



Major events in 2002

- ECI increased revenue by 8% to DKK 338 million, and profit was DKK 26 million (before amortisation and impairment of goodwill and restructuring costs) compared with a loss of DKK 17 million in 2001.
- The results are in line with the forecast made in announcement no. 16 to the Copenhagen Stock Exchange on 27 August 2002.
- Profit for the second half of 2002 before amortisation and impairment of goodwill and restructuring costs was DKK 13 million, which was in line with expectations, compared with a profit of DKK 14 million in the first half of 2002.
- ECI posted a loss of DKK 5 million, up from a loss of DKK 77 million in 2001.
- The consolidation of the Company's operations in Aalborg, Denmark was completed, and the continuing operation of the Company was ensured.
- The Company's liquidity improved by DKK 81 million (DKK 8 million in 2001).
- ECI signed an OEM agreement with its sister company SAM Electronics GmbH in Hamburg, Germany, for the supply of AIS transponders.
- The capital base was increased by the DKK 44 million proceeds of a rights issue received in July 2002.
- The Company's balance sheet and liquidity were strengthened through a stronger focus on day-to-day operations, including reductions of inventories and receivables.
- For 2003, ECI forecasts an increase in revenue of not less than 5% relative to the 2002 level, and a profit of not less than 5% of revenue.

EuroCom Industries (www.eci.dk) is a leading global supplier of maritime communication equipment. ECI develops, produces and markets maritime communication equipment for all types of vessels.

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Group DKKm	1998	1999	2000	2001	2002
Income statement					
Revenue	692	604	317	314	338
Operating profit/(loss) before amortisation and impairment of goodwill and restructuring costs	106	25	(72)	(17)	26
Operating profit/(loss)	99	17	(119)	(62)	7
Profit/(loss) before tax	90	9	(132)	(77)	(5)
Net profit/(loss)	57	4	(109)	(78)	(5)
Balance sheet					
Total assets	581	513	397	294	258
Capital employed	345	411	302	216	193
Equity	187	192	80	2	41
Cash flow statement					
Operations	(31)	(9)	(3)	12	27
Investments	(24)	(36)	(0)	(3)	(3)
Financing activities	(15)	(33)	54	(2)	57
Key ratios (%)					
Operating margin before goodwill	15.4	4.1	(35.4)	(5.5)	7.8
Operating margin	14.3	2.9	(37.7)	(19.6)	2.1
Return on capital employed (ROCE)	36.1	4.6	(32.6)	(23.8)	3.2
Return on equity (ROE)	48.4	2.0	(79.9)	(189.9)	(24.2)
Equity ratio	32.2	37.4	20.2	0.7	15.8

ECI is ready for renewed growth

Implemented in 2001 and 2002, ECI's new business model has created an efficient and flexible organisation in all areas with a significantly lower cost base. The anticipated financial benefits are materialising in step with the implementation of the model.

ECI's performance in 2002

The market for maritime communication was stable in 2000-2002 based on a relatively steady number of newbuildings and replacement of worn out or technologically obsolete equipment.

The results are in line with the forecast made in announcement no. 16 to the Copenhagen Stock Exchange on 27 August 2002.

Revenue was DKK 338.0 million, representing a 7.8% increase from DKK 313.5 million in 2001.

The Company posted a net loss of DKK 5.2 million both before and after tax. The corresponding 2001 figures were losses of DKK 77.2 million and DKK 78.0 million, respectively. The results were at the forecast level (a loss of DKK 3-6 million).

Operating profit before amortisation and impairment of goodwill and restructuring costs was DKK 26.4 million compared with a loss of DKK 17.4 million in 2001. The operating profit for the year was DKK 7.1 million (2001: a loss of DKK 61.5 million).

Revenue was DKK 154.3 million in the second half of 2002 against the forecast of approximately DKK 160.0 million. Operating profit before goodwill amortisation for the second half of 2002 was DKK 12.9 million compared with a corresponding loss of DKK 6.5 million in the second half of 2001.

