Annual Report

1999

Contents

Larox Investor Relations 2000

In addition to the annual report, Larox will publish two interim reports in 2000: for the period January 1 – April 30, 2000 released on Friday, May 26, 2000, and for the period January 1 – August 31, 2000 released on Friday, September 29, 2000.

Other information for investors can be requested from Larox Corporation by phone: +358 (5) 668 811, fax: +358 (5) 668 8277 or e-mail: info@larox.com.

Larox Corporation's B-share is listed on the Helsinki Stock Exchange I-list. The Helsinki Stock Exchange provides information on the Larox share at www.hex.fi/suomi/listayhtiot/LAR.html. Information on Larox Group can also be found at www.larox.com.

Larox Corporate Values

CUSTOMER ORIENTATION

We are in business to serve the customer.

Customer-oriented organization
Local customer service
Flexible operation addressing customer needs

RELIABILITY

We do what we promise.

Reliable test results
Accurate calculations
On-time deliveries
Dependable after sales service
Trustworthiness

QUALITY OF OPERATION

We perform our work professionally and efficiently from the start.

Continuous development of the quality system
Maintaining the ISO 9000 certification
Concentrated quality management at all levels

LEADING EXPERTISE

We develop our expertise to be the best in the business.

Product development
Human resources
Continuous training

WORLDWIDE PRESENCE

We support our customers on six continents.

International operation
Local customer service

FAIR PLAY

We interact with each other and customers in an open, honest manner.

Sincerity
Impartiality
Positive reinforcement
Constructive criticism

Larox in Brief

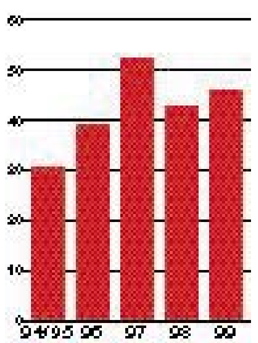
Larox is a leader in solid/liquid separation, liquid polishing filtration and valve solutions. Larox is dedicated to serving the world's process industries by developing high-performance automatic pressure filters, polishing filters and pinch valve products. Larox solutions expand production capacities, simplify processes, reduce energy consumption and improve the quality of end products.

Larox Group comprises seven subsidiaries and five sales offices in addition to the parent company, Larox Corporation, which is headquartered in Lappeenranta, Finland. The Group employs over 286 personnel.

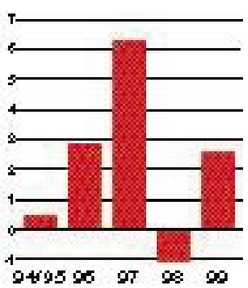
Fiscal Year 1999

(EUR 1000)	**1999**	1998	Change
Net Sales	**46,103**	44,309	1,794
Operating Profit Before Depreciation	**5,113**	2,255	2,858
% of Net Sales	**11.1**	5.1	6.0
Operating Profit	**3,530**	386	3,144
% of Net Sales	**7.7**	0.9	6.8
Profit/Loss Before Extraordinary Items, Provisions and Taxes	**2,592**	-1,022	3,614
Return on Invested Capital (%)	**11.6**	1.4	10.2
Equity Ratio (%)	**30.4**	20.6	9.8
Balance Sheet Total	**35,102**	41,009	-5,907
% of Net Sales	**76.1**	92.6	-16.5
Earnings per Share	**0.80**	-0.49	1.29
Investments	**1,075**	2,699	-1,624
Average Number of Personnel	**286**	303	-17
Net Sales per Employee	**161**	146	15
Order Backlog 12/31/99 (EUR million)	**16**	9	7

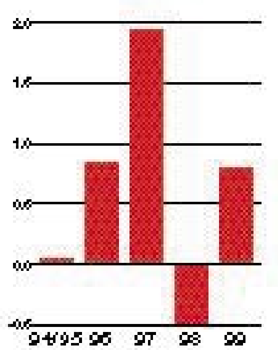
Net Sales 1994-1999
EUR million



Profit/Loss Before Extraordinary Items, Provisions and Taxes 1994-1999, EUR million



Earnings Per Share
1994-1999, EUR



President's Review

Larox returned to profitability in 1999, due to intensified efforts to lower operational expenditures. Although the preferred level of profitability achieved in 1997 was not attained, 1999's year-end order backlog was clearly better than that of previous years. In addition the balance sheet lightened considerably due to lower debt and other arrangements, resulting in an equity ratio of 30 percent.

Thus, Larox is entering the millennium with improved prospects for stable growth. Accompanying the improved order backlog are several promising contracts under negotiation, which are expected to result in orders during 2000.

Larox anticipates continued growth in sales and profitability in the new year. The improvement in orders and a number of positive trends in global markets support this positive forecast.

Customers and Markets

Base metal prices began to recover on world markets. This, combined with the turnaround in Asian economies, is increasing metal consumption and thus the desire of Larox's mining and metallurgy customers to invest in new equipment and capacity upgrades.

The favorable prospects seen in southern Africa are expected to continue, particularly in the platinum industry. Larox's new-generation pressure filters were delivered to several of the area's mines. To meet the increased demand, in 1999 Larox strengthened its local organization by establishing a subsidiary in Zambia while adding resources in South Africa.

Years of perseverance in CIS countries began to yield results in the form of several pressure filter orders. Moreover, the concrete mining projects underway in the area will likely result in new orders during 2000, further strengthening our trust in the market's long-term prospects.

In Latin America the company's strong market position was further strengthened by new orders from Peru, Chile and Mexico. During the past decade Larox has become one of the most significant suppliers of filtration equipment to the area's mining industry.

Sales in Europe, Asia and the United States remained stable, with most orders coming from the chemical processing industry.

Technology and Services

Pressure and polishing filter solutions for the mining and chemical industries continue to represent Larox's largest business. In the 1990s Larox completely overhauled and expanded its product offering. As a result, the market share in several sectors grew considerably, especially in base metal concentrate filtration.

We are proud that the world's largest mining companies have placed their trust in the technology and service capability of Larox. The production processes of several major mining companies have experienced significant improvements directly attributable to Larox technology.

In response to new customer needs and requirements, we succeeded in launching a new generation of Larox pressure filters. During 1999 the sales of the first new model accounted for approximately 20 percent of net sales.

The launch of the Larox polishing filter for liquid polishing strengthening our overall offering to different sectors of the mining and chemical industries. Today we can support these industries widest and most efficient range of filtration equipment on the market.

After sales service revenues grew noticeably to approximately one third of the company's net sales. More resources were committed to the service organization in different areas of the world, which considerably increased overall customer satisfaction. As a result, Larox expects the volume of after sales service to continue on a similar growth path. In addition to the increased business, this will guarantee more stable revenue streams in the new fiscal year and beyond.

Larox's valve business developed as planned. Larox pinch valves are being used in an increasing range of industrial processes. To guarantee ongoing positive development and competitiveness, several valve innovations were launched during the current review period.

Share Price Development

The Larox share has underperformed in recent years, largely due to weaker fiscal results and a patent dispute. The improved results of 1999 and good order book are expected to firm up the share price and encourage a return to growth. As for the patent issue, early in 2000 the judicial court ruled in Larox's favor, removing all uncertainty surrounding the question.

I would like to thank our customers, Larox personnel, partners and shareholders for a good year.

