



eimo

Annual Report 1999



Partner in technology



1999 – a Year of Controlled Growth

- turnover EUR 78.0 million, growth of 31%
- operating profit EUR 19.2 million, growth of 27%
- capacity of mold factory doubled
- injection molding capacity raised in Hollola and Lahti, the factory in Helmond in the Netherlands will start up in spring 2000
- new customers, new products
- launch of new coating applications
- quality management system to meet QS 9000 standard

Strategic Goal

Eimo is a strategic supplier to the mobile communications industry. The company focuses on the automated mass production of precision moldings, applying specialized technology in the further processing of components. It is the objective of Eimo to become a globally significant manufacturer of precision plastic components.



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Annual General Meeting

The Annual General Meeting of Eimo Oyj will be held at 2.00 pm on 4 April 2000 in Lahti.

Annual Report and Interim Reports

The annual report and interim reports are published in Finnish and English. They are available for viewing on the company's Internet pages at www.eimo.com. The publications can be ordered from Eimo Oyj, Corporate Communications, P.O. Box 104, 15101 Lahti, Finland, tel. +358 3 85050, fax +358 3 850 5410, e-mail: ir@eimo.com.

In 2000 the interim reports will be published on 4 May (January – March), 8 August (January – June) and 2 November (January – September).

Figures for Previous Years

The figures used in this annual report for comparison purposes from 1998 or earlier years are partially based on the financial statements of the predecessors of the company and group. The methods used were described in the offering circular dated 1 March 1999 and have been approved by the company's auditors.



1999 in Brief

Eimo had a turnover in 1999 of EUR 78.0 million, growth of 31% on the figure for the previous year. Despite this growth, the company succeeded in maintaining its profitability at a healthy level. The operating profit was EUR 19.2 million, or 24.6% of turnover.

In 1999 strong growth took place not only in turnover but also in capacity and plant space. The space at the company's mold factory doubled and about 12,000 m² of new premises were taken into use at the injection molding factories. At the end of 1999 Eimo had 30,000 m² of operating premises in use. The company's first unit outside Finland, the Helmond factory in the Netherlands, is starting up in early 2000. Investments in 1999 rose to EUR 15.3 million.

During the review year the company launched several new products using surface treatment processes that apply the new technologies adopted by Eimo in recent years. Painted mobile telephone covers and those made with In-Mold Decoration and In-Mold Labeling technologies substantially increased their share of Eimo's sales.

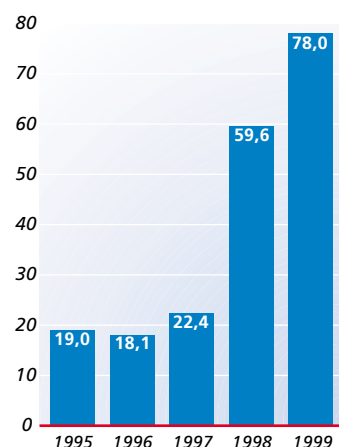
In 1999 Eimo signed cooperation agreements with three new clients in the mobile communications industry. The new clients reinforce the company's position as a major supplier to the sector.

Key Indicators

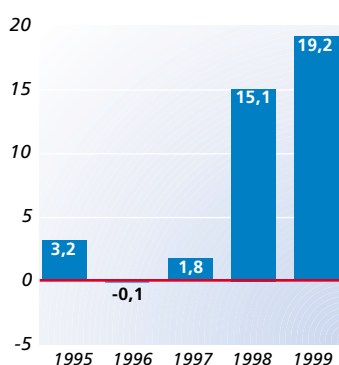
	1999	1998
Turnover, million EUR	78.0	59.6
Operating profit, million EUR	19.2	15.1
Pre-tax profit, million EUR	13.1	10.4
Gross investments, million EUR	15.3	16.5

	1999	1998
Equity ratio %	79.9	48.9
Net gearing %	-29.2	34.0
Earnings/share, EUR, issue adjusted	1.16	1.10
Return on investment (ROI), %	41.3	53.8
Return on equity (ROE), %	33.4	66.0
Average number of personnel	681	457

Turnover 1995-1999, million EUR



Operating profit 1995-1999, million EUR



Chairman's Review



Eimo reinforced its position in the market

During the past year Eimo changed from being a company known in limited trade circles into a listed company that is widely known and monitored. For management, responsibility to the company's owners became a key element alongside its responsibilities to clients and to personnel. Listing gave a more sharply defined edge to our operations, and personnel have shown a genuine interest in the new challenges and opportunities offered by Eimo.

Eimo operates in a business sector that is full of promise. We know that our stakeholders have high expectations. The sector is growing vigorously and offers great opportunities to those with the right skills. We are focusing on two issues in our operations: Firstly we aim to ensure that we are able on a day by day basis to give our clients such an advantage that we retain our place as their key supplier. At the same time we also need to ascertain our ongoing profitability. Secondly, we aim to boldly develop our capabilities to grow profitably and our abilities to apply new technologies and methods. The time it takes to launch new products continues to get shorter, and Eimo's role is likely to expand from being a component manufacturer to becoming a supplier of larger and more complex units.

The extensions to the factories in Lahti and Hollola, a total of about 15,000 m², lay the foundations for a very fast increase in capacity. At the start of 2000, Eimo started up a new production unit in the Netherlands, which will improve service to clients in western Europe. The recruitment of personnel and decisions taken for the future ensure that the company will have sufficient skilled personnel. We believe that the warrant program launched in the autumn will reinforce personnel commitment to the company. Eimo aims to be a work community that offers challenges also in the future.

I would like to thank our clients for the growing confidence they have shown in us. We will do everything we can to make sure that we remain worthy of that trust. The initial public offering in last spring brought Eimo several thousand new owners. I would like to thank the new owners for the interest they have shown in the company and I am happy that their investment has given them a good return. Our personnel – the Eimo team – once again deserve thanks for a magnificent achievement. You are true professionals, open to new ideas, unafraid to take on challenges.

Lahti, 1 March 2000


Jalo Paananen
Chairman

Shares and Shareholders

Eimo Oyj's A shares are quoted on the main list of the Helsinki Exchanges. The shares were listed on 23 March 1999 after an initial public offering. Since 1 February 2000 Eimo's shares have been part of the FOX index, formed of the 25 shares with the most active trading.

Eimo has two series of shares, A and K shares. The 9.8 million A shares and 1.8 million K shares form a total of 11.6 million shares. All the shares have a book counter-value of 1 euro each. The company's registered share capital is EUR 11.6 million.

Eimo's A shares carry 1 vote and K shares 20 votes at annual general meetings. All shares carry equal dividend rights.

Share stock

A shares	9,800,000
K shares	1,800,000
Total	11,600,000

Votes

A shares	9,800,000
K shares	36,000,000
Total	45,800,000





Board authorizations

Eimo's Board of Directors is authorized to issue a maximum of 300,000 warrants to key company personnel. The warrants are described in the section "Warrants for key personnel". The Board holds no other unused authorization from the Annual General Meeting to raise share capital with a share issue.

Warrants for key personnel

The extraordinary shareholders' meeting held on 17 November 1999 accepted the proposal of the Board of Directors to issue warrants to key personnel at Eimo Oyj. Of these warrants 90,000 will be labelled A warrants, 90,000 will be B warrants, and 120,000 will be C warrants. A maximum of 300,000 warrants will be issued, each of which will entitle the owner to subscribe to one Eimo Oyj A share. On the basis of these shares the company's share capital can be raised by a maximum of EUR 300,000 by issuing a maximum of 300,000 Eimo Oyj A shares.

The subscription price for the shares will be determined by deducting from EUR 20.00 the amount of the dividends paid before the start of the subscription period on the recording date for each dividend payment, as well as possibly deducting or adding an amount that is based on the relative performance of Eimo Oyj's A share.

The subscription period for the A warrants will start on 1 June 2002, for the B warrants on 1 June 2003 and for C warrants on 1 June 2004. The subscription period for all the warrants ends on 31 May 2006.

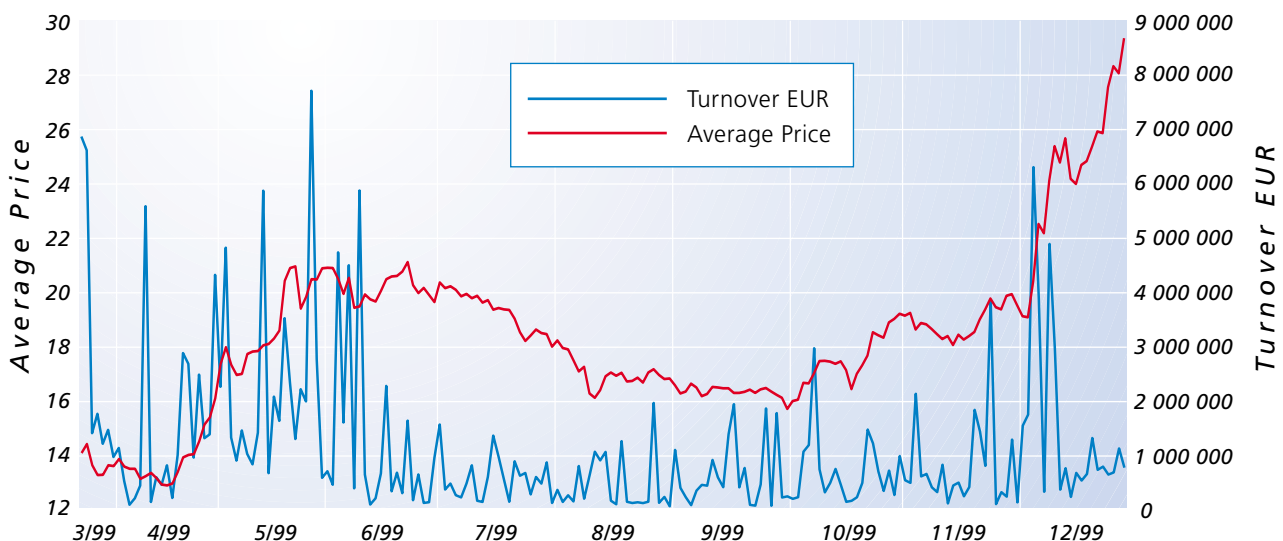
By 31 December 1999 a total of 152,500 of these warrants had been issued.