Consolidation of operations in Aalborg completed

The main tasks in 2002 were to secure the Company's continuing operations, to maintain its market position, to raise fresh capital and to consolidate operations in Aalborg, including to re-establish the management, development and finance functions in a new organisation.

The consolidation of operations in Aalborg was completed in accordance with the plans made. A new management group was established during the summer months. The relocation of the development function from Ballerup to Aalborg was completed as planned, and critical development capabilities were secured partly through rehiring of former, competent development staff from the Aalborg area. The establishment of the finance function in Aalborg was also completed with satisfactory results. ECI's operations at Ballerup were discontinued by 1 October 2002.

The consolidation of operations produced the desired synergies and efficiency improvements in working procedures. The new organisation has improved the overview, cohesion and

management of operations. Moreover, the Company has developed quicker decision-making processes, improved in-house communication and raised employee commitment.

The direct costs of the consolidation were forecast at DKK 15.6 million in the spring of 2002, and the actual costs were in line with this figure. As at 31 December 2002, there was a residual provision of DKK 8.5 million, primarily for rent and for costs in connection with vacating the leased premises at Ballerup. It is expected that the premises will be leased out in 2003.

Balance sheet strengthened

The Company's capital base was strengthened through a rights issue made in June 2002. The DKK 44.4 million proceeds were received in early July 2002. The rights issue was underwritten by Nordea Bank Danmark A/S, and ECI's principal shareholder, EuroMarine Electronics, participated in the rights issue in proportion with its ownership interest of approximately 60%.

The Company's balance sheet was furthermore strengthened in two areas in particular. First, significant efforts were made to reduce receivables. Secondly, inventories were reduced. Both of these improvements had a favourable and appreciable impact on the balance sheet and were achieved concurrently with an increase in revenue. Overall, ECI's liquidity was improved by DKK 81 million.

Management believes that the capital increase and the reduction of receivables and inventories are sufficient to secure satisfactory capital resources and that, together with the other changes made, this will restore the Company's financial position in relation to its business partners.

Three core markets

ECI primarily targets three markets: Large commercial vessels, fishing vessels and large pleasure boats.

Large *commercial vessels* have significant communication requirements which concern safety, efficient operation of the vessel and the crew's personal communication, for instance with their families back home. The forms of communication are regulated by the International Maritime Organisation ("IMO") through the so-called SOLAS rules. In 2002, global developments in this market were stable with newbuildings and modernisation activities at largely the same level as in previous years.

The geographic shift of newbuilding activities from Europe to the Far East continued in 2002. ECI's sales to this market saw a minor increase as the Company continuously adapts its distribution to the location of newbuilding activities.

Communication solutions for the *fisheries sector* are ECI's other principal market. This is primarily a European market subject to national regulation. ECI's sales to this market showed a minor decline in 2002 partly as a result of the generally difficult conditions in the fisheries sector and partly as a result of uncertainties in national regulations.

ECI's third market is *large pleasure boats*, i.e. boats exceeding 15 metres. This market is highly fragmented, and ECI is active in niche areas. Sales increased slightly in this market.

Marketing to the three segments takes place through a world-wide network of distributors, which sell ECI's communication solutions under the well-established and well-known SKANTI® and Sailor® brands. This distribution is supplemented by a number of OEM customers who supply systems solutions (integrated bridge solutions) and who primarily target the newbuilding market for commercial vessels. This combined distribution strategy gives ECI a unique, world-wide market coverage.

Sales are growing

Sales growth in 2002 totalled 7.8%. The growth was evenly distributed on the three product groups: MF/HF, VHF and satellite communication ("Satcom").

Sales of *MF/HF products* accounted for 26.7% of revenue. The product range was strengthened substantially through the launch of 150 Watt products. The MF/HF products are primarily sold to the SOLAS and fisheries markets. Sales increased, but not quite by as much as anticipated, because sales to the fisheries market were lower than expected.

