

Annual report 2010

**Elecster Oyj**

---

## Managing Director's Review



During the past year, the world around us cleared up substantially. Banking business returned back to almost normal, and financing of investments was started again. Our clients made investment decisions within a shorter period of time, though there are of course regional differences in this.

Our position in the market was strengthened in our traditional marketing areas, in addition to which we got a number of new clients in the growing markets. Thinking about the future, this can be considered the most important yield of the past year, especially for our milk processing and packaging equipment deliveries. Our reference plants have been taken very positively thus they form a good foundation for our further efforts. Working reference plants are of vital importance for securing future deals. In this regard, the situation developed really positively last year.

For the packaging material segment, last year was characterized by increasing raw material prices, gross over 30%, which badly burdened the profitability of our film manufacturing. Generally there is always a delay in succeeding in actions to raise the selling prices accordingly after raw material prices rises. Our consumer products group however managed well last year. The result was contributed by introducing new collections and by increased sales volumes. The sales volumes of our segment 'Others', consisting of sub-supplier services, tell about recovery in demand, however at the same time about tough price competition. It was the most important that the stock of orders picked up, and the volume of our actions increased. As a whole, year 2010 was a period of positive development, we returned to path of growth and our result improved.

### Year 2011

The starting point for the present year is on the whole better than a year ago. Thanks to the excellent references, our position in the industrial products segment, especially in milk processing and packaging equipment, is strengthened. With the help of these references, we will be able to further intensify our marketing efforts, and expect the positive development to continue. For the packaging materials, the price development of oil-based raw material is still a risk factor, complicating our profitability estimations.

Consumers' trust in the improvement of their own economical situation will reflect as growth in consumer demand. We thus predict the positive development of our consumer products segment to continue also during the present year. On the basis of the stock of orders in hand we anticipate the positive development in the segment 'Others' to continue as well, and the result turn to a surplus.

Elecster forecasts the positive development to be continued in the present year 2011. On the ground of the stock of orders, we predict the yearly turnover to grow and earnings/share to increase a little compared to the previous year.

I wish to express my best thanks to the personnel of Elecster group for the good work done. In proportion to the general development in our market sector, we can be proud of our achievements. I also thank our customers, shareholders and other partners for the good cooperation in 2010.

Akaa, March 3rd 2011  
Jarmo Halonen

## Consolidated Financial Statements, IFRS

### Consolidated income statement

EUR 1.000	1.1.-31.12.2010	1.1.-31.12.2009
<b>Net sales</b>	<b>39 398</b>	<b>35 540</b>
Change in inventories of finished goods and work in progress	402	-923
Production for own use	455	447
Other operating income	134	207
Material and services	-19 789	-16 620
Employee benefit expenses	-9 527	-8 880
Depreciation	-1 687	-1 511
Other operating expenses	-6 814	-5 983
<b>OPERATING PROFIT</b>	<b>2 573</b>	<b>2 277</b>
Financial income	1 552	626
Financial expenses	-2 043	-1 424
<b>PROFIT BEFORE TAXES</b>	<b>2 082</b>	<b>1 478</b>
Income taxes	-638	-359
<b>PROFIT FOR THE PERIOD</b>	<b>1 444</b>	<b>1 119</b>
<b>NET PROFIT/LOSS ATTRIBUTABLE TO</b>		
Equity holders of the parent	1 507	1 223
Minority interest	-63	-104
	1 444	1 119
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share undiluted (EUR), continuing operations	0,40	0,33
Earnings per share diluted (EUR), continuing operations	0,40	0,33

### Statement of comprehensive income

	1.1.-31.12.2010	1.1.-31.12.2009
<b>PROFIT FOR THE PERIOD</b>	<b>1 444</b>	<b>1 119</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Exchange difference on translating foreign operations	614	-268
Other comprehensive income, net of tax	614	-268
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2 058</b>	<b>851</b>
Total comprehensive income attributable to		
Equity holders of the parent	2 121	955
Minority interest	-63	-104
	2 058	851

