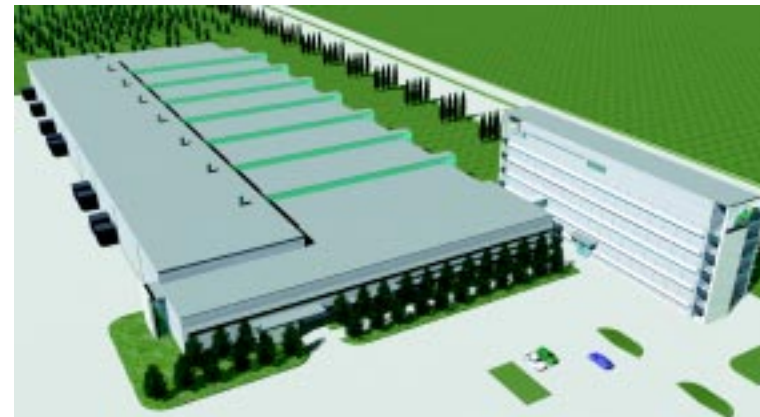


PKC GROUPIN KÄYTTÖÖN VALMISTUU SYKSYLLÄ 2000 UUDET TOIMITILAT KEMPELEEN VIHILUOTOON VAIN VIIDEN MINUUTIN AJOMATKAN PÄÄHÄN OULUN LENTOKENTÄSTÄ. VIIHTYISÄ JA NYKYAIKAINEN TYÖYMPÄRISTÖ EDISTÄÄ OSAAVAN HENKILÖSTÖN SITOUTUMISTA YHTEISIIN TAVOITTEISIIN.

PKC GROUP'S NEW BUSINESS PREMISES WILL BE CONSTRUCTED IN THE VIHILUOTO AREA IN KEMPELE ONLY FIVE MINUTES DRIVE FROM OULU AIRPORT. A PLEASANT AND MODERN WORKING ENVIRONMENT PROMOTES SKILLED PERSONNEL'S COMMITMENT TO COMMON GOALS.



PRODUCTS • KNOW-HOW • CUSTOMERS



INFORMATION FOR SHAREHOLDERS

General Meeting of Shareholders

PKC Groups Oyj's Annual General Meeting will be held on Thursday 30 March 2000 at 3.00 p.m at Kempele County House, at Asemantie 1, Kempele. Shareholders are asked to confirm their attendance by 27 March 2000, to
PKC Group Oyj; Sanna Leppänen, P.O.Box 5, FIN-90441 Kempele or telephone + 358 8 8835 111 or
e-mail sanna.leppanen@pkcgroup.com

A shareholder is entitled to attend the meeting if he or she was listed as a shareholder in the company's shareholder register at Finnish Central Securities Depository Ltd no later than the balancing date of 24 March 2000.

Dividend Proposal

The Board of Directors proposes that a dividend of EUR 0,5 per share will be paid on the year 1999. The record date for dividend payment will be 4 April 2000. The dividend approved by the Annual General Meeting will be payable from 11 April 2000.

Financial reports for 2000

PKC Group Oyj will publish financial reports in 2000 as follows:

- Interim report 1-3 / 2000 26 April 2000
- Interim report 1-6 / 2000 04 August 2000
- Interim report 1-9 / 2000 25 October 2000

The interim reports and other financial information will be published in Finnish and English on the company's web site at www.pkcgroup.com.

Financial publications can be ordered from PKC Group Oyj's Financial information,

- PKC Group Oyj, P.O.Box 5, FIN-90441 Kempele, Finland
- telephone: + 358 8 8835 111
- e-mail: sanna.leppanen@pkcgroup.com
- the company's web site: www.pkcgroup.com.

Change of Address

Shareholders are kindly requested to notify any changes of address to the book-entry register where their book-entries are registered.

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Delivering Excellence

PKC GROUP PRODUCES ADDED VALUE FOR OWNERS AND INTERNATIONAL CUSTOMERS OF THE COMMERCIAL VEHICLE AND TELECOMMUNICATIONS AND ELECTRONICS INDUSTRY BY PRODUCING ELECTRIC AND DATA TRANSFER AND ELECTRONICS SYSTEMS BASED ON CO-OPERATION COVERING THE ENTIRE LIFECYCLE OF THE CUSTOMER'S PRODUCT.

KEY FIGURES

	1999	1998	Change-%
Net sales, MEUR	113.9	83.6	36.3
Operating profit, MEUR	11.4	10.7	6.4
Profit before extraordinary items, MEUR	10.7	10.1	6.5
Return on investment, % (ROI)	34.1	42.5	
Earnings per share, EUR (EPS)	1.39	1.33	4.5
Dividend per share, EUR	0.50	0.54	-7.4
Equity ratio, %	43.3	36.1	
Gross capital expenditure, MEUR	4.9	12.2	-59.8
Average number of personnel	730	390	87.2

PKC Group designs and manufactures electric and data transfer systems for the commercial vehicle industry as well as products for the telecommunications and electronics industry. The company operates on a partnership basis: the business idea is based on long-term co-operation with customers covering the entire lifecycle of products.

The parent company PKC Group Oyj is listed on the Helsinki Exchanges since 1997. The Group consists of the parent company with one domestic and three foreign subsidiaries.

The Group's worldwide network of production and services comprises locations in Oulu, Kempele and Raahе in Finland, as well as subsidiaries in Brazil and the Netherlands.

The company's new name PKC Group describes corporate values: quality products, know-how of personnel, and customer-orientation (Products, Knowhow, Customers).

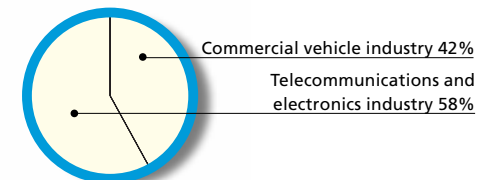
PKC's position as a systems supplier with overall product responsibility was reinforced significantly in 1999. Globally as regards electric and data transfer systems, the PKC became the sole supplier of electric and data transfer systems for Scania and one of the two suppliers for Volvo.

The principal customers of the telecommunications and electronics industry include Nokia, Ericsson, Vaasa Control and ADC Telecommunications.

NET SALES BY MARKET AREA



NET SALES BY BUSINESS UNITS





The beginning of the year 1999 was very interesting for the PKC Group, as the company currently known as PKC Electronics Oy became part of the Group on the very last day of the previous year. This acquisition meant considerable growth for the Group's expertise in the fields of telecommunications and electronics. During the first part of the year we devised an operational strategy with the purpose of strengthening both lines of business. PKC's operational strategy, based on uncompromising quality of products and absolute reliability of deliveries, was complemented with transfer of technology and know-how of the commercial vehicle industry as well as the telecommunications and electronics industry. Our expertise must be harnessed into efficient use for the benefit of customers of both business units. The past year's results proved that we have chosen the right strategy.

The year 1999 was a year of important investments for the future. Investments in expertise as well as production and product development technology were made in order to retain the Group's competitiveness in the changing operative environment. The Group's depreciations almost tripled as consequence of investments and the corporate acquisition. The base station assembly business, which did not support the Group's chosen strategy, was closed down in August. Amidst all changes the Group managed to reach the objectives set for growth and operating profit.

Organisational arrangements and decreasing the number of subcontractors are current issues in our customers' lines of business. The possible merger of our most important customers in the commercial vehicle sector will not have significant effects on our position as a skilful partner. Our co-operation with both of them is already very deep. The agreements signed in the autumn made PKC Group globally the sole supplier of electric and data transfer systems for Scania, and one of the two suppliers for Volvo. Simultaneously, the responsibility for product development was also vested in us.

In addition to internationalisation, partners are required to be able to bear more responsibility. We will succeed in producing more value for customers by mastering logistics and the technological development in the field, and by exploiting new innovations rapidly. Product development incorporating the changing needs of end users, and tailoring of products will only succeed through co-operation covering the entire lifecycle of the product. The assembly unit opened in the Netherlands will complement our effective international production network, strengthen our position as supplier to customers' plants in Continental Europe.

The year 2000 will be another year of vigorous development for PKC. New hired production and office premises to be completed in the autumn will provide us with a modern setting for effective operations. Internationalisation and growth will continue from within, and possibly through corporate acquisitions supporting the company strategy. Expansion of the service concepts of the subsidiaries in the Netherlands and Brazil to other parts of the world will be implemented, if necessary, according to a schedule agreed with the customers. We are constructing the PKC Group with the goal of making it into a partner able to offer quality products and comprehensive service, with an extremely efficient and well-controlled global network of production and co-operation.

We will increase owner value through profitable growth, cost-effective business operations and efficient use of capital. We will double the Group's net sales by the end of year 2002. Our objective is to maintain the share of operating profit at least on the current level.

At the long range, company value will be increased through systematic work and strategic solutions. We will keep up with our work on internalising the chosen strategy and putting it into practise as a driving force unifying the personnel of the whole Group. The bond with warrants for the personnel and result-based salary system have served as means of enhancing owner value based thinking within the Group.

I would like to extend our deepest gratitude to shareholders for the confidence and support shown towards us. The dividend policy chosen by PKC is in line with the company's result. Approximately one third of profits are distributed to owners each year as a means of compensation for their long-term commitment to development of the PKC Group.

Special thanks are due to the skilled personnel, who have shown their remarkable ability and readiness to accept changes. We have succeeded in creating a genuine spirit of hard work in PKC Group, the solid basis of which lies in shared objectives and promises given to customers. The letters of the new company name, PKC (products, know-how, customers), describe our task of honour in a nutshell: to operate as a professional partner supplying high quality products and services. I would like to express my gratitude to our customers for constructive co-operation benefiting both parties. Encouraged by our customer's confidence in us, we see our mutual goals as intermediate stopping points in the long-term success of our company.

This is a good starting point.

Efficiency and results through

APPLICATION OF SUCCESS FACTORS IN COMMERCIAL VEHICLE AND ELECTRONICS INDUSTRY

PKC's growth is reaching an entirely new, significant level. The new nature of operations in close co-operation with suppliers and customers is best described by the term network of values. In a network of values, partnership covers the different lines of business, and added value is created on the basis of partnership, making the most of the expertise of all parties concerned. This creates alliances, the partners of which have chosen their teams on the basis of a shared strategy.

Customers' needs are the guideline for the PKC Group's operations, which are divided into two business areas in compliance with the customers' line of industry: commercial vehicle industry as well as telecommunications and electronics industry. The Group's operational resources in technology, quality, production and logistics serve both business areas efficiently, sharing the areas of expertise of each line of business for the success of both.

Strategic cornerstones of

PKC GROUP'S BUSINESS OPERATIONS

Expanding PEM -business (Partnership Equipment Manufacturing)

All resources of the Group must be targeted towards reinforcing PEM -business.

Co-operation with customers begins at the early stages of product development, ensuring the fact that the needs of end customers come across to form the basis for PKC Group's operations. The operational model is based on partnership covering the entire lifecycle of the customer's product, characterised by thorough and extensive co-operation in order to reach common goals.