VHF products are sold to all three market segments, and sales improved in 2002.

Satcom products are also sold to all three market segments. Sales increased during the year, with Iridium® satellite telephones making a breakthrough in 2002 as maritime users gradually became aware of the advantages of these telephones in various areas of application. The Maersk shipping company decided in December to fit all its vessels with Iridium® telephones.

A new product area in ECI is *Automatic Identification System ("AIS")*. AIS is a new technology in the maritime community, which is currently being introduced to improve surveillance of maritime traffic along coastlines and at sea. AIS identifies the positions of vessels and, on-shore coastal stations and VHF radio communication provide automatic exchange of information such as the course, speed, cargo and the vessel's identification number. This enhances opportunities for on-board navigation and surveillance of the seas, including for instance oil-polluting vessels.

The Company expects significant demand for these products over the next few years. Introduction of the AIS products was planned for 2002, but due to capacity problems at the institutes authorised to approve the products, ECI did not start marketing the products until in January 2003. The Company's products have now received type approval.

The IMO has adopted a resolution to the effect that all vessels subject to the SOLAS Convention must be fitted with AIS transponders in future. This implementation was originally to take place gradually until July 2008. However, the IMO decided in the autumn of 2002 – based among other thing on the terrorist actions in the United States in September 2001 – to shorten the implementation period, and all vessels in the SOLAS segment must now be fitted with AIS by the end of 2004. As a result of this change, significant demand will be moved forward and must be met during a period of only two years.

ECI's first navigation product, VHF-AIS, is based on radio technology. ECI previously entered into a strategic alliance with Marine Data Systems of South Africa for the development of mobile AIS transponders. In light of the expected earlier demand and the potential to ECI of this business area, ECI has also signed an OEM agreement with its German sister company SAM Electronics for the supply of transponders, so that ECI has two sources of supply.

Management therefore believes that ECI will be able to meet the expected demand for AIS equipment, and that the Company will thus remain a reliable supplier to the international maritime market through its worldwide distribution and service network.

New product development

During the year, a new product development department was established in Aalborg to make the Company's development strategy materialise and composed to handle ECI's future product development projects. The employees of the department have broad knowledge on the requirements in the maritime market and the technologies available in the development of new solutions. The department will be further strengthened in the course of 2003 as and when additional capacity is required.

A number of employees left ECI in connection with the relocation of the product development activities from Ballerup to Aalborg. However, the employees at Ballerup carried on and completed a number of projects related to ECI's existing product programme, which ensured that the transition from the former to the new development organisation took place in line with plans and in a satisfactory manner.

The core of ECI's product development strategy is to focus the Company's in-house resources on technologies that produce competitive advantages, and to complement these efforts with solutions sourced from third parties and technologies obtained through strategic partners.

ECI's product development department is working on defining the basis for a number of new projects. The focus is on maintenance and further development of existing product lines as well as on new products, which are to contribute to future growth.

Efficient production

The Company's new production concept is based on the Company's core competencies: final mounting and testing of circuit boards and assembly, configuration and testing of the products. The concept already met objectives in 2002 and provided strong delivery capacity, short delivery times and great flexibility. Accordingly, more than 50% of revenue now derives from orders received and delivered within the same month. Furthermore, costs, throughput times and inventories have been reduced, which increases ECI's profitability.

On the basis of the production concept, the quality targets set and a structured analysis of quality registrations, the production processes, production equipment and products are optimised in a continuous process. These efforts are going to continue in 2003. Furthermore, the Company intends to make reducing inventories a top priority.

Suppliers are important in maintaining the Company's competitive advantages. ECI has sought and achieved closer collaboration with fewer suppliers than the Company used to have. The collaboration focuses on enhancing and ensuring the level of quality, delivery capacity, flexibility, costs and cash flow.

