

PMJ automec Corporation Interim Report January 1 – June 30, 2002

April – June 2002

- Net sales in April-June were EUR 11.1 million (Apr-Jun 2001: EUR 16.3 million)
- The operating result for April-June was a profit of EUR 0.6 million (Apr-Jun 2001: EUR 0.6 million)
- The net result for April-June was EUR 0.2 million (Apr-Jun 2001: EUR –0.2 million)
- The equity ratio on June 30, 2002 was 34% (Dec 31, 2001: 34%)

January – June 2002

- Net sales in January-June were EUR 24.6 million (Jan-Jun 2001: EUR 33.1 million)
- The operating result for January-June was a profit of EUR 1.1 million (Jan-Jun 2001: EUR –1.6 million)
- Cash flow after investments was EUR 2.7 million (Jan-Jun 2001: EUR –1.5 million)
- The net result for January-June was EUR 0.2 million (Jan-Jun 2001: EUR –2.5 million)

OVERVIEW

PMJ automec's operating result for the second quarter of the year was broadly the same as for the corresponding period in 2001 despite the decline in net sales. The streamlining program implemented during the end of last year and continued during the current year combined with continuous cost monitoring and improved operating efficiency has enhanced the profitability of the Company's operations. PMJ Cencorp in the USA has also improved its profitability.

Sales have focused on telecommunications and contract manufacturing, and new project orders have also been received from manufacturers of industrial electronics and the automotive industry. The Company will make its first deliveries of equipment to Japan, a new market area for PMJ, during the current quarter. Product standardisation has boosted sales of standard equipment.

Product development has focused on rationalising product families to reduce costs and manufacturing lead times, and on placing PC-based control systems that are both more user-friendly and more effective in all automation cells. The Group launched a centralised product development program during the first half of the current year aimed at integrating all production cells and standalone equipment delivered by PMJ with customers' in-house production control systems. This innovation will enable production systems to react more rapidly to changes and provide a sound basis for more diversified order-based production.

Project business has continued to develop favorably. Deliveries have been made on schedule and the profitability of projects has been satisfactory.

NET SALES AND EARNINGS DEVELOPMENT

April-June 2002

PMJ automec Corporation's net sales amounted to EUR 11.1 million (Apr-Jun 2001: EUR 16.3 million). The operating result was EUR 0.6 million (Apr-Jun 2001: EUR 0.6 million). The Group's net financial items were EUR –0.5 million during the review period (Apr-Jun 2001: EUR –0.05 million). The result before taxes was EUR 0.1 million (Apr-Jun 2001: EUR 0.6 million). The net result for the period was EUR 0.2 million (Apr-Jun 2001: EUR –0.2 million) and the earnings per share (diluted) were EUR 0.01 (Apr-Jun 2001: EUR –0.01).

January-June 2002

PMJ automec Corporation's net sales amounted to EUR 24.6 million (Jan-Jun 2001: EUR 33.1 million). The operating result was EUR 1.1 million (Jan-Jun 2001: EUR –1.6 million). Depreciation amounted to EUR 1.8 million (Jan-Jun 2001: EUR 1.5 million), of which EUR 1.1 million (Jan-Jun 2001: EUR 0.5 million) was depreciation of goodwill. The Group's net financial items were EUR –0.8 million during the review period (Jan-Jun 2001: EUR –0.5 million). The result before taxes was EUR 0.2 million (Jan-Jun 2001: EUR –2.0 million). The net result for the period was EUR 0.2 million (Jan-Jun 2001: EUR –2.5 million). Earnings per share (diluted) were EUR 0.01 (Jan-Jun 2001: EUR –0.09).

The geographical breakdown of net sales was: Europe 58%, the Americas 18% and Asia 24%. The breakdown of net sales by customer segment was as follows: telecommunications 29%, contract manufacturing 47%, automotive electronics 3% and other sectors of the electronics industry 21%.

The Group's order book at the end of the review period was EUR 6.2 million (Jun 30, 2001: EUR 12.2 million). The Company received new orders worth EUR 23.4 million during the review period (Jan-Jun 2001: EUR 33.1 million). At the time of publishing the interim report bulletin, the Group's order book totaled EUR 7.4 million. It should be noted that contract manufacturers also operate in the telecommunications and automotive electronics sectors as well as in other sectors of the electronics industry.

MANAGEMENT

Antti Koivula, 30, M.Sc. (Econ.), has been appointed Chief Financial Officer and member of PMJ automec Corporation's management team (finances and management) with effect from August 1, 2002. Mr Koivula was previously PMJ's corporate finance manager.

Jarmo Kanervo, deputy CEO and member of PMJ automec's management team, and Peter Mohn, CFO and member of PMJ automec's management team, resigned on July 31, 2002.

As from August 1, 2002 PMJ automec's group management team consists of the following members: Seppo Kolo (CEO), Jouni Suutarinen (R&D), Osmo Strengell (projects), Antti Koivula (finances and management), Guy Nordström (service and customer service), Pasi Berggren (production and quality), Carl Johan Pyyönen (sales and marketing) and Allen Duck (CEO in PMJ automec USA).

