annual report 2004

Partners for better business

BELTTON

Beltton-Group Plc.

contents

beltton values

customer orientation

Customer orientation ensures business continuity. Beltton serves its customers in the best possible way, with personal attention at all times.

internal entrepreneur-ship

Internal entrepreneurship means commitment to work and a sense of responsibility. Achieving common goals motivates and rewards employees carrying out independent work.

performance

Performance refers to a business that grows profitably and offers individuals the chance to succeed.

beltton in brief

Beltton-Group Plc is an expert sales and marketing organisation in the world of office supplies. The company is a market leader in Finland and a strong player in Sweden, Norway and Estonia.

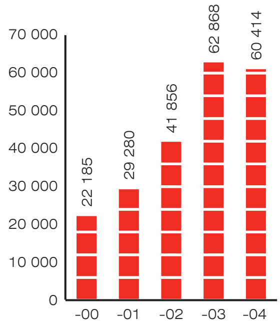
Beltton serves companies of various sizes in all fields through its direct sales organisations and contract customer concept. The company offers a versatile assortment of office supplies, consisting of speciality products and items for daily office use. The range includes office supplies, computer accessories, corporate promotional products and ergonomic products.

Beltton grows by duplicating its operating models in all market areas and by being on the lookout for new models primarily in its home country. Acquisitions are another essential part of Beltton's growth strategy. Suitable targets are actively sought for in current countries of operation, as well as in the Baltic states. Beltton's long-term goal is to become market leader in the Nordic countries.

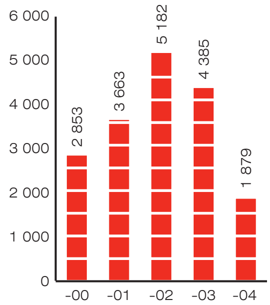
Beltton's origins go back to 1984 when Heikki Vienola, Managing Director, founded the Group's first company, Vinstock Oy. Entrepreneurship and active sales work have made Beltton into a listed Group of twenty companies in just two decades.

Katriina Laine, Designer

net sales
1 000 €



operating profit
1 000 €



year 2004 in brief

april

Beltton continued to enhance its services to international customers by signing a co-operation agreement with Office Depot, the world's largest office supplies company. The agreement made Wulff Oy Ab, Beltton's subsidiary, responsible for Office Depot's international major accounts in Finland. Beltton's goal is to expand co-operation to the product range, procurement, sales concepts and logistics.

july

Hansel Oy, the Finnish Government's collective procurement unit, chose Beltton's biggest subsidiary Wulff as one of its three main suppliers of office products and computer accessories. Wulff plans to increase its share of the shelving services purchased by Hansel and the direct orders made by it to 30 per cent by the end of 2006.

august

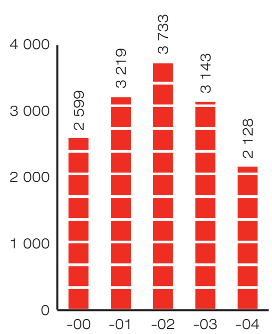
Beltton's product range came to include work outfits when the Looks Workidea unit, specialised in clothing for service industry employees, launched operations. The company also aims at Finnish market leadership in this product group by the end of 2010.

november

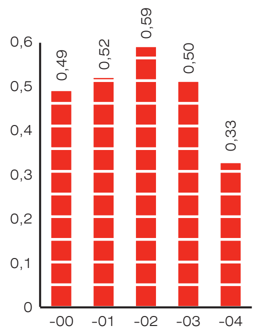
Beltton's Annual General Meeting unanimously approved the Board of Director's proposal to distribute an extra dividend of 40 cents per share in addition to the 40-cent dividend distributed earlier in the spring.

Kusti Ristiluoma, Director

profit for the financial period 1 000 €



earnings per share €



review by the ceo

a year of challenges

Beltton faced a challenging year in 2004. Net sales dropped by 3.9 per cent from the previous year, amounting to EUR 60.4 million, while operating profit, totalling EUR 1.88 million, saw a decrease of 57.2 per cent. Operating profit decreased to 3.1 per cent of net sales. The cost-cutting measures of our major customers, price competition and the scarce sales resources drove the decrease in net sales and profit, resulting in a drop of 34 per cent in net result per share. The shortage in sales resources affected net sales especially in the second and third quarters. The training of sales representatives in the last quarter took up time at management level and consequently decreased the time that managers could allocate to sales tasks.

Beltton issued a profit warning in March and had to adjust its target net sales due to weaker demand for office supplies and stiffer price competition in the field. Even back then, however, we believed in the office supplies markets picking up during the latter part of the year, which, in fact, they did, and the figures for the last quarter showed a turn towards the better. We also managed to cut costs by merging operations in logistics and administration, as well as by making better use of synergy benefits. These activities will be continued in 2005.

important agreements and a new market conquest

In April 2004 Beltton signed an agreement on strategic co-operation with Office Depot, the world's largest office supplies company. The agreement enables Wulff Oy Ab, Beltton's subsidiary, to capitalise on Office Depot's international major accounts in Finland. The agreement enables us to provide more extensive services to our international customers. The co-operation has come off to a good start and can be later expanded to cover the development of sales concepts, logistics and purchasing. In this way, co-operation not only increases sales but also decreases unit costs.

beltton is actively looking for suitable acquisitions.

Wulff was successful in the competitive bidding for office supplies and computer accessories organised by Hansel Oy, the Finnish Government's collective procurement unit, in the summer of 2004, and was selected with the highest points as supplier and one of Hansel's three main partners. Being in the top three is also proof of the high quality of our service concept. The agreement with Hansel Oy brought us many new remarkable customers by the end of 2004. In 2005 Wulff aims to secure a share of 15 per cent, corresponding to EUR 2–3 million, and in 2006 a share of 30 per cent of Hansel's shelving services and direct orders. Reaching these targets would enable us to increase net sales as much as 10 per cent.

In autumn 2004 the Group conquered new territory by expanding its product range of corporate textiles. The new Workidea department of Beltton's subsidiary, Looks Finland Oy, launched operations in August, focusing on the sales of work outfits especially to office employees and service professionals. We estimate the Finnish market for work outfits to amount to some EUR 200 million. Our long-term goal is to achieve market leadership in this product segment, as well, which means aiming at a minimum market share of 20 per cent.

beltton – long-term partner

I am proud of our long-term customer relationships, and the fact that our staff enjoys working for Beltton. The Group's first company, Vinstock Oy, celebrated its 20th anniversary in April, while the fourth company, Suomen Rader Oy, turned ten in September. We still serve many of the same companies as we did during our first years of operations.

additional dividend distributed thanks to good equity ratio

Beltton's dividend policy is based on distributing approximately half of the per-share result in dividend to its shareholders. Our equity ratio remained good in 2004, totalling 48,7% at the end of the year. We were actively looking for acquisitions but no companies fulfilling our criteria were identified during the year. This, added to a positive cash flow, justified the distribution of additional dividend. Beltton's Annual General Meeting held in November unanimously approved the Board of Directors' proposal to distribute an extra dividend of 40 cents per share in addition to the 40-cent dividend distributed earlier in the spring.

success factors

Our market strengths include sales skills and a comprehensive range of office supplies and services. As a pioneer in the field we are on continuous lookout for product innovations, operating methods and service models. Beltton's values, customer orientation, internal entrepreneurship and performance, play the main part in the development of profitable key customer relationships. Right and functional values lead to profitable operations in the everyday work of our personnel.

recruiting the biggest challenge for a growth company

As a growth company Beltton is always in need of new talent. However, finding and training new sales potential ties up both financial and mental resources. Our new recruiting method introduced in 2004 was a success. We will continue to seek out sales talent in the same way, that is, by sending our HR team to local open-door recruiting events. Being a market leader, we feel that promoting respect for the sales field is both our responsibility and privilege. We are involved in long-term co-operation with labour administration and schools and colleges in the field, aiming to provide more information about opportunities for success in the sales world.

recruiting is the main challenge for beltton in the near future.

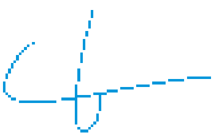
brighter year in 2005

The outlook for operations in 2005 is more positive than the previous year. Beltton aims at organic growth in the range of 5–10 per cent, speeding up progress through possible acquisitions. I believe Beltton will benefit from customers looking to concentrate an ever bigger share of their purchases to reliable and well-known product suppliers. In particular, we expect the new public administration customers and the growth in net sales generated by them to show in 2005. I also believe that the new work outfit business will increase our sales. We have excellent opportunities to achieve a better result in 2005 than the previous year, as well as to reach our growth target without weakening our equity ratio.

In addition to Finland, Beltton is looking for profitable growth in Scandinavia. Our long-term goal is to become the Nordic market leader, which requires a market share of at least 10 per cent in Scandinavia. We have already reached a good position in the Estonian business and advertising gift markets. The idea of establishing ourselves in other Baltic countries is interesting. As the only listed company in the field in Finland, we are well set to make our operations more international also through acquisitions.

Beltton's need for internal entrepreneurship in 2004 was greater than ever before. In a challenging market, staff commitment has played a big part in our success. In addition to our personnel, I would like to extend my warm thanks to our partners, shareholders and customers, who have believed in our products and services.

February 2005



Heikki Vienola
CEO

skilled sales experts succeed best in a fragmented business environment

Beltton operates in the Finnish, Swedish, Norwegian and Estonian office supplies markets that consist of office products, computer accessories, ergonomic products and corporate promotional products. Beltton's broad product range includes items such as message notes, cleaning sheets for computer screens, a variety of folders and saddle chairs. Corporate promotional products encompass business and advertising gifts, such as company textiles and giveaways.

According to Beltton's estimates, the markets for office supplies at the end of 2004 amounted to EUR 420 million in Finland, EUR 700 million in Sweden, EUR 400 million in Norway and EUR 26 million in Estonia. The Finnish markets grew by some two per cent in 2004.

Customers in the office supplies markets include various sizes of companies from all fields of business. The markets are relatively immune to economic fluctuations because basic office supplies are always in demand. Business cycles mainly affect the sales of business and advertising gifts, which are highly seasonal and focus on the second and last quarter. Summer and Christmas business gifts are usually purchased six months in advance and are invoiced on delivery.

finnish market leader in office supplies

Beltton is the market leader in Finland, commanding approximately 15 per cent of the markets. The company's market share in Sweden is one per cent, making it the fourteenth largest player in terms of net sales. In Norway Beltton's share of the markets is minor, while in Estonia the company is the second largest in the area of business and advertising gifts.

Beltton's competitors are mainly small and medium-sized, unlisted companies in Finland, Sweden, Norway and Estonia. The markets in Beltton's other countries of operation are similar to those in Finland. Product demand and the customer base structure in Sweden and Norway correspond to those in Finland. Since the demand for computer accessories and office supplies is smaller in Estonia than in the Nordic countries, Beltton's Estonian operations focus on corporate promotional products.

Around ten major companies and a host of smaller entrepreneurs compete with Beltton for the same markets in Finland. Wulff Oy Ab's contract customer concept faces competition from Lindell Oy, Tamore Oy and Paperipalvelu. The main rival of KB-tuote Oy, Beltton's subsidiary focusing on corporate promotional products, is Mastermark Oy in Turku. Market shares in direct sales are keenly contested, among others, by Canncolor Oy and Oy Rahmqvist Ab.

Market competition in Sweden comes from the likes of Lyreco, TG Skrivab, Corporate Express and Kontorab. The biggest players in Norway include Tybring Gedde, Andvord and S-Gruppen. In Estonian corporate promotional product sales, KB-tuote Oy's subsidiary KB Eesti Oü comes in second after market leader Roi As.

internationalisation expected also in the finnish office world

Beltton expects the markets for office supplies to continue their steady growth of one to four per cent in 2005. IT keeps increasing its share of office work as tasks are being carried out and administered using increasingly versatile software.

the increase in office and IT work boosts growth in the office supplies market.