Timo Vartiainen

Mining and Metallurgy

On the Road to Number One

Several important contracts were secured in 1999, solidifying Larox's position as the leading provider of filtration solutions for base metal concentrates. Deeper market penetration will be pursued through ongoing product and application development.

In 1999 Larox continued to increase its market and production shares in the mining and metallurgical industries. Larox placed considerable effort on decreasing the already low operating costs of the Larox pressure filter and on strengthening its share in base metal concentrate markets.

Base metal prices began to recover following the regional economic turmoil of 1998. This strongly signals the beginning of an uptrend in mining and metallurgy markets, which is expected to strengthen demand for Larox solutions.

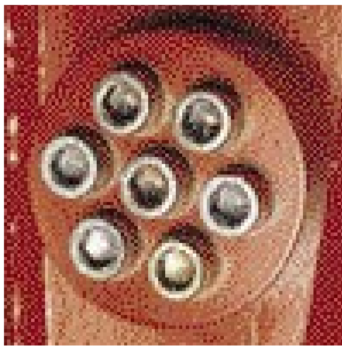
Base Metal Concentrates

Larox continued to be the world's leading supplier of solid/liquid separation solutions for base metal concentrate filtration. In 1999 Larox continued to grow its global market share for this segment. The low operating cost and high availability of Larox pressure filters undoubtedly contributed to this accomplishment.

Larox became the filter supplier for one of the world's biggest mining project: Antamina in Peru. This significant contract reinforces the company's entrenched position in South America.

Other major achievements included repeat orders from La Escondida in Chile and Rudna in Poland, two of the world's biggest copper concentrate producers. Progress was also seen in Mexico, where Larox increased its production share in base metal concentrate filtration.

Metal Refineries



In base metal production, cake washing with low wash water consumption continues to be Larox pressure filtration's chief advantage over competing solutions.

Larox made notable advances into Russia's mining and metallurgical markets. One of 1999's biggest orders came from Chelyabinsk Zinc Refinery. Larox has good reason to consider Russia as an important emerging market for its solutions.

New Beginnings

Ever-increasing competition and customer needs is leading Larox to intensify its knowledge in the latest technologies to improve new applications as well as the company's existing products. After a relatively good year, Larox faces the new millennium with confidence as it sets out to become "number one" in pressure filtration for mining and metallurgy.

Chemical Processing

Change Everywhere Creates Vast Potential

During 1999 interest intensified for Larox chemical processing applications. Many customers were choosing Larox pressure filtration for demanding solid/liquid separation and solids washing.

Larox's business with chemical process industries remained stable and prosperous throughout 1999. Customers continued to choose Larox pressure filtration as the best solution for high-grade solid/liquid separation and solids washing.

Today's chemical, food and pharmaceutical products require increasingly cost-efficient and environmentally friendly processing. Larox addresses this need through product development, ongoing consultation, and by optimizing the performance of existing installations.

The introduction of Larox polishing filtration in 1999 created major interest in the benefits that combined pressure and polishing filtration can offer. This dual solution, which reduces suspended solids in filtrate to new lows, is expected to increase Larox's projected success in chemical processing.

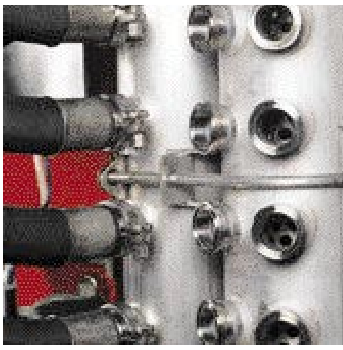
White Pigments

The white pigment industry, which has undergone major restructuring, mergers and acquisitions, contributed significantly to Larox's 1999 revenues from chemical processing. White pigments place extremely high requirements on process technology to ensure a consistently high end-product quality. Larox has been carefully chosen as their partner to meet these requirements.

Pharmaceuticals

Longer life expectancies, faster drug discovery, and the increasing global population are driving the seemingly endless growth of the global pharmaceutical industry. Larox has capitalized on these trends by supplying the process technology customers need to meet rigorous quality standards.

Many pharmaceutical plants around the world follow the stringent requirements of the U.S. Federal Drug Administration, which has led Larox to develop pressure filtration technology that meets or exceeds those standards. This has expanded the range of potential pharmaceutical applications, which in turn has stimulated wider industry appeal for Larox solutions.



Agrochemicals

The agrochemical industry also contributed significantly to 1999's results. Agrochemical use is on the rise worldwide, but growing environmental concerns are leading suppliers to review their processing technologies and chemistry. Larox processing technology is often the best way to support the resulting changes while minimizing pollution during production.

Liquid Polishing

Adding More Polish to a Leading Solution

In 1999 the Larox polishing filter gained increasing recognition as the solution of choice for minimizing particle concentration in process liquids. The solution proved to deliver equally compelling benefits in both metallurgy and chemical processing.

The future for Larox polishing filters looks extremely promising. As customers pursue greater competitiveness in their own markets they are turning to Larox for solutions which increase production capacity, boost the quality of plant and refinery end products, and reduce discharge emissions to the environment.

Combining the Best to Separate the Rest

Liquid polishing or purification filters are new products which Larox globally introduced to the market last year after signing an exclusive distribution agreement with a UK based manufacturer. The proven benefits of the Larox polishing filter are compelling, and demand for the solution is very promising.

The operating principal of the Larox polishing filter reduces the particle concentration in process liquids to extremely low levels – in some applications to parts per billion. The range of Larox polishing filters are complimentary to the Larox pressure filter range, and many Larox customers are showing an interest in combining both product technologies to increase yield recoveries.

Metallurgy and Chemical Processing

In metallurgical plants employing electrolytic refining processes the removal of impurity particles from the electrolyte results in production of metal with a purity exceeding LME Grades, while at the same time significantly increasing plant productivity.

In one of the chemical process industries the Larox polishing filter removes impurity particles from sodium chloride brine solutions which, in turn, are the raw materials for the chloralkali industry which produces caustic soda, chlorine gas and hydrogen gas. In another chemical process industry the Larox polishing filter will remove entrained residues from a saturated solution of sodium perborate prior to crystallization.

The metallurgical and chemical process industries are conservative by nature and very conscious of justifying the cost benefits of capital expenditures in a competitive environment, and Larox solutions meet that test. The growing demand for Larox's application consulting and equipment testing services has dominated the year and signals ongoing investment by customers in Larox solutions.

Larox Service

More Services and Presence Worldwide

Larox continued to profit from its comprehensive service strategy in the form of increased sales and higher customer satisfaction. In 1999 Larox broadened its offering of after sales services while making them more accessible worldwide.

In 1999 Larox's solid/liquid separation after sales service organization, Larox Service, saw another year of record activity. A constantly increasing number of Larox pressure and polishing filter users were supported with more customer visits and services than ever before.

The support delivered by Larox ranged from pre-start-up installations, start-ups and spare parts service to user training, technical consultation, courtesy visits and other forms of customized assistance.

Continuous Customer Care

Larox pressure filters have an exceptionally long service life. In fact, most units delivered in the late 1970s are still in operation, so with each passing year after sales is witnessing an increasing number of refurbishing and upgrading projects. Pressure filter upgrades are carried out to meet the current Larox design as well as possible.