Shares owned by Board of Directors and President

On 31 December 1999 members of the Board of Directors and the President owned a total of 1,154,537 A shares and 1,350,000 K shares. Altogether they thus held 21.6 % of the company's shares and 61.5 % of the voting rights.

In addition to these, members of the Board and the President held a total of 32,000 warrants from the share option system issued in the autumn. On the basis of these they can subscribe to a maximum of 32,000 new A shares, which would be 0.3% of the shares and 0.07% of the voting rights after the exchange. If the shares are fully subscribed, members of the Board of Directors and the President would then hold 21.3 % of the shares and 61.1 % of the voting rights.

Prices and activity of Eimo A shares 23 March – 31 December 1999



Major registered shareholdings on 31 December 1999

	K shares No.	A shares No.	Shares %	Votes %
Jukko Annamari	225,000	1,145,937	11.8 %	12.3 %
Paananen Elmar	225,000	1,145,937	11.8 %	12.3 %
Paananen Topi	225,000	1,145,937	11.8 %	12.3 %
Paananen Jalo	1,125,000	-	9.7 %	49.1 %
Ilmarinen Mutual Pension Insurance Company	-	545,100	4.7 %	1.2 %
FIM Forte Investment Fund	-	298,700	2.6 %	0.7 %
Eqvitec Teknologiarahasto 1 Ky	-	210,957	1.8 %	0.5 %
The Local Government Pensions Institution	-	200,000	1.7 %	0.4 %
Sijoitusrahasto Leonia Osake (mutual fund)	-	173,850	1.5 %	0.4 %
Mutual Insurance Company Pension Fennia	-	120,000	1.0 %	0.3 %
Mutual Insurance Company Business Fennia	-	120,000	1.0 %	0.3 %
Sijoitusrahasto Leonia Kasvuosake (mutual fund)	-	118,700	1.0 %	0.3 %
Merita Capital Oy	-	112,389	1.0 %	0.2 %
Placeringsfonden Gyllenberg Small Firm	-	101,800	0.9 %	0.2 %
Pohjola Life Assurance Company Ltd	-	100,000	0.9 %	0.2 %
Nominee register total		1,412,074	12.2 %	3.1 %

On 31 December 1999, a total of 1,412,074 A shares were in the nominee register or registered by non-Finns, or 12.2 % of the shares and 3.1 % of the voting rights.

The free float (number of shares held by others than the main shareholders) was 6,362,189 shares, or 54.8 % of the share stock. The proportion of these owned by non-Finns and in the nominee register was 22.2 %.

Dividend policy

Eimo pays a dividend in accordance with the provisions of the Finnish Companies Act. The company's goal is to pay a dividend every year. The amount of the dividend depends on the company's result, its financial position, need for capital, prospects and other factors. The company follows an active dividend policy that largely reflects the company's results, taking into account the financial needs for the company's growth and the equity ratio target set in the company's strategy (45-65%).





President's Review

Eimo operates in international, competitive markets where clients require 100 per cent delivery performance and flexible reaction to peaks in demand. During 1999 the company invested heavily in increasing capacity. The capacity of the injection molding factories in Finland grew substantially, and the production premises and capacity at the mold factory doubled in size.

The year 1999 also saw Eimo's first steps in becoming an international company. The company's first unit outside Finland, the Helmond factory in the Netherlands, was completed and production will start there in the first quarter of 2000. Being located close to clients places it in a good position to serve clients flexibly, supplying direct to their production lines.

More extensive product assemblies and closer collaboration with clients have required a major investment in personnel. The company has strengthened its resources for example in research and development, in handling new product projects, managing the supplier chain, quality, mold manufacturing and automation.

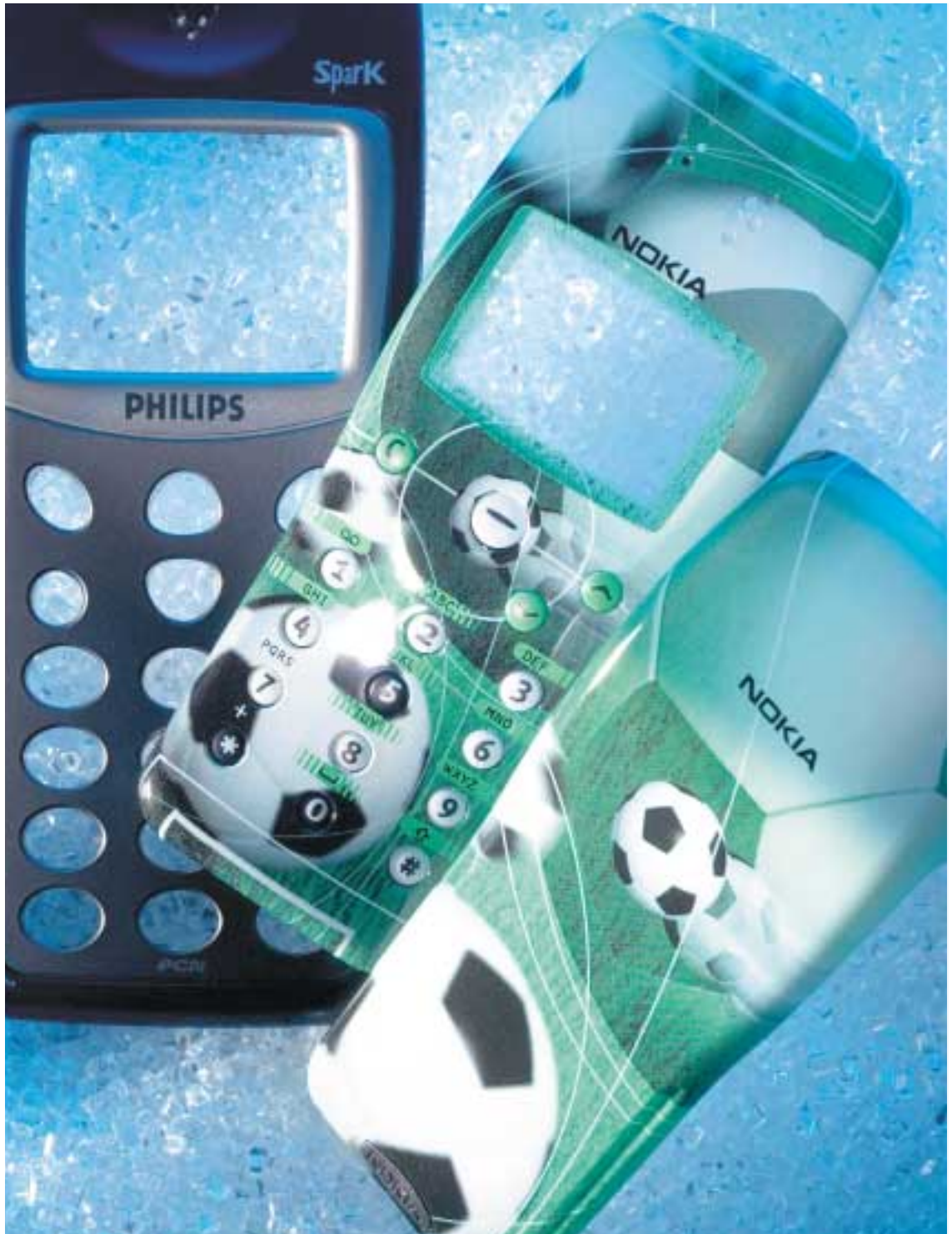
Despite its growth, Eimo has managed to maintain profitability at a healthy level. Output from the production processes has made positive progress and significant improvements have been achieved particularly in the area of visual quality. This is a result of systematic investment in developing operations and quality. It is also a demonstration of that spirit of learning and improvement that form Eimo's values, along with being customer and profit oriented.

The next few years offer Eimo attractive opportunities and challenges. Growing markets, new technologies, the speeding up of the product development stage and management of the supply chain mean continuous change. Eimo is able to respond flexibly to the capacity requirements of clients, and the company is well placed to compete. The professional skill of personnel and concentrating on our own core expertise, coupled with the ability to react quickly to developments in the markets and technology, form a sound basis on which to build the future.

Lahti, 1 March 2000

Lauri Jalli
President





Markets

Mobile communications accounted for 91% of Eimo's turnover in 1999. The markets are global and Eimo supplies components for mobile telephones and their accessories to Europe, America and Asia.

