

## Key figures of the Group

(1,000 FIM)	1995-96	1996 8 months	1997	1998	1999
Turnover	108 144	62 317	118 384	114 623	92 881
change, %	-0,6 %	-42,4% <sup>1)</sup>	+90,0%	-3,2%	-19,0%
Operating income	2 330	3 411	9 710	7 172	3 236
% of turnover	2,2%	5,5%	8,2%	6,3 %	3,5%
Profit before extraordinary items	-2 179	1 361	7 284	4 235	1 415
% of turnover	- 2,0%	2,2%	6,2%	3,7%	1,5%
Profit before allocations and taxes	- 2 179	1 361	7 084	4 235	1 976
% of turnover	- 2,0%	2,2%	6,0 %	3,7%	2,1%
Profit before extraordinary items ./ taxes	- 2 498	501	6 657	3 096	577
% of turnover	- 2,3%	0,8%	5,6%	2,7%	0,6%
Return on equity (ROE), %	- 5,5%	1,1% <sup>1)</sup>	13,8%	6,0%	1,1%
Return on investment (ROI), %	2,3%	3,6% <sup>1)</sup>	10,4%	7,4%	3,1%
Equity ratio, %	40,7%	43,4%	47,4%	45,5%	46,4%
Gearing ratio, %	98,0%	89,0%	63,4%	68,7%	61,4%
Gross investments in fixed asset	2 548	1 836	2 542	7 688	4 175
% of turnover	2,4%	2,9% <sup>1)</sup>	2,2%	6,7%	4,5%
Consolidated balance sheet	112 182	105 095	109 635	114 197	117 908
Average personnel	238	210	230	231	182

## Key figures per share

	1995-96	1996 8 months	1997	1998	1999
Earnings / share (EPS), FIM	- 0,99	0,19 <sup>1)</sup>	2,63	1,22	0,23
Shareholders' equity / share, FIM	17,49	17,80	19,97	20,44	21,30
Dividend / share, FIM (adjusted)	0,00	0,40	0,70	0,50	0,50*
Dividend / share, FIM (nominal)	0,00	0,40	0,70	0,50	0,50*
Dividend / earnings %	neg.	210,5%	26,6%	41,0%	217,4%
Effective dividend yield, %	0,0%	3,8%	4,8%	5,3%	6,5%
P/E ratio	neg.	56 <sup>1)</sup>	5	8	34
Issue-adjusted average number of shares (1000)	2 530	2 530	2 530	2 530	2 530
Issue-adjusted average number of shares, (1000) at end of financial year	2 530	2 530	2 530	2 530	2 530

## Trading prices of share, FIM

	1995-96	1996 8 months	1997	1998	1999
Trading price of A-Series share on the I - list					
-the highest trading price	9,70	11,00	17,00	23,20	12,49
-the lowest trading price	4,75	7,50	10,90	8,50	6,84
-average price	7,04	9,26	14,16	17,91	8,91
-the last trading price	9,20	10,65	14,40	9,50	7,73
Market value of capital stock, FIM mill., A-share	20,5	23,7	32,1	21,2	17,2
Exchange of shares during the financial year on the I - list, number	154 762	192 332	331 820	543 846	262 850
Exchange of shares, %	6,9%	8,6%	14,9%	24,2%	11,8%
Number of shareholders	499	469	442	422	387

\*= proposal

1) figures not comparable

1995-1997 figures calculated on the basis of previous regulations.

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## REVIEW BY THE PRESIDENT

The KASO Group's turnover and profit targets were not achieved during the last year of the millennium. The best performer within the Group was the security product sector, despite a slight drop in turnover. Total earnings of the plastics sector were slightly positive due to an improvement towards the end of the year. However, subcontracting in the USA reported a substantial loss for the year. The outlook had been positive until the market of our main customer, whom we had been too dependant on, fell dramatically causing a decline in profit for the entire Kaso Group.

Looking for growth has been a great challenge in our three different core business sectors. The emphasis will be placed on profit growth by concentrating on our core business and also extending our customer base. The security product sector has been most successful in these efforts, but also the plastics sector has shown positive signs.

The turnover of the security product sector has been declining in the recent years, mainly because of the smaller deliveries of ATM safes and a weaker performance in some export markets. Intensive efforts in the domestic market have been successful in increasing our market share. Today we are focusing more on lighter security products, mainly because European banks are not building as much as they used to.

Last summer a burglary tested home safe was launched and other products will also be introduced. Product development is both challenging and vital for a successful business. There is however still much to be done and therefore all product development efforts must be intensified. The first Kaso safe that can be opened by a mobile phone was recently introduced on the market in cooperation with one of our business partners. We are convinced that the investments made this spring on new machinery and equipment will lower the cost level and improve productivity.

Subcontracting had been developing well in the USA during the past few years and also profitability was good. This trend changed dramatically last year and the operation reported a negative result. The market of our main customer, manufacturers of machine tools, declined by nearly a half. Our turnover collapsed as costs could not be cut at the same rate. The situation is now under better control and demand is slightly increasing. It is however necessary to concentrate on a much wider range of customers and to develop storage systems further. The most important machinery has been upgraded in the factory, but renewal of finishing equipment has been postponed. Our production is in good shape and the new ADP system introduced last year will enable us to predict change better.

According to the new strategy the main product lines of the plastics sector are Palaset (hangers, baskets, desktop) and Piggies-campaign products (money boxes). After discontinuing the plastics seaming unit reorganization of product lines was completed. New sales staff has been employed in order to increase activity in marketing with the aim of finding new subcontracting customers and to reinforce the Palaset and Piggies brands. Several new products will be launched this year. The Palaset and Piggies lines will be supplemented with hangers and customers' own money box models. Investments in new machinery will be continued and the level of automation increased.

All business sectors have improved their performance despite the fact that the turnover has not increased as much as expected. The framework is in place for a profitable and growing business. The core competence areas of each business sector are clear and will be further strengthened. All efforts will be made to increase activity in product development and upscale production automation. I am convinced that our long-range activities will bear fruit in the coming years.

I would like to extend my gratitude to all our cooperation partners.

Helsinki, March 2000

Jari Bachmann  
President of the Kaso Group