The future challenges and actions of Larox after sales service are oriented toward bringing even more value to the company's pressure and polishing filter users. Process optimizations, total productivity improvement services, operation and maintenance training and consultation, and product-upgrade services are but a few of the ways in which Larox is becoming synonymous with customer satisfaction.

Plain-and-Simple Strategy

Larox after sales services are now delivered by more Customer Support Engineers than ever before – worldwide – from a growing number of local Larox offices. In 1999, Larox Service opened new customer support "depots" in China and Zambia.

Clearly, keeping Larox customers satisfied still comes down to offering easy access to world-class support services – and the industry's most qualified service personnel. Looking ahead, Larox Service intends to keep following that plain-and-simple strategy.

Larox Flowsys

Reaching Into New Markets and Industries

Larox Flowsys Oy's sixth year of operation proved that there is strong demand for a specialized valve supplier. Customized solutions and services continue to form the basis of the company's activities.

Determined rationalization of business activities and increased product competitiveness resulted in improved profitability in 1999. The main target of development in the new year includes better recognition of customer needs and requirements, which will result in improved customer satisfaction.

All major market areas showed sales growth in 1999. Demand for pinch valves picked up during the fourth quarter, making the company's future prospects look very promising. Turnover is expected to grow by 20 percent in 2000.

Gains in Mining and Minerals

In 1999 Larox Flowsys was successful in securing several new projects in mining and minerals. While this industry was the most important in revenue terms, chemical processing and pulp and paper maintained their role as important Larox valve customers.

Over 80 percent of the company turnover comes from export sales. A large part of domestic sales also goes to exports since Larox valves are supplied to various equipment installations in the process industry. Export sales are divided evenly among all continents, so financial turbulence in one country does not negatively affect Larox valve sales. Development and additional training of sales network are part of the development plan for 2000.

Innovation from R&D

Preventive maintenance is a critical factor to most Larox Flowsys customers. Larox Flowsys has met this challenge by developing a pinch valve that helps to minimize process downtime. The twin sleeve solution and the new Larox SensoMate product give early warning of the valve sleeve's condition, making it possible to schedule replacement during a regular maintenance periods.

Growth from Investment

New growth will be gained by investing in operations. One of the most important projects in 2000 will be to develop the Larox valve product range, which will expand its operational range to new applications and industries.

These and other innovations will enable Larox Flowsys to meet customer requirements and maintain the competitiveness of its products in increasingly competitive markets.

Report by Board of Directors

The result of the fiscal year January 1 – December 31, 1999 was satisfactory as predicted. Measures to intensify operations were realized as planned, although the desired profitability level of 1997 was not reached. Net sales increased by 4.0% from the previous year and totaled EUR 46.1 million. Net sales per employee totaled EUR 161,000 (146,000 in 1998). The operating profit improved significantly and the Group's result before extraordinary items, appropriations and taxes increased to EUR 2.592 million (-1.021 million). The Group's profitability improved to 11.6% (1.4%) measured by the return on investment. The equity ratio rose to 30.4% (20.6%).

Business Operations

Larox's solid/liquid separation business did not meet all of its set targets. Long-term sales work, customer service as well as new-product marketing, however, reflected positively in the order backlog and deliveries. The pinch valve business almost reached its set targets.

Over 93% of Group net sales came from exports and foreign operations. The Group strengthened its position in Africa and Europe. The global division of net sales was as follows: North and Central America 23.7%, South America 13.7%, Europe 34.5%, Africa 8.2%, Australasia 9.4% and the rest of Asia 10.5%

The order backlog totaled EUR 15.8 million (9 million) at the end of the fiscal year.

Changes in Corporate Structure

During the fiscal year two subsidiaries were established, Larox Central Africa Ltd in Zambia and Filtros Larox Mexico S.A. de C.V. in Mexico. In November 6% of Larox Flowsys Oy's shares and voting rights were sold and the Group's ownership decreased to 49%.

Profits and Profitability

The Group's profitability improved clearly from the previous year because of the realized measures to intensify operations. The improvement of the world economy during the fiscal year contributed to customers' investment decisions and resulted in growing order backlog and invoicing for Larox.

The Group's operating profit before depreciation was EUR 5.113 million (2.254 million), i.e. 11.1% (5.1%) of net sales. The Group made depreciations of EUR 1.583 million (1.868 million). The share of deprecations of net sales was 3.4%. The operating profit was EUR 3.5 million (0.4 million), which was 7.7% (0.9%) of net sales.

The result before extraordinary items, appropriations and taxes showed a profit of EUR 2.592 million (-1.021 million). Taxes totaled EUR 436,000 (241,000). The result of the fiscal year showed a profit of EUR 2.2 million (-1.3 million).

The company's return on equity improved to 23.1% (-12.8%). Return on investment was 11.6% (1.4%). Earnings per share rose to EUR 0.80 (-0.49).

Financing

The Group's net financial position improved clearly compared to the previous fiscal year.

The equity ratio rose to 30.4% (20.6%). The share of net liabilities was 37.5% of net sales. Net financing costs were EUR 0.9 million (1.4 million). The share of net financing costs was 2.0% (3.2%) of net sales.

Investments

Group investments totaled EUR 1.1 million (2.7 million). The renewal of information systems was the biggest investment. The remaining investments were replacement investments. The existing production capacity is sufficient to meet growing demand without any major investments in the near future.

During the fiscal year the company sold the real estate it owned in Australia.

Research and Product Development

The most important areas in research and product development included the filters of the new product family, the improvement of the existing products, and the development of processes. Larox's contribution to research, development of equipment and processes, as well as test operations was approximately EUR 2.7 million.

Personnel

The average number of personnel in the Group was 286 (303), 181 (186) of whom worked for the parent company. Wages and salaries totaled EUR 10.0 million (9.8 million), of which EUR 149,000 (33,000) were commissions on profit. Salaries paid to the presidents of the parent and subsidiary companies and the Board of Directors totaled EUR 0.6 million (0.8 million), of which EUR 2,000 (16,000) were commissions on profit.

Share Issue Authorizations

The Board of Directors has no existing share issue authorizations granted by the annual shareholders' meeting.

Future Prospects

The Group anticipates positive fiscal development in the foreseeable future. In solid/liquid separation, Larox's focus on process solutions that require special know-how is improving customer service, which in turn is increasing the company's competitiveness in world markets. The processes in the mining and chemical industries chosen by Larox have considerable market potential. The importance of energy-saving, environmentally friendly solutions is constantly growing. Concern for the environment is starting to grow in emerging markets, which is opening up new opportunities for Larox.

Due to the realized measures to intensify operations, prerequisites for the improvement of profitability will exist during the 2000 fiscal year.

The improved state of the world economy and increased world market prices for base metals, which affect the mining sector, benefit Larox. These trends, together with a better order backlog, form a good basis for growth. A critical factor in 2000 will be the timing of customers' investment decisions.

The Group's objective is to remain being a reliable, customer-oriented company with worldwide, high-quality operations and leading expertise in its sector.

Board Proposal for Distribution of Profits

The Group's dividends available for distribution in the consolidated balance sheet on December 31, 1999 is EUR 5,071,784.52. The parent company's profit for fiscal year 1999 is EUR 1,278,004.70. The parent company's dividends available for distribution totaled EUR 3,511,185.72.