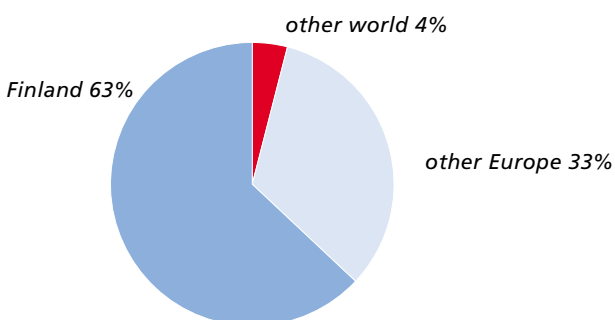
Eimo's clients are the leading international manufacturers of mobile phones and battery chargers, antennas and accessories for them. In addition to the electrical and electronic industries, Eimo also supplies plastic components to the environmental sector, the furniture industry and manufacturers of domestic appliances.

The company has a strong position as a key supplier to its clients. A close partnership relationship means participating in the client's product design process, synchronizing manufacturing and quality processes, and working together for example in choosing component suppliers. 100 per cent quality and the ability to supply even in peak demand situations are the prerequisite for partnership. This is why the company has considered that developing the partnership relationship to include Eimo's suppliers is an important competitive factor.

During 1999 Eimo started production of several new mass products, but sales of products already in production also continued strongly. Exchangeable covers, made to look different for marketing purposes using surface treatments such as painting and IMD technology, are bringing extra volume for sales of mobile phone components. As a new surface treatment method the company introduced In-Mold Labeling.



Turnover by market area





Capacity and Technology

Eimo's mold factory bears overall responsibility for the molds required by the client, starting with the proto-molds for sample series and ending with the production molds required in the mass production. A supplier chain that is being actively developed on the partnership principle supports the company's own mold production.

During 1999 the premises and the capacity of Eimo's mold factory in Hollola were doubled in size. The main criteria for the machinery and equipment was to improve the repeat precision required for series production of molds and to increase the manufacturing automation. A new mold factory will be completed in Lahti during 2000.

The capacity of the company's injection molding factories grew considerably during 1999. Eimo's current production premises, with their potential for expansion, also place the company in a good position to respond rapidly to the growing volume needs of clients in future. The company looked for accurate and powerful electrical machines for the extra capacity, while the dimensional accuracy of the products as well as the yield are major factors affecting cost efficiency. Furthermore, purchasing energy saving electrical machines supports Eimo's environmental goals.

The assembly of plastic components and other value added processing have become important technologies.

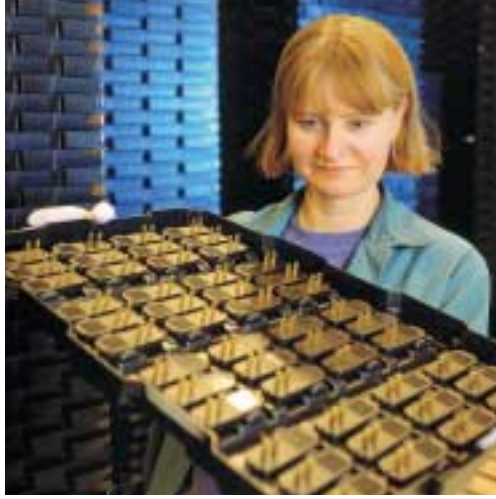


During 1999 Eimo reinforced its automation expertise, doubled the capacity of the paint shop, and continued to develop multi-component injection molding and IMD/IML technologies with their applications.

Eimo's knowhow in its core technologies is of a high standard. The company is constantly studying new technologies and is ready to react quickly to new client needs.

At the end of 1999 Eimo introduced a new production management system. The system will help to increase transparency throughout the supply chain.





Personnel

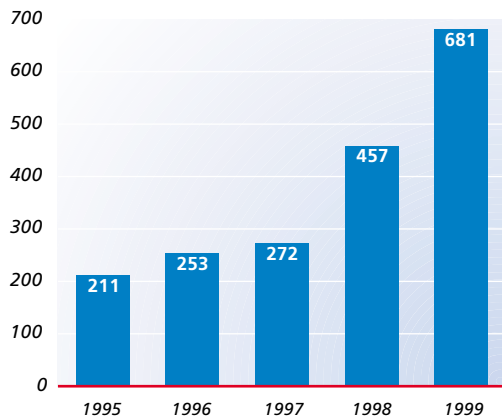
During 1999 the company strengthened its personnel resources for example in research and development, in handling product projects, managing the supplier chain, quality, automation and mold manufacturing.

As part of its international growth, Eimo recruited and trained double personnel for several key positions. This creates a strong foundation for future expansion.

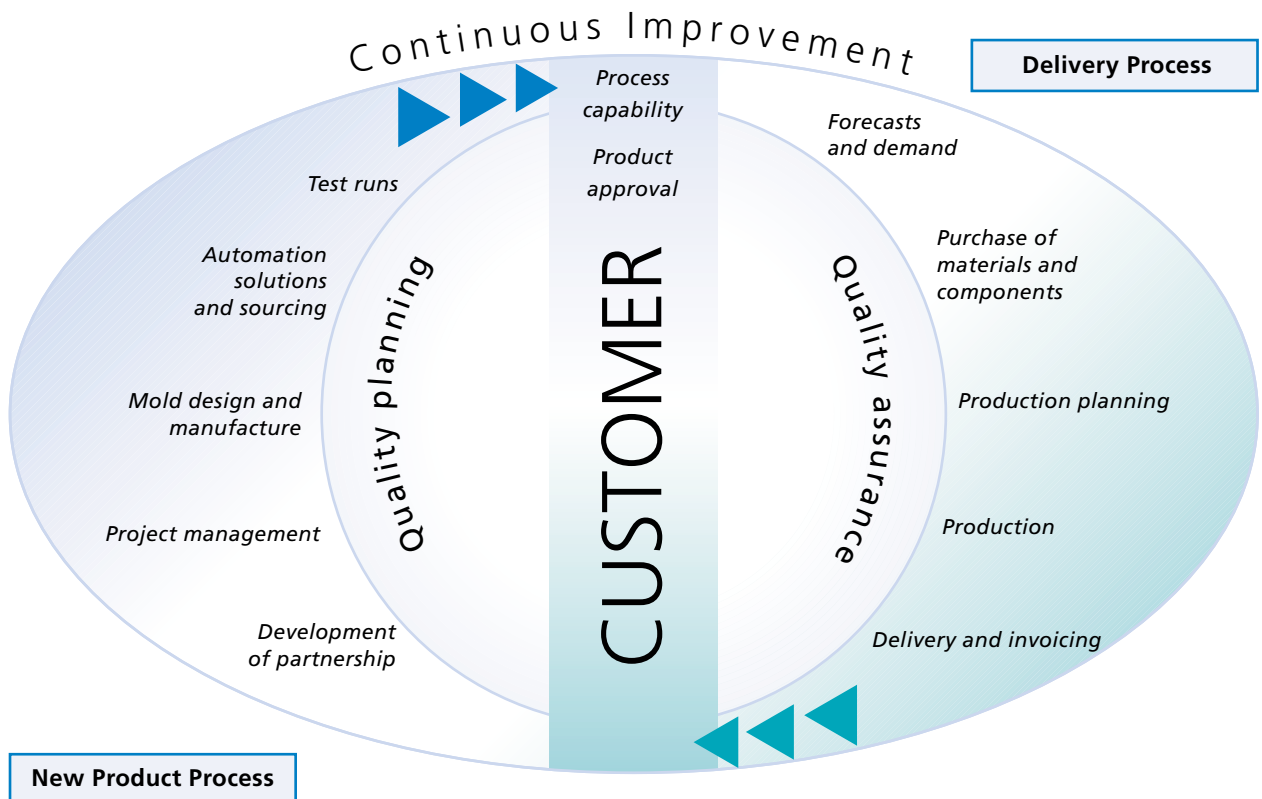
The number of personnel grew during 1999 by nearly 150 people. Eimo worked with local employment agencies, colleges and adult education centres in training the new employees.

Eimo's main processes – "New product" and "Supply process" – have been organized into client teams. Through close collaboration with clients and continuous improvement, the company is developing in areas that are important for clients: quality, technology, cost efficiency and service.

Average Personnel 1995-1999



Core Processes



Research and Development

Eimo actively studies new technologies, processes and forms of cooperation. The main R & D projects during 1999 have been:

- Pro Plastics, a 3-year Finnish project funded by the Technology Development Centre
- Development of mold manufacturing
- Multi-material injection molding
- Further development of IMD/IML technology
- Applying machine vision in quality assurance
- QS 9000 quality system
- Six Sigma methodology
- Developing the supplier network
- "Quality in the network economy" technology program (Technology Development Centre)
- Environmental management system

In addition to using its own resources Eimo works actively with universities and polytechnics that are engaged in the company's field of work. Eimo has also taken an active role in the activities of Muovipoli in developing the local plastics industry. In 1999 Eimo used EUR 1.3 million (1,7 % of sales) in R & D.