Beltton plans to internationalise its business by strengthening its position in the current countries of operation and through possible acquisitions. Internationalisation is important to Beltton, seeing that the Nordic office supplies markets already feature several international service providers. Big international companies are also expected to enter the Finnish markets, most likely within the next ten years.

Apart from internationalisation, Beltton does not expect big changes to its operating environment in the near future. Customer companies may further centralise their purchases and outsource services in the next few years. In terms of competition, centralisation and outsourcing will allow companies that offer comprehensive services to strengthen their positions. As a market leader Beltton will benefit from this trend. Globalisation will profit big companies in the field, making it financially sound for a company of Beltton's size to manufacture large product batches in low-cost production countries.

international expert in office supplies

Beltton's Nordic customers are served by more than 300 sales representatives. The company offers its customers increasingly comprehensive office solutions that can be purchased easily and cost-effectively. Beltton's products and services enable customers to focus on their core competence.

Beltton has over 70,000 customers in the Nordic countries, most of them located in Finland. Some 90 per cent of the company's net sales is generated by Finnish operations. Most of the net sales outside the home country comes from sales in Sweden. Net sales are divided equally between two operating models: the contract customer and the direct sales concept. Product and service margins do not show differences based on product groups.

beltton serves over 70,000 customers in the nordic countries.

Beltton makes cost-effective purchases directly from product suppliers. Direct purchases lay the basis for profitable business operations. One third of the products are domestic, one third come from other EU countries and the remaining one third from the Far East. Purchasing volumes can be used to the best advantage thanks to similar markets and homogeneous operating concepts in Finland, Sweden, Norway and Estonia.

successful business

Beltton provides comprehensive and wide-ranging service to its customers. Its product sales are based on two complementary service models: the direct sales and contract customer concept. Direct sales focus on small and medium-sized enterprises, while the contract customer concept targets big companies and aims to facilitate their routine purchases.

contract customer concept

Beltton's contract customer concept is designed to serve large enterprises.

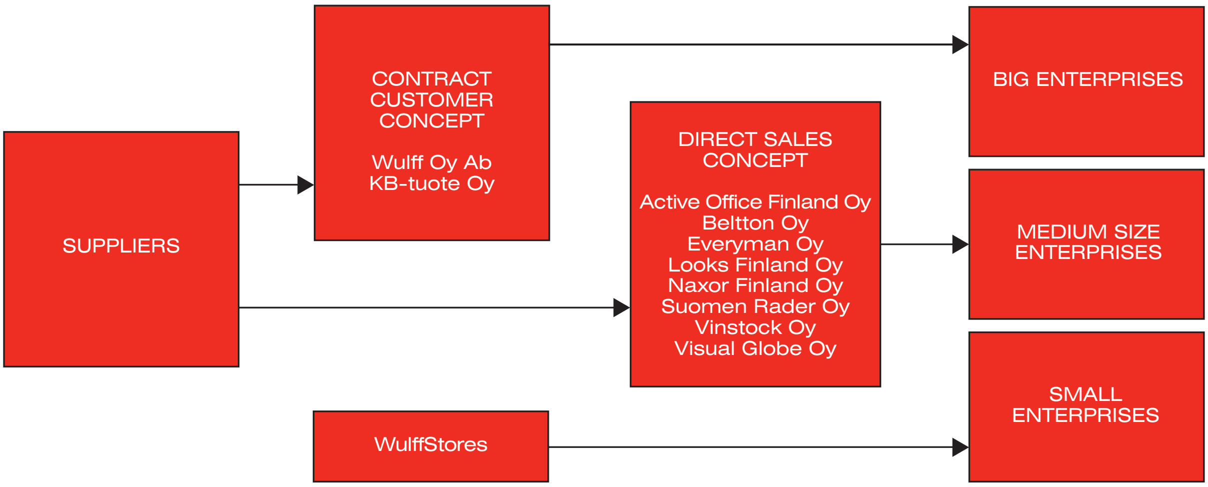
Seven of Finland's ten biggest companies are Beltton's customers. The cost-effective service model is based on a highly automated ordering system. A typical contract customer is a large enterprise employing over 500 white-collar workers. The concept, developed by Wulff Oy Ab, the biggest business unit in the Beltton Group, improves the productivity of customers' business. Routine purchases of office supplies can be made quickly and easily, and the full logistics process can also be included in the concept. Quality is guaranteed by the ISO 9001 certificate and the ISO 14002 environmental certificate awarded to Wulff. Based on large volumes and a highly automated system, the service concept means profitable business to Beltton.

Subsidiaries whose operations are based on the contract customer concept in Finland include KB-tuote Oy and Wulff Oy Ab. The annual net sales per employee of these companies is some EUR 247,000

direct sales concept

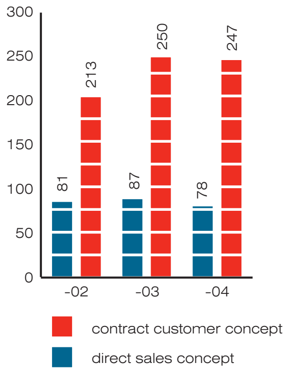
Direct sales companies focus on serving small and medium-sized enterprises. Their business builds on

beltton is a direct and efficient distribution channel for office products



personal service and local operations. The organisations offer clearly specified products. The Beltton Group has seventeen nation-wide sales organisations in Finland, seven in Sweden and one in both Norway and Estonia. The operating model has proved to be efficient, with big sales volumes achieved for individual products. Sales representatives work at the customer's site, making two to twelve customer visits a day. Since the products are usually ordered by the user, purchase decisions are made quickly. An average purchase of office supplies amounts to some EUR 350, and the annual net sales per employee is approximately EUR 78,000. The performance of direct sales companies is based on commissions.

net sales/average personnel 1 000 €



Beltton's direct sales companies in Finland include Active Office Oy, Beltton Oy, Everyman Oy, Looks Finland Oy, Naxor Finland Oy, Suomen Rader Oy, Vinstock Oy and Visual Globe Oy.

support services

Beltton employs 500 people in Finland, Sweden, Norway and Estonia. Seventy per cent of the personnel works in sales and 30 per cent in administration and logistics.

Good support services are fundamental to Beltton's business. The core of Beltton's logistics operations is the logistics centre located in Vantaa, which makes almost 1,000 daily deliveries. Nearly all orders are delivered to customers within 24 hours of the order being registered in the system. Electronic orders account for 70 per cent of the dispatch volume. The introduction of bonuses to motivate the logistics staff has brought accuracy percentage close to 100.

new international partner expands beltton's network to dozens of countries.

strengths

Beltton's strength lies in its trading skills. Active sales work, duplication of the operating model and administration of sales organisations are its main success factors. The company's business is cost-effective and tightly controlled. Close customer contacts enable Beltton to offer its customers comprehensive services and develop creative solutions. Co-operation and communi-cations between Beltton's business units is customer oriented. Information about special customer needs are conveyed across organisations. Thanks to its two complementary service models, Beltton can provide a broad range of services to companies.

beltton forms international networks

direct contacts to product suppliers

In addition to staple products and innovative novelties, tailored speciality products make up an important part of direct sales companies' operations. This is why Beltton is constantly on the lookout for new supplier contacts to add to its already numerous supplier base. Extensive market information is valuable to both Beltton and product suppliers. Beltton's representatives can quickly convey information from the customer interface to suppliers for the purpose of product development.

Contract customer companies aim to concentrate purchases to a limited, controllable number of suppliers. Most of the suppliers meet the requirements of the ISO 9001 quality certificate. Wulff Oy Ab is a member of interACTION, a pan-European alliance of office product wholesalers. There are a total of 13 interACTION companies, all of them leading players in their home country. The members of interACTION meet regularly to share knowledge and skills and to coordinate joint purchases. The alliance has its own brand called Connect. The total volume of the joint purchasing organi-sation exceeds EUR 1 billion. KB-tuote Oy is a member of WAGE, a corresponding international organisation for promotional products.

partnership with office depot, the world's largest office supplies company

Office Depot, the world's largest office supplies company, chose Beltton as its Finnish co-operation partner in April 2004. Office Depot employs over 50,000 people worldwide and has operations in 23 countries. Its share is listed on the New York Stock Exchange. The agreement gives Wulff access to Office Depot's major customer contacts worldwide.The partnership with Office Depot improves Beltton's growth prospects.

internationalisation started in sweden

Beltton's internationalisation process got underway in 1993 when it launched operations in Sweden. Over the past decade Beltton Svenska Ab has grown into a nation-wide company with nearly one hundred employees. Beltton Svenska Ab operates in all of

Sweden with a product range similar to that in Finland. Typical customers of Beltton Svenska Ab include small and medium-sized enterprises, schools and other public administration organisations. The customers are spread out evenly across the country.

Beltton Svenska made significant investments in developing international co-operation in 2004. A new subsidiary, Office Solutions Svenska AB, was established to handle the sales of interACTION's own brand, Connect. Connect products were launched on the Swedish markets in the autumn.

Norwegian operations started in 1998 with the establishment of Rader Norge A/S, now Beltton A/S. In Norway, Beltton sells and markets office supplies and computer accessories. Through an acquisition made in 2002, Beltton also expanded to Estonia, where KB Eesti Oü focuses on the sales of business and advertising gifts.

business development in finland in 2004

Last summer Hansel Oy, the Finnish Government's collective procurement unit, chose Wulff Oy Ab, a Beltton subsidiary, as its co-operation partner and one of the unit's three contract suppliers of office supplies and computer accessories. The agreement with Hansel Oy has already brought Wulff many new remarkable customers. The purchases made by the new customers that Wulff acquired from public administration had a positive impact on the Group's net sales during Q4.

Beltton launched operations in company clothing markets in autumn 2004. Around dozen sales representatives have already been hired for the Workidea department, which launched operations in August and focuses on work outfit sales. The department's sales have started favourably and the expansion into nationwide operations has proceeded as planned.

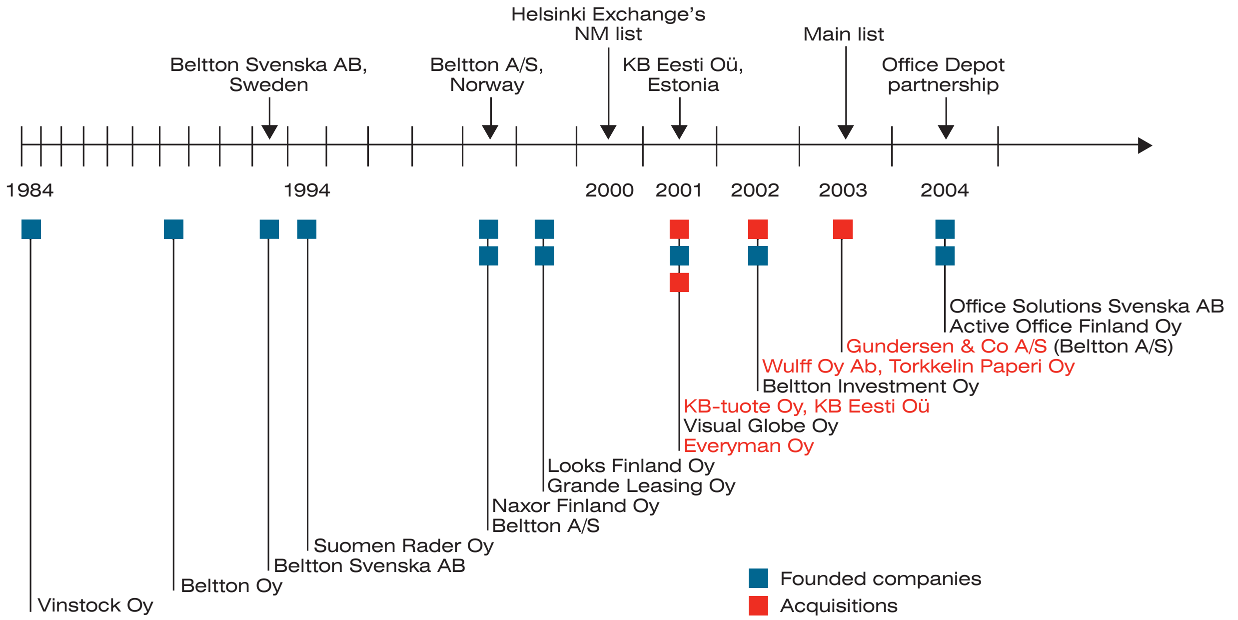
increasingly comprehensive services encourage the centralisation of customer purchases.

aiming at profitable growth in the nordic countries

Beltton aims to maintain its market leadership in Finland and achieve an annual growth of 5–10 per cent in net sales through organic growth and acquisitions. The company is actively looking for new acquisitions and has good opportunities to carry out large ownership arrangements being Finland's only listed company in its field. Surveying new product groups and operating methods is also a part of Beltton's business development.