The Board of Directors proposes that a dividend of EUR 0.24 per share, i.e. EUR 633,864.00, be paid. The remaining EUR 2,877,321.72 will be retained and carried forward for the parent company.

Income Statement

(EUR 1000)	**Group 1/1-12/31/99**	Group 1/1-12/31/98	**Larox Oyj 1/1-12/31/99**	Larox Oyj 1/1-12/31/98
Net Sales	**46,103**	44,309	**34,914**	30,774
Increase/Decrease in Stocks of Finished Goods	**-1,082**	-96	**108**	38
Other Operating Income	**1,420**	437	**1,382**	320
Raw Materials and Services				
Raw materials and consumables:				
Purchases during the financial year	**16,365**	18,874	**14,423**	13,685
Variation in inventories	**57**	-2,602	**139**	-1 936
External services	**861**	542	**825**	801
Raw Materials and Services	**17,284**	16,814	**15,387**	12,551
Staff Expenses				
Wages and salaries	**10,036**	9,774	**5,659**	5,302
Social security expenses:				
Pension expenses	**106**	118	**8**	11
Other social security expenses	**2,160**	1,975	**1,718**	1,517
Staff Expenses	**12,302**	11,868	**7,385**	6,830
Depreciation and Reduction in Value				
Depreciation according to plan	**1,583**	1,868	**1,125**	1,240
Depreciation and Reduction in Value	**1,583**	1,868	**1,125**	1,240
Other Operating Charges	**11,742**	13,715	**9,862**	9,518
Operating Profit/Loss	**3,530**	386	**2,646**	993
Financial Income and Expenses				
Income from group undertakings			**101**	60
Income from participating interests			**2**	
Income from other investments under non-current assets			**9**	10
Other interest and financial income	**116**	41	**59**	
Interest and other financial expenses	**1,054**	1,448	**1,047**	1,095
Financial Income and Expenses	**-938**	-1,408	**-876**	-1,024
Profit/Loss Before Extraordinary Items	**2,592**	-1,022	**1,769**	-32
Profit Before Appropriations and Taxes	**2,592**	-1,022	**1,769**	-32
Appropriations				
Variation in accelerated depreciation	**77**		**29**	
Appropriations	**77**		**29**	
Minority Share	**34**	24		
Direct Taxes	**436**	241	**520**	4
Profit/Loss for the Period	**2,199**	-1,286	**1,278**	-35

Balance Sheet

(EUR 1000)	**Group 12/31/99**	Group 12/31/98	**Larox Oyj 12/31/99**	Larox Oyj 12/31/98
ASSETS				
Non-Current Assets				
Intangible Assets				
Intangible rights	**729**	731	**190**	93
Other capitalized long-term expenditure	**1,487**	580	**1,487**	494
Other capitalized long-term expenditure in progress		790		790
	2,216	2,101	**1,677**	1,376
Tangible Assets				
Land and waters	**1,488**	1,830	**1,108**	1,108
Buildings	**6,077**	6,570	**6,051**	6,131
Machinery and equipment	**2,438**	3,324	**1,760**	2,202
Other tangible assets	**47**	79	**22**	27
Advance payments		16		16
	10,051	11,819	**8,941**	9,484
Investments				
Holdings in group undertakings			**2,211**	2,488
Receivables in group undertakings			**525**	525
Participating interests	**508**		**332**	84
Other shares and similar rights of ownership	**4**	5	**4**	5
Other receivables	**39**	31		
	551	36	**3,072**	3,103
Current Assets				
Inventories				
Raw materials and consumables	**5,512**	6,967	**5,512**	5,652
Work in progress	**268**	373	**268**	345
Finished products/goods	**3,083**	3,321	**409**	224
Other inventories		141		
Advance payments	**430**		**130**	
	9,293	10,801	**6,319**	6,221
Receivables				
Trade receivables	**9,487**	12,601	**6,686**	7,492
Amounts owed by group undertakings			**4,480**	8,199
Amounts owed by participating interest undertakings	**241**	66	**89**	66
Loan receivables	**146**	8	**171**	8
Other receivables	**519**	1,303	**447**	390
Deferred tax receivable	**743**			
Prepayments and accrued income	**1,060**	1,351	**502**	885
	12,197	15,329	**12,374**	17,042
Cash-in-Hand and Bank Accounts	**794**	923	**53**	62
Total Assets	**35,102**	41,009	**32,436**	37,288

Balance Sheet

(EUR 1000)	**Group 12/31/99**	Group 12/31/98	**Larox Oyj 12/31/99**	Larox Oyj 12/31/98
LIABILITIES				
Capital and Reserves				
Subscribed capital	**4,442**	4,442	**4,442**	4,442
Share premium account	**11**	11	**11**	11
Revaluation reserve	**75**	75	**75**	75
Other funds	**152**			
Retained earnings/loss	**3,623**	4,477	**2,335**	2,370
Profit/loss for the financial year	**2,199**	-1,286	**1,278**	-35
	10,502	7,719	**8,141**	6,863
Minority Share		429		
Appropriations				
Accelerated depreciation			**943**	972
Provisions				
Guarantee provision	**140**	115	**139**	115
Creditors, Non-Current				
Loans from credit institutions	**6,504**	6,686	**6,504**	6,673
Pension loans	**1,473**	1,584	**1,473**	1,584
Deferred tax liability	**273**	290		
Other non-current liabilities	**75**	70	**8**	8
	8,326	8,630	**7,986**	8,265
Creditors, Current				
Loans from credit institutions	**3,717**	4,146	**2,181**	2,497
Pension loans	**111**	119	**111**	119
Advances received	**612**	1,401	**475**	543
Trade payables	**1,903**	1,965	**1,773**	2,423
Notes payable	**5,507**	10,976	**5,486**	9,963
Amounts owed to group undertakings			**1,594**	1,258
Amounts owed to participating interest undertakings	**121**		**53**	
Other current liabilities	**2,932**	1,796	**1,041**	2,251
Accrued liabilities and deferred income	**1,230**	3,713	**2,514**	2,019
	16,134	24,116	**15,228**	21,073
Total Liabilities	**35,102**	41,009	**32,436**	37,288

Source and Application of Funds

(EUR 1000)	**Group 12/31/99**	Group 12/31/98	**Larox Oyj 12/31/99**	Larox Oyj 12/31/98
Regular Operations				
Operating profit	**3,530**	386	**2,646**	993
Adjustments to sales	**1,634**	2,011	**1,149**	1,240
Change in working capital	**2,837**	3,785	**3,521**	3,810
Cash flow from regular operations	**8,001**	6,182	**7,316**	6,043
Interest income	**116**	41	**171**	70
Interest expenses	**-1,054**	-1,447	**-1,047**	-1,036
Other financial items				-59
Taxes	**-436**	-241	**-520**	-4
Net Cash Flow from Regular Operations	**6,627**	4,535	**5,920**	5,014
Investments				
Purchase of fixed assets	**-1,290**	-2,773	**-880**	-2,413
Sales of fixed assets	**744**		**31**	
Increase in other capitalized long-term expenditure		223		
Cash Flow of Investments	**-546**	-2,550	**-849**	-2,413
Cash Flow Before Financing	**6,081**	1,985	**5,071**	2,601
Financing				
Increase in long-term loans (+)	**3,524**	8,823	**2,013**	8,744
Decrease in long-term loans (-)	**-4,265**	-8,744	**-2,616**	-9,554
Increase/decrease of short-term loans (+/-)	**-5,469**		**-4,477**	
Dividends		-1,777		-1,777
Total Financing	**-6,210**	-1,698	**-5,080**	-2,587
Change in liquid assets according to balance sheet	**-129**	287	**-9**	14
Liquid assets 1/1/1999	**923**	636	**62**	48
Liquid Assets 12/31/1999	**794**	923	**53**	62

