

## Key figures of the Group

(1,000 FIM)	1994-95	1995-96	1996 8 months	1997	1998
Turnover	108 846	108 144	62 317	118 384	110 838
change, %	-10,1%	-0,6 %	-42,4% <sup>1)</sup>	+90,0%	-6,4%
Operating profit	12 686	7 589	6 847	14 772	12 362
% of turnover	11,7%	7,0 %	11,0%	12,5%	11,2%
Operating income	6 279	2 330	3 411	9 710	7 172
% of turnover	5,8%	2,2%	5,5%	8,2%	6,5%
Profit before extraordinary items	957	-2 179	1 361	7 284	4 235
% of turnover	0,9%	- 2,0%	2,2%	6,2%	3,8%
Profit before allocations and taxes	-2 067	- 2 179	1 361	7 084	4 235
% of turnover	-1,9%	- 2,0%	2,2%	6,0 %	3,8%
Profit before extraordinary items ./ . taxes	683	- 2 498	501	6 657	3 096
% of turnover	0,6%	- 2,3%	0,8%	5,6%	2,8%
Return on equity (ROE), %	1,3%	- 5,5%	1,1% <sup>1)</sup>	13,8%	6,0%
Return on investment (ROI), %	6,3%	2,3%	3,6% <sup>1)</sup>	10,4%	7,4%
Equity ratio, %	40,2%	40,7%	43,4%	47,4%	45,5%
Current ratio	1,4	1,3	1,3	1,4	2,3
Gross investments in fixed asset	2 972	2 548	1 836	2 542	7 688
% of turnover	2,7%	2,4%	2,9% <sup>1)</sup>	2,2%	6,9%
Consolidated balance sheet	120 731	112 182	105 095	109 635	114 197
Average personnel	268	238	210	230	231

## Key figures per share

	1994-95	1995-96	1996 8 months	1997	1998
Earnings / share (EPS), FIM	0,27	- 0,99	0,19 <sup>1)</sup>	2,63	1,22
Shareholders' equity / share, FIM	19,12	17,49	17,80	19,97	20,44
Dividend / share, FIM (adjusted)	0,00	0,00	0,40	0,70	0,50*
Dividend / share, FIM (nominal)	0,00	0,00	0,40	0,70	0,50*
Dividend / earnings %	neg.	neg.	210,5%	26,6%	41,0%
Effective dividend yield, %	0,0%	0,0%	3,8%	4,8%	5,3%
P/E ratio	35	neg.	56 <sup>1)</sup>	5	8
Issue-adjusted average number of shares	2 530	2 530	2 530	2 530	2 530
Issue-adjusted average number of shares, at end of financial year	2 530	2 530	2 530	2 530	2 530

## Trading prices of share, FIM

	1994-95	1995-96	1996 8 months	1997	1998	
Trading price of A-Series share on the I - list						
-the highest trading price	25,00	9,70	11,00	17,00	23,20	
-the lowest trading price	8,80	4,75	7,50	10,90	8,50	
-average price	14,56	7,04	9,26	14,16	17,91	
-the last trading price	9,10	9,20	10,65	14,40	9,50	
Market value of capital stock, FIM mill., A-share	20,3	20,5	23,7	32,1	21,4	
Exchange of shares during the financial year on the I - list	number	666 850	154 762	192 332	331 820	543 846
Exchange of shares, %		29,9%	6,9%	8,6%	14,9%	24,2%
Number of shareholders		533	499	469	442	422

\*= proposal

1) figures not comparable

## **PRESIDENT'S MESSAGE**

The fiscal year of the KASO Group was clearly twofold. The Group succeeded in increasing its turnover at the beginning of the year and also the result was favourable. The demand started to drop in the market during the summer and the backlog of orders was smaller than expected. Overall, despite the decline of turnover the result of the fiscal year 1998 was however satisfactory due to big deliveries at the end of the year.

The beginning of the year was favourable for the line of security products. Deliveries of ATM-safes as well as the cooperation with a new dealer in Russia contributed to turnover growth. The market situation however rapidly changed during the summer. Exports to Russia as well as to its neighbouring countries fell significantly. Also deliveries of our ATM-safes stopped because the volume of orders of our customer essentially declined. Improved performance at the end of the year was partly attributable to the big safe deliveries to Rumania. In Finland we have increased the market share by activating our sales efforts. Introduction of new products has taken more time than expected partly due to the high targets set and the longer-range planning as well. We will focus much of our efforts on the product planning in the next few years. This year we are investing in new machinery and equipment and concentrating more on selling light security products.

Subcontracting already represents nearly 90% of the turnover of Fab-Tech Ind.Inc. Last year we were successful with a few big projects thus compensating the weak demand in the line of sheet metal components. Overall, this was the best fiscal year in the company's history. Investments in new machinery and equipment will be continued in order to make the production process more flexible. Special emphasis will be placed on investments in the finishing equipment as well as in the EDP-system.

Since last summer there has been signs of a weaker demand among our customers in the USA. Due to their marketing difficulties some of our customers even reduced their production at the end of the year. This will affect our activities and earnings this year also.

The turnover of our Plastic Division remained nearly unchanged compared to the last year. The division however reported an unsatisfactory result. Several projects have been started to improve the situation. The number of employees will be reduced and marketing efforts intensified. Following our production development project, a few injection moulding machines including manipulators were purchased. We are convinced that these measures will improve our competitiveness. The new performance-related wage system applied in the factory is a good incentive in improving productivity. All activities are backed-up by the new EDP-system introduced early this year. Marketing efforts will be focused on Design and PR-products.

There has been significant changes in all our activities during the last few years. The main target is to improve our competitiveness and to increase the profitability. I am glad to say that we have achieved this rather well. Our activities are more and more guided by the needs of our customers, open information, professional skills and profitability. The results prove that we are heading in the right direction. Even if the short-term prospects have deteriorated, I am convinced that our long-term commitment in all our activities will result in profit improvement.

I wish to extend my thanks to all our cooperation partners.

Helsinki, March 1999

Jari Bachmann  
President