Beltton aims for market leadership in Sweden within five years, and its long-term goal is to become market leader in the Nordic countries.

two decades of development and growth for beltton



success from service concepts and personal service

Beltton offers its customers a versatile range of speciality office supplies and products for daily office use. Its product range consists of office supplies, computer accessories, ergonomic products and corporate promotional products.

Beltton values long-term customer relationships. For example, the sales representatives at Vinstock Oy, the Group's first company, still serve many of the same customers they did back in 1984, the year the company was founded. Beltton considers each new company a potential customer. Being a market leader and a pioneer in its field, Beltton continuously develops its products and services to be able to offer its customers user-friendly and cost-effective purchases and increasingly comprehensive office solutions also in the future.

the oldest partnerships go back to the year beltton was founded.

direct sales concept brings the sales representative to the customer

Beltton's products generate added value to companies and facilitate daily work. Sales representatives visit customers so they can easily order the products they need and get acquainted with novelties. Customers making purchases at Beltton know that the products will be suitable for their needs because all items can be tested prior to ordering. Direct sales representatives collect customer feedback, as well as information about the customers' wishes and operating methods, during their daily visits. This real-time information is used to develop the product range and operations so that Beltton can offer its customers modern and up-to-date products and novelties. Efficient sales organisations enable product innovations to be launched simultaneously all over the country.

contract customer concept facilitates purchases of big enterprises and corporations

Beltton's contract customer concept enables companies to focus on their core competence. Contract customers get their office supplies and computer accessories easily and cost-effectively from Wulff Oy Ab. The basic product range is jointly determined with the customer and placed in a MiniBar rack, containing 150–200 products, on the customer's premises. Each product in the MiniBar has its own bar code, which enables products to be ordered quickly using a bar code reader. Real-time information is available through the eWulff service. The electronic ordering system serves customers 24 hours a day, and the WulffApu phone service provides personal assistance if required. To date, more than 1 000 MiniBars have found their way into Finnish companies.

Petri Hännikäinen, Area Sales Manager

KB-tuote Oy's business gift service caters for companies that place high value on successful marketing. The sales representative helps the customer to design a high-quality, seasonally updated product range in line with the customer's brand. The range can include company textiles as well as gift items. KB-tuote has its own designer in charge of product design. If required, KB-tuote can stock the products and distribute them on the customer's behalf. Customers can get acquainted with the KB-tuote product range at any of the ten sales exhibitions offered around Finland.

sales-oriented beltton employees

values form the basis for everyday work

Modern-day sales representatives are interaction professionals, who increasingly play the role of expert and consultant. Beltton's sales representatives always aim to find the solution that best serves the customer.

Tommi Kortelainen, Managing Director

Beltton's direct sales representatives know their customers and the special features of their work and operating environment. Satisfied customers will gladly turn to their "own" salesperson for purchases. Beltton offers professional partnership to its contract customers. The Key Account Manager is in charge of developing the partnership and ensuring its functionality.

star performers learn at the sales university

Beltton values sales skills above all. Seventy per cent of Beltton's employees (340 people) work in sales, with the remaining thirty per cent (145 employees) handling administration and logistics. Nearly all of Beltton's staff consists of permanent employees. Sixty per cent of the staff are men and 40 per cent women. The gender distribution is relatively even in different work duties.

The entire staff aims at profitable operations and a positive impact on sales, which is why a sales- and customer-oriented approach is heavily emphasised in the induction of employees. A market leader in its field, Beltton is known as a sales university. Previous education or work experience are not necessary requirements since Beltton offers its staff continuous and long-term training. Most of the employees start their career at Beltton at a young age. Fifty per cent of the employees are under 35 and 44 per cent fall into the age group of 36–50. The youthful and dynamic Beltton is considered to be a good employer that employees are in no hurry to leave.

professional personnel a success factor

A staff made up of top professionals has been key to the Beltton Group's 20-year-long success story. Thanks to the expertise of its employees, the Group has managed to reach and maintain leadership in the markets. Skilled trading means knowing how to best serve the customer: profitably.

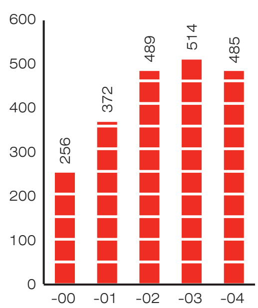
a sales and customer-oriented approach is natural to beltton's employees.

Being a direct and efficient distributor of office supplies, Beltton needs a competent purchasing organisation. The company's skilled buyers are familiar with the products and markets of the office world. Information flow between purchasing and sales is nearly real-time, enabling the purchasing organisation to quickly react to market changes.

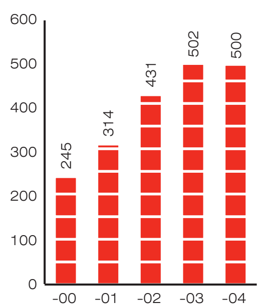
Systematic staff development ensures a skilled workforce both now and in the future. Beltton has tailored its own training programmes for direct sales representatives and for sales management. Its employees also have the opportunity to get basic commercial training.

In 2004 the company arranged training events for the sales staff in Group companies and built up co-operation in the purchasing organisation. Targeted training has been arranged in all Group companies as needed. For example, Wulff Oy Ab launched a language programme supporting its increasingly international organisation last autumn.

employees at year-end

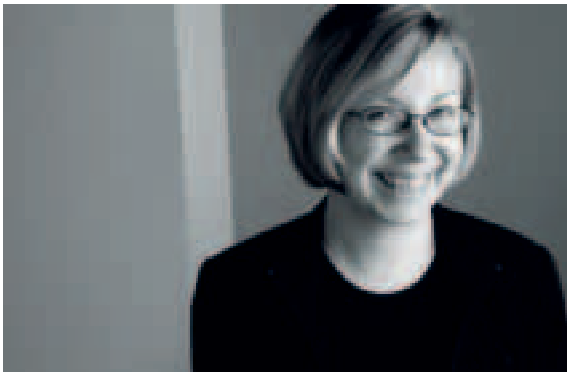


average number of employees



encouraging and motivating working environment

Beltton's results-oriented culture encourages and motivates employees to aim at good performance. Exceeding one's goals results in concrete rewards, and the results are also made public to colleagues. The company's employees appreciate each other's sales achievements. In addition to commissions, the personnel is guided towards profitable operations with a variety of bonuses, sales competitions and personal rewarding systems. The results-based compensation approach has been expanded to cover other employees, as well.



Päivi Viljanen, Team Leader

The staff at the Vantaa logistics centre, for example, gets a fixed monthly salary as well as performance-based pay.

Work at Beltton is challenging, rewarding and full of responsibility. Sales representatives enjoy the freedom of entrepreneurs but also get the benefits of salaried employees and access to comprehensive sales support services. Beltton's success is the result of individual achievements seen every day. The success of an employee always means success to the company as well. Beltton's employees are strongly committed to their work.

Thanks to Beltton's light administrative structure, superiors are close and easy to reach. The goal is an atmosphere conducive to discussions, as well as smoothly flowing communication that encourages the personnel to give feedback. The company's operations are also developed on the basis of annual personnel surveys.

beltton encourages career progress

Beltton offers committed employees good opportunities to advance their career. For example, all of Beltton's direct sales managers have started their career as sales representatives. In addition to rising in the company, employees can also obtain international experience in the Group's companies abroad. As a growth company, Beltton duplicates its skills and knowledge in new organisations both in Finland and other Nordic countries. Employees in administration and logistics also have good chances to advance in the Group.

recruitment poses a challenge

A good sales representative wants to succeed and finds motivation in goals. Finding and training top salespeople is a demanding task, and recruitment is a big challenge for a growth company in the field of sales. Beltton invested heavily in looking for and hiring new sales talents in 2004. The company's traditional recruitment method focusing on the printed media was complemented by a new approach in the autumn: a recruitment tour. In practice, the tour meant sending recruitment teams to the field, that is, to towns and cities where sales personnel was needed.

beltton recruits top salespeople for the future in various fields.

Open recruitment events looking to establish direct contacts with future talents were a success. The events were advertised on the radio, and the tour received a good amount of publicity in local newspapers and the electronic media. The recruitment tour will continue in spring 2005 in Finland, and a similar campaign is being planned for Sweden.

Beltton enhanced co-operation with labour administration and schools and colleges in 2004. The autumn recruitment tour was actively advertised in local employment offices and schools. As a market leader and the only listed company in its field, Beltton believes it can positively influence the image of sales and increase respect for sales work.

review by the board of directors 2004

net sales

As anticipated, the net sales of the Beltton-Group did not reach the level of the previous year. The Group's net sales declined by 3.9 per cent, amounting to EUR 60.4 million (EUR 62.9 million). The upward trend in net sales in the last quarter of 2004 was fuelled by the markets picking up and by the purchases made by Beltton's subsidiary, Wulff Oy Ab's new customers from the Finnish Government. The framework agreement Wulff signed with Hansel Oy brought along several large customer agreements with different Government organisations by the end of last year.

operating environment

In 2004, the market in the office supply environment remained challenging. The growth of the market for office supplies and computer accessories in Finland took an upward turn of approximately two per cent from the decline of some three per cent in the previous year.

business operations

In 2004, the sales of office supplies was strengthened with two new companies: Active Office Finland Oy started operating in Finland in the spring, and Office Solutions Svenska AB in Sweden in the autumn. In August 2004, Beltton expanded its operations to cover corporate clothing. During the year the Board of Directors examined various potential acquisition targets. However, negotiations did not lead to transactions.

profit development

Profits from the Group's business operations were reduced by 57.2 per cent to EUR 1.88 million (EUR 4.39), corresponding to 3.1 per cent of net sales (7.0%).
The Group's profit for the financial year declined with 32.3 per cent from the previous year, totalling EUR 2.13 (EUR 3.14 million). The decrease in profit mainly resulted from the price competition in the office supplies markets, the scarce sales resources and the increased recruiting and training expenses caused by enhanced recruitment.

The Group's result before extraordinary items declined by 53.0 per cent to EUR 2.19 million (EUR 4.66 million). Return on investments (ROI) was 8.9 per cent (16.6%) and return on equity (ROE) 12.2 per cent (17.5%). Profit per share declined to EUR 0.33 from the EUR 0.50 of the previous year. Equity per share, in turn, declined to EUR 2.51 from last year's EUR 2.96.

The closing value of the company's share on 31 December 2004 was EUR 5.71 (EUR 8.00).
The amount of Beltton's shares traded in 2004 was 10.5 per cent (18.9%).

financing and investments

The consolidated balance sheet was EUR 35,3 million 31 December (EUR 38,7 million). The company's equity ratio was slightly lower than the targeted 50 per cent, namely 48.7 per cent (51.3%), and the Group's liquid assets were at EUR 3.26 million (EUR 8.18 million).