Notes to Financial Statements

ACCOUNTING PRINCIPLES

Consolidation

The consolidated financial statements include the accounts of the parent company, Larox Oyj, and all companies in Finland and abroad over which Larox Oyj has control. As an exception to the above, Larox Central Africa Ltd. and Filtros Larox Mexico S.A. de C.V. are not included in the consolidation, because their operations are in a start-up phase and they have not had any effect on the company's result. Larox Flowsys Oy has been consolidated in the Group income statement, and it has been handled as an associated company in the balance sheet as a result of the realized decrease of ownership at the end of the fiscal year.

The acquisition cost method is used in the elimination of subsidiary shares. Associated companies have been combined using the one-line method.

The Group's accumulated depreciation difference is allocated to retained earnings. The amount calculated from the tax rate is shown in the deferred tax liability line under liabilities. Calculated tax receivables due to the elimination of internal sales contribution margins and compulsory provisions have been entered in changing assets and to profit of the financial year. The transition difference from consolidation is presented under retained earnings.

Foreign Currency Transactions

Foreign currency transactions are entered in the accounts as Euros using the exchange rate in effect on the transaction date. Assets and liabilities denominated in foreign currency are translated into Euros in the financial statements using the European Central Bank's average exchange rate on the balance sheet date. Assets and liabilities in currencies of EMU countries have been translated into Euros in the financial statements using fixed conversion factors.

The income statements of foreign group companies have been converted into Euros in the consolidated financial statements using the average exchange rates for the period and balance sheets using the European Central Bank's average exchange rate on the closing day, and for EMU countries, using fixed conversion factors.

All realized and unrealized exchange rate differences from sales receivables and accounts payable, current and non-current liabilities, and receivables are charged against the result. The exchange difference of the corresponding item to be hedged has been adjusted by the exchange difference of the derivative instrument used for hedging purposes.

Net Sales

Sales of products and services are recognized at the time of delivery. Sales are presented net of indirect taxes and adjustments to sales. Adjustments to sales include granted discounts and exchange differences resulting from sales. Information from earlier years have been adjusted according to the new accounting act.

Wages and Salaries

The wages paid for production in the Notes include the wages paid for working hours, as well as wages for annual holidays, paid days off, periods of sickness, holiday reimbursements, bonuses paid for years of service and similar benefits.

Research and Product Development Costs

Research and product development costs have been entered as annual costs in the year they were originated. Costs that accumulate income during three or more years have been deemed as long-term costs and will de depreciated in 5 to 10 years.

Direct Taxes

The direct taxes recorded in the income statement are the estimated taxes for the period as well as adjustments to the taxes of previous periods. Tax receivables due to losses are treated according to local practice in the financial statements of the foreign subsidiaries.

Inventories

The book values of inventories are valued at the direct acquisition cost or at a lower reacquisition price.

Fixed Assets and Depreciation

The book values of fixed assets are based on the original acquisition cost, with the exception of certain land and water areas that have been revalued.

Depreciation according to plan is made on a straight-line basis on depreciable fixed assets, based on the estimated useful economic life. The periods of depreciation are based on the useful economic life as follows: buildings and constructions 40 years, machinery and equipment 4-10 years, other capitalized expenditure 3-10 years, other tangible assets 10 years, intangible rights 10 years.

Adapting Insider Instruction

The company has defined statutory insiders and insiders by definition as well as the principles regarding insiders per projects. The new instructions will become effective on March 1, 2000.

NOTES TO THE INCOME STATEMENT

(EUR 1000)	**Group 1/1-12/31/99**	Group 1/1-12/31/98	**Larox Oyj 1/1-12/31/99**	Larox Oyj 1/1/12/31/98
1. Other Operating Income				
Compensation for cancellation of trade	**689**		**624**	
Compensation for legal proceedings	**327**		**327**	
Other	**404**	437	**431**	320
Total	**1,420**	437	**1,382**	320
2. Average Number of Personnel				
Office staff	**209**	227	**113**	120
Workers	**77**	76	**68**	69
Total	**286**	303	**181**	189
3. Wages and Salaries				
Wages and benefits	**10,036**	9,774	**5,659**	5,302
Of which salaries and benefits for:				
Managing directors and board members	**588**	813	**197**	188
Pension expenses	**106**	118	**8**	11
Other personnel expenses	**2,160**	1,976	**1,718**	1,518
Total	**12,302**	11,868	**7,385**	6,830
4. Depreciation				
Planned depreciation:				
Buildings	**154**	188	**122**	156
Machinery and equipment	**985**	1,269	**600**	811
Other tangible assets	**4**	6	**4**	6
Other capitalized expenditure	**401**	342	**362**	246
Intangible assets	**39**	22	**37**	21
Goodwill on consolidation		41		
Total	**1,583**	1,868	**1,125**	1,240
Difference between booked and planned depreciation:				
Buildings	**36**		**37**	
Machinery and equipment	**-113**	11	**-66**	
Total	**-77**	11	**-29**	
Accelerated difference between booked and planned depreciation:				
Buildings	**832**	796	**834**	796
Machinery and equipment	**182**	295	**92**	159
Other capitalized expenditure	**17**	17	**17**	17
Total	**1,031**	1,108	**943**	972
5. Financial Income and Expenses from Group Companies				
Group undertakings			**101**	60
Participating interests			**2**	
Total			**103**	60
6. Taxes				
Taxes from period	**-620**	-254	**-520**	-4
Change in deferred taxes	**184**	13		
Total	**-436**	-241	**-520**	-4