Quality



ISO 9002 standard has been the basis for Eimo's quality. This has been supplemented by modern quality techniques: FMEA in the analysis of defect risks, DOE/Taguchi in optimizing process parameters, and quality charts and Quality Coach, a program for collecting and analyzing quality information tailored for Eimo, in statistical process control (SPC).

During 1999 the company raised its quality system to meet the demands of QS 9000 standard. Certification for the system will start during 2000. During the past year Eimo also started to utilize Six Sigma methodology. The company's management received basic training in the methodology (Champion Training) and a Black Belt level professional was then trained for each factory. The results of the first projects are promising and the company's management believes that applying the methodology will result in substantial savings. The next course for training Black Belt standard professionals is starting in March 2000.

Eimo is investing heavily in quality planning, focusing on preventing the occurrence of defects. Clients and component suppliers are also taking part. The browser-based Quality Coach program makes it possible to supply up-to-date quality information from production to clients as a basis for product planning and in this way eliminate many problems in advance. Suppliers also receive immediate feedback about their performance.

The larger the product units supplied by Eimo, the more important becomes the choice of partners and their control. Our challenging goal is to make quality function throughout the supply chain, so that repeated checks can be eliminated entirely.

Environment

Responsibility for environmental issues is an integral part of Eimo's operations, and we take environmental aspects constantly into account.

According to the environmental audit conducted in 1996, Eimo's operations do not involve significant environmental risks. The injection molding process in itself does not create emissions, and the waste produced during the process is sorted and recycled.

Eimo is committed to the Responsible Care program initiated by the international plastics and chemicals industries. Work started during 1999 on creating an environmental management system that meets ISO 14001 standards. The system will be certified in 2000.





Arto Kajanto, Markku Puskala, Jalo Paananen, Markku Sulonen and Elmar Paananen

Management

The Board of Directors of Eimo Oyj is elected by the Annual General Meeting annually. According to the company's Articles of Association the Board has 4 – 8 members. The company's president is chosen by the Board of Directors. The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the salary and other benefits of the president and vice president. The president decides on the salaries and benefits of other executive managers according to guidelines given by the Board of Directors. Eimo's head office will move to Norokatu 5, Lahti in March 2000. The company is domiciled in Lahti.

Board of Directors

Members of the Board of Directors of Eimo Oyj in 1999:

Paananen, Jalo

Graduate of commercial institute, born 1939, Chairman of the Board of Directors
Jalo Paananen started his own company in 1965 and he chairs the Boards of Directors of the companies he owns.

He is also a member of the administrative bodies of numerous organizations representing commerce and industry and is a member of the Board of Directors of several other companies. He has been chairman of Eimo's Board of Directors since 1985.

Paananen, Elmar

M.Sc. (Econ.), Associate in Laws, born 1965, Vice Chairman of the Board of Directors
Elmar Paananen is employed by Eimo Oyj and is responsible for investor relations and certain international projects. He is a member of the Board of Directors of some of the family's companies. He is also a member of the Financing Working Group of the Confederation of Finnish Industry and Employers and of its SME Financing Working Group. Elmar Paananen has been a member of Eimo's Board of Directors since 1995.

Kajanto, Arto

B.Sc. (Econ.), born 1943
Arto Kajanto is the managing director of Hämeen Sanomat Oy. He has many years' experience of acting as consultant

to numerous family-owned companies and on Boards of Directors. Arto Kajanto has been a member of Eimo's Board of Directors since 1992.

Puskala, Markku

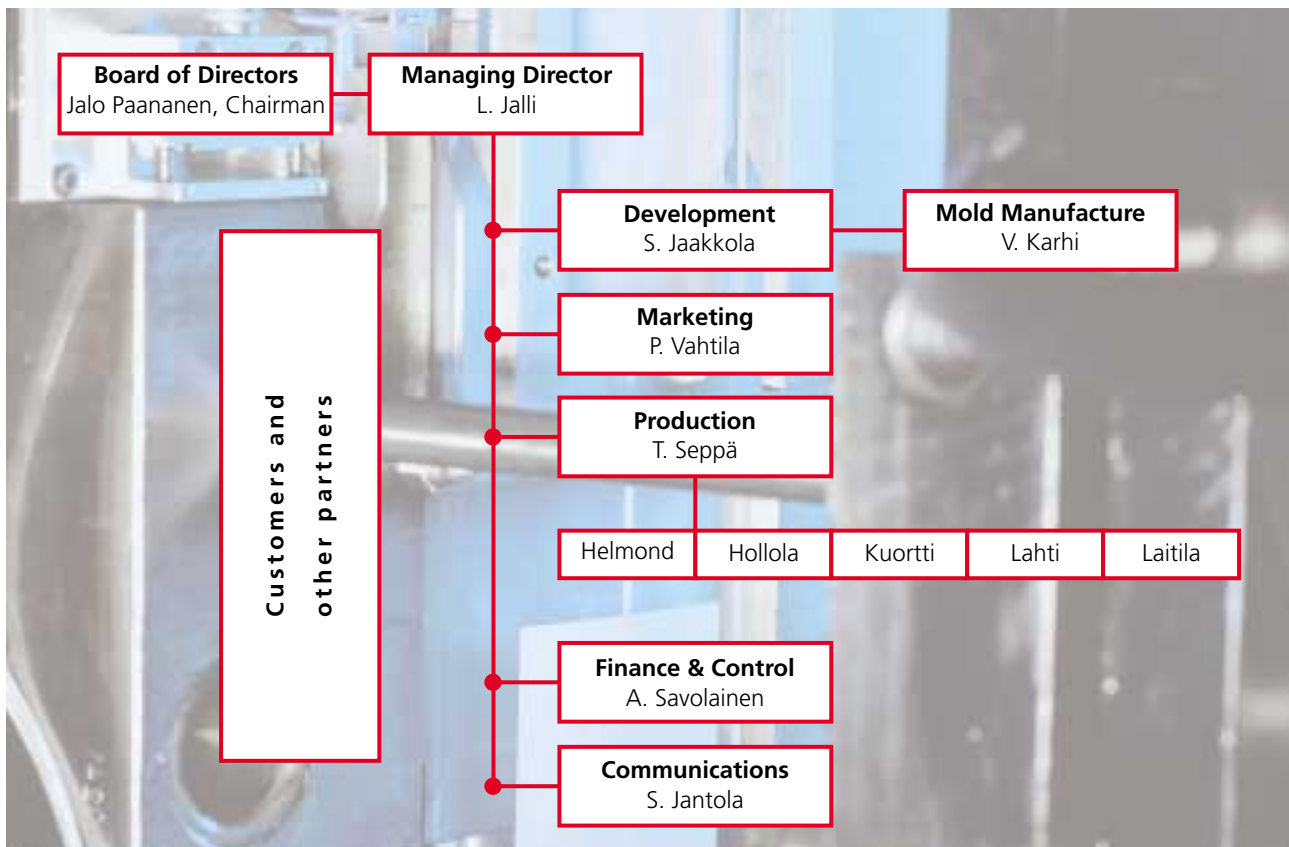
M.Sc. (Eng.), born 1948
Markku Puskala is a director of Eqvitec Partners Oy. Markku Puskala has been the representative of a capital investment organization on the Boards of Directors of numerous growth companies. Markku Puskala has been a member of Eimo's Board of Directors since 1998.

Sulonen, Markku

M.Sc. (Eng.), born 1949
Markku Sulonen is responsible for quality management at VTI Hamlin Oy. He was previously managing director of Okmetic Oy. Markku Sulonen has been a member of Eimo's Board of Directors since 1998.

Auditors

The Annual General Meeting elected the APA accounting company of Tilintarkastustoimisto Idman & Vilén Oy to act as auditors for Eimo Oyj, with APA Matti Pettersson as principle auditor.



Management Group

Jalli, Lauri

President, born 1944
Licentiate in Economics and Business Administration, Eimo's president since 1997. His previous positions include deputy managing director of OK Hankkija, managing director of Mallasjuoma Oy, and planning manager at OKOBANK. He is a member of the Board of Directors of the Finnish Plastic Industries Federation.

Jaakkola, Seppo

Vice President, born 1948
B.Sc. (Eng.), Eimo's vice president since 1997. His previous positions include president of Eimo Oy, managing director at Makron Oy, and factory manager at Teräspeikko Oy. He is a member of the Boards of Directors of Teräspeikko Oy, MJV-Sähkö Oy and Muovipoli Oy.

Seppä, Timo

Technical Director, born 1960
M.Sc. (Eng.), Eimo's technical director since 1992. Previous positions include managing director of Makron Oy, production manager at Eimo Oy. He is a member of the management group for several Finnish technology development projects.

Vahtila, Pekka

Marketing Manager, born 1957
B.Sc. (Eng.), Eimo's marketing manager since 1991. Previous positions include unit director and sales manager at Lupoplast, product manager at Falcon Chemicals Oy. He is chairman of the Riihimäki Junior Chamber of Commerce.

Savolainen, Aarre

Director, Finance, born 1951
B.Sc. (Econ.), Eimo's finance director since 1985. He is a member of the Boards of Directors of Teräspeikko Oy, Deltatek Oy, Lahden Teräteos Oy and Makron Engineering Oy, and managing director and a member of the Board of Directors of Nostera Oy. Aarre Savolainen is also auditor for several companies.