Delivering more comprehensive entities than previously

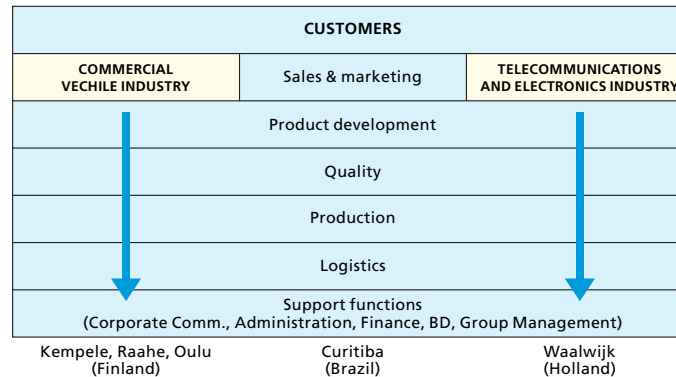
An increasingly larger share of the tailor-made product's value becomes the responsibility of PKC. Key factors are diversity and flexibility of the Group's know-how as well as management of partnership networks.

Maintaining cost benefits achieved in the changing operational environment

Cost benefits can be achieved through expanding the Group's excellent network of subcontractors and by continuing the development of their management. Concrete goals have been set for decreasing costs incurred from materials and components. Purchasing operations are being reorganised in order to promote rational and profitable operations of the entire Group.

Maintaining high quality of products and improve production processes on a continuous basis

Uncompromising quality is one of the most important guidelines of PKC Group's operations. Development of quality is an ongoing process. Development of the operations of new Group companies and partner companies in order to streamline them with the requirements of the Group's quality systems is proceeding systematically.



Quality

NEW ROLE AS THE TRUSTED PARTNER SELECTED BY MAIN CUSTOMERS

PKC Group's new role as the trusted partner selected by main customers broadens the requirements set on quality of operations. Systems controlling the quality of operations expanded during the year 1999 to cover product development, environmental issues and risk management. As the market position becomes stronger, PKC has been trusted with more and more responsibility. While the number of systems deliveries increases and PKC has become the first tier supplier, the company's role as quality supervisor over its own network, in particular, is emphasized. The high-quality of comprehensive service ensures that the customers can focus on their own key areas of expertise.

Certifications

During the year 1999 PKC made considerable progress in quality development operations regarding its own subcontractors. The quality system of Aspera, operating in Vyborg, Russia, was awarded the ISO 9002 quality certificate by FIMKO in Finland in the beginning of the year. FIMKO's ISO 9000 certificates now cover all subcontractors of PKC since Carhatec, operating in Muhos, Finland, was awarded the ISO 9002 quality certificate in the autumn. By using the same company granting the certificates we ensure comprehensive knowledge and understanding of the quality of operations throughout the manufacturing chain. High level and quality of methods are ensured throughout the production process.

Product development services have been an essential part of PKC Group's service package for the information and electronics industry. The new contracts signed trust PKC with the responsibility for systems product development for the main customers in commercial vehicle industry, too. The quality system of the parent company, focussing on the commercial vehicle industry, was expanded to cover product development operations, for which the ISO 9001 certificate was granted on 31 June 1999.

The development of PKC Group's quality system in accordance with the automotive industry's QS-9000 certification got off to a good start during the year 1999. During the year 2000, operations will be developed to meet the requirements set for certification, which will be applied for by the parent company.

Also the development of new Group companies' operations towards meeting the requirements of the Group's quality systems is proceeding systematically. As planned, the quality system of the Brazil-based subsidiary PK Cables do Brasil was awarded the ISO 9002 quality certificate in April 1999. The quality of operations at the new plant, scheduled to start operations in the Netherlands during the spring of 2000 will be ensured by making it comply with the Group's quality systems during the very first period of operations.

PREVENTIVE ENVIRONMENTAL PROTECTION

Environment

At PKC Group, environmental protection covers the environmental effects of the products' entire lifecycle. Environmental operations are based on the environmental policy and strategy approved by the entire personnel. The goal is to minimise the detrimental effects of products and operations on the environment, health and safety.

On the basis of extensive surveys, the environmental effects caused by PKC Group have been found minimal. As planned, PKC Group's environmental system was granted the ISO 14001 environmental certificate by FIMKO in March 1999. The entire personnel of the parent group participated in thorough training on environmental issues.

Introduction of environmental systems into other Group companies is progressing according to plan. The construction of environmental systems at the subsidiaries in Raahel, Finland, and Brazil, are well underway and the certificates will be applied for during the year 2000. As a preferred supplier, the PKC Group must pass the customers' environmental requirements on to its own subcontractors. The partner companies are constructing their own environmental systems along the guidelines provided by the example that PKC Group sets.

Focus on safety

The increasing responsibility of PKC also requires more careful attention to safety issues. Along with the environmental system, also safety issues became part of the auditing programme. Protection and first aid training was arranged for the personnel. Fire-extinguishing systems were modernised and their capacity increased, data security enhanced and other measures included the compilation of more detailed protection and recovery plans. We must be able to guarantee the quality of operations and customer service in all circumstances.

The latest technology

AS PART OF COMPREHENSIVE SERVICE

The task of PKC's technology unit is to enhance the competitiveness of business operations by offering product development and production testing services as an integral part of the Group's comprehensive service. The task includes follow-up and introduction of new technologies in an effective manner in order to guarantee the competitive ability of the customer and PKC alike. When customers focus more intensely on their own areas of core expertise, they expect the systems supplier to be able to provide comprehensive service.

Investments in technology are increasing further

In 1999, the total costs of PKC's product development amounted to EUR 3.4 million, which accounts for 3.0% of the Group's net sales (EUR 1.3 million, 1.6%). The relative share of product development costs will still increase to a certain extent. At the end of the financial period, a total of 52 Group employees were engaged in product development duties. Skilful professionals specialised in technology are still recruited to further strengthen the competitiveness of the Group's product development and production.

Reinforced development resources for commercial vehicle industry

The product development resources were reinforced in the commercial vehicle sector in particular. The agreements on system deliveries, with responsibility for product development, signed with both Scania and Volvo require introduction of new design methods. Towards the end of the year 1999 PKC acquired a new CAD-based design system, which facilitates totally computer-based design of wiring harnesses on the basis of the customer's given data throughout the process until production. Recruiting professionals especially in the fields of design methods and electrical design of vehicles reinforced personnel resources. In order to facilitate deliveries of complete vehicle systems, a team was established focussing on future needs of electric and data transfer systems within the commercial vehicle industry.

Service concept completed for telecommunications industry

In the business unit of telecommunications and electronics, resources were reinforced in order to offer customers a comprehensive service comprising product development, testing and production. The customers' tendency to consider the needs of both production and testing in the product development phases requires for know-how on production and testing to be integrated as part of product projects. The potential of product development to offer expertise in mechanics, electronics and software enable the PKC Group to implement product projects including defining the customer's needs, implementation of design and manufacturing a complete product.

Transfer of technology for the benefit of customers

Long-term product development implemented together with the leading commercial vehicle, telecommunications and electronics companies facilitates accumulation of state-of-the-art know-how within the fields and further exploitation of this expertise in both business units of the Group. By virtue of long-term customer relationships and the confidence gained among client companies PKC has been trusted with larger entities, in the field of product development as well. In telecommunications and electronics, PKC's most important product development customer is Nokia. As concerns the commercial vehicle industry, Volvo and Scania as well as Bombardier-Nordtrac are the most important product development customers.

The latest know-how available for business operations

In addition to enhancing the company's own resources, contacts were established during the past year both with universities and research institutes. The goal is to exploit research and top expertise of both the telecommunications and electronics industry as well as the commercial vehicle industry for the purpose of developing new, innovative solutions.



People with know-how

ORGANISATION ABLE TO LEARN

As PKC assumes responsibility for significantly larger entities than before, the demands on the know-how and learning ability of the Group's personnel grow continuously. The know-how of personnel ensures the company's competitiveness. Therefore, know-how requires constant maintenance and development and it must be harnessed effectively to meet the needs of customers, and to bring success both to the business, the personnel, and owners of the company.

Recruitments and business acquisition increased the number of personnel

The Group's average number of personnel was 730 (390) during the period under review. The personnel comprised an average number of 574 (317) employees and 156 (73) clerical personnel. The people making up the increased number of personnel are mostly experts in production and product development in the electronics industry, who joined the Group by virtue of the business acquisition. The average age of the Group's clerical personnel was 35 and that of employees, was 38. The average age of personnel decreased due to the new recruitments made. Personnel expenses amounted to the total sum of EUR 18.8 million (EUR 10.9 million).

PKC has recruited a considerable amount of new expertise during the period under review. Particularly in the clerical personnel organisation, which was fortified in order to be able to meet the long-term demands set by the company's activities. The new people contributed essential new know-how and market knowledge to the company. The educational level and innovation of the organisation, and mutual interaction between people were revived by virtue of the changes. On the other hand, the considerable increase in the number of personnel first resulted in non-recurring recruitment costs and later, also a permanent increase in labour costs. The Group's recruitment costs totalled about EUR 0.2 million.

The focus of training shifted

The total sum paid for personnel training to outsiders amounted to EUR 0.2 million in the period under review. Total costs incurred from training have remained approximately the same during the past couple of years. The focus of and need for training, however, has clearly shifted in 1999, in anticipation of the developing customer needs. Investments in product development and reinforcement of know-how of the clerical personnel organisation are evident as the focus of costs incurred from training shifted to clerical personnel more than in the past. In the previous year, the production team organisation was built up and special emphasis was laid on training of production personnel. Introduction to team work and training of production personnel were mainly implemented as internal training in the company in 1999.

Construction of know-how supporting the business strategy will continue in the future both through recruitment and training. Crucial areas of expertise and know-how, required by the changing operating environment, are still the management of information technology and the supplier network. In a Group that is becoming the supplier of comprehensive services, the production personnel must be familiarised with the special demands of production and responsibility for product development, including deliveries of prototype series. The strategic readiness of personnel to implement owner-value-based management of the business processes must be developed further.

Incentive salary systems

Professional skills of the personnel and their commitment to the Group's objectives are PKC's keys to success. Therefore, PKC has introduced incentive systems for the personnel of the entire company. In addition to hourly and monthly wages, the personnel of the parent company received a bonus, equal to all and based on the annual profit of the company. This bonus was the same as the average monthly salary per person. The personnel's commitment and owner-value-based thinking have been enhanced, with the option arrangement available to all personnel. As the number of Group companies increases, the develop-

ment of a incentive system applicable to the whole Group and a system measuring the owner value generated by the business has become topical.