NOTES TO THE BALANCE SHEET

(EUR 1000)	**Group 1999**	Group 1998	**Larox Oyj 1999**	Larox Oyj 1998
7. Change in Fixed Assets				
Intangible Assets:				
Acquisition expense 1/1	**1,711**	1,679	**1,061**	1,031
Increase/decrease	**37**	32	**133**	29
Acquisition expense 12/31	**1,748**	1,711	**1,194**	1,061
Accumulated planned depreciation 12/31	**1,019**	980	**1,004**	967
Planned depreciation 1/1-12/31	**39**	22	**37**	21
Book value 12/31	**729**	731	**190**	93
Other Capitalized Expenditure:				
Acquisition expense 1/1	**4,137**	3,827	**3,698**	3,459
Increase/decrease	**1,308**	310	**1,355**	239
Acquisition expense 12/31	**5,445**	4,137	**5,053**	3,698
Accumulated planned depreciation 12/31	**3,958**	3,557	**3,566**	3,204
Planned depreciation 1/1-12/31	**401**	342	**362**	246
Book value 12/31	**1,487**	580	**1,487**	494
Land Areas:				
Acquisition expense 1/1	**1,830**	2,013	**1,108**	1,108
Increase/decrease	**-342**	-183		
Acquisition expense 12/31	**1,488**	1,830	**1,108**	1,108
Revaluations on Land Areas	**563**	563	**563**	563
Buildings:				
Acquisition expense 1/1	**8,583**	7,886	**8,060**	7,244
Increase/decrease	**-339**	697	**42**	817
Acquisition expense 12/31	**8,244**	8,583	**8,102**	8,060
Accumulated planned depreciation 12/31	**2,167**	2,013	**2,051**	1,929
Planned depreciation 1/1-12/31	**154**	188	**122**	156
Book value 12/31	**6,077**	6,570	**6,051**	6,131
Revaluations on buildings	**2,787**	2,787	**2,787**	2,787
Machinery and equipment:				
Acquisition expense 1/1	**11,322**	10,460	**7,893**	7,201
Increase/decrease	**99**	863	**159**	693
Acquisition expense 12/31	**11,421**	11,322	**8,052**	7,893
Accumulated planned depreciation 12/31	**8,983**	7,998	**6,292**	5,692
Planned depreciation 1/1-12/31	**985**	1,269	**600**	811
Book value 12/31	**2,438**	3,324	**1,760**	2,202
Other tangible assets:				
Acquisition expense 1/1	**161**	135	**104**	104
Increase/decrease	**-28**	26		
Acquisition expense 12/31	**133**	161	**104**	104
Accumulated planned depreciation 12/31	**86**	82	**82**	78
Planned depreciation 1/1-12/31	**4**	6	**4**	5
Book value 12/31	**47**	79	**22**	27

Revaluations are directed to the parent company’s land areas and buildings. Revaluations were made in 1990 or earlier based on outside evaluation. Revaluations include deferred taxes of EUR 971.5 million, which has not been booked, because it is not obvious that deferred taxes will be realized in the immediate future.

(EUR 1000)	**Group 1999**	Group 1998	**Larox Oyj 1999**	Larox Oyj 1998
8. Receivables from Group Undertakings				
Trade receivables			**2,529**	3,426
Loan receivables			**1,947**	4,470
Prepayments and accrued income				231
Other receivables			**4**	72
Total			**4,480**	8,199
9. Receivables from Participating Interests				
Trade receivables	**175**		**22**	
Loan receivables	**66**	66	**67**	66
Total	**241**	66	**89**	66
10. Capital Invested in Mining Production				
(EUR million)				
Loan receivables			**0.5**	0.5
Fixed assets	**1.0**	1.0		
Shares			**0.5**	0.5
Total	**1.0**	1.0	**1.0**	1.0

11. Shares and Shareholdings

Subsidiary Shares*	Country	Number	Share (%)	Currency	Nominal Value	Book Value
Larox Inc.	USA	50	100	USD	1,000,000	686,964
Larox Europe GmbH	Germany	500	100	DEM	250,000	120,860
Larox Pty Ltd Australia	Australia	400	100	AUD	400	770,071
Larox Chile S.A.	Chile	1,500	100	CLP	15,000,000	34,122
Larox Poland Ltd	Poland	335	100	PLN	335,000	103,661
Konstruktioinsinöörit Oy	Finland	50	100	FIM	30,000	5,046
Cia Minera Trinidad S.A.	Peru	52,991	98	PEI	6,459,642	490,229
Total Subsidiary Shares						2,210,953

*A complete specification of share holdings in the Group and other companies is included in the official consolidates financial statements.

	Share (%)	Nominal Value	Book Value
Associated Company Shares			
Larox Flowsys Oy	49	247,236	247,236
Statech Engineering Oy	20	83,011	84,339
Total Associated Company Shares			331,575
Other Shares			4,263
Total Shares and Shareholdings			2,546,791

12. Shareholder Equity

	Group 1999	Group 1998	**Larox Oyj 1999**	Larox Oyj 1998
Subscribed capital at beginning of period	**4,442**	4,442	**4,442**	4,442
Subscribed capital at end of period	**4,442**	4,442	**4,442**	4,442
Share premium account at beginning of period	**11**	11	**11**	11
Share premium account at end of period	**11**	11	**11**	11
Revaluation reserve at beginning of period	**75**	75	**75**	75
Revaluation reserve at end of period	**75**	75	**75**	75
Other reserves	**152**			
Retained earnings at beginning of period	**3,191**	6,621	**2,335**	4,147
Dividend		-1,777		-1,777
Retained earnings at end of period	**3,191**	4,844	**2,335**	2,370
Other increase/decrease	**432**	-368		
Profit/loss for period	**2,199**	-1,286	**1,278**	-35
Total capital and reserves	**10,502**	7,718	**8,141**	6,863

(EUR 1000)	**Group 1999**	Group 1998	**Larox Oyj 1999**	Larox Oyj 1998

12 b. Calculation of Dividends Available for Distribution

Retained earnings	**3,623**	4,476	**2,335**	2,370
Profit for the period:	**2,199**	-1,286	**1,278**	-35
Capitalized research expenditure	**-101**	-78	**-101**	-78
Closing entries	**-649**	-640		
Total	**5,072**	2,472	**3,511**	2,256

13. Provisions

Obligatory provisions:				
Guarantee provision at beginning of period	**115**	141	**115**	141
Change	**25**	-25	**24**	-25
Guarantee provision at end of period	**140**	115	**139**	115

14. Payables to Group Undertakings

Trade payables			**548**	487
Deferred liabilities				474
Other liabilities			**1,046**	297
Total			**1,594**	1,258

15. Payables to Participating Interests

Trade payables	**121**		**53**	

16. Deferred Tax Liabilities and Receivables

Deferred tax receivables:				
Consolidation	**297**			
Periodization differences	**446**			
Total	**743**			
Deferred tax liabilities:				
Closing entries	**273**	290		
Total	**273**	290		

17. Fire Insurance Value of Fixed Assets

Fire insurance value of fixed assets	**18,017**	17,794	**16,547**	16,080

18. Securities Given

Liabilities Secured by Mortgages

Pension loans	**1,584**	1,703	**1,584**	1,703
Secured by real estate mortgage	**168**	252	**168**	252
Loans from financial institutions	**16,495**	23,841	**14,938**	21,165
Secured by real estate mortgage*	**6,426**	6,426	**6,426**	6,426
Secured by mortgage on company assets*	**3,936**	4,608	**3,936**	4,272
Total secured by mortgages	**10,530**	11,286	**10,530**	10,950

*General pledging

Other Liabilities Secured by Mortgages

Secured by real estate mortgage	**135**	135	**872**	135
Secured by mortgage on company assets	**2,847**		**2,781**	
Total	**2,982**	135	**3,653**	135

Guarantees for Other Companies

For group companies	**3,315**	3,315	**2,911**	2,911
For participating interest companies	**1,824**	1,824	**281**	281
Total	**5,139**	5,139	**3,192**	3,192

19. Other Liabilities

Leasing liabilities:				
During year after reporting year	**302**	225	**217**	95
After more than one year	**442**	430	**310**	293
Pension liabilities	**40**	40	**40**	40
Total	**784**	695	**567**	428

20. Non-Current Liabilities Falling Due After Five Years or Later

Loans from financial institutions	**674**	1,283	**674**	1,283
Pension loans	**668**	278	**668**	278
Total	**1,342**	1,561	**1,342**	1,561

OTHER NOTES TO THE FINANCIAL STATEMENTS

21. Derivative Instruments 12/31/1999

(EUR 1000) Foreign currency derivatives	Market Value	Value of Underlying Instrument
Forward foreign exchange contracts	**1,388**	1,321
Currency option contracts:		
Purchased	**5,475**	5,475
Written*	**10,950**	10,867

*Written options have been used in connection with purchased currency put options.