There is growing focus on involving third-party suppliers in ECI's product development projects as early as possible in order to carefully evaluate construction design, also from a process point of view in collaboration with the suppliers who will subsequently participate in the production process ("Design for Manufacturing").

Employees and organisation

At the end of 2002, the Group had 245 employees. The net reduction of staff by 34 employees compared with last year's level was primarily brought about in connection with the relocation of all operations at Ballerup to Aalborg. All employees at Ballerup were given the option to relocate to Aalborg, but most of them rejected the offer, mainly because of their family situation, career plans and housing conditions; only three employees chose to relocate. The other employees were offered an outplacement arrangement. Only very few of ECI's former Ballerup-based employees have not yet found a new job.

The well-organised and responsible process helped motivate the employees affected to work loyally for the Company during the period operations were closed down, and the process of relocating operations took place in a satisfactory way. Moreover, the Company's good reputation was retained and ECI did not lose any customers, markets or products.

In connection with the consolidation of operations in Aalborg, a new management group was established, primarily consisting of new, highly experienced executives. The management organisation functions very well, which is very important for the Company to make its strategy materialise.

Svend Tøttrup, former CEO of ECI, resigned in April 2002, but was available to the Company as an adviser during a transition period in connection with the consolidation of operations in Aalborg. Svend Tøttrup joined ECI in 1999 and was appointed CEO in October 2000. Technical Director Peter L. Høy was appointed new CEO in April 2002. Mr. Høy joined ECI in 1985.

Günther R. Krombach, COO, resigned from ECI in February 2003, but he remains attached to the Company as an adviser and he is still employed with EuroMarine Electronics. Günther Krombach was appointed COO of ECI in August 2001. Following this change, the management of EuroCom Industries A/S consists of Peter L. Høy, CEO.

The Company's organisation is designed to target four main jobs: business creation, product renewal, product manufacturing and business support. ECI focuses on developing in-house processes, both on the systems side and on the employee side. The latter is achieved, among other things, through a new HR function, greater priority on general process development in the organisation and performance reviews in order to promote collaboration competencies and the continuing development of ECI.

Resolutions by the board of directors

The board of directors today adopted the financial statements for 2002. The board of directors has decided to propose to the annual general meeting that no dividend be paid for the 2002 financial year, and that the entire loss be covered by reserves.

The Company's annual general meeting will be held on 30 April 2003.

Outlook for 2003 and beyond

The market for maritime communication has been stable in recent years based on a relatively steady number of newbuildings and replacement of worn out or technologically obsolete equipment.

Expectations of market developments in 2003 are based on two opposite trends. On the one hand, the slowdown in the world economy and an adverse effect on certain freight rates dampens the propensity of ship owners to invest in new equipment. On the other hand, management expects that the implementation of statutory requirements and new technological solutions may result in significant demand in the years ahead.

- This applies not least to the AIS (Automatic Identification System), which is to be fitted in all SOLAS vessels by the end of 2004.
- Moreover, interest continues to grow in the smaller Iridium® satellite telephone, and as ECI is the only producer of a maritime version of this product, the Company has a dominant position in this market.
- Finally, the fisheries sector is expected to implement GMDSS (Global Maritime Distress and Safety System) in 2003 and 2004. The implementation in the EU and the EEA comprises 5,000-7,000 fishing vessels, a segment in which ECI has traditionally held a significant market share.

ECI has launched new and competitive products for the sub-markets mentioned above. Management expects demand to be strongest in the latter part of the period.

Overall, ECI forecasts an increase in revenue of not less than 5% relative to the 2002 level, and a profit of not less than 5% of revenue.

The forecasts and expectations are subject to uncertainties and risks, which may have the effect that actual developments may differ significantly from forecasts. In particular, reference is made to the risks relating to the introduction of AIS navigation systems and the re-lease of the leased premises in Ballerup. Moreover, it is difficult to predict any effects on the world economy, and thus on the shipping sector, of the potential war in Iraq. As a result, it is not possible to make a more precise estimate of the profit for 2003 at the moment.