Active initiatives

Initiatives are a sign of the personnel's active attitude and commitment to the company's operative development. In January, operations at the Kempele plant were interrupted for half an hour for the employees to take a creative break. Employees were thus provided with the chance to generate ideas and ponder the importance of initiatives. Initiatives were considered encouraging and equal to all. This activity was started by setting the goal, at one initiative per employee per year. Due to this new campaign, the number of initiatives taken was six times higher than the previous year. While the quantitative goal was not quite met, the quality of initiatives was surprising. Almost all award-winning initiatives were already introduced to practise during the year. The bonuses paid for initiatives ranged between FIM 500-10,000 (EUR 84-1,682) per initiative.

Strategy that accommodates changes in the operative environment

The Group strategy was polished up at the management training event, arranged in the beginning of the financial year. After the large business acquisition, forces, now reinforced, were joined in order to meet the objectives we agreed with our customers. Success strategies anticipating changes in the operative environment were drawn up for both the business units, the commercial vehicle industry and the telecommunications and electronics industry. Thorough internalising and further refinement of the strategies have continued in training periods for the operative clerical personnel, during which a perspective of alliance management was searched for in order to implement the strategy. Effective management of our own network is one of the most critical success factors of first tier suppliers, due to the increasing number of system deliveries. A booklet describing the Group strategy and shared values has been read eagerly by the personnel of the entire Group during the year.



PKC'S PRODUCTS ARE NOT FLASHY OR FLAMBOYANT, BUT THEY ARE ABSOLUTELY FUNCTIONAL. REGARDLESS OF CIRCUMSTANCES, TRUCK DRIVER SAKARI SIIKALUOMA DELIVERS HIS CARGO TO THE DESTINATION ON SCHEDULE. DEEP IN THE HEARTLANDS OF NORTHERN KUUSAMO WILDERNESS, OFF THE BEATEN TRACK AND OUT OF REACH OF SERVICE NETWORKS, HE MUST BE ABLE TO RELY ON ABSOLUTE FUNCTIONAL SECURITY OF HIS VEHICLE'S SYSTEMS.



COMMERCIAL VEHICLE INDUSTRY

PKC Group's business unit supplying services to the commercial vehicle industry produces, markets and develops electric and data transfer systems for commercial vehicles. The operations are based on thorough and extensive close co-operation with customers. The most important customers of the business unit are the Nordic, globally operating commercial vehicle manufacturers Scania and Volvo.

Intensive centralisation within the branch

The commercial vehicle industry is in the process of being centralised in the hands of fewer and larger corporations. Customers are focussing on their core expertise and outsourcing larger units than previously to responsible suppliers. Due to the quest for efficiency, the number of suppliers is decreasing. Larger and fewer customers are centering their acquisitions to partners able to operate globally. The quality of operations and reliability of deliveries are unconditional prerequisites in deliveries of tailor-made entities.

PKC has constructed its service concept for the commercial vehicle industry reacting to changes in the operating environment. The Group's strengths in this sector are quality products as well as reliability and flexibility of personnel and production alike. The long tradition of the parent company as an expert in networked production and logistics guarantees a competitive

level of cost and price. Close contact with customers, together with sophisticated information systems, have provided the basis for deep partnership co-operation. Internationalisation has proceeded according to the schedule agreed with the customer in line with the needs of the market areas. Construction of the Group's product development resources began in time, anticipating the changed needs of customers.

Financial development

In 1999, net sales of PKC Group's commercial vehicle industry business unit reached EUR 47.4 million, showing an increase of 3.0% over the previous year. The commercial vehicle industry business unit accounted for 41.6% of the entire Group's net sales. Both net sales and profit met expectations. In the first part of the year under review, the operations of the Brazilian subsidiary met with difficulties due to the volatility of the economic environment. Brazil accounted for 7% of the business unit's net sales.

Significant new agreements

In August, the main customers Scania and Volvo announced a merger of business operations. From PKC Group's point of view the possible future merger of two most important customers in the commercial vehicle sector would not have significant effects on company's position as a skilful partner. PKC has long traditions of functional co-operation with both leading manufacturers of commercial vehicles.

Successful internationalisation and investments in product development guaranteed PKC's position in the competition among subcontractors. According to the agreement signed in September, PKC will be the sole supplier of electric and data transfer systems for Scania worldwide. Correspondingly, the agreement signed in December grants PKC the position of one of the two global suppliers to Volvo.

Due to the new agreements, PKC will grow into a supplier of larger entities than before. As new generations of products evolve, PKC will bear the responsibility for system deliveries all the way from product development to final testing. Professionals in the field of product development have been recruited to

the Group to take on the responsibility for the increasing share of design in projects implemented for customers in the commercial vehicle industry. PKC Electronics Oy, a company belonging to the Group since the beginning of 1999, plays a significant role in product development and manufacturing of car electronics, the share of which is increasing constantly. The efforts towards enhancing expertise in product development have created the basis for genuine PEM business. Partnership Equipment Manufacturing operations are based on deep co-operation covering the entire lifecycle of the product.

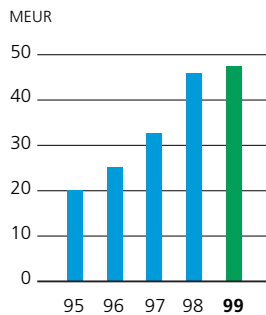
Construction of a worldwide network of production and service continued during the year, as PKC founded a final assembly unit in Waalwijk, Netherlands, to provide services for the commercial vehicle industry in Continental Europe. Deliveries from the plant will begin in April 2000.

Good prospects for growth

Due to the changing nature of operations, PKC's prospects for growth in the commercial vehicle industry are more positive than the general pace of growth in the sector would indicate. As a consequence of PKC's new status as a systems supplier responsible for product development, a considerably larger part than before of the value of the customer segment's vehicle production is on PKC's shoulders. The growth in net sales of this business unit is expected to exceed 25% per year in the next few years. The net sales of 1999 are predicted to double by 2002.

In order to maintain the competitive edge, the Group will continue investing in product development of electric and data transfer systems as well as new technologies in the field. In order to meet the new international challenges, PKC's personnel must be trained and their number increased. As a global systems supplier PKC must react to the needs of customers by expanding its services to new geographical areas. As the number of system deliveries increases, the importance of purchasing operations is emphasized, because cost efficiency has to be maintained. Deliveries of entire instrument panels for vehicles in line with the company's vision, requires, in addition to know-how of the vehicle and electronics industry, extremely effective management of the Group's own networks and logistics.

Liikevaihto/Net Sales



PKC SECURES DEMANDING CONNECTIONS. END CUSTOMERS ENJOY QUALITY SERVICE OFTEN IN EXTREMELY DEMANDING CONDITIONS. HERE LEO LIIMATAINEN, PROFESSIONAL FISHERMAN, CONTACTS THE MAINLAND FROM HIS FISHING BOAT SONNE IN THE NORTHERN PART OF ICY GULF OF BOTHNIA.



TELECOMMUNICATIONS AND ELECTRONICS INDUSTRY

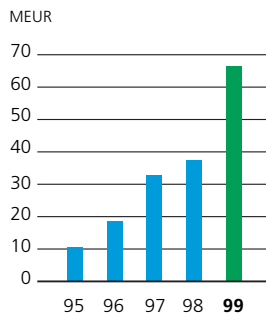
PKC Group's business unit providing services to the telecommunications and electronics industry produces contract manufacturing and product development services aiming at long-term co-operation with customers covering the entire lifecycle of products.

The main product groups are telecommunications base station products, industrial automation as well as maintenance and accessory products for mobile phones. Principal products comprise power sources and cabling for telecommunications base stations, control electronics for frequency transformers, car kits for mobile phones, telecommunications cabling, RF components as well as maintenance and testing equipment for telecommunications equipment. The principal customers include Nokia, Ericsson, Vaasa Control and ADC Telecommunications.

A sector of continuous change

Production of the business unit consists of production using cables and connectors as basic materials, and production using electronics components, circuit boards and mechanics. Production resources for cabling for the electronics industry are located in the Group's parent company in Kempele, Finland, and in subsidiaries in Brazil and the Netherlands. Electronics production based on composite technology is focussed in the subsidiary PKC Electronics in Raahe, Finland.

Liikevaihto/Net Sales



The central phenomena in the changing environment of the telecommunications and electronics industry, are expansion and deepening of the suppliers' areas of responsibility, rapid renewal of production technology, as well as mergers and other arrangements related to ownership of customer companies and competitors. The effects of price erosion on final products is also evident in the development of suppliers' net sales.

PKC's keys to success in the telecommunications and electronics industry are the reliability of deliveries, versatile expertise and product development as well as efficient, flexible and modern production. Readiness to deliver prototype series flexibly and quickly is a prerequisite of effective production due to short-lived product generation and rapidly changing needs. Cost-effective management of subcontractor channels and superior logistics know-how, to which the commercial vehicle industry has contributed significantly, are the long-term refined success factors of the Group. Expertise in the fields of product development and logistics, integrated with effective production, guarantee added value to the customers through comprehensive service.

Financial development

Net sales of the telecommunications and electronics industry reached EUR 66.5 million, increasing by 77.0% over the previous year. However, net sales fell somewhat short of the anticipated level. Profit met the expectations. The net sales and profit for the period under review reflect the significant structural changes implemented within the Group. Through a business acquisition implemented at the end of the previous year, PKC Electronics Oy, a company manufacturing products for the electronics industry, became a subsidiary of the Group. Assembly of telecommunications equipment, low in value added but generating considerable net sales, was discontinued in August by the parent company according to plan.

Deepening co-operation

Massive investments were made in PKC Electronics Oy, doubling the company's surface mounting composite capacity. By virtue of the investments implemented, the company is prepared to meet the increasing demand generated by the intensive growth experienced in the telecommunications and electronics industry.

During the period under review, focus was placed on exploiting the Group's significant expertise in product development in order to deepen current and future relationships with customers. PEM-business (Partnership Equipment Manufacturing) is based on co-operation with customers covering the entire lifecycle of the product. Comprehensive service ranging from design to deliveries to end-users and maintenance, frees the customers' resources for effective use in their respective core business.

Outlook for the future

Customers in this line of business select suppliers among international partners with the ability to manage comprehensive deliveries. Requirements include the capacity to make investments and operate with a long-term view. In the changing operative environment, we must continue modernisation of production technology and deepening of co-operation with customers together with product development. The decreasing prices of final products require more efficient purchasing operations. Successful management of material acquisitions will become an important profitability factor in the future. Globalisation requirements from customers set growth objectives for the near future of PKC's telecommunications and electronics business unit. The Group's global production network will be harnessed for effective use to benefit the telecommunications and electronics industry, too. The growth objective set for the next few years is in excess of 25% per year, which will double net sales in 2002.

PKC GROUP BECOMES SYSTEMS SUPPLIER WITH RESPONSIBILITY FOR PRODUCT DEVELOPMENT

PKC Group's co-operation with the telecommunications and electronics industry as well as the commercial vehicle industry progressed significantly during the period under review. PKC Group developed into a systems supplier with responsibility for product development. Investments in versatile know-how and technology with the global service network guarantee the Group's good position as an expert partner generating added value for customers in two successful lines of industry in the Nordic countries. The company's new name, PKC Group, describes the company's values: customer-orientation, know-how, quality products (Products, Know-how, and Customers).