## Consolidated Financial Statements, IFRS

### Consolidated balance sheet

EUR 1.000	31.12.2010	31.12.2009
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	100	69
Tangible assets	13 290	13 576
Investments available for sale	419	419
Long-term receivables	3 272	1 657
Deferred tax assets	134	362
<b>TOTAL NON-CURRENT ASSETS</b>	<b>17 215</b>	<b>16 084</b>
<b>CURRENT ASSETS</b>		
Inventories	13 104	10 911
Trade receivables and other receivables	10 645	9 738
Tax receivable, income tax	112	241
Cash and bank	3 139	3 656
<b>TOTAL CURRENT ASSETS</b>	<b>27 000</b>	<b>24 547</b>
<b>TOTAL ASSETS</b>	<b>44 215</b>	<b>40 631</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	3 152	3 152
Share premium account	4 239	4 239
Other reserves	77	69
Translation differences	99	-393
Retained earnings	8 925	7 829
	16 492	14 896
Minority interest	891	954
<b>SHAREHOLDERS' EQUITY</b>	<b>17 383</b>	<b>15 850</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	503	449
Long-term liabilities, interest-bearing	8 878	11 450
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9 381</b>	<b>11 900</b>
<b>CURRENT LIABILITIES</b>		
Short-term interest-bearing liabilities	9 695	7 620
Trade payables and other liabilities	7 750	5 261
Tax liability, income tax	6	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>17 451</b>	<b>12 881</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44 215</b>	<b>40 631</b>

## Key indicators

### Financial indicators

<b>1000 EUR</b>	<b>IFRS 2010</b>	<b>IFRS 2009</b>	<b>IFRS 2008</b>	<b>IFRS 2007</b>	<b>IFRS 2006</b>
Net sales	39 398	35 540	36 908	42 154	40 273
Net sales change, %	10,9 %	-3,7 %	-12,4 %	4,7 %	16,6 %
Operating profit	2 573	2 277	2 354	3 689	3 363
% of net sales	6,5 %	6,4 %	6,4 %	8,8 %	8,4 %
Profit before extra-ordinary items and taxes	2 082	1 478	1 364	2 889	2 428
% of net sales	5,3 %	4,2 %	3,7 %	6,9 %	6,0 %
Return on equity, %	8,7 %	7,2 %	7,3 %	15,5 %	15,6 %
Return on investment, %	9,6 %	7,2 %	8,9 %	12,6 %	11,9 %
Balance sheet total	44 215	40 631	40 670	37 826	37 307
Equity ratio, %	40,9 %	39,3 %	38,5 %	40,0 %	37,0 %
Gearing, %	88,8 %	97,2 %	107,0 %	85,5 %	98,4 %
Gross investments	850	2 081	3 414	1 035	2 556
% of net sales	2,2 %	5,9 %	9,3 %	2,5 %	6,3 %
Research and development	933	881	905	851	637
% of net sales	2,4 %	2,5 %	2,5 %	2,0 %	1,6 %
Average number of personnel during year	326	321	325	318	307
about which abroad	164	161	165	162	157

### Adjusted share-related indicators

	<b>IFRS 2010</b>	<b>IFRS 2009</b>	<b>IFRS 2008</b>	<b>IFRS 2007</b>	<b>IFRS 2006</b>
Earnings per share, eur	0,40	0,33	0,25	0,53	0,50
Earnings per share (diluted), eur	0,40	0,33	0,25	0,53	0,50
Dividend per share (A-share), eur	0,17*)	0,14	0,10	0,18	0,17
Dividend per share (K-share), eur	0,17*)	0,14	0,10	0,18	0,17
Dividend per earnings, %	42,5 %	42,4 %	40,0 %	34,0 %	34,0 %
Effective dividend yield, %	3,9 %	3,5 %	2,8 %	3,0 %	3,3 %
Equity per share, eur	4,40	3,97	3,82	3,69	3,40
Price per earnings ratio (P/E-ratio)	11	12	14	11	10
Trading volume (A-share), 1000 pcs	361	319	273	718	578
% average number of shares	19,9 %	17,5 %	15,0 %	39,5 %	31,8 %
Average number of shares	3 748 116	3 748 116	3 748 116	3 748 116	3 748 116
Number of shares at the end of period					
A-share	1 820 116	1 820 116	1 820 116	1 820 116	1 820 116
K-share	1 928 000	1 928 000	1 928 000	1 928 000	1 928 000
Adjusted share (A-share)					
lowest share price, eur	4,05	2,75	3,02	4,53	5,04
highest share price, eur	4,75	4,53	6,10	6,70	8,20
share price at December 31, eur	4,33	4,05	3,60	5,98	5,20
Market capitalization of shares December 31, euros millions	16,2	15,2	13,5	22,4	19,5