Following the change of organisation and the reduction of overheads, ECI has a good and financially sound basis from which to continue its development. Moreover, the Company is now designed to efficiently capitalise on the opportunities for extra sales of specialised

products which, in the Company's experience, turn up in the market for maritime communication equipment from time to time.

Financial review

Income statement

ECI's revenue was DKK 338.0 million, representing a 7.8% increase from DKK 313.5 million in 2001.

ECI's sales prices increased by an average of approximately 2.0% during the year, while net exchange differences had no material impact on the year's revenue. Exports amounted to DKK 320 million, corresponding to 94.7% of total revenue.

Cost of sales was DKK 228.2 million, equivalent to 67.5% of revenue. In 2001, cost of sales accounted for 70.6% of revenue (2000: 73.4%). The proportion of overheads included in cost of sales (e.g. salaries for production management) was at the same level as in 2001.

Product development costs include costs incurred in the development of new products as well as costs of ongoing maintenance and further development/product optimisation of the existing product programme (e.g. changes in construction in connection with components phased out or no longer available).

Product development costs before capitalisation totalled DKK 28.5 million, equivalent to 8.4% of revenue compared with 12.5% in 2001. This trend was primarily attributable to two factors: First, important high level key competencies are retained within the organisation as a result of the change of ECI's product development strategy of placing greater emphasis on strategic partnerships in the development process. Secondly, the relocation to Aalborg resulted in a generally lower level of product development costs during the transition period.

As a consequence of the implementation of the new Danish Financial Statements Act, product development costs of DKK 4.2 million were capitalised in 2002. Product development costs for the year furthermore included amortisation of capitalised product development costs in the amount of DKK 0.4 million. The net effect on the product development costs for the year was thus DKK 3.8 million. In the prospectus for the rights issue in 2002, it was forecast that capitalised product development costs would amount to DKK 8.0 million. The difference largely represents the above mentioned fall in product development costs.

This brought product development costs – including capitalisation and amortisation – to DKK 24.7 million, equivalent to 7.3% of revenue.

Gross profit amounted to DKK 85.2 million, which was 59.8% higher than in 2001, compared with a 7.8% increase in revenue for the same period.

Sales and distribution costs amounted to DKK 26.3 million in 2002, which was 27.1% lower than in 2001 (DKK 36.1 million). This was primarily due to lower warranty costs, which in 2001 were attributable to service costs in connection with the launch of the Inmarsat B satellite terminals (DKK 3.3 million) and to Sailor Norge being a member of the Group in 2001 (DKK 4.0 million).

Administrative expenses totalled DKK 32.4 million in 2002, down from DKK 34.5 million last year. The 6.1% fall was attributable to cost savings in all areas.

Ordinary amortisation of goodwill for the year amounted to DKK 3.8 million. Each year, the Company evaluates the factors that form the basis for determining the value and useful life of goodwill. As opposed to 2001, this evaluation did not lead to any impairment charges against goodwill in 2002.

Total capacity costs before restructuring costs were reduced to DKK 62.6 million from DKK 114.8 million in 2001.

The expected direct costs of the consolidation of operations were estimated at DKK 15.6 million in the spring of 2002. The actual costs were in line with the estimate.

The operating profit for 2002 was DKK 7.1 million (2001: a loss of DKK 61.5 million). The distribution by product group (primary segment) is shown in the table below.

DKKm	Revenue	Operating profit/(loss)	Fixed assets	Liabilities
MF/HF	90.1	12.1	19.6	7.6
VHF	93.7	4.0	20.4	13.4
Satcom	114.3	2.5	15.4	11.3
Other products	30.7	3.3	4.6	2.6
Non-allocated	9.2	(14.9)	13.7	17.1
Total	338.0	7.0	73.7	52.0

Note: Non-allocated items (operating profit/(loss)) includes DKK 15.6 million of restructuring costs.