Strategic structural arrangements in a changing operational environment

Various ownership arrangements and structural changes continued in the lines of business of the Group's customers. Companies in the telecommunications and electronics industry as well as the commercial vehicle industry aimed at increasing efficiency by centralising both ownership and operations. The companies focus on their core expertise by transferring responsibility for larger and larger entities to their suppliers. By cutting down the number of suppliers, the customers transfer the responsibility for management of supplier network to their selected partners.

At the end of the year 1998, PKC Group made a strategic investment towards increasing know-how in the telecommunications and electronics industry. By virtue of a business acquisition, a total of 250 professionals in the electronics industry became employees of the Group. Efficient transfer of technology between the parent company's traditional core business, the commercial vehicle industry, and the telecommunications and electronics industry, which has grown significantly, serves as a means of implementing the Group's strategy in order to meet the changing needs of customers.

Construction of a world-wide efficient network of production and distribution is essential when providing services for international customers. In order to complement the operations in Finland and Brazil, a final assembly plant was estab-

lished in Continental Europe, in the Netherlands, during the period under review. As result of long-term successful partnership and new strategic arrangements, an agreement was signed in October making PKC Group the sole supplier of electric and data transfer systems for Scania. Correspondingly, also Volvo decided to direct its purchases to only two global suppliers, of which one is PKC Group in accordance with the agreement signed in December. The agreements signed are a major victory for PKC Group amidst the turmoil of ownership arrangements and structural changes of client companies.

The positive development of the Group's principal lines of business continued and total demand for products remained good during the period under review. Assembly of mobile phone base stations, which had been part of the telecommunications and electronics business unit in the parent company, was terminated as planned in August. The business unit will be developed by focusing on the core know-how of the Group: design and manufacturing of cabling and equipment for telecommunications and electronics. The resources freed from the assembly operations not supporting the Group's strategy will be transferred to serve the deeper co-operation with the commercial vehicle industry. The deep co-operation covering the entire lifecycle of products creates good preconditions for the PKC Group to provide comprehensive services in both business units. These services produce added value for customers and owners alike.

Net sales and profit

The Group's net sales increased by 36.3% over the previous year, totalling EUR 113.9 million (1998 EUR 83.6 million). Sales to the commercial vehicle industry accounted for 41.6% of the company's net sales, while sales to the telecommunications and electronics industry accounted for 58.4%.

Sales to the commercial vehicle industry amounted to EUR 47.4, million increasing by 3.0% over the previous year (EUR 46.0 million). As result of closer co-operation, the Group's market share and added value of products increased for the principal customers of the sector, Scania and Volvo. The operations of the subsidiary in Brazil encountered problems during the first

part of the year due to the devaluation of the currency that began towards the end of the previous year. Volatility of the nation's economy was reflected on the Brazilian car industry and the production of PKC Brazil through decreasing demand. The prices of material imported from Europe increased due to the devaluation and it was difficult to agree on increasing the sales prices accordingly in the unstable situation. Brazilian operations accounted for 3% of the operations of the entire Group and 7% of the Group's commercial vehicle sector.

Net sales of the telecommunications and electronics sector increased by 77.0%, totalling EUR 66.5 million (EUR 37.6 million). It is difficult to compare the period under review with the previous period because of the significant structural changes implemented in the Group's telecommunications and electronics sector during the period under review. The net sales of the subsidiary acquired at the end of the previous year are not included in the comparison figures for the previous year, and discontinuation of the mobile phone base station assembly business in August had a considerable impact on the development of the sector's net sales in the parent company during the final part of the year. The discontinued assembly operations' share of the entire year's net sales amounted to EUR 16.0 million.

The Group's operating profit, EUR 11.4 million, increased by 6.4 % over the previous year (EUR 10.7 million), representing 10.0 % (12.2 %) of net sales. The objective set by the Group as to operating profit, was met. In order to maintain the level of profitability, very effective and cost-efficient acquisition of materials is required from the Group. Increasing the amount of subcontracting and effective management of networks can be used as means of influencing cost-efficiency.

Operations were focussed on constructing long-term resources in order to be able to meet the growing challenges of the business units. Long-term investments towards expanding and increasing the personnel's know-how are evident particularly in the result of the commercial vehicle industry through an increase in fixed costs. Depreciation of consolidated goodwill resulting from a business acquisition over the period of eight years and extensive investments in equipment by a subsidiary have considerably increased the total amount of depreciation in the Group. The total amount of fixed costs and depreciations in the Group is almost double in comparison with the previous year.

The Group's financial expenses totalled EUR 0.6 million (EUR 0.6 million), which includes the exchange rate loss, EUR 0.3 million (EUR 0.3 million), incurred from the subsidiary in Brazil. Profit before reserves and taxes totalled EUR 10.7 million (EUR 10.1 million), which represents 9.4% (12.1%) of net sales. Direct taxes for the financial period amounted to EUR 3.4 million (EUR 3.2 million).

Capital expenditure

Investments in production facilities, equipment and information systems totalled EUR 4.9 million (EUR 4.7 million) for the Group. The largest individual investment was modernisation of production lines at PKC Electronics Oy. The final acquisition price of shares of Oy Raahen TH Elektroniikka Ab acquired by the parent company at the end of the year 1998 was EUR 11.6 million.

Research and development

The R&D resources of PKC Group were considerably reinforced during the year 1999. The subsidiaries' product development unit became part of the Group as result of corporate acquisition at the end of the previous year. Investments in new technologies and areas of expertise continued in the period under review. The Group spent EUR 3.4 million on research and development, which represents 3.0% of net sales (EUR 1.3 million and 1.6%). The relative share of R&D expenses will continue to grow. At the end of the financial period, a total of 52 PKC Group employees were engaged in research and development.

The share of R&D of the Group's service concept for the telecommunications and electronics industry is significant. The partnership agreements signed during the period with the Group's main customers in the commercial vehicle sector, will increase the Group's responsibility for research and development in this sector, too. The know-how and new production technology of PKC Electronics Oy have a key role in the expanding product development and production of electronics for heavy vehicles. The opportunities provided by technology within the Group's both lines of business are taken into consideration in research and development for the benefit of customer sectors and the entire Group.

Personnel

During the period under review, the Group employed an average of 730 (390) personnel. Employees of PKC Electronics, who became part of the Group's personnel due to the corporate acquisition, account for the majority of the increase in the total number of personnel. The remainder of the increase in the entire Group consisted mainly of office personnel in the period under review. The launch of operations at the Netherlands plant was initiated by recruiting office personnel. Company management was strengthened by appointing Mr Sakari Kauppinen (D.Sc.Tech.) Technology Director and Mr Ville Jaakkola (M.Sc.Tech.) Logistics Director.

The Group's total personnel costs, EUR 18.8 million (EUR 10.9 million), include EUR 0.8 million (EUR 0.9 million) of result-based bonuses payable to the personnel of the parent company. The amount of this bonus per person was on average one months salary.

Financial position and balance sheet

The Group's financial position remained solid. The liquidity was good, as is evident in the amount of cashflow financing, EUR 15.0 million (EUR 12.0 million) and current ratio, 1.7 (1.8). Interest-bearing debts at the end of the period under review amounted to EUR 11.2 million (EUR 15.3 million). The equity ratio, 43.3% (36.1%), and debt-equity ratio, 1.3 (1.8), improved due to repayment of loans resulting from the corporate acquisition. Dividends paid for the year 1998 totalled EUR 2.8 million. Liquid assets at the end of the period under review totalled EUR 3.1 million (EUR 9.1 million). The consolidated balance sheet total was EUR 51.4 million (EUR 49.3 million).

The Board of Directors, Auditors, and Corporate Management

The Annual General Meeting of 25 March 1999 confirmed the number of members of the Board of Directors as seven, as previously. Tom Hakalax was elected to continue as Chairman of the Board. Risto Suonio, Director, Nokia Oyj; Jyrki Tähtinen, Managing Director, Borenus & Kempainen Attorneys at Law; Seppo Arponen, Director, Finnvera Oyj; Endel Palla, Chairman of the Advisory Board of As Harju Elekter Ltd; and Veikko Ravas-

ka, Logistics Director of PKC Group Oyj as well as Leo Ojala, CFO of PKC Group Oyj, were elected to continue as members of the Board. The company's auditors are, as previously, Tilintarkastajien Oy – Ernst & Young, with Rauno Sipilä as responsible accountant. Timo J. Niemi (M.Sc.Eng.) has been Managing Director of the Group since June 1998.

Share and shareholders

On the closing day of the financial period, the company had 4,526 (4,028) registered shareholders. The number of shares is 5,275,000. PKC Group's management owned 18.5% (18.5%) of the shares. The shares owned or represented by the members of the Board of Directors accounted for a share of 24.6% (24.7%).

In 1998, PKC Group Oyj issued a bond loan with warrants to the personnel entitling them to a gradual subscription of a total of 400,000 company shares between the years 2001 and 2004 (7.1% of the capital stock). The subscription price of a share acquired through the warrants is EUR 20.5 (FIM 122.0), decreased by the amount of dividend distributed prior to the subscription of shares and after 1 May 1998. At the end of the financial period, 119,500 warrants were held by Group management and 16,000 by members of the Board of Directors. A total of 36,250 undistributed warrants were held by the Group.

The price of shares varied in the period under review between EUR 15.6 and 28.5. The last quotation of the year was EUR 26.7. The liquidity of the shares remained good, as they were traded on a daily basis and 52.0% (69,0%) of the company's shares were exchanged in the period under review. Total market value of the capital stock was EUR 140.8 million (EUR 119.8 million) at the end of the year.

Euro and the year 2000

The Euro became the PKC Group's accounting currency at the beginning of 1999. The company's first interim report prepared in accordance with euro-based accounting was published for the first quarter of the 1999 financial period.

PKC Group's Year 2000 project focused on securing critical systems such as the operations management system, the data network, EDI links and supplier chains. The measures required

were completed according to schedule. The company prepared for the turn of the year by temporarily increasing stock in the most critical materials. The turn of the millennium passed without any problems.

Quality and environment

The quality of operations and products is one of the most important guidelines of PKC Group's business operations. In the course of the period under review, 1999, progress was made in quality development particularly due to system developments towards an expanding supplier network. All of the Finnish and foreign companies engaged in co-operation with PKC Group are covered by the ISO 9002 Quality System. As planned, the PKC Group was awarded the ISO 14001 environmental certificate at the end of March 1999. As both customers and interest groups become more and more aware of environmental issues, the demands must be taken forward into the supplier chain. The subcontractors will begin developing their environmental systems in line with the example set by PKC Group.