The investments in fixed assets entered in the consolidated balance sheet amounted to EUR 1.08 million (EUR 0.98 million), or 1.8 per cent (1.6%) of net sales. They were mainly targeted at machinery and equipment.

options and changes in share capital

Beltton has one active option plan, which was approved by the Annual General Meeting on 3 April 2002. The plan includes a total of 200,000 options, whose subscription period ends on 31 October 2005. The plan involves

key figures per quarter 1 000 €

	Q4/04	Q3/04	Q2/04	Q1/04	Q4/03	Q3/03	Q2/03	Q1/03
turnover	17 257	12 562	15 770	14 825	16 972	12 762	17 075	16 059
operating profit before taxes (EBITDA)	956	345	789	1 424	1 326	799	1 983	1 873
operating profit	528	-58	388	1 019	887	407	1 594	1 499
% of turnover	3.1	-0.5	2.5	6.9	5.2	3.2	9.3	9.3
profit before extraordinary items, provisions and taxes	498	-212	726	1 175	934	429	1 726	1 571
% of turnover	2.9 %	-1.7 %	4.6 %	7.9 %	5.5 %	3.4 %	10.1 %	9.8 %
net profit for the period	79	-263	1 649	661	692	266	1 233	952
% of turnover	0.5 %	-2.1 %	10.5 %	4.5 %	4.1 %	2.1 %	7.2 %	5.9 %
number of personnel at the end of period	485	476	475	492	514	522	508	516

seventeen Board Members and key persons. The subscription price for the options is EUR 5.00.

The subscription period for the 2000 option-programme ended at October 31, 2004. The total amount of shares that could have been subscribed amounted to 250.000 shares of which 183.000 were subscribed.

The share capital was raised twice during the financial period. As a result of an option-based share subscription on 31 December 2004, the share capital was also raised on 28 January 2005.On 14 July 2004, a total of 5,000 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2002 stock option plan. The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 2,000. The increase was entered in the Trade Register on 29 September 2004.

Between 1 and 31 October 2004, a total of 38,500 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2000 stock option plan. Stock options A were used to subscribe for a total of 7,300, stock options B for another 7,300 and stock options C for 23,900 shares. The subscription price for stock options A was EUR 6.00, for stock options B EUR 5.97 and for stock options C EUR 4.14. As a result of the subscriptions the Group's share capital was increased by EUR 15,400. In addition, stock options from the company's 2002 stock option plan were used to subscribe for a total of 10,000 Beltton-Group Plc shares, with a nominal value of EUR 0.40, on 29 October 2004. The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 4,000. A total share capital increase of EUR 19,400 was entered in the Trade Register on 11 November 2004.

On 31 December 2004, a total of 5,000 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2002 stock option plan. The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 2,000. The increase was entered in the Trade Register on 28 January 2005.

personnel

Beltton employed 485 people at the end of 2004, and an average of 500 over the review period. A total of 94 employees worked in Sweden, Norway and Estonia.

authorisations

The Annual General Meeting authorised the Board of Directors to make a decision on taking one or more convertible bonds, issuing stock option rights and/or raising the share capital with one or more initial offerings. The share capital may be raised by a maximum of 1,289,825 shares, that is, EUR 515,930.

Moreover, the Board of Directors has the authority to decide on purchasing Beltton-Group Plc shares with the company's distributable funds so that a maximum of 300,000 company shares with a nominal value of EUR 0.40 can be purchased. This constitutes less than five per cent of the company's share capital and all votes.

During the financial period 2004, the Board of Directors did not exercise the authorisations given. The authorisations are valid until 5 April 2005.

board of directors' proposal for the distribution of profits

Earnings per share were EUR 0.33 (EUR 0.50). The Board of Directors proposes at the Annual General Meeting that a dividend of EUR 0.16 (EUR 0.40) per share be distributed for 2004, corresponding to 48.5 per cent (80%) of the per-share profit for the financial period.

Beltton distributed an extra dividend of EUR 0.40 in 2004. The Board's proposal for extra dividend was approved at the extraordinary general meeting on 16 November.

outlook for 2005

Beltton expects continued challenges in the office markets in 2005. The markets are forecast to grow moderately. The Group aims to grow faster than the markets, and plans to support this goal through acquisitions. To this end, Beltton is prepared to recruit more sales personnel for its subsidiaries both in Finland and abroad.

The company's management believes that consolidated operating profit in 2005 will clearly improve from that in 2004. The Group will continue its strict cost regime, which is expected to show results during 2005.

Helsinki, 9 February 2005

Beltton-Group Plc

Board of Directors

consolidated income statement

	Reference	1 Jan.–31 Dec. 2004 1 000 €		1 Jan.–31 Dec. 2003 1 000 €	
TURNOVER	1		**60 414**		**62 868**
Other operating income	2		303		250
Cost of goods sold					
Materials, supplies and goods					
Purchases during the period		30 789		29 659	
Increase (-) or decrease (+) in inventories		-346		-245	
External services		1 115	-31 558	1 448	-30 862
Personnel expenses	3				
Salaries, wages and compensations		11 828		11 196	
Pension costs		2 096		2 166	
Other pay-related personnel expenses		511	-14 435	591	-13 953
Depreciation and loss of value					
Depreciation according to plan	4		-1 637		-1 595
Other operating expenses	5		-11 208		-12 323
OPERATING PROFIT			**1 879**		**4 385**
Financial income and expenses					
Dividend income		2 955		2 207	
Other interest and financial income		595		421	
Decreases in value of financial securities in current assets		78		0	
Interest and other financial expenses		-3 318	310	-2 355	273
PROFIT BEFORE EXTRAORDINARY ITEMS			**2 189**		**4 658**
Extraordinary items			0		0
PROFIT BEFORE TAXES			**2 189**		**4 658**
Income taxes	8				
Taxes for the financial period		-922		-1 349	
Deferred taxes		989	-67	0	-1 349
Minority interests			-129		-166
NET PROFIT FOR THE FINANCIAL YEAR			**2 128**		**3 143**

consolidated balance sheet

	Reference	31 Dec. 2004	1 000 €	31 Dec. 2003	1 000 €
ASSETS					
FIXED ASSETS					
Intangible assets	9				
Other long-term expenditure		308		343	
Consolidation goodwill		3 982	4 290	4 490	4 833
Tangible assets	9				
Lands		398		358	
Buildings		2 550		2 694	
Machinery and equipment		2 634		2 430	
Other tangible assets		53	5 635	0	5 482
Investments					
Other shares and securities	10		682		691
TOTAL FIXED ASSETS			**10 607**		**11 006**
CURRENT ASSETS					
Inventories					
Materials and supplies			9 518		8 850
Current receivables					
Trade receivables		6 630		6 565	
Loan receivables		671		650	
Deferred tax assets	11	1 089			
Other receivables		310		144	
Prepaid expenses and accrued income [1]		3 240	11 940	3 300	10 659
Securities included in current assets			606		711
Cash at bank and in hand			2 653		7 471
TOTAL CURRENT ASSETS			24 717		**27 691**
TOTAL ASSETS			**35 324**		**38 697**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	12				
Share capital			2 601		2 533
Share issue [2]			2		47
Share premium fund			7 662		7 400
Retained earnings			3 941		5 978
Net profit for the financial year			**2 128**		**3 143**
TOTAL SHAREHOLDERS' EQUITY			**16 334**		**19 101**
Minority interests			879		750
LIABILITIES					
Deferred tax liability			0		0
Non-current liabilities					
Other non-current liabilities	13		8 674		10 424
Current liabilities					
Trade payables		2 546		2 546	
Other liabilities		2 957		2 957	
Accrued liabilities and deferred income [3]		2 919	9 436	2 919	8 422
TOTAL LIABILITIES			**18 110**		**18 846**
TOTAL EQUITY AND LIABILITIES			**35 324**		**38 697**

[1] Prepaid expenses and accrued income include imputed corporation tax in the amount of 1 795 000 EUR (1 381 000 EUR 2003).
[2] The EUR 25 000 share issue receivable related to the increase is included in other receivables.
[3] Accrued liabilities and deferred income include personnel expense accruals amounting to 2 248 000 EUR (1 815 000 EUR 2003).

consolidated cash flow statement

	2004 1 000 €	2003 1 000 €
Cash flow from operations		
Payments received from sales	59 433	64 013
Payments received from other operating income	220	180
Amounts paid for operating expenses	-56 330	-57 706
Cash flow from business operations before financial items and taxes	3 324	6 487
Interests and other operations-related financial costs paid	-335	-205
Interests received from operations	96	110
Direct taxes paid	-147	-185
Cash flow from operations	**2 938**	**6 207**
Cash flow from investment activities		
Investments in tangible and intangible assets	-1 076	-979
Sale of tangible and intangible assets	85	105
Acquisition of shares in subsidiaries	0	-104
Sale of shares in subsidiaries	0	0
Sale of other investments	0	0
Cash flow from investment activities	**-991**	**-978**
Cash flow from financing activities		
Share issue	261	767
Paid dividends	-5 181	-2 144
Received dividends	2 098	1 567
Short-term investments	-38	26
Loss from the sale of short-term investments	-2 569	-2 115
Loan withdrawals	0	0
Loan repayments	-1 336	-365
Cash flow from financing activities	**-6 765**	**-2 264**
Change in liquid assets	**-4 818**	**2 965**
Liquid assets on January 1	**7 471**	**4 506**
Liquid assets on December 31	**2 653**	**7 471**

parent company income statement

	Reference	1 Jan.–31 Dec. 2004	€	1 Jan.–31 Dec. 2003	€
TURNOVER	1		**362 294.50**		**365 580.55**
Other operating income	2		275 877.62		271 465.36
Cost of goods sold					
Materials, supplies and goods					
Purchases during the period		2 638.00		378.20	
Increase (-) or decrease (+) in inventories		0.00	-2 638.00	2 000.00	-2 378.20
Personnel expenses	3				
Salaries, wages and compensations		281 048.22		231 823.76	
Pension costs		53 493.99		42 327.32	
Other pay-related personnel expenses		21 380.89	-355 923.10	14 321.87	-288 472.95
Depreciation and loss of value					
Depreciation according to plan	4		-169 080.71		-143 757.56
Other operating expenses	5		-497 718.39		-680 359.19
OPERATING PROFIT			**-387 188.08**		**-477 921.99**
Financial income and expenses					
Dividend income		3 139 922.54		5 349 774.10	
Other interest and financial income		471 771.79		341 458.26	
Interest and other financial expenses		-3 085 625.36	526 068.97	-2 265 710.58	3 425 521.78
PROFIT BEFORE EXTRAORDINARY ITEMS			**138 880.89**		**2 947 599.79**
Extraordinary income and costs					
Group contributions	6		1 109 000.00		3 739 000.00
PROFIT BEFORE APPROPRIATIONS AND TAXES			**1 247 880.89**		**6 686 599.79**
Appropriations					
Change in depreciation difference	7		4 459.81		-4 930.00
PROFIT BEFORE TAX			**1 252 340.70**		**6 681 669.79**
Income taxes	8		-326 642.64		-1 902 459.69
NET PROFIT FOR THE FINANCIAL PERIOD			**925 698.06**		**4 779 210.10**

parent company balance sheet

	Reference		31 Dec. 2004 €		31 Dec. 2003 €
ASSETS					
FIXED ASSETS	9				
Intangible assets					
Other long-term expenditure			79 132.81		71 557.12
Tangible assets					
Land areas			1 040 000.00		
Buildings			2 225 600.00		2 350 400.00
Machinery and equipment			68 469.19		38 769.54
Investments					
Shares in Group companies	10		5 378 606.05		5 278 606.05
TOTAL FIXED ASSETS			**8 791 808.05**		**7 739 332.71**
CURRENT ASSETS					
Inventories					
Materials and supplies			0.00		0.00
Non-current receivables					
Non-current receivables from Group companies			10 687 571.97		9 758 997.48
Current receivables					
Trade receivables		0.00		0.00	
Receivables from Group companies		6 339 154.93		8 517 920.80	
Other receivables		25 000.00		11 862.22	
Prepaid expenses and accrued income		1 795 043.96	8 159 198.89	1 231 891.06	1 594 242.17
Securities included in current assets			593 337.78		689 193.00
Cash at bank and in hand			236.78		3 849 282.68
TOTAL CURRENT ASSETS			**19 440 345.42**		**24 059 147.24**
TOTAL ASSETS			**28 232 153.47**		**31 798 479.95**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	12				
Share capital			2 601 051.20		2 532 651.20
Share issue [1)]			2 000.00		47 000.00
Share premium fund			7 889 211.50		7 626 284.50
Retained earnings			4 516 660.22		4 918 152.51
Net profit for the financial year			**925 698.06**		**4 779 210.10**
TOTAL SHAREHOLDER'S EQUITY			**15 934 620.98**		**19 903 298.31**
ACCUMULATED APPROPRIATIONS					
Depreciation difference			116 950.19		121 410.00
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	13	8 504 564.61		9 840 940.47	
Other non-current liabilities		0.00	8 504 564.61	0.00	9 840 940.47
Current liabilities					
Trade payables		48 720.64		62 382.35	
Amounts owed to Group companies		1 903 523.68		374 661.34	
Other liabilities		1 499 838.06		1 358 065.64	
Accrued liabilities and deferred income		223 935.31	3 676 017.69	137 721.84	1 932 831.17
TOTAL LIABILITIES			**12 180 582.30**		**11 773 771.64**
TOTAL EQUITY AND LIABILITIES			**28 232 153.47**		**31 798 479.95**