Net financial items amounted to an expense of DKK 12.3 million against DKK 15.7 million in 2001, representing a 21.7% fall. The level of borrowings was unchanged during most of the first half of 2002. Conversely, the Company's interest-bearing debt was reduced in the second half of the year. This was partly a result of the capital increase and partly of the renewed focus on the Company's day-to-day operations, especially in terms of receivables and inventories. Interest-bearing debt was thus reduced by DKK 60.7 million (2001: DKK 15 million).

This brought the pre-tax loss to DKK 5.2 million compared with a pre-tax loss of DKK 77.2 million in 2001. Tax on the loss was an income of DKK 0.1 million. This tax income was attributable to a tax adjustment from 2000.

The loss for the year was DKK 5.2 million compared with a loss of DKK 78.0 million in 2001.

Balance sheet

Total assets stood at DKK 257.9 million at the end of 2002. This was DKK 35.8 million or 12.2% less than last year. The fall was primarily attributable to a DKK 26.4 million fall in working capital tied up in inventories and receivables. As a result of a low capital investment

level, investments in property, plant and equipment were reduced by DKK 9.3 million. Cash increased by DKK 6.7 million as a result of improved liquidity. Other receivables were reduced by DKK 6.9 million, among other things as a result of the divestment of the Norwegian subsidiary Sailor Norge.

Made up according to the Company's accounting policies, the carrying amount of goodwill as at 31 December 2002 was DKK 36.2 million following amortisation for the year of DKK 3.8 million.

At the end of the year, property, plant and equipment amounted to DKK 31.8 million, down from DKK 41.1 million in 2001. Depreciation for the year was DKK 9.9 million, and capital investments for the year amounted to DKK 0.7 million.

Inventories totalled DKK 93.9 million, which was DKK 18.0 million lower than last year, distributed on the various inventory categories. It is expected that inventories will be reduced further in the course of 2003, among other things in connection with the completion of the outsourcing process, the continuing review of the product programme and other projects initiated.

Trade receivables were reduced by DKK 8.4 million to DKK 56.6 million. Bad debt provisions were reduced by 50% from DKK 12.4 million to DKK 6.1 million. No bad debt losses were recorded during the year. This means that trade receivables were actually reduced by DKK 14.6 million. The average number of credit days was reduced in 2002 and is expected to be further reduced in 2003.

The tax value of the Company's losses was carried on the balance sheet at DKK 22.8 million, which was unchanged from 2001. Management continues to expect that the tax losses carried forward can be offset against earnings in the next few years.

On the liabilities side, interest-bearing debt was reduced by DKK 60.7 million (2001: DKK 15 million). A contributing factor was the proceeds from the rights issue made in the middle of the year, the fall in trade payables and the inventory reductions.

Long-term borrowings were unchanged from 2001 and comprise an EUR 9.4 million loan and a DKK 30.0 million loan, both expiring in 2007. In addition, ECI has a DKK 5.3 million mortgage loan secured on its property. Repayments on the loan amount to approximately DKK 1.4 million per year, and the loan will be fully paid up in mid-2006.

Trade payables fell by DKK 12.1 million from DKK 41.8 million at the end of 2001 to DKK 29.7 million at the end of 2002.

Other payables were at the 2001 level, i.e. DKK 19.2 million at the end of the year. The item debt to EuroMarine Group company represents a short-term loan from Lyngsø Marine A/S.

Provisions amounted to DKK 11.6 million compared with DKK 12.3 million in 2001. The provision for 2001 included a DKK 12.3 million provision for warranty and service commitments. This amount has now been reduced to DKK 3.1 million in step with the payment of costs to upgrade maritime Inmarsat B satellite terminals and shut down the landmobile Inmarsat project. There is still a minor residual provision for the respective projects, which are expected to be closed down in the course of 2003.