PKC was awarded the ISO 9001 Quality Certificate at the end of June. The certified quality system expanded also to cover product development and design operations, which due to the more extensive responsibility form a significant part of the comprehensive service offered to customers.

Development of quality is an ongoing process. The development of PKC's quality system in accordance with the automotive industry's QS-9000 certification got off to a good start during the year. The current year will be spent in developing operations to meet the requirements of the certification, which is set to be the objective for the beginning of the year 2001.

The future

The outlook for the main customers in the commercial vehicle sector's electronics and data transfer systems is extremely positive. PKC's new status as the systems supplier with responsibility for product development selected by the principal customers will spur the PKC Group to significant growth in the coming

years. The Group's Board of Directors estimates that the normal annual growth in volume of commercial vehicle industry, together with the considerable increase in added value, will double the net sales of this line of business in three years' time.

The telecommunications and electronics industry will continue developing its service concept in the rapidly growing business sector by offering contract manufacturing and product development services through Partnership Equipment Manufacturing (PEM) covering the entire lifecycle of the product. Significant growth of the PKC Group's telecommunications and electronics industry in the coming years will guarantee the company a solid position in the international market which is growing rapidly. The growth objective set for this business area is to double the net sales during the period of three years.

Acting as global supplier for two international lines of business is a strategic choice by the company, involving the potential risks linked to the trends in the global economy that are restricted in terms of time and place. The business of the Brazilian subsidiary has been hedged through sales clauses protecting the ability to react through sales prices to considerable changes in exchange rates. The operations in Brazil account for circa 3% of consolidated net sales.

The growth of business operations and continuously expanding responsibility require constant investments in expertise and production technology. Fast exploitation of new technology and the cost-effective management of logistics have been defined as critical success factors for the entire Group.

Corporate acquisitions supporting this strategy will be used as means of implementing part of the growth. The extraordinary company meeting authorised PKC Group Oyj's Board of Directors on 30 December 1999 to decide on acquisition of the company's own shares and assigning them to finance possible business acquisitions, co-operation between companies or other similar arrangements. The shares acquired can account for the maximum of 5% of voting rights and the share capital of the company. The authorisation is valid for one year from the decision of the company meeting.

PKC Electronics Oy will be merged with the parent company in order to intensify operational efficiency of the Group's two lines of business and rationalise co-operation between them. Operating as a single legal entity will help the Group unify its corporate culture and enhance the personnel's commitment to the shared objectives of the Group. The merger will also help to establish more firmly the independent business units, formed in early 1999. The extraordinary company meeting approved the merger plan on 30 December 1999. Execution of the merger is scheduled for entry in the Register of Companies on 30 June 2000.

Events after the period under review

In the beginning of the current financial period, division of the Group's business into two business units was asserted and productive operation of the business units was enhanced by appointing Directors with profit responsibility for each line of business: Mr Martti Särkelä (M.Sc.Tech., eMBA) for the commercial vehicle industry, and Mr Pekka Pääkkilä (M.Sc.Tech., eMBA) for the telecommunications and electronics industry. PKC Group's executive group formed in the beginning of the current financial period is responsible for the Group's operative business in line with company strategy. The executive group consists of executives of the business areas and subsidiaries, and management of Group operations.

In order to intensify the Group's operations and promote a uniform corporate culture, the Group has decided to rent new premises from Technopolis Oulu Oyj. The facilities for production and logistics management will be completed in July 2000. The office premises to be completed by the end of the year will facilitate the location of the Group's growing product development resources under the same roof. After relocation of operations, the company's existing premises will be sold in accordance with the contract already signed.

The launch of the final assembly plant in the Netherlands is proceeding according to plan. The plant will begin volume production in April 2000.

KONSERNIN TULOSLASKELMA
GROUP INCOME STATEMENTS

1 000 euroa	Liitteet/Notes	1.1 - 31.12.1999	1.1 - 31.12.1998	EUR 1 000
LIKEVAIHTO	1	113,889.1	83,564.7	NET SALES
Valmiiden ja keskeneräisten tuotteiden varastojen lisäys (+) tai vähennys (-)		1,720.1	1,299.6	Stocks of finished and unfinished goods, increase (+) or decrease (-)
Liiketoiminnan muut tuotot		166.2	92.3	Other operating income
Materiaalit ja palvelut	2	73,200.0	56,597.0	Materials and services
Henkilöstökulut	3	18,807.5	10,913.9	Personnel costs
Poistot ja arvonalentumiset	4	3,673.5	1,362.6	Depreciation and value adjustments
Liiketoiminnan muut kulut		8,737.8	5,407.1	Other operating expenses
LIKEVOITTO		11,356.6	10,676.0	OPERATING PROFIT
Rahoitustuotot ja -kulut	5	-631.8	-605.4	Financial income and expenses
VOITTO ENNEN VEROJA		10,724.8	10,070.6	PROFIT BEFORE TAXES
Välittömät verot	8	-3,401.8	-3,189.6	Direct taxes
Vähemmistöosuus		7.3	119.5	Minority share
TILIKAUDEN VOITTO		7,330.3	7,000.5	PROFIT FOR THE FINANCIAL YEAR

KONSERNIN TASE
GROUP BALANCE SHEETS

1 000 euroa	Liitteet/Notes	31.12.1999	31.12.1998	EUR 1 000
VASTAAVAA				ASSETS
PYSYVÄT VASTAAVAT	9			FIXED ASSETS
Aineettomat hyödykkeet		1,158.5	1,092.4	Intangible assets
Konserniliikearvo		5,077.6	6,688.7	Consolidated goodwill
Aineelliset hyödykkeet		10,809.6	8,177.3	Tangible assets
Muut sijoitukset	10	349.9	287.8	Other investments and shares
Pysyvät vastaavat yhteensä		17,395.6	16,246.2	Fixed assets total
VAIHTUVAT VASTAAVAT				CURRENT ASSETS
Vaihto-omaisuus	11	14,484.9	11,518.9	Inventories
Lyhytaikaiset saamiset	12	16,443.4	12,480.6	Short-term receivables
Rahat ja pankkisaamiset		3,104.9	9,103.9	Cash at bank and in hand
Vaihtuvat vastaavat yhteensä		34,033.2	33,103.4	Current assets total
Vastaavaa yhteensä		51,428.8	49,349.6	Assets total
VASTATTAVAA				LIABILITIES
OMA PÄÄOMA	13,14			SHAREHOLDERS' EQUITY
Osakepääoma		1,774.4	1,774.4	Share capital
Ylikurssirahasto		166.1	166.1	Share premium account
Edellisten tilikausien voitto		12,987.5	8,867.7	Retained earnings
Tilikauden voitto		7,330.3	7,000.5	Profit for the financial year
Oma pääoma yhteensä		22,258.3	17,808.7	Shareholders' equity total
VÄHEMMISTÖOSUUS			7.3	MINORITY SHARE
VIERAS PÄÄOMA				CREDITORS
Laskennallinen verovelka	16	164.9	174.5	Deferred tax liabilities
Pitkäaikainen vieras pääoma	17	8,867.4	12,896.0	Long-term liabilities
Lyhytaikainen vieras pääoma	17	20,138.2	18,463.1	Short-term liabilities
Vieras pääoma yhteensä		29,170.5	31,533.6	Creditors total
Vastattavaa yhteensä		51,428.8	49,349.6	Liabilities total

KONSERNIN RAHOITUSLASKELMA
GROUP FUND STATEMENTS

1 000 euroa

1999

1998

EUR 1 000

LIKETOIMINNAN RAHAVIRTA

Liikevoitto
Poistot
Käyttöpääoman muutos
Rahoitustuotot ja kulut
Verot
Liiketoiminnan rahavirta yhteensä

11,356.6
3,673.5
-5,213.1
-631.8
-3,401.8
5,783.4

10,676.0
1,362.6
-2,998.1
-605.5
-3,189.6
5,245.4

CASH FLOW FROM BUSINESS OPERATIONS

Operating profit
Depreciation
Change in working capital
Financial income and expenses
Taxes
Total cash flow from business operations

INVESTOINTIEN RAHAVIRTA

Investoinnit aineettomiin ja
aineellisiin hyödykkeisiin
Investoinnit muihin sijoituksiin
Luovutustuotot aineettomista ja
aineellisista hyödykkeistä
Investointien rahavirta yhteensä

-4,797.9
-62.1
37.0
-4,823.0

-12,020.6
-198.5
125.8
-12,093.3

CASHFLOW FROM CAPITAL EXPENDITURES

Investments in tangible and
intangible assets
Capital expenditure on other investments
Proceeds from tangible and
intangible assets
Total cash flow from capital expenditures

KASSAVIRTA ENNEN RAHOITUSTA

960.4

-6,847.9

CASH FLOW BEFORE FINANCING

RAHOITUKSEN RAHAVIRTA

Pitkäaikaisten lainojen nostot
Pitkäaikaisten lainojen takaisinmaksut
Lyhytaikaisten velkojen lisäys (+), vähennys (-)
Lyhytaikaisten saamisten lisäys (-), vähennys (+)
Maksetut osingot
Muut
Rahoituksen rahavirta yhteensä

3,617.9
-7,646.5
-53.5
3.4
-2,839.0
-41.7
-6,959.4

11,077.5
-1,360.1
1,678.9
-19.2
-2,218.0
69.3
9,228.4

CASH FLOW FROM FINANCING

Withdrawal of non-current liabilities
Repayments of non-current liabilities
Current liabilities increase (+), decrease (-)
Current receivables increase (-), decrease (+)
Dividends paid
Other
Total cash flow from financing

Rahavarojen muutos

Likvidit varat 1.1.
Likvidit varat 31.12.
Taseen mukainen rahavarojen muutos

-5,999.0
9,103.9
3,104.9
-5,999.0

2,380.5
6,723.4
9,103.9
2,380.5

Change in financial resources
Liquid assets 1 Jan.
Liquid assets 31 Dec.
Change in financial resources acc. to Balance Sheet

EMOYHTIÖN TULOSLASKELMA
PARENT COMPANY INCOME STATEMENTS

1 000 euroa	Liitteet/Notes	1.1 - 31.12.1999	1.1 - 31.12.1998	EUR 1 000
LIKEVAIHTO	1	75,858.4	82,904.5	NET SALES
Valmiiden ja keskeneräisten tuotteiden varastojen lisäys (+) tai vähennys (-)		2,141.0	524.1	Stocks of finished and unfinished goods, increase (+) or decrease (-)
Liiketoiminnan muut tuotot		978.8	82.3	Other operating income
Materiaalit ja palvelut	2	51,476.3	56,246.4	Materials and services
Henkilöstökulut	3	11,315.5	9,717.4	Personnel costs
Poistot ja arvonalentumiset	4	1,615.7	1,162.0	Depreciation and value adjustments
Liiketoiminnan muut kulut		5,677.1	4,739.3	Other operating expenses
LIKEVOITTO		8,893.6	11,645.8	OPERATING PROFIT
Rahoitustuotot ja -kulut	5	3,996.8	-278.2	Financial income and expenses
VOITTO ENNEN SATUNNAISIA ERIÄ		12,890.4	11,367.6	PROFIT BEFORE EXTRAORDINARY ITEMS
Satunnaiset erät	6	3,363.8		Extraordinary items
VOITTO ENNEN TILINPÄÄTÖS-SIIRTOJA JA VEROJA		16,254.2	11,367.6	PROFIT BEFORE APPROPRIATIONS AND TAXES
Tilinpäätössirrot	7	54.7	-174.8	Appropriations
Välittömät verot	8	-4,575.2	-3,140.7	Direct taxes
TILIKAUDEN VOITTO		11,733.7	8,052.1	PROFIT FOR THE FINANCIAL YEAR