PERSONNEL

In April-June PMJ employed an average 366 people (Apr-Jun 2001: 459). At the end of the review period the Group had 370 employees (Jun 30, 2001: 455). Of the Group's personnel, 290 (Jun 30, 2001: 319) worked in Finland at the end of the period, representing 78% (Jun 30, 2001: 70%), and 80 (Jun 30, 2001: 136) worked abroad, representing 22% (Jun 30, 2001: 30%).

RESEARCH AND DEVELOPMENT

Expenditure on product development in April-June amounted to EUR 0.4 million (Apr-Jun 2001: EUR 1.1 million), representing 3.5% of net sales. Of this, EUR 0.1 million was capitalised in the balance sheet.

INVESTMENTS

Gross capital expenditure on the Group's ongoing operations in the review period totaled EUR 0.2 million (Apr-Jun 2001: EUR 0.2 million), of which almost all went on intangible assets. PMJ thus continued its moderate pace of capital expenditure by making outlays solely on vital maintenance investments.

FINANCING

Cash flow from operations after investments continued to improve and amounted to EUR 2.7 million for Jan-Jun 2002 (Jan-Jun 2001: EUR -1.5 million). Interest-bearing liabilities declined to EUR 19.5 million (Dec 31, 2001: EUR 20.9 million). Cash in hand and at bank rose to EUR 3.0 million (Dec 31, 2001: EUR 1.7 million) and inventories decreased to EUR 9.7 million (Dec 31, 2001: EUR 13.0 million). Accounts receivable increased to EUR 10.4 million (Dec 31, 2001: EUR 7.4 million).

Gearing was 113.4% (Dec 31, 2001: 136.4%) and the equity ratio was 34.0% (Dec 31, 2001: 33.6%).

SHARE PERFORMANCE AND CHANGES IN OWNERSHIP

The price of PMJ's share ranged between EUR 0.45 (Apr-Jun 2001: EUR 0.79) and EUR 0.65 (Apr-Jun 2001: EUR 1.4) during the review period, the average share price being EUR 0.58 (Apr-Jun 2001: EUR 1.13). A total of 1,140,500 (Apr-Jun 2001: 5,364,600) shares were traded during the review period representing 4.1% (Apr-Jun 2001: 19.1%) of the Company's entire capital stock.

The Company's market capitalization at the end of the review period was EUR 13 million (Jun 30, 2001: EUR 25 million).

At the end of the review period the Company had 7,686 registered shareholders (Jun 30, 2001: 7,077). A total of 808,291 shares were nominee registered (Jun 30, 2001: 4,732,718) representing 2.9% of all shares.

At the end of the review period PMJ had a total of 28,133,470 shares outstanding (Jun 30, 2001: 28,133,470) and it had one share series.

CHANGES IN CORPORATE STRUCTURE

Finalisation of the merger between PMJ test solutions Oy and PMJ Greenhill Oy, both based in Salo, Finland, was registered on July 1, 2002.

The Boards of Directors of PMJ automec Corporation and PMJ test solutions Oy signed a merger plan on June 28, 2002 that provides for PMJ test solutions Oy to be merged with PMJ automec Oyj. PMJ test solutions is a wholly-owned subsidiary of PMJ automec Corporation. The purpose of the merger is to simplify PMJ automec Corporation's group structure.

OUTLOOK FOR THE FUTURE

PMJ will focus on marketing and selling its products to other sectors of the electronics industry in addition to the telecommunications market. The Company sees potential for growth with its current product portfolio in the manufacture of industrial, automotive and consumer electronics products. The growth in new multimedia features will also boost demand for software applications, while the growing size of software applications increases the time needed for the assembly and testing phases of the production process. PMJ envisages opportunities for expanding its testing operations for end products in this field.

The growth in the world economy forecast for the second half of 2002 appears to be delayed and investments in production automation are lower than forecast in all PMJ's main markets. The Company expects demand to remain at much the same level as the beginning of the year. Growth is difficult to forecast in all customer segments, and particularly so in telecommunications. Net sales in the third quarter are forecast to be lower than the second quarter due to seasonal fluctuations. In view of the continuing market instability, however, the Company is not prepared to forecast the full year's result.

CONSOLIDATED INCOME STATEMENT

(unaudited figures)

EUR 1 000	4-6/2002	4-6/2001	1-6/2002	1-6/2001	1-12/2001
Net Sales	11 050	16 266	24 616	33 139	50 661
Other operating income	72	29	109	79	165
Expenses, total	-9 704	-14 830	-21 875	-33 157	-55 566
Depreciation on fixed assets and other capitalized long-term expenses	-849	-767	-1 774	-1 472	-3 108
Share of results of associated companies	0	-77	0	-153	0
Operating result	570	622	1 077	-1 564	-7 848
Financial income and expenses	-465	-49	-842	-475	-1 698
Result before extraordinary items	105	573	235	-2 038	-9 545
Extraordinary items	0	0	0	0	0
Result before taxes	105	573	235	-2 038	-9 545
Income taxes*	82	-771	-76	-520	-1 972
Minority interests	-22	45	5	63	70
Consolidated net result	165	-153	164	-2 495	-11 447