Board of Directors' Review

1 January – 31 December 1999

Operations in the financial year 1 January – 31 December 1999 were based on the revised company structure developed in 1997 and 1998, so that only Eimo Oyj (at the start of the year called Eimo Oy), had business operations. During 1999 the subsidiary Eimo B.V. was established in the Netherlands. Eimo B.V. had no turnover in 1999. The consolidated financial statements concern these two companies. The group's financial year is the calendar year. The figures for 1998 presented for comparison purposes in this financial statement – excluding the year end balance sheet and other year-end status figures – have been calculated from the figures of the group's predecessor (Eimo-Yhtiöt Oy group) in the same way as in the offering circular dated 1 March 1999.

Turnover

Consolidated turnover rose to EUR 78 million (EUR 59.6 million in the previous year), growth of 30.8% on the previous year. Exports and overseas operations totalled EUR 28.9 (27.6) million, or 37% of the group's net turnover.

Financial result

The consolidated operating profit was EUR 19.2 (15.1) million, or 24.6% of net turnover. The growth in net turnover was the biggest factor contributing to the improvement in the operating profit. Profit before extraordinary items was EUR 18.2 (14.5) million and after extraordinary items EUR 18.7 (14.5) million. Extraordinary items consist of merger profits from the merger of Kiinteistö Oy Hollolanpuhti, the management company for the factory premises acquired in 1998, with Eimo Oyj during 1999. Other financing costs include costs of EUR 1.2 million for the stock exchange listing.

Investments

The consolidated gross expenditure on fixed assets in 1999 totalled EUR 15.3 (16.5) million, or 19.6% of net turnover, and the parent company accounted for EUR 12.0 (16.5) million of this. During the year an approx. 10,500 m² industrial building was commissioned in Hollola and 2,700 m² of premises were acquired in the Netherlands, where renovation work for plastics production is still underway on the closing date. Approximately 33% of the gross investments was spent on premises. All investments were financed from operating income.

Research and Development

In 1999 the group used EUR 1.3 (0.9) million, or 1.7% (1.6%) of net turnover on research and development, which includes development of quality and training but not costs for customers' product programs. Of this, 7% was spent on investment.

Listing and financing

Eimo Oyj was listed on the Helsinki Exchanges on 23 March 1999, when the company's A share was accepted for trading on the main list. As a result of the share issue made in connection with the listing, the company's financial position was excellent. The group's current ratio at year end was 2.9. The consolidated cash reserves at year end stood at EUR 16.7 (4.5) million and interest-bearing debts were EUR 0.3 (12.0) million. The company's equity ratio was 79.9%.

Share capital and shares

In February the Articles of Association were amended so that the nominal value of the share was changed from 100 Finnish markkas to 1 Finnish markka.

The share capital of Eimo Oyj was raised twice during the year. In March it was raised with an issue of 1,600,000 new A shares with a subscription price of EUR 14 per share. Share capital rose to FIM 11,600,000 and FIM 131,584,352 was transferred to the share premium account.

The Extraordinary Shareholders' Meeting held in November converted the share capital to euros. The Articles of Association were amended so that the nominal value of the share was discontinued and the minimum and maximum share capitals were raised to EUR 10,000,000 and EUR 40,000,000 respectively.

In November the share capital was raised with a bonus issue of EUR 9,649,020.05, transferring the said amount from the share premium account to share capital. This raised the company's share capital to EUR 11,600,000. Following the bonus issue the share had a book counter-value of 1.00 euro. No shares were issued in the bonus issue and the number of shares remained unchanged.

At the end of the year share capital totalled EUR 11.6 million and the company had 11.6 million shares, of which 9.8 million were the listed A shares and 1.8 million K shares exclusively owned by the Paananen family. The free float at 31 December 1999 was 55% of all shares.

Warrants

Eimo Oyj decided on 17 November 1999 to issue warrants to persons belonging to group management, members of the Board of Directors and other key personnel, waiving the subscription rights of existing shareholders. The maximum increase in share capital will be EUR 300,000, or 2.6% of the company's share capital. The subscription period for 90,000 of these warrants ('warrant A ') will start on 1 June 2002, for another 90,000 ('warrant B ') on 1 June 2003, and for the remaining 120,000 ('warrant C') on 1 June 2004. The subscription period for all the warrants ends on 31 May 2006. The subscription price for the shares will be EUR 20.00 per share, less the amount of the dividends per share paid before the start of the subscription period, and possibly adjusted by a factor that is based on the performance of Eimo Oyj's A share and of the shares of two other companies operating in the same sector. By 31 December 1999 a total of 152,500 of these warrants had been issued.

Company administration, auditors and insider dealing

The company's present Board of Directors has been unchanged since 1998. The President has been in his position since 1997. In 1999 the auditors were the authorized public accountants Tilintarkastustoimisto Idman & Vilén Oy, with APA Matti Pettersson as principle auditor. Previously the company's auditors were APA Matti Pettersson and APA Heikki Järvi. Eimo operates with insider dealer instructions that are stricter than the HEX instructions that come into force on 1 March 2000.

Prospects

The market for Eimo's customers is still growing strongly. The company expects developments in demand to be extremely favourable in the next few years. During the current and the following year, production of several large volume products will start up. The company's basic estimate for growth in turnover in 2000 is 40%. It is possible that growth will speed

up even further, and so the group has adopted the very challenging goal of achieving a turnover of one billion Finnish markka (EUR 168 million) in 2001.

Profitability is expected to remain at a high level. Sales prices have developed in line with increased productivity. The net profit in 2000 is expected to be considerably higher than in 1999, even though the operating profit as a percentage of net turnover may well be lower. This fall is due to the increasing role of bought-in components in net turnover, especially towards the end of the year.

Eimo's strategy is to grow through setting up new production units and through expanding existing ones. It is foreseen that some of the new units will be 100% owned subsidiaries and some will be partnerships in joint ventures. However, acquisitions are also possible.

Share split proposal

The company's Board of Directors proposes to the Annual General Meeting a 1:4 split of the company's shares, so that the book counter-value of the new share would be EUR 0.25 (currently EUR 1.00).

Board proposal for the distribution of profits

The consolidated distributable funds total EUR 20,878,176.43. The parent company has distributable funds of EUR 20,967,421.99, of which EUR 12,604,702.09 are profit for the review period.

The Board of Directors propose to the Annual General Meeting that the distributable funds be disposed of as follows:

- a dividend of EUR 1.00 per share be paid, a total of EUR 11,600,000.00
 - the remainder be left in shareholder's equity
- | | |
|-----|---------------|
| EUR | 9,367,421.99 |
| EUR | 20,967,421.99 |

Events after the date of closing

The company has decided to establish a mold factory in Lahti. No other major changes have taken place in the company's operations since the date of closing.

SOURCE AND APPLICATION OF FUNDS

(EUR 1 000)	1.1. - 31.12.1999	1.1. - 31.12.1998 Pro forma
Funds generated from operations		
Operating profit	19 215	15 144
Adjustments to operating profit	4 625	3 866
Change in net working capital	269	-6 254
Interest paid and other financial expenses	-1 350	-628
Dividends received	0	0
Interest received	335	28
Income taxes paid	-4 708	-3 830
Funds generated from operations, total	18 385	8 326
Capital expenditure		
Other investments	0	-1 793
Investments in tangible and intangible assets	-15 281	-13 731
Proceeds from sale of other investments	98	0
Net capital expenditure	-15 183	-15 524
Cash flow before financing	3 202	-7 199
Financing		
Long-term loans, increase	0	2 064
Repayments of long-term loans	-10 131	0
Short-term loans, increase/decrease	-1 553	157
Dividends paid	-1 598	0
Share issue	22 324	5 887
Financing, total	9 041	8 107
Change in liquid assets	12 244	908
Liquid assets on 1 Jan.	4 474	3 566
Liquid assets on 31 Dec.	16 718	4 474

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(1 000 EUR)	Note	1.1. - 31.12.1999	1.1. - 31.12.1998 Pro forma
TURNOVER	2.1	78 011	59 630
Change in stocks of finished goods and work in progress		-98	1 163
Other operating income	2.2	728	198
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-25 650	-21 198
Change in stock		439	2 545
External services		-4 479	-5 524
Personnel expenses	2.3		
Wages and salaries		-14 205	-10 261
Social security expenses			
Pension expenses		-1 786	-1 464
Other social security expenses		-1 388	-1 070
Depreciation and write-downs			
Planned depreciation	2.4	-4 629	-3 869
Other operating costs		-7 728	-5 006
OPERATING PROFIT		19 215	15 144
Financial income and expenses	2.5		
Interest income		320	28
Interest expenses		-139	-475
Other financial items		-1 197	-153
PROFIT BEFORE EXTRAORDINARY ITEMS		18 199	14 544
Extraordinary items			
Extraordinary income	2.6	528	0
Extraordinary expenses	2.7	0	-3
PROFIT BEFORE APPROPRIATIONS AND TAXES		18 727	14 541
Income taxes	2.9		
For financial period and previous years		-4 708	-3 830
Change in deferred tax liability		-421	-302
PROFIT FOR THE FINANCIAL YEAR		13 598	10 409