EMOYHTIÖN TASE
PARENT COMPANY BALANCE SHEETS

1 000 euroa	Liitteet/Notes	31.12.1999	31.12.1998	EUR 1 000
VASTAAVAA				ASSETS
PYSYVÄT VASTAAVAT	9			FIXED ASSETS
Aineettomat hyödykkeet		554.2	550.9	Intangible assets
Aineelliset hyödykkeet		6,833.2	5,557.2	Tangible assets
Sijoitukset	10			Investments and shares
Osuudet saman konsernin yrityksissä		13,284.2	14,149.9	Shares in group companies
Saamiset saman konsernin yrityksiltä		597.3		Receivables from group companies
Muut sijoitukset		146.8	92.5	Other investments
Pysyvät vastaavat yhteensä		21,415.7	20,350.5	Fixed assets total
VAIHTUVAT VASTAAVAT				CURRENT ASSETS
Vaihto-omaisuus	11	10,743.4	6,974.6	Inventories
Pitkäaikaiset saamiset	12	3,871.6		Long-term receivables
Lyhytaikaiset saamiset	12	14,502.9	12,718.4	Short-term receivables
Rahat ja pankkisaamiset		1,416.8	4,487.8	Cash at bank and in hand
Vaihtuvat vastaavat yhteensä		30,534.7	24,180.8	Current assets total
Vastaavaa yhteensä		51,950.4	44,531.3	Assets total
VASTATTAVAA				LIABILITIES
OMA PÄÄOMA	13,14			SHAREHOLDERS' EQUITY
Osakepääoma		1,774.4	1,774.4	Share capital
Ylikurssirahasto		166.1	166.1	Share premium account
Edellisten tilikausien voitto		14,261.6	9,048.5	Retained earnings
Tilikauden voitto		11,733.7	8,052.1	Profit for the financial year
Oma pääoma yhteensä		27,935.8	19,041.1	Shareholders' equity total
TILINPÄÄTÖSSIIRTOJEN KERTYMÄ	15	568.5	623.3	ACCUMULATED APPROPRIATIONS
VIERAS PÄÄOMA				CREDITORS
Pitkäaikainen vieras pääoma	17	8,460.7	12,325.4	Long-term liabilities
Lyhytaikainen vieras pääoma	17	14,985.4	12,541.5	Short-term liabilities
Vieras pääoma yhteensä		23,446.1	24,866.9	Creditors total
Vastattavaa yhteensä		51,950.4	44,531.3	Liabilities total

EMOYHTIÖN RAHOITUSLASKELMA
PARENT COMPANY FUND STATEMENTS

1 000 euroa	1999	1998	EUR 1 000
Liiketoiminnan rahavirta			Cash flow from business operations
Liikevoitto	8,893.6	11,645.8	Operating profit
Poistot	1,615.7	1,162.0	Depreciation
Käyttöpääoman muutos	-7,557.3	-3,620.0	Change in working capital
Rahoitustuotot ja kulut	3,996.8	-278.2	Financial income and expenses
Satunnaiset tuotot	3,363.8	0.0	Extraordinary income
Verot	-4,575.2	-3,140.7	Taxes
Liiketoiminnan rahavirta yhteensä	5,737.4	5,768.9	Total cash flow from business operations
Investointien rahavirta			Cash flow from capital expenditures
Investoinnit aineettomiin ja aineellisiin hyödykkeisiin	-2,932.0	-3,165.3	Investments in tangible and intangible assets
Investoinnit muihin sijoituksiin	214.2	-12,507.9	Capital expenditure on other investments
Luovutustuotot aineettomista ja aineellisista hyödykkeistä	37.0	107.1	Proceeds from tangible and intangible assets
Investointien rahavirta yhteensä	-2,680.8	-15,566.1	Total cash flow from capital expenditures
Kassavirta ennen rahoitusta	3,056.6	-9,797.2	Cash flow before financing
Rahoituksen rahavirta			Cash flow from financing
Pitkäaikaisten lainojen nostot	5,300.5	10,029.3	Withdrawal of non-current liabilities
Pitkäaikaisten lainojen takaisinmaksut	-9,165.2	-882.5	Repayments of non-current liabilities
Lyhytaikaisten velkojen lisäys (+), vähennys (-)	294.2	1,171.4	Current liabilities increase (+), decrease (-)
Lyhytaikaisten saamisten lisäys (-), vähennys (+)	281.9	24.8	Current receivables increase (-), decrease (+)
Maksetut osingot	-2,839.0	-2,218.0	Dividends paid
Muut			Other
Rahoituksen rahavirta yhteensä	-6,127.6	8,125.0	Total cash flow from financing
Rahavarojen muutos	-3,071.0	-1,672.2	Change in financial resources
Likvidit varat 1.1.	4,487.8	6,160.0	Liquid assets 1 Jan.
Likvidit varat 31.12.	1,416.8	4,487.8	Liquid assets 31 Dec.
Taseen mukainen rahavarojen muutos	-3,071.0	-1,672.2	Change in financial resources acc. to Balance Sheet

The financial statements of PKC Group have been drawn up in accordance with the new Bookkeeping Act in Finland. Therefore, also comparison data has been changed to comply with the new method of presentation. The financial year for the Group is 1 January 1999 – 31 December 1999 and the currency of the financial statements is the euro.

The scope of the Group’s financial statements

The Group’s financial statements include, in addition to PKC Group Oyj, the companies of which the parent company holds directly over 50 percent of voting rights at the end of the financial period. PK Cables Nederland B.V., founded during the period under review, is included in the Group’s financial statements from the founding date on.

Mutual stock ownership

The Group’s financial statements were produced using the acquisition cost method. The consolidated assets generated from the acquisition of PKC Electronics Oy were entered in the balance sheet as consolidated goodwill, and it will be depreciated according to plan during the period of eight years. Consolidated goodwill is depreciated during a period longer than five years due to the strategic importance of the acquisition.

Internal business transactions and margins

The Group’s internal business transactions, unrealised margins from internal transactions, internal receivables and liabilities as well as internal distribution of profits have been eliminated.

Minority share

The minority share of PK Cables do Brasil Industria e Comercio Ltda’s profit and shareholders’ equity has been presented as a separate item in the financial statements and balance sheet.

Conversion of foreign subsidiaries

Items in the financial statements of the Brazilian subsidiary have been converted using the average exchange rate of each month, excluding depreciation and changes in inventories, which have been converted using the exchange rate on the date of the entry in question. Financial assets in the balance sheet as well as current liabilities have been converted using the average exchange rate on the date of closing the accounts, and other items in the balance sheet using the exchange rate on the date of the entry in question. The resulting exchange rate differences have been entered in the financial statements under financial income and expenses.

Foreign currency items

Business transactions in foreign currencies have been entered during the financial period using the exchange rate on the transaction date. Balance sheet items open on the closing date of the financial period have been valued using the average rate on the date of closing the accounts. The exchange rate differences are given in the profit and loss account.

Fixed assets

Fixed assets are itemised at their direct acquisition cost. Depreciation on fixed assets is calculated according to a predetermined plan. Depreciation time frames based on estimated service duration are as follows:

Intangible rights	4	-	5 years
Consolidated goodwill			8 years
Other long-term expenditures	3	-	10 years
Buildings and constructions	7	-	15 years
Machinery and equipment	3	-	10 years
Other tangible assets	5	-	10 years

Current assets

Current assets were valued at the acquisition cost or a lower likely transfer price. Direct purchasing and manufacturing costs were incorporated in the value of inventories.

Net sales

Net sales were calculated from the Group’s overall revenue obtained from goods produced, less discounts given and VAT.

Research and development costs

Research and development costs are entered as expenses for the financial period during which they were incurred.

Rent of leased assets

The rent of leased assets was entered as a cost in the profit and loss account.

Pension costs

The retirement plan for employees, is provided by external insurance companies. The pension insurance payments were divided to correspond to the performance-based salaries in the financial statements. The retirement age for some of the top executives has been lowered to 58 years of age.

Direct taxes

Direct taxes of the financial period have been periodized and entered in the profit and loss account. Deferred tax liabilities in the consolidated financial statements are caused by appropriations. Due to, fundamental reasons and reasons of prudence, no other deferred tax assets or liabilities have been presented.

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
1. LIIKEVAIHTO TOIMIALOITTAIN JA MARKKINA-ALOITTAIN					1. NET SALES BY BUSINESS UNIT AND MARKET AREA
Liikevaihto toimialoittain					Net sales by business unit
Hyötyajoneuvoteollisuus	47,386.3	45,991.7	44,870.0	45,331.5	Commercial vehicle industry
Tietoliikenne- ja elektroniikkateollisuus	66,502.8	37,573.0	30,988.4	37,573.0	Telecommunications and electronics industry
Yhteensä	113,889.1	83,564.7	75,858.4	82,904.5	Total
Liikevaihto markkina-alueittain					Net sales by market area
Suomi	54,950.0	36,367.7	27,180.0	36,367.7	Finland
Muut Pohjoismaat	27,702.2	26,488.7	27,688.0	26,488.7	Other Nordic countries
Muu Länsi-Eurooppa	24,851.0	14,552.9	18,960.2	14,552.9	Other countries in Western Europe
Muut	6,385.9	6,155.4	2,030.2	5,495.2	Other countries
Yhteensä	113,889.1	83,564.7	75,858.4	82,904.5	Total
2. MATERIAALIT JA PALVELUT					2. RAW MATERIALS AND SERVICES
Aineet, tarvikkeet ja tavarat					Raw materials and consumables
Ostot tilikauden aikana	67,987.2	51,425.5	46,582.5	49,923.1	Purchases during the financial period
Varastojen lisäys (-) tai vähennys (+)	-1,230.8	-800.6	-1,626.2	463.7	Increase (-) or decrease (+) in inventories
Ulkopuoliset palvelut	6,443.6	5,972.1	6,520.0	5,859.6	Outsourced services
Yhteensä	73,200.0	56,597.0	51,476.3	56,246.4	Total
3. HENKILÖSTÖKULUT					3. PERSONNEL COSTS
Palkat ja palkkiot	14,761.7	8,077.7	8,862.0	7,619.2	Wages and salaries
Henkilösivukulut					Social security expenses
Eläkekulut	2,219.7	1,362.7	1,421.9	1,238.9	Pension expenses
Muut henkilösivukulut	1,826.1	1,473.5	1,031.6	859.3	Other social security expenses
Yhteensä	18,807.5	10,913.9	11,315.5	9,717.4	Total
Hallituksen jäsenille ja toimitusjohtajille maksetut palkat ja palkkiot	280.7	248.9	185.7	179.4	Salaries and fees to members of the board and managing directors
Henkilöstö keskimäärin					Average number of personnel
Toimihenkilöt	156	73	86	64	Clerical employees
Työntekijät	574	317	301	250	Employees
Yhteensä	730	390	387	314	Total