[2)] The EUR 25 000 share issue receivable related to the increase is included in other receivables.

parent company cash flow statement

	2004 1 000 €	2003 1 000 €
Cash flow from operations		
Payments received from sales	362	343
Payments received from other operating income	275	271
Amounts paid for operating expenses	-573	-780
Cash flow from business operations before financial items and taxes	64	-166
Interests and other operations-related financial costs paid	-324	-32
Interests received from operations	471	341
Dividends received from operations	2 229	3 798
Direct taxes paid	0	0
Cash flow from operations	**2 440**	**3 646**
Cash flow from investment activities		
Investments in tangible and intangible assests	-5	-15
Sale of tangible and intangible assets	0	0
Other investments	0	-104
Loans granted	0	-1 083
Cash flow from investment activities	**-5**	**-1 202**
Cash flow from financing activities:		
Gain from share	261	767
Short-term investments	-28	-55
Withdrawals of short-term loans	0	0
Withdrawals of long-term loans	0	0
Repayments of long-term loans	-1 336	-336
Paid dividends and other distribution of profits	-5 181	-2 144
Cash flow from financial activities	**-6 284**	**-1 768**
Change in liquid assets	**-3 849**	**676**
Liquid assets on January 1	**3 849**	**3 173**
Liquid assets on December 31	**0**	**3 849**

key figures

1 000 €	2004	2003	2002	2001	2000
Turnover	60 414	62 868	41 856	29 280	22 185
Growth of turnover, %	-3.9 %	50.2 %	43.0 %	32.0 %	21.9 %
Operating profit before taxes (EBITDA)	3 516	5 980	6 007	4 398	3 413
% of turnover	5.8 %	9.5 %	14.4 %	15.0 %	15.4 %
Operating profit	1 879	4 385	5 182	3 663	2 853
% of turnover	3.1 %	7.0 %	12.4 %	12.5 %	12.9 %
Profit before extraordinary items, provisions and taxes	2 189	4 658	5 487	4 857	3 742
% of turnover	3.6 %	7.4 %	13.1 %	16.6 %	16.9 %
Net profit for the financial year	2 128	3 143	3 733	3 219	2 599
% of turnover	3.5 %	5.0 %	8.9 %	11.0 %	11.7 %
Cash flow from operations	2 938	6 207	3 987	1 889	1 518
Equity ratio, %	48.7 %	51.3 %	47.9 %	67.6 %	80.3 %
Return on equity, (ROE)	12.2 %	17.5 %	22.9 %	23.3 %	29.5 %
Return on investment, (ROI)	8.9 %	16.6 %	23.1 %	30.7 %	40.1 %
Gearing	38.5 %	15.9 %	36.6 %	-16.5 %	-44.5 %
Gross investments in fixed assets	1 076	979	3 527	754	818
% of turnover	1.8 %	1.6 %	8.4 %	2.6 %	3.7 %
Average number of personnel during the period	500	502	431	314	245
Number of personnel at the end of period	485	514	489	372	256
Earnings per share, EUR	0.33	0.50	0.59	0.52	0.49
P/E ratio of the shares	17.30	16.00	9.92	10.00	11.22
Dividend per share, EUR	2.51	2.96	2.76	2.44	2.12
P/BV ratio	2.27	2.70	2.12	2.13	2.59
Earnings per share, EUR	0.16	0.40	0.34	0.26	0.22
Payout ratio, %	48.5 %	80.0 %	57.6 %	50.0 %	44.9 %
Effective dividend yield, %	2.8 %	5.0 %	5.8 %	5.0 %	4.0 %
Operating profit before taxes (EBITDA)/per share EUR	0.54	0.95	0.97	0.71	0.56
Cash flow from operations/per share EUR	0.45	0.98	0.64	0.30	0.25
Average number of shares	6 456 857	6 307 250	6 189 233	6 189 233	6 100 000
Shares at the end of the financial year	6 502 628	6 331 628	6 304 628	6 304 628	6 100 000

calculation policies of key figures

Equity ratio, % $= \dfrac{\text{Shareholders' equity + minority interest x 100}}{\text{Balance sheet total - advances received}}$

Return on equity, % (ROE) $= \dfrac{\text{Profit before extraordinary items - taxes x 100}}{\text{Shareholders' equity + minority interest (average)}}$

Return on investment, % (ROI) $= \dfrac{\text{Profit before extraordinary items + interest x 100}}{\text{Balance sheet total - interest-free liabilities (average)}}$

Gearing $= \dfrac{\text{Interest-bearing liabilities - liquid assets}}{\text{Shareholders' equity + minority interest}}$

Earnings per share, EUR $= \dfrac{\text{Profit before extraordinary items +/- minority interest in the net profit - taxes x 100}}{\text{Share issue adjusted number of shares (average)}}$

Equity per share, EUR $= \dfrac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares on balance sheet date}}$

Dividend per share $= \dfrac{\text{Dividend paid for the financial period}}{\text{Share issue adjusted number of shares on balance sheet date}}$

P/BV ratio $= \dfrac{\text{Share issue adjusted share price on 31 December.}}{\text{Equity per share, EUR}}$

Effective dividend yield, % $= \dfrac{\text{Dividend per share x 100}}{\text{Share issue adjusted share price on 31 December.}}$

Payout ratio, % $= \dfrac{\text{Dividend per share x 100}}{\text{Earnings per share}}$

P/E ratio of the shares $= \dfrac{\text{Share issue adjusted share price on 31 December}}{\text{Earnings per share}}$

accounting policies

introduction of ifrs standards

As of 2005, Beltton-Group Plc will draft its interim reports and financial statements according to the IFRS standards. The transition has been prepared in 2004 as planned and the impact of the transition on the Group's accounting principles have been examined. As a result, the relevant effects are specified. It is estimated that the transition to IFRS reporting will not considerably affect the Group's key indicators.

consolidated subsidiaries

The consolidated financial statements include are Group companies. Active Office Finland Oy, a subsidiary established during the financial year, is consolidated as of 30 June 2004. The Group's holding in Everyman Oy has increased by six percentage units on 31 December 2004.

consolidation principles

Intra-Group shareholdings have been eliminated using the acquisition method. The group goodwill formed by companies acquired during the financial year 2002, EUR 4.5 million, has been capitalised in fixed assets in the balance sheet, and will be entered as expenses through write-offs during its active period (10 years).

Intra-Group transactions, internal receivables and liabilities, internal margins on inventories, and internal distribution of profits have been eliminated. Minority interest is separated from consolidated shareholders' equity and profit and entered as a separate item.

items nominated in foreign currency

Foreign currency items are booked at the exchange rate of the transaction date. Foreign currency items on the balance sheet are valued at the official exchange rates quoted on the balance sheet date. Exchange rate differences related to net sales and purchases are entered in the income statement as adjustment of asset items.

The balance sheets and income statements of foreign subsidiaries have been converted into euros in accordance with the official rate at the balance sheet date. In the consolidated financial statements, translation differences arising from the shareholders' equity of subsidiaries have been recorded as translation differences adjusting the Group retained earnings.

revenue recognition principle

The billing value of the products, associated indirect taxes and reductions deducted is recognised as revenue. Items are entered as income at the time of transfer of the product, i.e. on the basis of accrual.

tangible and intangible assets and depreciation principles

In the balance sheet, the book value of tangible and intangible assets is their original acquisition cost minus accumulated depreciation according to plan. Depreciation is charged according to plan, as straight-line depreciation, based on the original acquisition cost and the useful economic life of the assets.

evaluation of inventories

Inventories are valued according to the FIFO principle, at the lower of acquisition price or their likely selling price.

evaluation of marketable securities

Marketable securities are valued at the lower of acquisition cost or market price.

batching of pension costs

The Group's pension arrangements are based on statutory pension insurance schemes. Separate additional pensions are granted to the Group's key persons. The pensions' impact on the Group's performance is less than EUR 100,000 annually. The costs of pension insurance have been spread out to correspond to the accrual-based salaries and wages in the income statement.

taxes

In the income statement, taxes based on the profits of the Group's companies as well as deferred taxes have been entered as income taxes.

The deferred tax liability has been calculated from the Group companies' accumulated depreciation plan of the tangible assets. Correspondingly, deferred tax receivables have been entered on the basis of the depreciation of marketable securities and the losses for dissolution resulting from the streamlining of the Group structure. The tax rate used is the confirmed rate at the time when the financial statements were drafted. However, in calculating deferred tax receivables, the tax rate used is 26 per cent.

NOTES TO THE FINANCIAL STATEMENTS	Group 2004 1000 €	Group 2003 1000 €	Parent Company 2004 1000 €	Parent Company 2003 1000 €
1.TURNOVER				
By business area				
Computer peripherals	15 802	18 332	0	0
Office supplies	23 489	23 789	0	0
Corporate promotional products	14 581	14 136	0	0
Ergonomic office products	5 965	6 116	0	0
Rental income	577	495[1)]	0	0
Administrative services	0	0	362	366
Total	60 414	62 868	362	366
By market area				
Finland	53 166	55 581	362	366
Sweden	5 863	6 293	0	0
Norway	306	172	0	0
Estonia	1 079	822	0	0
Total	60 414	62 868	362	366
2. OTHER OPERATING INCOME				
Rental income	28	26	240	252
Profit from sales of fixed assets	34	38	0	0
Re-charged freight expenses	200	149	0	0
Others	41	37	35	19
Total	303	250	275	271
3. PERSONNEL EXPENSES				
Management remuneration				
Managing Directors	501	449	42	52
Members of the Board	24	0	0	0
Total	525	449	42	52
Average number of personnel during the financial year	500	502	6	6
4. DEPRECIATION				
Depreciation periods according to plan				
Consolidation goodwill	10 year			
Other long-term expenditure	5 year			
Machinery and equipment	3–5 year			
Buildings	20 year			
Depreciation according to plan				
Other long-term expenditure	62	47	27	18
Consolidation goodwill	560	575	0	0
Machinery and equipment	871	827	5	1
Buildings	144	146	137	125
Total	1 637	1 595	169	144
5. OTHER OPERATING EXPENSES				
Rental fees	1 320	1 410	15	15
Marketing	1 010	1 240	162	288
Travel expenses	3 970	4 547	20	36
Others	4 908	5 126	300	341
	11 208	12 323	497	680

[1)] The rental income relates to car rental income of Grande Leasing Oy.