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	Note	31. Dec. 1999	31. Dec. 1998
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3.1		
Intangible rights		381	222
Tangible assets	3.2		
Land and water		347	188
Buildings and structures		10 012	7 240
Machinery and equipment		19 679	13 526
Other tangible assets		752	745
Advance payments and construction in progress		3 478	1 723
Investments	3.3		
Other shares and holdings		62	155
CURRENT ASSETS			
Inventories			
Materials and supplies		5 016	4 577
Work in progress		1 197	1 897
Finished products/goods		1 309	707
Advance payments		330	0
Long-term receivables	3.8		
Short-term receivables	3.9		
Trade receivables		10 670	8 664
Loan receivables		4	24
Other receivables		40	756
Prepaid expenses and accrued income		1 151	1 040
Marketable securities		0	0
Cash and bank accounts		16 718	4 474
TOTAL ASSETS		71 146	45 939
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
	3.10		
Share capital		11 600	1 682
Share premium account		18 124	5 718
Retained earnings		13 020	4 208
Profit for financial year		13 598	10 409
APPROPRIATIONS			
		0	0
PROVISIONS			
		0	0
LIABILITIES			
Deferred tax liability	3.12	2 232	1 811
Non-current liabilities	3.13		
Loans from financial institutions		157	10 289
Current liabilities			
Loans from financial institutions		118	1 671
Advances received		629	959
Accounts payable		5 213	4 613
Other non-interest bearing liabilities		1 046	694
Accruals and deferred income	3.14	5 409	3 886
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		71 146	45 939

KEY FINANCIAL RATIOS FOR 1999 AND PRO FORMA FIGURES FOR 1998 - 1995

(EUR 1 000)	1999	1998	1997	1996	1995
Turnover	78 011	59 630	22 353	18 129	19 041
Operating profit/loss	19 215	15 144	1 810	-131	2 347
% of net turnover	24,6 %	25,4 %	8,1 %	-0,7 %	12,3 %
Profit/loss before extraordinary items and taxes	18 199	14 544	1 440	-732	1 652
% of net turnover	23,3 %	24,4 %	6,4 %	-4,0 %	8,7 %
Profit/loss before taxes	18 728	14 541	535	-833	1 652
% of net turnover	24,0 %	24,4 %	2,4 %	-4,6 %	8,7 %
Profit/loss for the financial year	13 597	10 409	387	2	1 336
% of net turnover	17,4 %	17,5 %	1,7 %	0,0 %	7,0 %
Net profit	13 070	10 411	1 178	-982	1 336
% of turnover	16,8 %	17,5 %	5,3 %	-5,4 %	7,0 %
Return on equity (ROE), %	33,4 %	66,0 %	12,3 %		
Return on investment (ROI), %	41,3 %	53,8 %	8,7 %		
Equity ratio, %	79,9 %	48,9 %	37,6 %		
Net gearing, %	-29,2 %	34,0 %	64,7 %		
Current Ratio	2,93	1,87	1,44		
Gross investments in fixed assets	15 281	16 541	1 145	1 788	4 886
% of turnover	19,6 %	27,7 %	5,1 %	9,9 %	25,7 %
R & D expenditure	1 295	942	437		
of which capitalized	91	370	0		
% of turnover	1,7 %	1,6 %	2,0 %		
Average number of personnel	681	457	272	253	211
Dividends paid	11 600	1 598	0	0	0
Per share ratios					
Earnings per share (EPS), EUR (issue adjusted)	1,16	1,10	0,13		
Shareholders' equity per share, EUR (issue adjusted)	4,86	2,20	1,06		
Dividend per share, EUR	1,00	0,17	0,00		
Payout ratio, %	86,0 %	15,3 %	0,0 %		
Effective dividend yield %	3,3 %				
P/E multiple	25,81				
Share performance:					
Average price EUR	17,88				
Lowest price EUR	12,00				
Highest price EUR	30,00				
On 31 Dec. EUR	30,00				
Market capitalization at 31 December 1999, EUR	348 000,00				
Trading volume	12 028 483				
Trading volume, %	122,7 %				
Issue adjusted average number of shares	11 244 444	9 449 300			
Issue adjusted number of shares at 31 December	11 600 000	10 000 000			

CALCULATION OF KEY FINANCIAL RATIOS

The ratios have been calculated in accordance with instructions by the Central Accounting Board.

Net profit EUR

Profit/loss before extraordinary items, reserves and taxes – taxes +/- tax impact of extraordinary items +/- change in deferred tax liability +/- minority interest

Return on equity (ROE), %

Profit/loss before extraordinary items, reserves and taxes – income taxes +/- tax effects of extraordinary items +/- change in deferred tax liability x 100

Shareholders' equity + minority interest + voluntary reserves and accumulated depreciation difference less deferred tax liability (average)

Return on investments (ROI), %

Profit/loss before extraordinary items, reserves and taxes + interest and other financing costs x 100

Balance sheet total – non-interest bearing liabilities (average)

Equity ratio, %

Shareholders' equity + minority interest + voluntary reserves and accumulated depreciation difference less deferred tax liability x 100

Balance sheet total – advances received

Net gearing, %

Interest bearing liabilities – cash, bank receivables and marketable securities x 100

Shareholders' equity + minority interest + voluntary reserves and accumulated depreciation difference less deferred tax liability

Current Ratio

Inventories + receivables + liquid assets

Short-term liabilities

Earnings per share, EUR

Net profit

Issue adjusted average number of shares

Shareholders' equity per share, EUR

Shareholders' equity + voluntary reserves and accumulated depreciation difference less deferred tax liability and minority interest

Issue adjusted average number of shares

Dividend per share

Issue adjusted dividend per share is calculated by dividing the dividend per share for the period under review with the share adjustment ratios

Payout ratio, %

Dividend per share x 100

Earnings per share

Effective dividend yield, %

Dividend per share x 100

Issue adjusted closing price on December 31

P/E multiple

Issue adjusted closing price on December 31

Earnings per share

Market capitalization EUR

Number of shares on December 31 x issue adjusted closing price on December 31

Trading activity as a percentage

Number of shares traded during the year x 100

Average number of A shares during the year

SOURCE AND APPLICATION OF FUNDS

(1 000 EUR)	1.1. - 31.12.1999	1.1. - 31.12.1998 Pro forma
Funds generated from operations		
Operating profit	19 298	15 144
Adjustments to operating profit	4 625	3 866
Change in net working capital	-323	-6 254
Interest paid and other financial expenses	-1 336	-628
Dividends received	0	0
Interest received	327	28
Income taxes paid	-4 708	-3 830
Funds generated from operations, total	17 882	8 326
Capital expenditure		
Acquisition of group companies	-1 000	0
Other investments	0	-1 793
Investments in tangible and intangible assets	-11 990	-13 731
Proceeds from sale of other investments	98	0
Net capital expenditure	-12 892	-15 524
Cash flow before financing	4 989	-7 199
Financing		
Long-term loans, increase	0	2 064
Repayments of long-term loans	-10 131	0
Long-term receivables, increase (-)/decrease (+)	-2 000	0
Short-term loans, increase/decrease	-1 553	157
Dividends paid	-1 598	0
Share issue	22 324	5 887
Financing, total	7 042	8 107
Change in liquid assets	12 031	908
Liquid assets on 1 Jan.	4 474	3 566
Liquid assets on 31 Dec.	16 505	4 474

PROFIT AND LOSS ACCOUNT

(1 000 EUR)	Note	01.01. - 31.12.1999	01.01. - 31.12.1998 Pro forma
TURNOVER	2.1	78 011	59 630
Change in stock of finished goods and work in progress		-98	1 163
Other operating income	2.2	728	198
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		-25 650	-21 198
Change in stocks		439	2 545
External services		-4 479	-5 524
Personnel expenses	2.3		
Wages and salaries		-14 196	-10 261
Social security expenses			
Pension expenses		-1 786	-1 464
Other social security expenses		-1 387	-1 070
Depreciation and write-downs			
Planned depreciation	2.4	-4 629	-3 869
Other operating costs		-7 656	-5 006
OPERATING PROFIT		19 298	15 144
Financial income and expenses	2.5		
Interest income		327	28
Interest expenses		-139	-475
Other financial items		-1 198	-153
PROFIT BEFORE EXTRAORDINARY ITEMS		18 288	14 544
Extraordinary items			
Extraordinary income	2.6	528	0
Extraordinary expenses	2.7	0	-3
PROFIT BEFORE APPROPRIATIONS AND TAXES		18 817	14 541
Appropriations	2.8		
Change in depreciation difference		-1 504	-1 079
Income taxes	2.9		
For financial period and previous years		-4 708	-3 830
PROFIT FOR THE FINANCIAL YEAR		12 605	9 632

BALANCE SHEET

(1 000 EUR)	Note	31.12.1999	31.12.1998
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3.4		
Intangible rights		381	219
Tangible assets	3.5		
Land and water		200	99
Buildings and structures		10 012	5 539
Machinery and equipment		19 651	13 526
Other tangible assets		752	745
Advance payments and construction in progress		362	1 723
Investments	3.6, 3.7		
Holdings in group companies		1 000	
Other shares and holdings		62	1 949
CURRENT ASSETS			
Inventories			
Materials and supplies		5 016	4 577
Work in progress		1 197	1 897
Finished products/goods		1 309	707
Advance payments		330	0
Long-term receivables	3.8		
Loan receivables		2 000	0
Short-term receivables	3.9		
Trade receivables		10 670	8 664
Loan receivables		3	24
Other receivables		4	756
Prepaid expenses and accrued income		1 143	1 040
Marketable securities		0	0
Cash and bank accounts		16 505	4 474
TOTAL ASSETS		70 598	45 939
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
	3.10		
Share capital		11 600	1 682
Share premium account		18 124	5 718
Retained earnings		8 363	328
Profit for financial year		12 605	9 632
APPROPRIATIONS	3.11	7 972	6 468
PROVISIONS		0	0
LIABILITIES			
Non-current liabilities	3.13		
Loans from financial institutions		157	10 289
Current liabilities			
Loans from financial institutions		118	1 671
Advances received		629	959
Accounts payable		4 581	4 613
Other non-interest bearing liabilities		1 043	694
Accruals and deferred income	3.14	5 407	3 886
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		70 598	45 939

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with Finland's new Accounting Act that came into force on 31 December 1997. The figures in the profit and loss account of 1998 are pro forma figures to make them comparable.