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
4. POISTOT JA ARVONALENTUMISET					4. DEPRECIATION AND VALUE ADJUSTMENTS
Suunnitelman mukaiset poistot	2,948.1	1,362.6	1,615.7	1,162.0	Planned depreciation
Konserniliikkeen arvonalentuminen	725.4				Depreciation of consolidated goodwill
Yhteensä	3,673.5	1,362.6	1,615.7	1,162.0	Total
5. RAHOITUSTUOTOT JA -KULUT					5. FINANCIAL INCOME AND EXPENSES
Osinkotuotot					Dividend yields
Saman konsernin yrityksiltä			4,204.7		From Group undertakings
Muilta	1.1	0.0	1.1	0.0	From others
Yhteensä	1.1	0.0	4,205.8	0.0	Total
Korkotuotot pysyvien vastaavien sijoituksista					Income from other investments held as non-current asset
Muilta		1.0		1.0	From others
Muut korko- ja rahoitustuotot					Other interest and financial income
Saman konsernin yrityksiltä			178.9	42.8	From Group undertakings
Muilta	240.2	78.0	169.2	63.2	From others
Yhteensä	240.2	78.0	348.1	106.0	Total
Sijoitusten arvonalennukset					Value adjustments of investments
Arvonalentumiset pysyvien vastaavien sijoituksista	-38.9		-38.9		Reduction in value of investment held as non-current asset
Korkokulut ja muut rahoituskulut					Interest and other financial expenses
Saman konsernin yrityksille			-37.9	-25.5	To Group undertakings
Muille	-834.2	-684.4	-480.3	-359.7	To others
Yhteensä	-834.2	-684.4	-518.2	-385.2	Total
Rahoitustuotot ja -kulut yhteensä	-631.8	-605.4	3,996.8	-278.2	Financial income and expenses total
Rahoitustuottoihin ja -kuluihin sisältyy kurssieroja, netto	-205.2	-427.4	223.9	-151.5	Financial income and expenses include exchange rate differences, net

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
6. SATUNNAISET ERÄT					6. EXTRAORDINARY ITEMS
Satunnaiset tuotot					Extraordinary income
Konserniavustus			3,363.8		Group contribution
7. TILINPÄÄTÖSSIIRROT					7. APPROPRIATIONS
Poistoeron lisäys(-) tai vähennys(+)			54.7	-174.8	Increase (-) or decrease (+) in depreciation reserves
8. VÄLITTÖMÄT VEROT					8. DIRECT TAXES
Tuloslaskelman verot					Taxes in profit and loss account
Tuloverot varsinaisesta toiminnasta	-3,417.7	-2,898.6	-3,633.3	-3,140.7	Income taxes from actual operations
Tuloverot satunnaisista eristä			-941.9		Income taxes from extraordinary items
Laskennallisen verovelan muutos	15.9	-291.0			Change in deferred tax liabilities
Yhteensä	-3,401.8	-3,189.6	-4,575.2	-3,140.7	Total
9. PYSYVÄT VASTAAVAT					9. FIXED ASSETS
Aineettomat hyödykkeet					Intangible assets
Aineettomat oikeudet					Intangible rights
Hankintameno 1.1	171.7		49.5		Acquisition cost 1.1
+ Lisäykset	208.6		19.1		+ Increases
+/- Siirrot erien välillä	-10.8				+/- Transfers between items
Hankintameno 31.12	369.5		68.6		Acquisition cost 31.12
Kertyneet poistot ja arvonalennukset 1.1	-41.1		-33.0		Accumulated depreciation and value adjustment 1.1
- Tilikauden poisto	-86.1		-10.3		- Depreciation for the financial period
Kertyneet poistot 31.12	-127.2		-43.3		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	242.3		25.3		Book value 31.12
Konserniliikearvo					Consolidated goodwill
Hankintameno 1.1	6,688.7				Acquisition cost 1.1
- Vähennykset	-885.7				- Decreases
Hankintameno 31.12	5,803.0				Acquisition cost 31.12

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999		1999		
Kertyneet poistot ja arvonalennukset 1.1					Accumulated depreciation and value adjustment 1.1
- Tilikauden poisto	-725.4				- Depreciation for the financial period
Kertyneet poistot 31.12	-725.4				Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	5,077.6				Book value 31.12
Muut pitkävaikutteiset menot					Other capitalized long-term expenses
Hankintameno 1.1	1,489.5		1,018.3		Acquisition cost 1.1
+Lisäykset	139.1		130.6		+ Increases
Hankintameno 31.12	1,628.6		1,148.9		Acquisition costs 31.12
Kertyneet poistot ja arvonalennukset 1.1	-43.8		-494.7		Accumulated depreciation and value adjustment 1.1
- Vähennysten ja siirtojen kertyneet poistot	-494.7				- Accumulated depreciation of deductions and transfers
- Tilikauden poisto	-245.6		-197.0		- Depreciation for the financial period
Kertyneet poistot 31.12	-784.1		-691.7		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	844.5		457.2		Book value 31.12
Ennakkomaksut					Advance payments
Hankintameno 1.1	10.8		10.8		Acquisition cost 1.1
+ Lisäykset	60.9		60.9		+ Increases
Hankintameno 31.12	71.1		71.7		Acquisition cost 31.12
Kirjanpitoarvo 31.12	71.7		71.7		Book value 31.12
Aineelliset hyödykkeet					Tangible assets
Maa- ja vesialueet					Land and water areas
Hankintameno 1.1	325.6		284.9		Acquisition cost 1.1
Hankintameno 31.12	325.6		284.9		Acquisition cost 31.12
Kirjanpitoarvo 31.12	325.6		284.9		Book value 31.12

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999		1999		
Rakennukset ja rakennelmat					Buildings and constructions
Hankintameno 1.1	2,604.4		2,377.9		Acquisition cost 1.1
+ Lisäykset	256.0		244.5		+ Increases
Hankintameno 31.12	2,860.4		2,622.4		Acquisition cost 31.12
Kertyneet poistot ja arvonalennukset 1.1	-371.4		-358.3		Accumulated depreciation and value adjustment 1.1
- Tilikauden poisto	-181.6		-168.0		- Depreciation for the financial period
Kertyneet poistot 31.12	-553.0		-526.3		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	2,307.4		2,096.1		Book value 31.12
Koneet ja kalusto					Machinery and equipment
Hankintameno 1.1	7,599.3		5,104.5		Acquisition cost 1.1
+ Lisäykset	4,823.8		2,256.0		+ Increases
- Vähennykset	-53.4		-53.4		- Decreases
Hankintameno 31.12	12,369.7		7,307.1		Acquisition cost 31.12
Kertyneet poistot ja arvonalennukset 1.1	-2,645.1		-2,501.4		Accumulated depreciation and value adjustment 1.1
- Vähennysten ja siirtojen kertyneet poistot	25.1		25.1		- Accumulated depreciation of deductions and transfers
- Tilikauden poisto	-2,358.9		-1,164.4		- Depreciation for the financial period
Kertyneet poistot 31.12	-4,978.9		-3,640.7		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	7,390.8		3,666.4		Book value 31.12
Muut aineelliset hyödykkeet					Other tangible assets
Hankintameno 1.1	706.0		706.0		Acquisition cost 1.1
Hankintameno 31.12	706.0		706.0		Acquisition cost 31.12
Kertyneet poistot ja arvonalennukset 1.1	-56.5		-56.5		Accumulated depreciation and value adjustment 1.1
- Tilikauden poisto	-75.9		-75.9		- Depreciation for the financial period
Kertyneet poistot 31.12	-132.4		-132.4		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	573.6		573.6		Book value 31.12

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999		1999		
Ennakkomaksut ja keskeneräiset hankinnat					Advance payments and acquisitions in progress
Hankintameno 1.1					Acquisition cost 1.1
+ Lisäykset	212.2		212.2		+ Increases
Hankintameno 31.12	212.2		212.2		Acquisition cost 31.12
Kirjanpitoarvo 31.12	212.2		212.2		Book value 31.12
Sijoitukset					Investments
Osuudet saman konsernin yrityksissä					Holdings in Group undertakings
Hankintameno 1.1			14,149.9		Acquisition cost 1.1
+ Lisäykset			20.0		+ Increases
- Vähennykset			-885.7		- Decreases
Hankintameno 31.12			13,284.2		Acquisition cost 31.12
Kirjanpitoarvo 31.12			13,284.2		Book value 31.12
Saamiset saman konsernin yrityksiltä					Receivables from Group undertakings
Hankintameno 1.1					Acquisition cost 1.1
+ Lisäykset			597.3		+ Increases
Hankintameno 31.12			597.3		Acquisition cost 31.12
Kirjanpitoarvo 31.12			597.3		Book value 31.12
Muut osakkeet ja osuudet					Other shares and similar rights of ownership
Hankintameno 1.1	274.3		79.1		Acquisition cost 1.1
+ Lisäykset	98.6		93.1		+ Increases
- Vähennykset	-8.4				- Decreases
+/- Siirrot erien välillä	10.8				+/- Transfers between items
Hankintameno 31.12	375.3		172.2		Acquisition cost 31.12
- Arvonlennukset	-38.9		-38.9		- Value adjustments
Kertyneet poistot 31.12.	-38.9		-38.9		Accumulated depreciation 31.12
Kirjanpitoarvo 31.12	336.4		133.3		Book value 31.12