The total market value of forward foreign contracts and currency option contracts is calculated from the European Central Bank's average exchange rate on the balance sheet date. The values of the underlying instruments are recorded in full according to the Euro value of the currency bought or sold on the date of the balance sheet.

22. Hedging Against Currency and Interest Risks

The Group objective is to minimize the impact of currency and interest risks on the Group's cash reserves, profits and shareholders' equity.

In accordance with the approved foreign currency policy, the task of the Group's financing operations is to hedge against all major currency risks. The Group's foreign currency exposure consists primarily of accounts receivable, order backlog, liabilities in foreign currencies and some of the outstanding offers.

Exchange rate profits and losses relating to actual business operations, as well as premiums paid and received, are treated as adjustments to sales and purchase items. Exchange rate profits and losses from financial operations are recorded under financial income and expenses. The most important invoicing currencies for Larox are USD, FIM, AUD and EUR. The Group's main purchasing currency is FIM. To hedge currency positions, the company uses forward contracts, currency options and currency loans. The Group also protects the shareholders' capital of foreign subsidiaries with currency loans.

To control interest risks, the Group disperses its loans and short-term investments in fixed and floating rate instruments. At the end of the fiscal year the Group had no open forward rate agreements or interest rate swaps.

23. Loans with Warrants

The bonds subscribed in 1997 total 8,241.20 EUR. The subscription period is February 19, 2001 – March 4, 2001. The subscription price is EUR 10.04/share.

Based on the loans and warrants 49,000 B-shares can be subscribed, the total nominal value of which is EUR 82,412.08.

24. Options

All 50,000 option rights for the management issued in 1999 were subscribed. The subscription period is February 18 to March 15, 2002 and the subscription price is EUR 15.22/share.

Based on the option rights 50,000 B-shares can be subscribed, the total nominal value of which is EUR 84,093.96.

25. Disputes

The Helsinki District court, in its judgement of January 14, 2000, declared Outokumpu Corporation patent 76639 null and void and according to the Larox Corporation suit, and ordered Outokumpu Corporation to compensate Larox Corporation for legal expenses.

According Larox Corporation's view, the infringement suit Outokumpu Corporation raised against Larox Corporation regarding the same patent has become groundless due to the nullity judgement, and during spring 2000 the Helsinki District Court will most probably dismiss the infringement suit against the patent, unless the parties concerned agree on the completion of the infringement suit before that date.

Signatures

Lappeenranta, Finland
February 16, 2000

Nuutti Vartiainen

Katariina Aaltonen   Jouko Jaakkola   Teppo Taberman

Timo Vartiainen

Auditors' Report

To the shareholders of Larox Oyj:

We have audited the accounting, the financial statements and corporate governance of Larox Oyj for the period January 1 – December 31, 1999. The financial statements, which have been prepared by the Board of Directors and the Chief Executive Officer, include the report of the Board of Directors, and the consolidated and parent company income statements, balance sheets and notes to the accounts. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with the generally accepted 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 statements, 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 Chief Executive Officer have legally complied with the rules of the Finnish Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Finnish 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 both the consolidated and parent company's result of operations as well as of the financial position. The financial statements, including the consolidated statements, can be adopted and the members Board of Directors of the parent company and the Chief Executive Officer can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Lappeenranta, Finland
January 16, 2000

Petteri Valkonen   Pasi Waris
CPA   CPA

Shares and Shareholders

Share-Related Data

	1999	1998	1997	1996	1994-1995
Earnings per share, EUR	**0.80**	-0.49	1.95	0.85	0.04
Shareholder equity per share, EUR	**3.98**	2.92	4.22	2.68	2.39
Dividend per share, EUR	**0.24**	0.00	0.67	0.32	0.17
Dividend per earnings ratio (%)	**29.9**	0.0	34.5	37.6	460.7
Dividend yield (%)	**3.8**	0.0	6.1	5.0	4.2
Price per earnings ratio (P/E)	**7.9**	-12.9	5.7	7.5	110.6
Development of share price:					
Average trading price, EUR	**5.70**	12.66	9.99	5.92	6.09
Lowest trading price, EUR	**4.40**	5.05	6.48	4.20	3.87
Highest trading price, EUR	**8.01**	16.15	12.45	7.06	11.60
Trading price at end of period, EUR	**6.35**	6.31	11.27	6.32	4.41
Market capitalization at end of period:					
A-shares, EUR millions*	**4.5**	4.4	7.9	4.5	2.9
B-shares, EUR millions	**12.3**	12.1	21.4	12.3	7.8
Total	**16.8**	16.6	29.3	16.8	10.7
Trading volume:					
B-shares, 1000	**236.5**	717	822.5	552.8	292.3
In relation to average number of B-shares (%)	**12.2**	37.1	42.6	28.6	15.7
Average number of shares at end of period, 1000	**1,933.1**	1,933.1	1,933.1	1,933.1	1,856.8
Number of shares at end of period:					
A-shares, 1000	**708**	708	708	708	708
B-shares, 1000	**1,933.1**	1,933.1	1,933.1	1,933.1	1,933.1
Total, 1000	**2,641.1**	2,641.1	2,641.1	2,641.1	2,641.1

The figures per share are share-issue adjusted. The length of the fiscal year 1994-1995 was exceptional.
* A-share data is based on the B-share's last trading rate of the fiscal year.

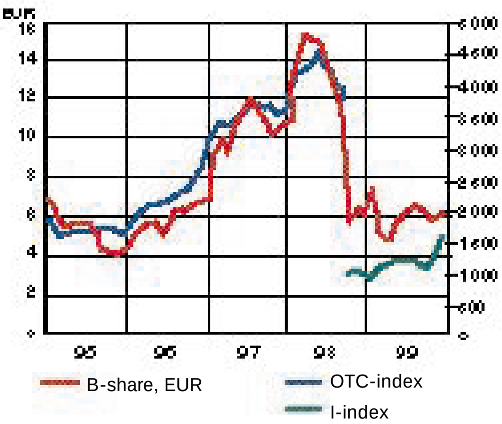
Distribution of Share Capital Sectors on 12/31/1999

	Shareholders (#)	Shareholders (%)	Total Shares	Share Capital (%)
Private enterprises	59	9.0	302,508	11.5
Financial institutions and insurance companies	4	0.6	81,767	3.1
Public corporations	4	0.6	181,212	6.9
Non-profit institutions	9	1.4	73,870	2.8
Households	578	88.1	1,993,297	75.5
Foreign owners	2	0.3	48	0.0
Total	656	100.0	2,632,702	99.7
On joint account			8,398	0.3
Total issued			2,641,100	100.0