VALUATION AND TIMING

Non-current assets

Non-current assets are valued in the balance sheet at their direct acquisition cost less planned depreciation. Planned depreciation is calculated on a straight line basis on the original acquisition cost, based on the estimated useful economic life.

The following indicative useful lives are used

	Years
Intangible rights	5
Buildings	25 or 40
Contents of buildings	10
Machinery and equipment	3-10
Other tangible assets	2-10

Intangible rights include connection charges of approx. EUR 170,000, on which depreciation is not made.

Other tangible assets consist of the renovation costs for rental premises, which are depreciated on a straight line basis over 10 years, and of expenditure on equipment for individual products that are depreciated on average over two years.

Inventories

Inventories are stated according to the FIFO principle, at the lowest of the acquisition cost, the replacement price or the probable sale price. Only variable costs are included in the value of inventories.

Research and development

Research and development costs are recorded as expenses in the financial period in which they occur, with the exception of machinery and equipment, which are capitalized and depreciated.

Revenue recognition

Net turnover is calculated by deducting indirect sales taxes, discounts and exchange rate differences from gross sales revenues. Revenue is recognized at the date of delivery.

Maintenance and repairs

Maintenance and repair expenses are recorded as expenses in the financial period in which they occur.

Leasing

The group has no significant leasing contracts. Leasing payments are treated as rental expenses.

Pension arrangements

Pension obligations for personnel are covered by payments to external pension insurance companies.

Transactions denominated in foreign currencies

Receivables and payables in foreign currencies are valued at the exchange rates quoted by the Bank of Finland on the balance sheet date.

Appropriations

Appropriations comprise the accelerated depreciation. In the consolidated accounts, appropriations are divided into shareholders' equity and deferred tax liability, and the change in them is included in the result for the year.

ACCOUNTING PRINCIPLES FOR CONSOLIDATED ACCOUNTS

Scope of consolidated financial statements

The consolidated financial statements include the accounts of the parent company Eimo Oyj and its fully owned subsidiary Eimo B.V. in the Netherlands.

Mutual shareholdings

The consolidated accounts have been prepared using the acquisition cost method. The group has no group goodwill since the subsidiary Eimo B.V. was established in 1999.

Intra-group transactions

Intra-group transactions, receivables and liabilities, unrealized margins on intra-group transactions, as well as intra-group distribution of profit, have been eliminated. Eimo B.V. did not record any sales in 1999.

Income taxes

The consolidated accounts include direct taxes based on the taxable result of group companies, calculated according to local tax regulations, and deferred tax liabilities relating to the change in untaxed reserves and the elimination of intra-group margins, using the tax rate confirmed on the balance sheet date.

Translation differences

The group has no translation differences since the currency of the subsidiary Eimo B.V. is the euro.

2. NOTES TO THE FINANCIAL STATEMENTS (1000 EUR)

	Group		Parent company	
	1999	1998	1999	1998
2.1 NET TURNOVER BY MARKET AREA				
Finland	49 147	31 604	49 147	31 604
Rest of Europe	25 744	24 448	25 744	24 448
Other countries	3 120	3 578	3 120	3 578
	78 011	59 630	78 011	59 630
2.2 OTHER OPERATING INCOME				
Employment and R & D subsidies	391	-	391	-
Rental income	206	-	206	-
Share of pension funds resulting from merger	90	-	90	-
Profit on sale of tangible assets	0	181	0	181
Other operating income	41	17	41	17
	728	198	728	198
2.3 PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL				
Salaries and emoluments to senior management				
Members of Board of Directors	10	7	10	7
	10	7	10	7
The average number of people employed by the group and the parent company during the financial year was:				
Factory workers	586	384	586	384
Office staff	95	73	94	73
	681	457	680	457
2.4 PLANNED DEPRECIATION				
Intangible assets	41	27	41	27
Buildings and structures	402	265	402	265
Machinery and equipment	3 758	3 106	3 758	3 106
Other tangible assets	427	471	427	471
	4 629	3 869	4 629	3 869
2.5 FINANCIAL INCOME AND EXPENSES				
Interest income from short-term investments				
From companies outside the group	320	28	313	28
	320	28	313	28
Interest income from long-term investments				
From group companies	-	-	14	-
			14	
Interest income from short-term debts				
From companies outside the group	-1	-1	-1	-1
	-1	-1	-1	-1
Interest income from long-term debts				
From companies outside the group	-138	-474	-138	-474
	-138	-474	-138	-474
Other financing items	-1 197	-153	-1 198	-153
Financial income and expenses, total	-1 016	-600	-1 010	-600
Other financing items include listing costs of	1 162	-	1 162	-
2.6 EXTRAORDINARY INCOME				
Merger of property management company	528	-	528	-
	528	-	528	-
2.7 EXTRAORDINARY EXPENSES				
Loss on sale of shares	-	3	-	3
	-	3	-	3
2.8 CHANGE IN UNTAXED RESERVES				
Difference between planned and actual depreciation	-	-	1 504	1 079
2.9 INCOME TAXES				
Taxes on extraordinary items	-	-1	-	-1
Taxes on actual operations	4 708	3 830	4 708	3 830
Change in deferred tax liability	421	302	-	-
	5 129	4 132	4 708	3 830

3. NOTES TO THE BALANCE SHEET (EUR 1000)

NON-CURRENT ASSETS, GROUP

3.1 INTANGIBLE ASSETS

	Intangible rights	Total
Acquisition cost on 1 Jan.	498	498
Increases	203	203
Decreases	-	-
Acquisition cost on 31 Dec.	701	701
Accumulated depreciation on 1 Jan.	279	279
Depreciation during year	41	41
Accumulated depreciation in decreases	-	-
Accumulated depreciation on 31 Dec.	320	320
Book value on 31 Dec.	381	381

3.2 TANGIBLE ASSETS

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction progress	Total
Acquisition cost on 1 Jan.	99	7 152	23 842	1 200	1 723	34 017
Increases	248	4 876	9 911	435	1 755	17 224
Decreases	-	-	-	-	-	-
Acquisition cost on 31 Dec.	347	12 028	33 752	1 635	3 478	51 241
Accumulated depreciation on 1 Jan.	-	1 613	10 315	456	-	12 384
Depreciation during year	-	402	3 758	427	-	4 588
Accumulated depreciation in decreases	-	-	-	-	-	-
Accumulated depreciation on 31 Dec.	-	2 016	14 073	883	-	16 972
Book value on 31 Dec.	347	10 012	19 679	752	3 478	34 269

Book value of production machinery and equipment on 31 December 1999 18 594

3.3 INVESTMENTS

	Shares, other companies	Total
Acquisition cost on 1 Jan.	1 949	1 949
Increases	1	1
Decreases	-1 887	-1 887
Acquisition cost on 31 Dec.	62	62
Accumulated depreciation on 1 Jan.	-	-
Depreciation during year	-	-
Accumulated depreciation in decreases	-	-
Accumulated depreciation on 31 Dec.	-	-
Book value on 31 Dec.	62	62

NON-CURRENT ASSETS, PARENT COMPANY

3.4 INTANGIBLE ASSETS

	Intangible rights	Total
Acquisition cost on 1 Jan.	498	498
Increases	203	203
Decreases	-	-
Acquisition cost on 31 Dec.	701	701
Accumulated depreciation on 1 Jan.	279	279
Depreciation during year	41	41
Accumulated depreciation in decreases	-	-
Accumulated depreciation on 31 Dec.	320	320
Book value on 31 Dec.	381	381

3.5 TANGIBLE ASSETS

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost on 1 Jan.	99	7 152	23 842	1 200	1 723	34 017
Increases	100	4 876	9 883	435	-	15 294
Decreases	-	-	-	-	-1 361	-1 361
Acquisition cost on 31 Dec.	200	12 028	33 725	1 635	362	47 950
Accumulated depreciation on 1 Jan.	-	1 613	10 315	456	-	12 384
Depreciation during year	-	402	3 758	427	-	4 588
Accumulated depreciation in decreases	-	-	-	-	-	-
Accumulated depreciation on 31 Dec.	-	2 016	14 073	883	-	16 972
Book value on 31 Dec.	200	10 012	19 651	752	362	30 978