CONSOLIDATED BALANCE SHEET

(unaudited figures)

EUR 1 000	30.6.2002	30.6.2001	31.12.2001
ASSETS			
Fixed assets			
Intangible assets	11 245	14 860	13 524
Tangible assets	4 951	5 995	5 420
Investments	86	83	86
	16 282	20 938	19 029
Current assets			
Inventories			
Materials and supplies	4 364	5 804	5 335
Work in progress	4 278	9 247	6 647
Finished products and goods	1 093	1 633	973
	9 735	16 684	12 955
Receivables			
Accounts receivable	10 447	12 242	7 392
Other receivables	2 352	5 797	1 851
	12 799	18 039	9 243
Cash in hand and at bank	3 003	1 715	1 693
Total assets	41 819	57 375	42 920
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Shareholders' equity	13 887	22 018	13 928
Minority interests	170	190	179
Obligatory provisions	1 206	1 303	1 728
Liabilities			
Long-term	3 163	4 239	3 212
Short-term	23 393	29 625	23 874
	26 556	33 864	27 086
Total shareholders' equity and liabilities	41 819	57 375	42 920

* Taxes according to the estimated result of the year 2002

CONSOLIDATED CASH FLOW STATEMENT

(unaudited figures)

EUR 1 000	1-6/2002	1-6/2001	1-12/2001
Cash flow from operations	2 951	-981	-1 048
Cash flow into and from investments	-230	-498	-428
Financial cash flow	-1 347	-2 384	-2 340
Increase(+)/ decrease(-) in financial assets	1 374	-3 863	-3 816

GROUP KEY FIGURES

(unaudited figures)

EUR 1 000	4-6/2002	4-6/2001	1-6/2002	1-6/2001	1-12/2001
Net Sales	11 050	16 266	24 616	33 139	50 661
Operatinf result	570	622	1 077	-1 564	-7 848
% of net sales	5,2 %	3,8 %	4,4 %	-4,7 %	-15,5 %
Result before extraordinary items	105	573	235	-2 038	-9 545
% of net sales	0,9 %	3,5 %	1,0 %	-6,1 %	-18,8 %
Result before taxes	105	573	235	-2 038	-9 545
% of net sales	0,9 %	3,5 %	1,0 %	-6,1 %	-18,8 %
Total assets	41 819	57 375	41 819	57 375	42 920
Equity ratio, %	34,0 %	39,6 %	34,0 %	39,6 %	33,6 %
Gearing ratio, %	117,7 %	86,2 %	117,7 %	86,2 %	136,4 %
Gross investments	157	212	258	530	863
% of net sales	1,4 %	1,3 %	1,0 %	1,6 %	1,7 %
R&D expenditure	385	1 050	698	1 518	2 602
% of net sales	3,5 %	6,5 %	2,8 %	4,6 %	5,1 %
Order backlog	6 156	12 190	6 156	12 190	8 991
Personnel, average	366	459	377	472	448
Personnel, at end of period	370	455	370	455	400
Non-interest bearing liabilities	7 011	12 999	7 011	12 999	6 193
Interest bearing liabilities	19 545	20 865	19 545	20 865	20 893
Per-share key figures					
Equity per share, EUR	0,49	0,78	0,49	0,78	0,50
Earnings per share, EUR/share (diluted)	0,01	-0,01	0,01	-0,09	-0,42
Earnings per share, EUR/share (undiluted)	0,01	-0,01	0,01	-0,09	-0,41
Share price trend					
High, euros	0,65	1,40	0,78	4,86	5,48
Low, euros	0,45	0,79	0,45	0,79	0,52
Average, euros	0,58	1,13	0,68	1,85	1,29
Price at end of period, euros	0,47	0,90	0,47	0,90	0,64
Market capitalization at end of period, EUR millions	13	25	13	25	18

CONTINGENT LIABILITIES

(unaudited figures)

EUR 1 000	30.6.2002	30.6.2001	31.12.2001
Pension loans	851	1 119	985
Corporate mortgages granted	235	235	235
Real-estate mortgages granted	101	101	101
Loans from financial institutions	18 399	18 778	19 605
Corporate mortgages granted	7 537	2 202	7 537
Real-estate mortgages granted	3 380	0	3 380
Other loans	261	303	303
Real-estate mortgages granted	336	420	420
Used bank guarantee facility	514	191	224
Real-estate mortgages granted	185	185	185
Given as collateral			
Corporate mortgages, total	7 772	2 437	7 772
Real-estate mortgages, total	4 002	706	4 086
Other contingent liabilities			
On behalf of Group companies	0	899	899
Leasing commitments			
Falling due during the next 12 months	152	243	243
Falling due later	39	284	189
Rental liabilities			
Falling due during the next 12 months	8	102	123
Falling due later	48	194	204
Liabilities due to derivative contracts			
Forward exchange contracts	8 421	15 622	13 082
of which taken out to hedge the parent company's accounts receivable	0	3 358	3 801
of which taken out to hedge the parent company's other receivables	8 421	12 264	9 281
Employer's social costs related to other receivables	0	0	0