NOTES TO THE FINANCIAL STATEMENTS	Group 2004 1000 €	Group 2003 1000 €	Parent Company 2004 1000 €	Parent Company 2003 1000 €
6. EXTRAORDINARY INCOME AND EXPENSES				
Group contributions			1 109	3 739
Others	0	0	0	0
7. APPROPRIATIONS				
Difference between depreciation according to plan and depreciation for tax purposes			-4	5
8. TAXES				
Income tax from ordinary operations	922	1 349	326	1 902
Change in deferred tax liability	-989	0		
Total	-67	1 349	326	1 902
9. INTANGIBLE AND TANGIBLE ASSETS				
Other long-term expenditure				
Acquisition cost January 1	439	308	123	85
Additions from Jan 1 to Dec 31	139	131	34	38
Subtractions from Jan 1 to Dec 31	112	0	0	0
Acquisition cost Dec 31.	466	439	157	123
Accumulated planned depreciation Jan 1.	96	49	52	34
Planned depreciation from Jan 1 to Dec 31	62	47	26	18
Book value Dec 31	**308**	**343**	**79**	**71**
Consolidation goodwill				
Acquisition cost January 1	5 314	5 247		
Additions from Jan 1 to Dec 31	52	67		
Acquisition cost Dec 31	5 366	5 314		
Accumulated planned depreciation Jan 1	824	249		
Planned depreciation from Jan 1 to Dec 31	560	575		
Book value Dec 31	**3 982**	**4 490**		
Land areas				
Acquisition cost Jan 1	358	358	0	0
Additions from Jan 1 to Dec 31	40	0	1 040	0
Acquisition cost Dec 31	398	358	1 040	0
Changes in value Jan 1	0	0	0	0
Recorded changes in value from Jan 1 to Dec 31	0	0	0	0
Book value Dec 31	**398**	**358**	**1 040**	**0**
Buildings				
Acquisition cost Jan 1	2 921	2 921	2 496	2 496
Additions from Jan 1 to Dec 31	0	0	0	0
Subtractions from Jan 1 to Dec 31	0	0	0	0
Acquisition cost Dec 31	2 921	2 921	2 496	2 496
Accumulated planned depreciation Jan 1.	227	81	146	21
Planned depreciation from Jan 1 to Dec 31	144	146	125	125
Book value Dec 31	**2 550**	**2 694**	**2 225**	**2 350**
Machinery and equipment				
Acquisition cost Jan 1	5 294	4 456	45	0
Additions from Jan 1 to Dec 31	1 076	959	47	40
Subtractions from Jan 1 to Dec 31	0	121	0	0
Acquisition cost Dec 31	6 370	5 294	92	40
Accumulated planned depreciation Jan 1	2 865	2 038	6	0
Planned depreciation from Jan 1 to Dec 31	871	827	18	1
Book value Dec 31	**2 634**	**2 430**	**68**	**39**

NOTES TO THE FINANCIAL STATEMENTS	Group 2004 1000 €	Group 2003 1000 €	Parent Company 2004 1000 €	Parent Company 2003 1000 €
10. SHARES AND SECURITIES				
Shares in subsidiaries				
Acquisition cost Jan 1			5 278	5 174
Additions from Jan 1 to Dec 31			101	104
Subtractions from Jan 1 to Dec 31			0	0
Book value Dec 31			**5 379**	**5 278**

OWNERSHIP OF THE SHARES IN SUBSIDIARIES

Name of company	Group's ownership %	Parent Company ownership %
Beltton Oy	100	100
Beltton Svenska AB	75	25
Grande Leasing Oy	100	0
Looks Finland Oy	75	75
Beltton A/S	100	80
Suomen Rader Oy	100	67
Vinstock Oy	100	63
Naxor Finland Oy	100	100
Everyman Oy	70	70
Office Solutions Oy	70	70
Officeman Oy	70	70
KB-tuote Oy	100	100
KB Eesti Oü	70	0
Visual Globe Oy	100	100
Wulff Oy Ab (form. Beltton Investment Oy)	100	100
Torkkelin Paperi Oy	100	0
Manland Oy (form. Wulff Oy Ab)	100	0
Active Office Finland Oy	100	100
Office Solutions Svenska AB	75	25

	Group 2004	Group 2003	Parent Company 2004	Parent Company 2003
Other shares and securities				
Book value Jan 1	691	670	0	0
Additions from Jan 1 to Dec 31	0	21	0	0
Subtractions	9	0	0	0
Book value Dec 31	**682**	**691**	**0**	**0**
11. DEFERRED TAX LIABILITY				
Deferred tax asset from timing differences	1 472	264		
Deferred tax liability from depreciation difference	-383	-264		
Total	1 089	0		
12. SHAREHOLDERS' EQUITY				
Share capital on January 1	2 533	2 522	2 533	2 522
Increase in share capital	68	11	68	11
Share capital on December 31	**2 601**	**2 533**	**2 601**	**2 533**
Share issue December 31	**2**	**47**	**2**	**47**
Share premium fund January 1	7 400	6 690	7 626	6 916
Gain from share	263	710	263	710
Share premium fund December 31	**7 662**	**7 400**	**7 889**	**7 626**
Retained earnings January 1	9 121	8 200	9 697	7 062
Dividends paid	5 181	2 144	5 181	2 144
Currency translation difference	-1	-17		
Other changes	0	-61		
Retained earnings December 31	3 939	5 978	4 516	4 918
Net profit for the financial year	2 128	3 143	926	4 779
Total shareholders' equity December 31	**16 332**	**19 101**	**15 934**	**19 90**

NOTES TO THE FINANCIAL STATEMENTS	Group 2004 1000 €	Group 2003 1000 €	Parent Company 2004 1000 €	Parent Company 2003 1000 €
Calculation of distributable funds December 31				
Retained earnings	3 939	5 978	4 516	4 918
Net profit for the financial year	2 128	3 143	926	4 779
Part of accumulated depreciation difference entered in shareholders' equity	-1 091	-647		
Consolidation entries	-1 472	-264		
Distributable funds December 31	**3 504**	**8 210**	**5 442**	**9 697**
13. NON-CURRENT LIABILITIES				
Non-current liabilities				
Loans from credit institutions	8 674	10 424	8 505	9 841
Pension loans	0	0	0	0
Other loans	0	0	0	0
14. PLEDGES GIVEN AND OTHER CONTINGENT LIABILITIES				
Chattel mortgages				
Used as guarantees	3 850	3 850	0	0
Not in use, free	600	600	0	0
Lease commitments	236	302	0	0
Guarantees				
Guarantees given on behalf of Group companies	200	200	200	200
Guarantees given on behalf of others	52	49	0	0
The following shares/assets have been pledged as collateral for the Parent company's loans. The book value is represented below:				
Martela Oyj	521	521	0	0
KB-Tuote Oy	683	683	683	683
Wulff Oy Ab	2 339	7 518	0	0
Torkkelin Paperi Oy	835	245	0	0
Wulff buildings	2 226	2 350	2 226	2 350
Wulff land areas	358	358	1 040	0

Deposits amounting to EUR 128 000 have been pledged as collateral for the Group's rental commitments, import tax fees and as collateral for share trading.

shares and shareholders

shares and shareholders

The minimum share capital of Beltton-Group Plc is EUR 2,000,000 and the maximum share capital EUR 8,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association.

The Group's registered share capital at the end of 2004 amounted to EUR 2,601,051.20, divided into 6,502,628 shares with a nominal value of EUR 0.40. The share capital was raised twice during the financial period. As a result of an option-based share subscription on 31 December 2004, the share capital was also raised on 28 January 2005.

On 14 July 2004, a total of 5,000 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2002 stock option plan The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 2,000. The increase was entered in the Trade Register on 29 September 2004.

A total of 38,500 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2000 stock option plan in 1–31 October 2004. Stock options A were used to subscribe for a total of 7,300, stock options B for another 7,300 and stock options C for 23,900 of shares. The subscription price or stock options A was EUR 6.00 for stock options B EUR 5.97 and for stock options C EUR 4.14. As a result of the subscriptions the Group's share capital was increased by EUR 15,400. In addition, stock options from the company's 2002 stock option plan were used to subscribe for a total of 10,000 Beltton-Group Plc shares, with a nominal value of EUR 0.40, on 29 October 2004. The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 4,000. A total share capital increase of EUR 19,400 was entered in the Trade Register on 11 November 2004.

On 31 December 2004, a total of 5,000 Beltton-Group Plc shares with a nominal value of EUR 0.40 were subscribed on the basis of the company's 2002 stock option plan The share subscription price was EUR 5.00. As a result of the subscription the Group's share capital was increased by EUR 2,000. The increase was entered in the Trade Register on 28 January 2005.

The subscription period for the 2000 option-programme ended at October 31, 2004. The total amount of shares that could have been subscribed amounted to 250.000 shares of which 183.000 were subscribed.

Beltton has one share series. Its trading code on OMX is BTN1V (BEL1V until 31 March 2004).

The share taxation value confirmed in the 2004 tax is EUR 4.03.

shareholders and ownership

The Beltton-Group Plc's shares are registered in the book-entry securities system maintained by the Finnish Central Securities Depository.

Beltton had a total of 739 shareholders at the end of 2004. Of Beltton's 6,502,628 shares 6,493,428, or 99.86% of shares and voting rights, were direct shareholdings, while the number of nominee-registered shares amounted to 9,200, representing 0.14%. Beltton's ten largest shareholders held 84% of shares and voting rights. Foreign share ownership amounted to 0.53%. The Beltton-Group Plc does not hold its own shares.

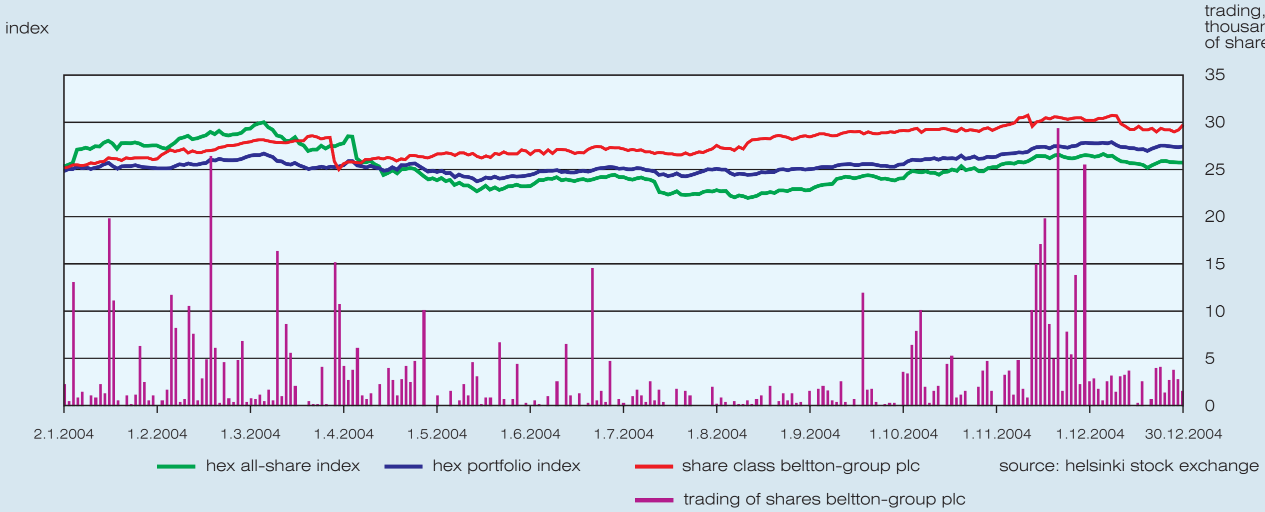
No changes in holdings that would have merited a notice of change took place in 2004.

On 31 December 2004, a total of 4,012,400 shares were held by Beltton's Board members and the company's CEO, associations in which they exercise authority or individuals under their guardianship. This represents 61.7% of shares and voting rights.

share quotation

Beltton's stock exchange history started in October 2000 when the company's share was first listed on the Helsinki Exchange's NM list. Beltton transferred its shares to the main list on 22 April 2003. The share is quoted in the Trade sector. The company's trading code is BTN1V and its lot size 100 shares. The share series' ISIN code used for international settlement of securities is FI0009008452.

hex and beltton 2 Jan. 2004 – 31 Dec. 2004



share trading and price development

In 2004 the trading volume of Beltton's share amounted to 682,595 shares, or 10.5% of shares outstanding, which corresponds to EUR 4,739,362. The highest share price in 2004 was EUR 8.07 (2003: EUR 9.21), the lowest EUR 5.56 (2003: EUR 6.00). The average share price in 2004 amounted to EUR 6.94 (2003: EUR 7.22). The closing share price on 31 December 2004 was EUR 5.71 (2003: EUR 8.00) Compared to 31 December 2003, the change in share price was 29%. The market value of the share capital at the end of the financial period was EUR 37,130,006.

stock option plan

Stock options are part of the company's commitment and incentive system. The company currently has one option plan, which is directed to its Board members and key employees.