As at 31 December 2002, the remaining provision for the direct costs in connection with the consolidation of operations in Aalborg was DKK 8.5 million. This remaining provision primarily concerns rent and costs in connection with vacating the leased premises at Ballerup. It is expected that the premises will be leased out in 2003.

Equity stood at DKK 40.8 million at 31 December 2002.

Cash flow statement

Cash flows from operating activities amounted to DKK 27.0 million in 2002 compared with DKK 11.7 million in 2001.

Changes in working capital as a result of the improvements mentioned above, the proceeds from the rights issue, the loan from the EuroMarine Group company and other factors improved the Company's liquidity by a total of DKK 80.9 million.

Post-balance-sheet events

Rheinmetall Group has announced that they have reached an agreement with Zenitel to take over the latter's 50% investment in EuroMarine Electronics GmbH. Closing of the transaction is subject to approval by the German competition authorities. If the transaction is approved, EuroMarine Electronics will be wholly owned by Rheinmetall. EuroMarine Electronics holds a 59.65% equity interest in ECI.

Accounting policy changes

The accounting policies have been changed as described below as a consequence of the implementation of the new Danish Financial Statements Act:

Product development projects are recognised as assets in future if they meet the criteria for recognition in the balance sheet. The change is implemented going forward, to the effect that costs incurred as from 1 January 2002 are recognised in the balance sheet if the individual project meets the criteria for recognition in the balance sheet. Product development costs are recognised under intangible assets at cost less accumulated amortisation. Until then, product development costs had been charged to the income statement as incurred. The change increased pre-tax profit by DKK 3.8 million. Equity increased correspondingly as at 31 December 2002 by DKK 3.8 million.

The comparative figures for product development costs in prior years have not been restated to reflect the implementation of the new Financial Statements Act as the accounting policy change is implemented going forward.

Except for the above, the same accounting policies as last year have been applied.

Annexes:

Summary consolidated financial statements, which include the income statement, balance sheet, shareholders' equity, cash flow statement and notes to the cash flow statement.

Financial calendar

EuroCom Industries A/S expects to release financial reports and hold its annual general meeting as shown in the calendar below:

Financial report 2002	26 February 2003
Annual report 2002	Mid-April 2003
Annual general meeting	30 April 2003
Financial report – Q1 2003	28 May 2003
Financial report – Q2 2003	27 August 2003
Financial report – Q3 2003	24 November 2003
End of financial year	31 December 2003

Income statement

DKK '000	2002	2001
Revenue	338,012	313,535
Cost of sales	(228,164)	(221,199)
Product development costs	(24,703)	(39,055)
Gross profit	85,145	53,281
Sales and distribution costs	(26,322)	(36,090)
Administrative expenses	(32,443)	(34,541)
Goodwill amortisation and impairment	(3,780)	(44,185)
Capacity costs	(62,545)	(114,816)
Profit/(loss) before restructuring costs	22,600	(61,535)
Restructuring costs	15,550	-
Operating profit/(loss)	7,050	(61,535)
Income from investments	0	0
Financial income	4,114	990
Financial expenses	(16,401)	16,674
Financial items	(12,287)	(15,684)
Loss before tax	(5,237)	(77,219)
Tax on the loss for the year	(60)	800
Net loss for the year	(5,177)	(78,019)

Assets

DKK '000, at 31 December	2002	2001
Goodwill	36,220	40,000
IT project	-	41
Completed development projects	3,805	0
Intangible assets	40,025	44,041
Leasehold improvements	3,522	4,439
Land and buildings	19,892	20,556
Production plant and machinery	5,809	11,603
Other fixtures, fittings, tools and equipment	1,883	3,953
Automobiles	639	509
Property, plant and equipment	31,745	41,060
Investments in Group enterprises	-	-
Deposits	1,904	1,878
Investments	1,904	1,878
Total fixed assets	73,674	82,979
Raw materials and consumables	38,735	47,065
Work in progress	45,594	42,438
Manufactured goods and goods for resale	9,591	22,392
Inventories	93,920	111,895
Receivables from group enterprises	-	-
Trade receivables	56,575	64,945
Other receivables	388	7,293
Deferred tax asset receivable	22,763	22,763
Receivables	79,726	95,001
Cash	10,528	3,804
Current assets	184,174	210,700
Total assets	257,848	293,679