Book value of production machinery and equipment on 31 December 1999 18 594

3.6 INVESTMENTS

	Shares, group companies	Shares, associated companies	Shares, other companies	Total
Acquisition cost on 1 Jan.	-	-	1 949	1 949
Increases	1 000	-	1	1 001
Decreases	-	-	-1 887	-1 887
Acquisition cost on 31 Dec.	1 000	-	62	1 062
Accumulated depreciation on 1 Jan.	-	-	-	-
Depreciation during year	-	-	-	-
Accumulated depreciation in decreases	-	-	-	-
Accumulated depreciation on 31 Dec.	-	-	-	-
Book value on 31 Dec.	1 000	-	62	1 062

3.7 GROUP COMPANIES

	Group share of equity		Parent company share of equity	
	1999	1998	1999	1998
Eimo B.V.	100 %	-	100 %	-

3.8 LONG-TERM RECEIVABLES

	Group		Parent company	
	1999	1998	1999	1998
Receivables from group companies				
Loans receivable	-	-	2 000	-

3.9 SHORT-TERM RECEIVABLES

	From companies outside the group		From companies outside the group	
	1999	1998	1999	1998
Trade receivables	10 670	8 664	10 670	8 664
Loan receivables	4	24	3	24
Other receivables	40	756	4	756
Prepaid expenses and accrued income	1 151	1 040	1 143	1 040
	11 864	10 484	11 819	10 484

3.10 SHAREHOLDERS' EQUITY

Share capital on 1 Jan.	1 682	1 514	1 682	1 514
Lowering of share capital	-	-344	-	-344
Raising of share capital from the share premium account	-	344	-	344
Share issue	269	168	269	168
Bonus issue	9 649	-	9 649	-
Share capital on 31 Dec.	11 600	1 682	11 600	1 682
Share premium account on 1 Jan.	5 718	-	5 718	-
Lowering of share capital	-	344	-	344
Raising of share capital from the share premium account	-	-344	-	-344
Share issue	22 054	5 718	22 054	5 718
Bonus issue	-9 649	-	-9 649	-
Share premium account on 31 Dec.	18 124	5 718	18 124	5 718
Retained earnings on 1 Jan.	9 960	328	9 960	328
Depreciation difference for previous financial periods	4 657	3 880	-	-
Dividend paid	-1 598	-	-1 598	-
Retained earnings on 31 Dec.	13 020	4 208	8 363	328
Profit for the year	13 598	10 409	12 605	9 632
Shareholders' equity, total	56 342	22 018	50 691	17 361

Distributable funds on 31 December

Retained earnings	13 020	4 208	8 363	328
Profit for the year	13 598	10 409	12 605	9 632
Untaxed reserves recorded in shareholders' equity	-5 740	-4 657	-	-
	20 878	9 960	20 967	9 960

Parent company share capital by category

	1999 No.		1998 kpl	
Series A (1 vote per share)	9 800 000	9 800	8 200 000	1 379
Series K (20 votes per share)	1 800 000	1 800	1 800 000	303
	11 600 000	11 600	10 000 000	1 682

3.11 ACCUMULATED APPROPRIATIONS

Accumulated appropriations comprise the accumulated depreciation difference in the parent company.

3.12 DEFERRED TAX LIABILITY

	Group		Parent company	
	1999	1998	1999	1998
On depreciation difference	2 232	1 811	-	-

3.13 LONG-TERM LIABILITIES

Debts falling due for payment in more than 5 years	-	18	-	18
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3.14 ACCRUED EXPENSES AND DEFERRED INCOME

	From companies outside the group		From companies outside the group	
	1999	1998	1999	1998
Personnel expenses	2 420	2 193	2 418	2 193
Periodized operating expenses	632	792	611	792
Calculated tax liability for 1999	2 357	901	2 357	-
	5 409	3 886	5 386	3 886
Debts to group companies				
Periodized operating expenses	-	-	21	-
			21	-
Accrued expenses and deferred income, total	5 409	3 886	5 407	3 886

4. OTHER NOTES (EUR 1000)

4.1 COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	1999	Group 1998	Parent company 1999	1998
Mortgages and other pledges given as collateral for own liabilities and commitments				
Mortgages	6 021	6 021	6 021	6 021
Chattel mortgages given as pledges	8 097	8 097	8 097	8 097
Total of other pledges	237	6 463	237	6 463
= Machinery and equipment given as collateral for capital expenditure loans from financial institutions for the outstanding loan amount at the balance sheet date	14 355	20 581	14 355	20 581
Total liabilities and guarantees for which mortgages and pledges have been given				
Loans from financial institutions	275	11 960	275	11 960
Guarantees and contingent liabilities	336	75	336	75
	612	12 035	612	12 035

4.2 CONTINGENT LIABILITIES FOR COMPANIES IN SAME GROUP

The company has no contingent liabilities for companies in the same group.

4.3 DERIVATIVE INSTRUMENTS

The group has no derivative instruments outside of the balance sheet.

4.4 FINANCIAL RISK MANAGEMENT

Foreign exchange risk

The group's foreign exchange risk for sales is very small, because most invoicing is in euros. Purchasing of raw materials and certain production equipment takes place outside the euro area, and these items contain a foreign exchange risk for a limited period. The foreign exchange risk is monitored on a monthly basis.

Interest rate risk

The low level of loans means that interest rate risk is minimal.

Credit risk

Our customers are mostly major companies that are considered to have a low credit risk.

Liquidity risk

The group's cash position is extremely strong (cash reserves and short-term investments at 31 December 1999 EUR 17 million) and its liquidity is also excellent.

4.5 OWNERSHIP STRUCTURE 11 February 2000

	K shares	A shares	Total
Private corporations	-	8.1 %	6.9 %
Banks and insurance companies	-	32.4 %	27.4 %
Public sector entities	-	11.8 %	10.0 %
Non-profit organizations	-	2.2 %	1.8 %
Households	100.0 %	45.3 %	53.8 %
Outside Finland	-	0.2 %	0.1 %
	100.0 %	100.0 %	100.0 %

Division of shares

Series A

	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of shares
Shares				
1 - 1 000	3 737	94.0 %	741 257	6.4 %
1 001 - 10 000	179	4.5 %	507 223	4.4 %
10 001 - 100 000	45	1.1 %	1 647 645	14.2 %
yli 100 000	15	0.4 %	8 703 875	75.0 %
	3 976	100.0 %	11 600 000	100.0 %

Series K

	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of shares
Shares				
yli 100 000	4	100.0 %	1 800 000	100.0 %
	4	100.0 %	1 800 000	100.0 %

4.6 MAJOR REGISTERED SHAREHOLDERS ON 31 December 1999

	K shares No.	A shares No.	Shares %	Votes %
Jukko Annamari	225 000	1 145 937	11.8 %	12.3 %
Paananen Elmar	225 000	1 145 937	11.8 %	12.3 %
Paananen Topi	225 000	1 145 937	11.8 %	12.3 %
Paananen Jalo	1 125 000	-	9.7 %	49.1 %
Ilmarinen Mutual Pension Insurance Company	-	545 100	4.7 %	1.2 %
FIM Forte Investment Fund	-	298 700	2.6 %	0.7 %
Eqvitec Teknologiarahasto 1 Ky	-	210 957	1.8 %	0.5 %
The Local Government Pensions Institution	-	200 000	1.7 %	0.4 %
Sijoitusrahasto Leonia Osake (mutual fund)	-	173 850	1.5 %	0.4 %
Mutual Insurance Company Pension Fennia	-	120 000	1.0 %	0.3 %
Mutual Insurance Company Business Fennia	-	120 000	1.0 %	0.3 %
Sijoitusrahasto Leonia Kasvuosake (mutual fund)	-	118 700	1.0 %	0.3 %
Merita Capital Oy	-	112 389	1.0 %	0.2 %
Placeringsfonden Gyllenberg Small Firm	-	101 800	0.9 %	0.2 %
Pohjola Life Assurance Company Ltd	-	100 000	0.9 %	0.2 %
Nominee register total	-	1 412 074	12.2 %	3.1 %

4.7 MANAGEMENT HOLDINGS

Members of the Board of Directors and the President owned a total of 1,154,537 A shares and 1,350,000 K shares. Altogether they thus hold 21.6 % of the company's shares and 61.5 % of the voting rights. In addition to these, on 31 December 1999 members of the Board and the President held a total of 32,000 warrants from the share option system issued in the autumn. On the basis of these they can subscribe to a maximum of 32,000 new A shares, which would be 0.3 % of the shares and 0.07 % of the voting rights after the exchange. If the shares are fully subscribed, members of the Board of Directors and the President would then hold 21.3 % of the shares and 61.1 % of the voting rights.

Auditor's Notation

The financial statements have been prepared in accordance with the Finnish Standards on Auditing. The Auditor's Report on the audit has been given today.

Lahti, March 1st, 2000

Auditing firm Idman & Vilén Oy
Authorized public accountants



Matti Petterson
Authorized public accountant

Auditor's Report

To the shareholders of Eimo Oyj

We have audited the accounting, the financial statements and the corporate governance of Eimo Oyj for the period 1 Jan. 1999 - 31. Dec 1999.

The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we 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 statement, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Finnish Companies' Act.

In our opinion the financial statements have been 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 consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Lahti, March 1st, 2000

Auditing firm Idman & Vilén Oy
Authorized public accountants



Matti Petterson
Authorized public accountant

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