Stock options from the 2002 option plan, approved by the Annual General Meeting on 3 April 2002, entitle to the subscription of a maximum of 200,000 new shares with a nominal value of EUR 0.40. As a deviation from the shareholders' pre-emptive subscription right, the unused stock options from the 2002 option plan can still be used to subscribe for a total of 180,000 new shares. The company's share capital may increase by a maximum of EUR 72,000 as a result of these subscriptions. The subscription price is EUR 5.00, and the subscription period will continue until 31 October 2005. The stock option plan's dilution effect was 3.1%.

The subscription period for stock options from the 2000 plan ended on 31 October 2004. The stock options of the plan, approved by the Annual General Meeting on 29 September 2000, entitled to the subscription of a maximum of 250,000 new shares with a nominal value of EUR 0.40. A total of 183,000 shares were subscribed for during the subscription period.

insider regulations

Beltton has adopted insider regulations based on the guidelines on the application of the Securities Market Act in listed companies issued by the Financial Supervision Authority. The insider register of Beltton-Group Plc is maintained in the Finnish Central Securities Depository's SIRE system. The company updates its insider information on a regular basis once every quarter on its web site www.beltton.fi.

owner group	shareholders		% of shares	
	number	%	number	%
private persons	621	84,0	4 711 006	72,4
financial and insurance institutions	12	1,6	744 800	11,5
companies	74	10,0	194 422	3,0
public entities	4	0,5	811 300	12,5
non-profit organisations	2	0,3	6 700	0,1
foreign shareholders	26	3,5	34 400	0,5
total	739	100,0	6 502 628	100,0

number of shares	shareholders		% of shares	
	number	%	number	%
1–500	464	62,8	118 100	2,0
501–1000	126	17,1	104 700	1,7
1001–10000	123	16,6	426 500	4,7
10001–100000	20	2,7	718 728	11,3
100001–	6	0,8	5 134 600	80,3
total	739	100,0	6 502 628	100,0

principal shareholders on 31 december 2004	number of shares	% of shares
	number	%
Vienola, Heikki	2 558 255	39,34
Pikkarainen, Ari	1 381 745	21,25
Keskinäinen Työeläkevakuutusyhtiö Varma	450 000	6,92
Keskinäinen Eläkevakuutusyhtiö Tapiola	350 000	5,38
Keskinäinen Vakuutusyhtiö Tapiola	283 900	4,37
Sijoitusrahasto Nordea Nordic Small Cap	110 700	1,70
Keskinäinen Henkivakuutusyhtiö Tapiola	100 000	1,54
Pohjola Finland Kasvu Sijoitusrahasto	94 400	1,45
Hietala, Pekka	84 100	1,29
Fondita Nordic Small Cap Placfond	56 600	0,87
Jaakkola, Juhani	50 056	0,77
Sundholm, Göran	50 000	0,77
Brade Oy	30 000	0,46
Yritysten Henkivakuutus Oy Tapiola	27 200	0,42
Fondita Equity Spice Placeringsfond	26 400	0,41
Sijoitusrahasto Nordea Fennia Plus	25 800	0,40
Vienola, Antti	22 000	0,34
BVI-Tuote Oy	21 300	0,34
Cardia Invest Oy	20 700	0,32
Fieandt von, Johan	20 000	0,31
total	5 763 156	88,63
others	739 472	11,37
total	6 502 628	100,00

board of directors' proposal for the distribution of profits

The consolidated balance sheet as at 31 December 2004 showed distributable funds in the amount of EUR 3.5 million. The parent company's balance sheet as at 31 December 2004 showed distributable funds of EUR 5.4 million. According to the parent company's balance sheet, the following amounts are at the disposal of the Annual General Meeting:

retained earnings	EUR 4 516 660,22
net profit for the financial year	EUR 925 698,06
total	EUR 5 442 358,28

The Board of Directors proposes to the Annual General Meeting that a dividend on EUR 0.16 per share, or a total of EUR 1.04 million, be paid for the year 2004, and that the remaining EUR 4.4 million be retained in non-restricted shareholders' equity. Further, the Board of Directors proposes that the dividend be paid on 18 April 2005.

Vantaa, 15 March 2005

Ari Lahti
Chairman of the Board

Heikki Vienola
Managing Director

Sakari Ropponen
Jyrki Paulin
Ari Pikkarainen

auditors' report

We have audited the accounts, the accounting records and corporate governance of Beltton-Group Plc for the period from 1 January to 31 December 2004. The financial statements prepared by the Board of Directors and the Managing Director include a report on operations as well as the income statement, balance sheet and notes to the accounts for both the Group and the parent company. Based on our audit, we give our opinion of the financial statement and corporate governance. We have conducted our audit in accordance with sound accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The purpose of the our audit of corporate governance was to ensure that the members of the Board of Directors and the Managing Director have legally complied with the provision of the Companies' Act.

In our opinion, the financial statements were prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the Group and parent company's result of operations and financial position. The financial statements and the consolidated financial statements can be adopted, and the members of the parent company's Board of Directors and the Managing Director can be discharged from liability for the period we have audited. The Board of Directors' proposal for the distribution of profit funds is in compliance with the Companies' Act.

Vantaa, 12 March 2005

Tilintarkastus LOGOS Oy
Authorised Public Accountants

Juha Lindholm
Approved Accountant

Jukka Havaste
Authorised Public Accountant

corporate governance

administration principles

The administration of Beltton follows the Companies Act, securities market legislation as well as the order of the authorities concerning the administration of a public limited liability company and the Bylaws. On 1 July 2004, Beltton introduced the Corporate Governance instructions following the recommendation of HEX Plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. Beltton will follow the recommendation in its entirety.

annual general meeting

Beltton's supreme right of power of decision is exercised by the shareholders in the Annual General Meeting that convenes at least once a year. The Annual General Meeting is held annually, on a date decided by the Board of Directors by the end of June. The Annual General Meeting decides on the number of Board Members and appoints the Members for one year at a time. The competence of the Annual General Meeting also includes changing the Bylaws, approving the financial statements, deciding on the amount of dividend, and appointing the auditors.

board of directors

The Annual General Meeting appoints three to six members of the Board and at most the corresponding number of deputy members. The term of the Board Members ends at the closing of the Annual General Meeting immediately following the election.

In the Board of Board Term 2004, there are five Board Members. The Board of Directors consists both of the company's largest owners mainly employed by the company, and external experts with versatile experience and knowledge of business. One of the members is Beltton's CEO. According to the Corporate Governance recommendation, the majority of the Board Members must be independent of the company. Three of the five Board Members of Beltton, namely Ari Lahti, Jyrki Paulin and Sakari Ropponen, are independent of the company.

In addition to the tasks separately mentioned in the law and Bylaws, the Board of Directors of Beltton is responsible for the following issues, according to its agenda:

- To strengthen the company's long-term objectives and strategy.
- To approve the company's operating plan, budget and financing plan and supervise their implementation.
- To process and approve Interim Reports and the financial statements.
- To decide on individual large and strategically important investments, such as acquisitions and purchases and divestments of business operations.
- To appoint the CEO and decide on his/her emoluments and other benefits.
- To confirm the risk management and reporting procedure.
- To draft the dividend policy.
- To establish, as and when necessary, committees to enhance the Board's work.

Beltton's Board of Directors convened 15 times during 2004. Of these meetings, three were phone conferences. The Members' average participation percentage in the meetings was 96. The Board evaluates its operations and working methods annually on the basis of a self-evaluation form.

board of directors' remunerations and benefits

The Annual General Meeting decides on the Board of Directors' remunerations and benefits. As of 5 April 2004, the monthly amount of meeting fees paid to the Board Members is EUR 1,000. The CEO or the Deputy Managing Director receive no compensation for the Board membership or the meetings.

For the Board Term 3 April 2003 - 5 April 2004, the Board was not paid any monetary fees. To the three Board Members who are not employed by the Group were assigned 3.4.2003 10,000 options of Beltton's 2002 option programme each.

ceo

The CEO of the Beltton-Group is responsible for the operative administration of the company in accordance with the instructions and orders issued by the Board of Directors. The CEO's benefits include a statutory pension. According to the employment agreement, the period of notice of the CEO is three months. The agreement does not include a separate termination compensation.

Since 1999, the CEO of the Beltton-Group has been Heikki Vienola, M.Sc. (Econ.). The salary of the CEO during the financial period 2004 was EUR 42,050.

organisation and remunerations of the group management

The Group's CEO and the Managing Directors of the subsidiaries form the core of the management organi-sation. The Group's CEO and Deputy Managing Director meet the seven Managing Directors of the subsidiaries regularly. The subsidiaries' Managing Directors steer the operative business operations. Significant decisions, such as major investments, are subject to the CEO's approval. Each unit has a separate financial administration. At the Group level, the person responsible for financial administration is the Chief Financial Officer of the Group. The IR Manager is responsible for the Group's communications and investor relations.

With the exception of the Group's CEO, the amount of salary paid to the Group's management in 2004 was EUR 611,000, while fringe benefits amounted to EUR 21,000. For the period under review, now performance rewards were paid. The Group's Deputy Managing Director has not been receiving salary for the position as the Deputy Managing Director.

auditors

Beltton has two auditors who have served as the company's auditors since 1999. The auditors are Authorised Public Accountants Tilintarkastus Logos Oy/ Auditor-In-Charge Jukka Havaste, Authorised Public Accountant and Juha Lindholm, Certified Auditor, HTM. The auditors do not own any shares of the Beltton-Group Plc.

The total amount of auditing fee paid to the auditors of the Beltton-Group in 2004 was EUR 43,570. Furthermore, they were paid EUR 5,730 for services not related to the audit.

risk management and internal control

The Board of Directors and the CEO decide on the operating principles used for steering the operations of the entire Group. The directors of the business units and the internal controller see to it that these principles are followed.

In 2004, the Group performed a risk analysis, during which the major risks were defined on the basis of their significance and probability on the scale from 1 to 5. Risks are divided into strategic risks, operative risks, market risks and technical risks. The follow-up in different areas are the responsibility of separately appointed persons. The Board of Directors will monitor, with six months' intervals, the implementation of measures designed for minimising risks. In 2004, particular attention was paid to the schedule of the performance information. The operative reporting at the monthly level was further accelerated and enhanced.

As a pure sales organisation, Beltton's most probable and significant risks are related to individuals. An important part of risk management is ensuring the commitment of key persons and securing the availability of competent sales personnel. In 2005, strong investments will be made on new recruitment methods.

Beltton's 19 subsidiaries operate with their own cash flow. As and when necessary, the subsidiaries may obtain additional financing in the form of a Group loan. The Group has tens of thousands of customers. The impact of the Group's largest customer on the net sales is less than three per cent. The subsidiaries analyse their customer losses individually, and manage their active credit control independently. Credit losses are minor in proportion to the net sales. The Group's Chief Financial Officer monitors the subsidiaries' financial administration and is responsible, among other things, for the monitoring of exchange risks and interest rate risks. Beltton does not engage in speculative exchange or interest rate trading.

The group's subsidiaries manage IT risks independently.