Equity and liabilities

DKK '000, at 31 December	2002	2001
Share capital	21,875	43,750
Share premium	18,882	-
Retained earnings	-	(41,683)
Equity	40,757	2,067
Provision for restructuring	8,515	-
Warranty commitment and other obligations	3,071	12,322
Provisions	11,586	12,322
Bank debt	99,788	99,895
Mortgage debt	3,923	5,329
Long-term debt	103,711	105,224
Portion of long-term debt due within one year	1,406	1,321
Bank debt	36,501	110,719
Trade payables	29,646	41,749
Debt to EuroMarine Group company	15,000	-
Income taxes	-	800
Other payables	19,241	19,477
Short-term debt	101,794	174,066
Total debt	205,505	279,290
Total equity and liabilities	257,848	293,679

Shareholders' equity

DKK '000	Share capital	Share premium account	Retained profit	Proposed dividends	Total
Shareholders' equity at 1 January 2001	43,750	36,336	-	-	80,086
Loss for the year	-	-	(78,019)	-	(78,019)
Transfer to cover loss	-	(36,336)	36,336	-	0
Shareholders' equity at 1 January 2002	43,750	-	(41,683)	-	2,067
Capital reduction, transfer to reserves	(39,375)	-	39,375	-	0
Capital increase from rights issue	17,500	32,375	-	-	49,875
Costs of rights issue	-	(6,008)	-	-	(6,008)
Loss for the year	-	-	(5,177)	-	(5,177)
Transfer to cover loss	-	(7,485)	7,485	-	0
Shareholders' equity at 31 Dec. 2002	21,875	18,882	0	0	40,757

Cash flow statement

DKK '000	2002	2001
Loss for the year	(5,177)	(78,019)
Adjustments (Note 1)	26,992	58,132
Change in working capital (Note 2)	18,159	47,304
Cash flows from operations before financial items	39,974	27,417
Interest, etc. received	4,114	989
Interest etc. paid	(16,401)	(16,675)
Cash flows from ordinary activities	27,687	11,731
Income taxes paid	(740)	-
Cash flows from operating activities	26,947	11,731
Purchase of intangible assets	(4,263)	(89)
Purchase of property, plant and equipment	(740)	(9,131)
Purchase of treasure shares	-	-
Impact from divestment of Sailor Norge AS	1,459	6,152
Sale of property, plant and equipment	100	419
Cash flows from investing activities	(3,444)	(2,649)
Instalments on long-term debt	(1,428)	(1,499)
Proceeds from loan raised	15,000	-
Dividends paid	-	-
Proceeds from capital increase	43,867	-
Cash flows from financing activities	57,439	(1,499)
Change in cash and cash equivalents	80,942	7,583
Cash and cash equivalents at 1 January	(106,916)	(114,499)
Cash and cash equivalents at 31 December	(25,974)	(106,916)

Notes to the cash flow statement

DKK '000	2002	2001
Note 1, Adjustments		
Amortisation and depreciation	14,134	57,523
Impairment and revaluation	559	-
Interest etc., received	(4,114)	(990)
Interest etc., paid	16,401	16,674
Income tax on the profit/loss for the year	(60)	800
Other adjustments	808	-
Adjustment of other provisions	(736)	(15,875)
Total adjustments	26,992	58,132
Note 2, Change in working capital		
Change in receivables	19,404	13,595
Change in inventories	11,120	20,206
Change in trade payables	(12,339)	13,503
Change in deposits	(26)	-
Total change in working capital	(18,159)	47,304