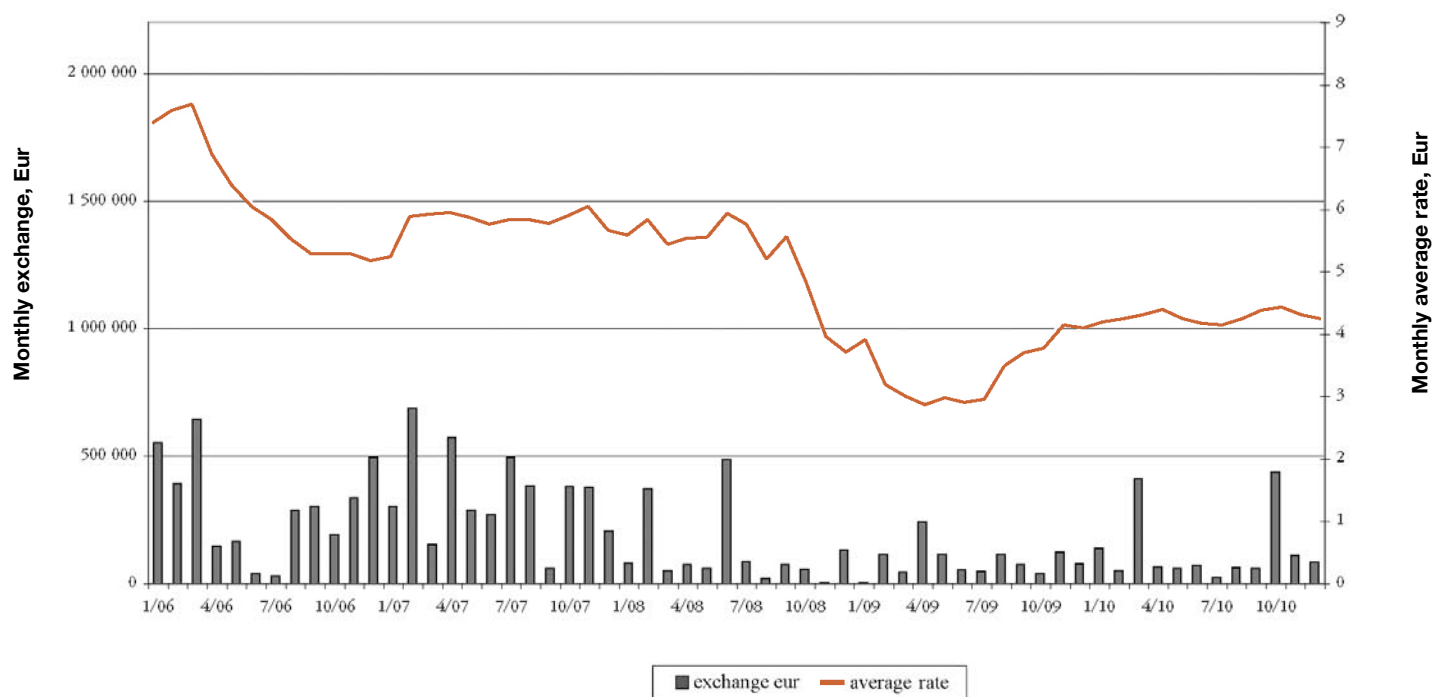
\*) proposal by the Board of Directors

## Calculation of key figures

Return on equity, %	$\frac{\text{Profit before extra-ordinary items and taxes - direct taxes}}{\text{Total equity (average)}} * 100$
Return on investments, %	$\frac{\text{Profit before extra-ordinary items and taxes + interest expences and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities (average)}} * 100$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - advance payments received}} * 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} * 100$
Earnings/share	$\frac{\text{Profit before extra-ordinary items - taxes - +/- minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity/share	$\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted numbers of shares at 31 December}}$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted share price at 31 December}}{\text{Earnings/share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted share price at 31 December}} * 100$

## Exchange of shares and turnover

Exchange of shares and average rate  
1/2006 - 12/2010



Share	Share price 31 Dec 2010	Lowest price	Highest price	Trading volume	%-of A-share
A-share	4,33	4,05	4,75	361.366	19,9

## Share information

### Principal shareholders on December 31st 2010

	A-share	K-share	%-of shares	%-of votes
1. Finha Capital Oy	499 640	900 000	37,34 %	45,02 %
2. Okuli Oy	70 000	957 920	27,42 %	45,73 %
3. Mandatum Henkivakuutusosakeyhtiö	197 000		5,26 %	0,93 %
4. Onninen-Sijoitus Oy	75 000		2,00 %	0,36 %
5. Määttä Mikko	73 103		1,95 %	0,35 %
6. Turun kaupungin vahinkorahasto	53 433		1,43 %	0,25 %
7. Himahamsterit Oy	34 837		0,93 %	0,17 %
8. Tilander Tapio	27 100		0,72 %	0,13 %
9. Halonen Jukka	9 344	17 520	0,72 %	0,87 %
10. Pöyhönen Eija	25 800		0,69 %	0,12 %

At the end of 2010, the members of Elecster's Board of Directors, Managing Director and the corporations in their authority hold a total 58.605 shares.

