
Current assets			
Inventories			
Materials and supplies	<b>3 171</b>	4 093	4 132
Work in progress	<b>5 593</b>	4 314	4 040
Finished products and goods	<b>1 091</b>	1 329	703
	<b>9 855</b>	9 736	8 875
Receivables			
Accounts receivable	<b>6 625</b>	7 489	7 141
Other receivables	<b>808</b>	1 895	2 532
	<b>7 433</b>	9 384	9 673
Cash in hand and at bank	<b>1 541</b>	2 399	1 827
<b>Total assets</b>	<b>27 231</b>	37 271	28 592
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity**	<b>8 133</b>	12 245	5 183
Minority interests	<b>0</b>	139	0
Obligatory provisions	<b>117</b>	921	240
Liabilities			
Long-term	<b>9 172</b>	3 162	2 192
Short-term	<b>9 809</b>	20 804	20 977
	<b>18 981</b>	23 966	23 169
<b>Total shareholders' equity and liabilities</b>	<b>27 231</b>	37 271	28 592

\* Taxes according to the estimated result of the year 2003

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

## CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

EUR 1 000	1-9/2003	1-9/2002	1-12/2002
Cash flow from operations	<b>2 326</b>	2 612	2 801
Cash flow into and from investments	<b>-1 080</b>	-291	-372
Financial cash flow	<b>-1 478</b>	-1 558	-2 206
Increase(+)/ decrease(-) in financial assets	-232	763	223

## GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	7-9/2003	7-9/2002	1-9/2003	1-9/2002	1-12/2002
Net sales	<b>8 062</b>	6 427	<b>23 095</b>	31 043	38 307
Operating result	<b>564</b>	-1 246	<b>995</b>	-169	-7 274
% of net sales	<b>7,0 %</b>	-19,4 %	<b>4,3 %</b>	-0,5 %	-19,0 %
Result before extraordinary items and taxes	<b>338</b>	-1 590	<b>414</b>	-1 355	-9 005
% of net sales	<b>4,2 %</b>	-24,7 %	<b>1,8 %</b>	-4,4 %	-23,5 %
Total assets	<b>27 231</b>	37 271	<b>27 231</b>	37 271	28 592
Equity ratio*, %	<b>18,9 %</b>	33,7 %	<b>18,9 %</b>	33,7 %	18,5 %
Equity ratio, %, the subordinated loan in shareholders' equity	<b>29,9 %</b>		<b>29,9 %</b>		
Gearing ratio**, %	<b>305,1 %</b>	136,8 %	<b>305,1 %</b>	136,8 %	325,2 %
Gross investments	<b>329</b>	203	<b>1 114</b>	461	671
% of net sales	<b>4,1 %</b>	3,2 %	<b>4,8 %</b>	1,5 %	1,8 %
R&D expenditure	<b>372</b>	411	<b>1 128</b>	1 109	1 482
% of net sales	<b>4,6 %</b>	6,4 %	<b>4,9 %</b>	3,6 %	3,9 %
Personnel, average	<b>282</b>	358	<b>297</b>	371	357
Personnel, at end of period	<b>282</b>	350	<b>282</b>	350	318
Non-interest bearing liabilities	<b>4 777</b>	4 627	<b>4 777</b>	4 627	4 487
Interest bearing liabilities	<b>14 204</b>	19 339	<b>14 204</b>	19 339	18 682
Per-share key figures					
Equity per share*, EUR	<b>0,18</b>	0,44	<b>0,18</b>	0,44	0,18
Earnings per share, EUR/share (diluted)	<b>0,01</b>	-0,07	<b>0,01</b>	-0,06	-0,37
Earnings per share, EUR/share (undiluted)	<b>0,01</b>	-0,06	<b>0,00</b>	-0,05	-0,33
Share price trend					
High, euros	<b>0,49</b>	0,50	<b>0,49</b>	0,78	0,78
Low, euros	<b>0,33</b>	0,33	<b>0,23</b>	0,33	0,33
Average, euros	<b>0,41</b>	0,41	<b>0,31</b>	0,62	0,57
Price at end of period, euros	<b>0,49</b>	0,36	<b>0,49</b>	0,36	0,36
Market capitalization at end of period, EUR millions	<b>14</b>	10	<b>14</b>	10	10

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

\*\* The subordinated loan in interest bearing liabilities

## CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	30.9.2003	30.9.2002	31.12.2002
<b>Pension loans</b>	<b>502</b>	770	717
Corporate mortgages granted	<b>235</b>	235	235
Real-estate mortgages granted	<b>0</b>	101	101
<b>Loans from financial institutions</b>	<b>13 157</b>	18 278	18 639
Corporate mortgages granted	<b>12 452</b>	7 537	7 449
Real-estate mortgages granted	<b>168</b>	3 380	3 380
<b>Other loans</b>	<b>3 545</b>	261	261
Real-estate mortgages granted	<b>3 918</b>	336	336
<b>Used bank guarantee facility</b>	<b>402</b>	335	1 897
Real-estate mortgages granted	<b>0</b>	185	185
<b>Given as collateral</b>			
Corporate mortgages granted, total	<b>12 687</b>	7 772	7 684
Real-estate mortgages granted, total	<b>4 086</b>	4 002	4 002
<b>Leasing commitments</b>			
falling due during the next 12 months	<b>132</b>	152	197
falling due later	<b>84</b>	57	85
<b>Rental liabilities</b>			
falling due during the next 12 months	<b>8</b>	8	172
falling due later	<b>40</b>	48	48
<b>Liabilities due to derivative contracts</b>			
Forward exchange contracts	<b>0</b>	8 519	8 010
of which taken out to hedge the parent company's accounts receivable	<b>0</b>	0	0
of which taken out to hedge the parent company's other receivables	<b>0</b>	8 519	8 010

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PMJ automec Corporation

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