The internal controller of Beltton-Group Plc is responsible for the inspection plan, drafted annually, and its implementation. At the beginning of the year, the Board of Directors approves the inspection plan concerning the year in question. The internal controller presents the report directly to the Board at regular intervals.

central procedures of the insider management

Beltton-Group Plc follows the insider instructions of the Helsinki Exchanges, effective as of 1 March 2000, which is based on the instructions issued by the Financial Supervision on the application of the Securities Market Act in listed companies. The insider register of Beltton-Group Plc is maintained in the Finnish Central Securities Depository's SIRE system. The company updates the information of its insiders on its web pages regularly, four times a yea anent insiders are not allowed to trade with securities issued by Beltton-Group Plc within 14 days prior to the publishing of the financial statements release and the Interim Report (so called closed window). In addition to the permanent insider register, Beltton also maintains project-specific insider registers.

board of directors and management

Heikki Vienola

Ari Lahti

Sakari Ropponen

Ari Pikkarainen

Jyrki Paulin

board of directors on 31 december 2004

Ari Lahti, b. 1963, Licentiate in Political Science
- Chairman of the Board of Beltton since 2000
- Managing Director and Board Member of Icecapital Securities Ltd since 1999
- Board Member of Oy Veikkaus Ab since 2002
- Managing Director of Mandatum Private Bank in 1998 – 1999
- holdings at the end of 2004:
  - 10,000 Beltton shares, i.e. 0.15 per cent of shares and votes
  - 30,000 options

Jyrki Paulin, b. 1953, M.Sc. (Econ.)
- Board Member of Beltton since 2000
- partner in Eera Finland Oy since 2001. Member of the Board 2001 – 2003, Chairman of the Board since 2003
- founding partner and Managing Director (1986 – 1995) of A & L Management Oy, Chairman of the Board 1995 – 2001 and since 2003
- Consultant Director and partner of Mercuri International Oy 1980 – 1986
- holdings at the end of 2004:
  - 9,000 Beltton shares, i.e. 0.14 per cent of shares and votes
  - 30,000 options

Ari Pikkarainen, b. 1958
- Board Member of Beltton since 1999
- Deputy Managing Director of Beltton-Group Plc, and the Managing Director of Active Office Oy, Suomen Rader Oy, Naxor Finland Oy and Visual Globe Oy
- Sales Manager of Akro Oy 1990 – 1994
- Sales Manager of Oy Eric Rahmqvist Ab 1984 – 1989
- holdings at the end of 2004:
  - 1,381,745 Beltton shares, i.e. 21.25 per cent of shares and votes

Sakari Ropponen, b. 1957, M.Sc. (Econ.)
- Board Member of Beltton since 2000
- Consultant and Managing Director of Linedrive Oy since 1994
- Sales and Marketing Consultant of Mercuri International Oy 1985 – 1994
- holdings at the end of 2004:
  - 9,000 Beltton shares, i.e. 0.14 per cent of shares and votes
  - 30,000 options

Heikki Vienola, b. 1960, M. Sc. (Econ.)
- Board Member of Beltton since 1999
- CEO of Beltton-Group Plc
- Chairman of the Board of Arena Center Oy since 1994
- holdings at the end of 2004:
  - 2,558,255 Beltton shares, i.e. 39.34 per cent of shares and votes

group management on 31 december 2004

Heikki Vienola

- b. 1960, M. Sc. (Econ.)
- Board Member of Beltton since 1999
- CEO of Beltton-Group Plc
- Founder of Vinstock Oy at Beltton's service since 1984
- Chairman of the Board of Arena Center Oy since 1994
- holdings at the end of 2004:
  - 2,558,255 Beltton shares, i.e. 39.34 per cent of shares and votes

Ari Pikkarainen

- b. 1958
- Board Member of Beltton since 1999
- Deputy Managing Director of Beltton-Group Plc, and the Managing Director of Active Office Oy, Suomen Rader Oy, Naxor Finland Oy and Visual Globe Oy
- Sales Manager of Akro Oy 1990 – 1994
- Sales Manager of Oy Eric Rahmqvist Ab 1984 –1989
- holdings at the end of 2004:
  - 1,381,745 Beltton shares, i.e. 21.25 per cent of shares and votes

Veijo Ågerfalk

- b. 1959, Orthopaedic Technician
- Managing Director of Beltton Svenska AB since 1998
- Country Manager of Beltton Svenska AB 1993 – 1998
- Managing Director and partner of Liftpolen AB 1990 – 1993
- holdings at the end of 2004:
  - 20,000 Beltton shares, i.e. 0.31 per cent of shares and votes
  - 5,000 options

Jussi Heino

- b. 1967, High School Graduate
- Managing Director of Looks Finland Oy since 1999
- Sales Representative of Cap&Cap Oy 1995 – 1999
- holdings at the end of 2004:
  - 1,800 Beltton shares, i.e. 0.03 per cent of shares and votes

Juhani Jaakkola

- b. 1949, High School Graduate
- Managing Director of Everyman Oy, Officeman Oy and Office Solutions Oy since 1992
- founder of Akro Mats Matting 1989
- founder of Sun-Flex Oy 1987
- holdings at the end of 2004:
  - 50,056 Beltton shares, i.e. 0.77 per cent of shares and votes

Tommi Kortelainen

- b. 1967, M. Sc. (Econ.)
- Managing Director of KB-tuote Oy since 2001
- at KB-tuote Oy's service since 1995
- holdings at the end of 2004:
  - 6,000 Beltton shares, i.e. 0.09 per cent of shares and votes

Jari Seppälä

- b. 1956, Commercial College Graduate
- Managing Director of Wulff Oy Ab (as of 2 August 2004)
- Showtime, Saudi Arabia Regional Sales Director 2000 – 2004
- Managing Director of Duni & Havi Oy 1998 – 2000
- holdings at the end of 2004:
  - 200 Beltton shares, i.e. 0.003 per cent of shares and votes

Jarkko Vehviläinen

- b. 1965, High School and Commercial College Graduate
- Managing Director of Beltton Oy and Vinstock Oy (as of 26 April 2004)
- Deputy Managing Director of Beltton Oy and Vinstock Oy 2003 – 2004
- Sales Manager of Beltton Oy and Vinstock Oy 2002 – 2003
- holdings at the end of 2004:
  - 2,000 Beltton shares, i.e. 0,03 per cent of shares and votes

Liinu Lehto-Seljavaara

- b. 1969, M. Sc. (Econ.)
- Investor Relations Director of Beltton-Group Plc
- Investor Relations Manager of Beltton-Group Plc 2000 – 2004
- Liaison Manager of Beltton Svenska AB 1998 – 1999
- at Beltton's service since 1996
- holdings at the end of 2004:
  - 1,800 Beltton shares, i.e. 0.03 per cent of shares and votes
  - 5,000 options

Petri Räsänen

- b. 1965, M. Sc. (Econ.)
- Director of Finance of Beltton-Group Plc as of 3 January 2005
- Internal Auditor of Beltton-Group Plc 2004
- Finance Director of KB-tuote Oy since 2000
- Finance Director and Executive Director of Cronvall Oy 1993 – 2000
- Deputy Finance Director of Cron-Trading Oy 1991 – 1993
- holds no shares or options of Beltton Group Plc

information to shareholders

annual general meeting

The Annual General Meeting of Beltton-Group Plc will be arranged on Wednesday, 6 April 2005 starting at 3:00 pm at the following address: Radisson SAS Seaside Hotel, Ruoholahdenranta 3, Helsinki.

A shareholder who no later than 24 March 2005 has been registered as a shareholder in the shareholder list of the company, maintained by the Finnish Central Securities Depository APK, and who has registered for the Annual General Meeting no later than on Friday, 1 April 2005. The registration to the Annual General Meeting can be made

- by e-mail to the address:
  liinu.lehto-seljavaara@beltton.fi
- by fax to the number +358 9 523 393, or
- with a letter sent to the address:
  Beltton-Group Plc,
  Annual General Meeting,
  Manttaalitie 12, 01530 Vantaa

dividend for 2004

The Board of Directors of Beltton-Group Plc proposes to the Annual General Meeting that a dividend of EUR 0.16 per share be paid for the financial year 2004. The dividend decided upon by the Annual General Meeting will be paid to shareholders who have been registered in the shareholder list, maintained by the Finnish Central Securities Depository APK, on 11 April 2005, the record day of dividend. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 18 April 2005.

financial reporting

During 2005, Beltton-Group Plc will publish financial reports as follows:

Financial statements report for 2004	10 Feb. 2005
Interim report for January—March	10 May 2005
Interim report for January—June	10 Aug. 2005
Interim report for January—September	10 Nov. 2005

Beltton-Group Plc will publish the reports in Finnish and English as stock exchange releases and on the company's web site at **www.beltton.fi**. The annual report will be published in print in Finnish and English. The annual report can also be viewed as a pdf file on the company's Internet site or ordered from **info@beltton.fi.**

contact person for investor relations

For issues related to investor relations, please contact Liinu Lehto-Seljavaara, IR Director at Beltton-Group Plc. tel. +358 9 5259 0050 or
mobile phone+358 40 537 3964.

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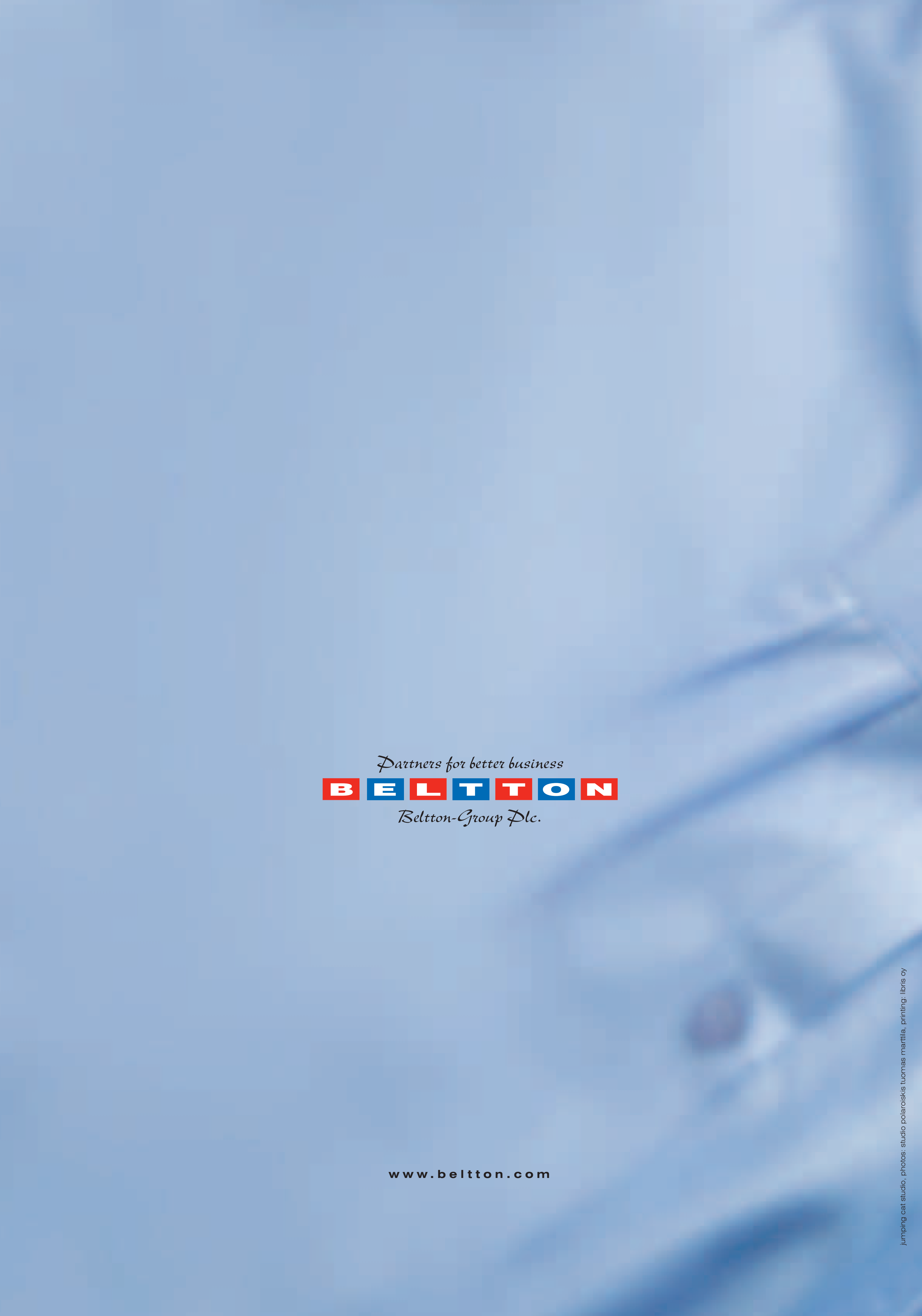

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