These shares represent 1,56 percent of the total share capital and 1,77 percent of voting rights.

### Structure of share capital on December 31st 2010

Series of shares	Number of shares	% of shares	% of votes	Share capital Eur
K-shares	1 928 000	51 %	91,37 %	1 621 331,61
A-shares	1 820 116	49 %	8,63 %	1 530 607,68
Total	3 748 116	100 %	100,00 %	3 151 939,29

### Distribution of shareholding on December 31st 2010

#### Breakdown of shareholding

	Number of shares	Number of shareholders	% of shareholders	Shares	% of shares
1-100		219	27,72 %	13 275	0,35 %
101-1 000		411	52,03 %	175 874	4,69 %
1 001-5 000		121	15,32 %	266 935	7,12 %
5 001-10 000		18	2,28 %	133 046	3,55 %
10 001-100 000		18	2,28 %	510 901	13,63 %
100 001-		3	0,38 %	2 624 560	70,02 %
Total		790	100,00 %	3 724 591	99,37 %
Number of shares in the waiting list				17 520	0,47 %
Number of shares not entered in the book entry system				6 005	0,16 %
Number issued				3 748 116	100,0 %

#### According to shareholders

	Number of shareholders	% of shares
Companies	64	74,34 %
Credit and insurance institutions *)	3	3,42 %
General Government	2	1,45 %
Non-profit institutions	3	0,08 %
Households	715	20,46 %
Foreign owners	3	0,09 %
Number of shares not entered in the book entry system		0,16 %
Total	790	100,00 %

\*) Also the administratively registered share are included in this figure

---

**Elecster Oyj**  
Sontulantie 382  
PL 39  
37801 Toijala  
Puh. 020 154 1211  
Fax 020 154 1400  
E-mail: sales@elecster.fi  
www.elecster.fi

**Elecster Oyj**  
Halosentie 1  
85900 Reisjärvi  
Puh. 020 154 1444  
Fax (08) 776 054

**Sandudd Oy**  
Kurvolantie 5 C  
PL 30  
37801 Toijala  
Puh. 020 154 1444  
Fax (03) 542 4324  
www.sandudd.fi

**A/S Eesti Elecster**  
Laki 16  
EE 10621 Tallinn, Estonia  
Puh. +372 6 129 900  
Fax +372 6 129 999  
www.elecster.ee

**Elecster Baltic Oü**  
Laki 16  
EE 10621 Tallinn, Estonia  
Puh. +372 6 129 900  
Fax +372 6 129 999

**Elecster (Tianjin) Dairy Machinery Ltd.**  
No.7, Dongting Third Street  
TEDA Tianjin 300457  
P.R. China  
Puh. +86 22 2532 0566  
Fax +86 22 6629 7926  
E-mail: aftersales@elecster.com.cn  
www.elecster.com.cn

**Elecster (Tianjin) Aseptic Packaging Co. Ltd.**  
No.7, Dongting Third Street  
TEDA Tianjin 300457  
P.R. China  
Puh. +86 22 2529 3276  
Fax +86 22 2529 3277  
E-mail: filmsales@elecster.com.cn  
www.elecster.com.cn

**OOO Finnpack**  
Russia  
195196 Saint Petersburg  
Tallin st. 6B, office 202  
Puh. +7 812 326 7817  
Fax +7 812 326 7815  
E-mail: info@finnpack.ru  
www.finnpack.ru

**OOO Finnpack Systems**  
Russia  
195196 Saint Petersburg  
Tallin st. 6B, office 202  
Puh. +7 812 326 7817  
Fax +7 812 326 7815  
E-mail: info@finnpack.ru  
www.finnpack.ru

**OOO Finnpack Upakovka**  
Russia  
614031 Perm  
Doukuchaeva 50 A  
Puh. +7 3422 139 355  
Fax +7 3422 139 355  
E-mail: upakovka@permplanet.ru

**Elecster Kenya**  
P.O. Box 22624  
Nairobi  
Kenya  
Puh. +254 20 272 6075  
Fax +254 20 272 6075  
Mobile: +254 722 741 153  
E-mail: kenya.sales@elecster.fi

**www.elecster.fi**