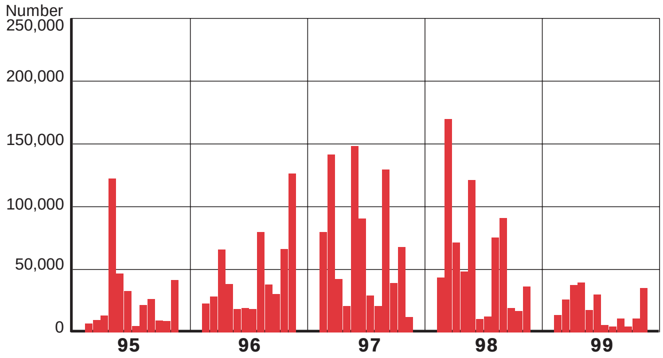
Distribution of Share Capital in Order of Magnitude on 12/31/1999

	Shareholders (#)	Shareholders (%)	Total Shares	Share Capital (%)
1-100	119	18.1	6,074	0.2
101- 500	293	44.5	83,872	3.2
501-1,000	116	17.6	93,427	3.5
1,001-5,000	87	13.2	196,795	7.5
5,001-10,000	14	2.1	103,225	3.9
10,001-50,000	21	3.2	552,416	20.9
50,001-100,000	4	0.6	291,463	11.0
Over 100,000	5	0.8	1,305,430	49.5
On joint account			8,398	0.3
Total issued			2,641,100	100.0

Price Development of Larox B-share



Exchange of Larox B-share



Principal Shareholders on 12.31.1999

	Share Capital (%)	Voting Rights (%)
Aaltonen Terhi-Katariina	12.0	23.2
Kupias Karoliina	11.7	23.1
Vartiainen Timo	11.6	23.1
Vartiainen Nuutti	9.7	16.2
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	4.5	0.7
Capillary Oy	3.8	0.6
Vartiainen Tyyne	3.3	4.3
Thomeko Oy	2.1	0.3
LEL Työeläkekassa	1.9	0.3
Kirkon keskusrahasto	1.8	0.3

The total number of shares owned and possessed by Board members and President is 1,146,437, which equals 65.1% of voting rights.

Development of the Group 1995-1999

(EUR 1000)	**1999**	1998	1997	1996	1994-1995
Scope of Activity					
Net sales	**46,103**	44,309	53,752	41,135	31,864
Change in net sales (%)	**4.0**	-17.6	30.7	29.1	22.0
Share of exports and foreign operations (%)	**93**	89	88	91	90
Number of personnel	**286**	303	281	268	257
Net sales per person	**161**	146	191	153	124
Total liabilities	**24,600**	32,861	28,739	22,001	28,116
Current liabilities	**16,135**	24,116	19,911	12,777	20,096
Shareholder equity	**10,502**	7,719	11,150	7,075	6,316
Capital invested	**29,120**	33,526	29,354	24,219	28,946
Balance sheet, total	**35,102**	41,009	40,297	29,463	34,801
Investments	**1,075**	2,699	2,629	2,066	2,365
Investments share of net sales (%)	**0.2**	6.1	4.9	5.0	7.4
Order backlog	**15.8**	9.1	9.9	9.6	12.6
Profit and Profitability					
Depreciation	**1,583**	1,868	2,081	1,958	1,963
Operating profit	**3,530**	386	7,258	4,106	2,662
Financial income and expenses	**-938**	-1,408	-1,023	-1,249	-2,260
Profit before extraordinary items and taxes	**2,592**	-1,022	6,235	2,857	401
Net profit	**2,156**	-1,263	5,176	2,257	106
Operating profit (%)	**7.7**	0.9	13.5	10.0	8.4
Net financial expenses (%)	**2.0**	3.2	1.9	3.0	7.1
Profit before extraordinary items and taxes (%)	**5.6**	-2.3	11.6	6.9	1.3
Net income (%)	**4.7**	-2.9	9.6	5.5	0.3
Return on shareholders equity (%)	**23.1**	-12.8	54.4	31.9	1.4
Return on invested capital (%)	**11.6**	1.4	27.4	15.8	10.1
Financing					
Quick ratio	**0.8**	0.7	0.9	0.7	0.6
Current ratio	**1.4**	1.1	1.3	1.2	1.0
Equity ratio	**30.4**	20.6	29.1	26.1	19.8
Relative indebtedness (%)	**52.0**	71.0	52.3	51.4	85.0

The key figures for fiscal years 1994-1995 are scaled down to 12 months.

Calculation of Key Ratios

$$\text{Return on shareholders' equity \%} = \frac{\text{Profit before extraordinary items - taxes}}{\text{(Invested capital - interest-bearing debts at the beginning of fiscal year) + (Invested capital - interest-bearing debts at the end of fiscal year)/2}} \times 100$$

$$\text{Return on invested capital \%} = \frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{(Invested capital at the beginning of fiscal year + Invested capital at the end of fiscal year)/2}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Shareholders' equity + voluntary provisions + accelerated depreciation + valuation items + minority share}}{\text{Total assets - advances received}} \times 100$$

$$\text{Relative indebtedness} = \frac{\text{Current and non-current liabilities + obligatory provisions - advances received}}{\text{Net Sales}} \times 100$$

Invested capital = Shareholders' equity + voluntary provisions + accelerated depreciation + valuation items + minority share + non-current liabilities + short-term loans from financial institutions + short-term pension loans + notes payable + other current liabilities - deferred taxes

$$\text{Quick ratio} = \frac{\text{Account receivable + cash in hand and bank accounts}}{\text{Current liabilities - advances received}}$$

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Earnings per share} = \frac{\text{Profit before extraordinary items, provisions and taxes - taxes +/- minority share}}{\text{Adjusted average number of shares at the end of the period}}$$

$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity + voluntary provisions and accelerated depreciation - deferred tax liabilities}}{\text{Adjusted average number of shares at the end of the period}}$$

$$\text{Dividend per share} = \frac{\text{Dividend distributed for the fiscal year}}{\text{Adjusted average number of shares at the end of the period}}$$

$$\text{Dividend per earnings ratio} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Dividend yield \%} = \frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$$

$$\text{Price per earnings ratio (P/E)} = \frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$$

$$\text{Average trading price} = \frac{\text{EUR amount traded during the period}}{\text{Number of shares traded during the period}}$$

Market capitalization at the end of the period = Number of shares at the end of period x trading price at the end of period weighted by the number of the shares traded

Trading volume = Number of shares traded during the period and in relation to the weighted average number of shares during the period

Board of Directors

From left:

Jouko Jaakkola, b. 1944
Member of the Board

Nuutti Vartiainen, b. 1925
Chairman of the Board

Katariina Aaltonen, b. 1959
Member of the Board, Director, Corporate Development

Timo Vartiainen, b. 1955
Member of the Board, President

Teppo Taberman, b. 1944
Member of the Board

Management Teams

Solid/Liquid Separation, from left:

Mikko Tykkyläinen
Operative Business Development Manager

Kari Suninen
Vice President, Service

Toivo Matti Karppanen
Executive Vice President, Marketing and Sales

Timo Vartiainen
President

Pentti Puhakka
Vice President, Production and Procurement

Matti Julku
Chief Financial Officer

Juhana Ylikojola
Vice President, Projects and Engineering

Pinch Valves and Flowsystems, from left:

Riitta Riikonen
Marketing Manager

Raimo Lavikainen
Business Development Manager

Jarmo Partanen
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Liisa Keinänen
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