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
Muut saamiset					Other receivables
Hankintameno 1.1	13.5		13.5		Acquisition cost 1.1
Hankintameno 31.12	13.5		13.5		Acquisition cost 31.12
Kirjanpitoarvo 31.12	13.5		13.5		Book value 31.12
10. OSAKKEET JA OSUUDET					10. INVESTMENTS AND SHARES
Tytäryhtiöosakkeet	Osakkeiden lukumäärä Number of shares	Osuus osakkeista, % Holding, %	Osakkeiden nimellisarvo Nominal value of shares	Osakkeiden kirjanpitoarvo, € Book value of shares, €	Shares in subsidiaries
PKC Electronics Oy, Raahе	225	100	FIM 1,000	11,619.0	PKC Electronics Oy, Raahе
PK Cables do Brasil					PK Cables do Brasil
Industria e Comercio Ltda. Curitiba	2,000,000	90	R\$ 1	1,645.2	Industria e Comercio Ltda. Curitiba
PK Cables Nederland B.V. Waalwijk	200	100	€ 100	20.0	PK Cables Nederland B.V. Waalwijk
Konsernin omistamat muut osakkeet					Other shares owned by the Group
Oy IWS international Inc.	460		FIM 100	38.9	Oy IWS international Inc.
As Oy Raahen Raatihovi	1,080		FIM 1	101.8	As Oy Raahen Raatihovi
As Oy Vuokatin Perho	200		FIM 250	175.5	As Oy Vuokatin Perho
Muut / osakkeet				20.2	Other shares
11. VAIHTO-OMAIUUUS					11. INVENTORIES
Aineet ja tarvikkeet	6,963.4	5,732.6	4,620.8	2,994.6	Raw materials and supplies
Keskeneräiset tuotteet	5,108.6	3,613.1	4,382.6	3,175.4	Work in progress
Valmiit tuotteet ja tavarat	2,397.9	2,173.2	1,738.4	804.6	Finished goods
Ennakkomaksut	15.0		1.6		Advance payments
Yhteensä	14,484.9	11,518.9	10,743.4	6,974.6	Total

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
12. SAAMISET					12. RECEIVABLES
Pitkäaikaiset saamiset					Long-term receivables
Saamiset saman konsernin yrityksiltä					Receivables from Group undertakings
Myyntisaamiset			3,871.6		Trade receivables
Pitkäaikaiset saamiset yhteensä	0.0	0.0	3,871.6	0.0	Long-term receivables total
Lyhytaikaiset saamiset					Short-term receivables
Saamiset saman konsernin yrityksiltä					Receivables from Group undertakings
Myyntisaamiset			374.3	4,159.7	Trade receivables
Lainasaamiset			150.1	428.5	Loan receivables
Siirtosaamiset			4,712.4	42.9	Prepayments and accrued income
Yhteensä	0.0	0.0	5,236.8	4,631.1	Total
Muilta					From others
Myyntisaamiset	14,110.8	11,164.8	8,401.6	7,683.4	Trade receivables
Lainasaamiset	22.8	26.2	4.3	7.7	Loan receivables
Muut saamiset	852.6	521.1	758.1	314.5	Other receivables
Maksamattomat osakkeet/osuudet	5.2	6.7			Subscribed capital unpaid
Siirtosaamiset	1,452.0	761.8	102.1	81.7	Prepayments and accrued income
Yhteensä	16,443.4	12,480.6	9,266.1	8,087.3	Total
Lyhytaikaiset saamiset yhteensä	16,443.4	12,480.6	14,502.9	12,718.4	Short-term receivables total
Siirtosaamiset					Prepayments and accrued income
Saman konsernin yrityksiltä					From Group undertakings
Rahoituserät			4,709.3	42.9	Financial items
Muut			3.1		Others
Yhteensä			4,712.4	42.9	Total

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
Muilta					From others
Henkilöstökulut	89.7	445.9	68.1	51.5	Personnel expenses
Rahoituserät	0.8	129.7		1.7	Financial items
Verot	1,306.0	128.4	13.9		Taxes
Muut	55.5	57.8	20.1	28.5	Others
Yhteensä	1,452.0	761.8	102.1	81.7	Total
13. OMA PÄÄOMA					13. SHAREHOLDERS' EQUITY
Osakepääoma 1.1.	1,774.4	1,774.4	1,774.4	1,774.4	Share capital 1 Jan.
Osakepääoma 31.12.	1,774.4	1,774.4	1,774.4	1,774.4	Share capital 31 Dec.
Ylikurssirahasto 1.1.	166.1	166.1	166.1	166.1	Share premium account 1 Jan.
Ylikurssirahasto 31.12.	166.1	166.1	166.1	166.1	Share premium account 31 Dec.
Voitto edellisiltä tilikausilta 1.1.	15,868.2	11,017.6	17,100.6	11,266.5	Retained earnings 1 Jan.
Osingonjako	-2,839.0	-2,218.0	-2,839.0	-2,218.0	Distribution of dividend
Muut oikaisut	-41.7	68.1			Other adjustments
Voitto edellisiltä tilikausilta 31.12.	12,987.5	8,867.7	14,261.6	9,048.5	Retained earnings 31 Dec.
Tilikauden voitto	7,330.3	7,000.5	11,733.7	8,052.1	Profit for the financial year
Oma pääoma yhteensä	22,258.3	17,808.7	27,935.8	19,041.1	Shareholders' equity total
14. LASKELMA VOITONJAKO- KELPOISISTA VAROISTA					14. CALCULATION OF DISTRIBUTABLE FUNDS
Voitto edellisiltä tilikausilta 1.1.	12,987.5	8,867.7	14,261.6	9,048.5	Retained earnings 1 Jan.
Tilikauden voitto	7,330.3	7,000.5	11,733.7	8,052.1	Profit for the financial year
Kertyneestä poistoerosta omaan pääomaan merkitty osuus	-403.7	-448.7			Share of accumulated depreciation reserves entered under shareholders' equity
Yhteensä	19,914.1	15,419.5	25,995.3	17,100.6	Total
15. TILINPÄÄTÖSSIIRTOJEN KERTYMÄ					15. ACCUMULATED APPROPRIATIONS
Poistoero			568.5	623.3	Depreciation reserves

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
16. LASKENNALLISET VERO-SAAMISET JA -VELAT					16. DEFERRED TAX ASSETS AND LIABILITIES
Laskennalliset verovelat					Deferred tax liabilities
Tilinpäätössiirroista	164.9	174.5			from appropriations
17. VIERASPÄÄOMA					17. CREDITORS
Pitkäaikainen					Long-term liabilities
Muille					To others
Joukkovelkakirjalainat	61.2	58.2	67.3	58.2	Bonds
Lainat rahoituslaitoksilta	6,161.9	8,152.9	6,122.9	7,978.5	Loans from financial institutions
Eläkelainat	2,639.0	1,153.0	2,270.5	756.8	Pension loans
Saadut ennakot	5.3				Advance received
Muut velat		3,531.9		3,531.9	Other liabilities
Yhteensä	8,867.4	12,896.0	8,460.7	12,325.4	Total
Pitkäaikainen velka yhteensä	8,867.4	12,896.0	8,460.7	12,325.4	Long-term liabilities total
Lyhytaikainen					Short-term liabilities
Velat saman konserniin kuuluville yrityksille					Amounts owed to Group undertakings
Ostovelat			176.7		Trade payables
Siirtovelat			37.9		Accruals and deferred income
Yhteensä	0.0	0.0	214.6	0.0	Total
Muille					To others
Lainat rahoituslaitoksilta	2,396.0	2,447.5	2,264.0	1,969.8	Loans from financial institutions
Eläkelainat	27.7	29.8			Pension loans
Saadut ennakot	10.8				Advance received
Ostovelat	8,855.8	7,905.4	5,690.9	4,910.6	Trade payables
Muut velat	3,749.3	2,663.6	3,151.0	2,663.6	Other liabilities
Siirtovelat	5,098.6	5,416.8	3,664.9	2,997.5	Accruals and deferred income
Yhteensä	20,138.2	18,463.1	14,770.8	12,541.5	Total
Lyhytaikainen velka yhteensä	20,138.2	18,463.1	14,985.4	12,541.5	Short-term liabilities total

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
Siirtovelat					Accruals and deferred income
Saman konsernin yrityksille					To Group undertakings
Rahoituserät			37.9		Financial items
Muille					To others
Henkilöstökulut	3,999.0	4,531.3	2,597.8	2,378.7	Personnel expenses
Rahoituserät	85.8	47.4	81.1	35.0	Financial items
Verot	942.2	749.7	925.4	550.6	Taxes
Muut	71.6	88.4	60.6	33.2	Others
Yhteensä	5,098.6	5,416.8	3,664.9	2,997.5	Total
Optiolaina					Bond with warrants
Vuonna 1998 henkilöstölle suunnatusta optiolainasta 400 000 mk oli konsernissa jakamatta 31.12.1999 36 250 optiotodistusta. Osakkeiden vaihtoaika ajoittuu porrastetusti vuosille 2001–2004. Optiolla ostettavan osakeen merkintähinta on 122 mk / osake, alennettuna 1.5.1998 jälkeen ja ennen osakemerkintää jaettavien osinkojen määrällä.					Of the bond with warrants issued to the personnel in 1998 (400,000), the Group still holds 36,250 warrants. The share subscription time is divided between the years 2001 and 2004. The price of a share subscribed by the warrants is FIM 122 per share, deducted by the sum of dividends distributed after 1 May 1998 but before the date of subscription.
Velat, jotka erääntyvät myöhemmin kuin viiden vuoden kuluttua					Loans falling due later than five years from now
Lainat rahoituslaitoksille	1,129.3	2,384.7	1,129.3	2,384.7	Loans to financial institutions
Eläkelainat	221.7	221.7			Pension loans
Yhteensä	1,351.0	2,606.4	1,129.3	2,384.7	Total
18. ANNETUT VAKUUDET, VASTUUSITOUKSET JA MUUT VASTUUT					18. PLEDGES AND OTHER CONTINGENT LIABILITIES
Velat, joiden vakuudeksi annettu kiinnityksiä kiinteistöön					Liabilities involving mortgages as security
Rahalaitoslainat	1,012.0	1,661.3	840.9	1,009.1	Loans from financial institutions
Annetut kiinnitykset	1,799.6	1,799.6	1,681.9	1,681.9	Mortgages given
Kiinnitykset yhteensä	1,799.6	1,799.6	1,681.9	1,681.9	Mortgages total
(Rahalaitoslainojen vakuudeksi on myös pantattu osakkeita ja annettu yritysikiinnityksiä)					(As collateral for loans from financial institutions, also shares have been pledged and business mortgages have been given.)

TILINPÄÄTÖKSEN LIITETIEDOT
NOTES TO THE FINANCIAL STATEMENTS

1 000 euroa	KONSERNI, GROUP		EMOYHTIÖ, PARENT COMPANY		EUR 1 000
	1999	1998	1999	1998	
Velat, joiden vakuudeksi annettu yrityskiinnityksiä					Liabilities, for which business mortgages have been given as collateral
Rahalaitoslainat	5,621.2	7,789.7	5,450.1	7,137.5	Loans from financial institutions
Annetut kiinnitykset	3,834.7	4,751.4	3,616.0	3,616.0	Mortgages given
Eläkelainat	2,498.5	1,014.6	2,102.3	588.7	Pension loans
Annetut kiinnitykset	756.8	756.8	756.8	756.8	Mortgages given
Kiinnitykset yhteensä	4,591.5	5,508.2	4,372.8	4,372.8	Mortgages total
(Rahalaitoslainojen vakuudeksi on myös pantattu osakkeita ja annettu kiinteistökiinnityksiä)					(As collateral for loans from financial institutions, also shares have been pledged and real estate mortgages have been given.)
Velat, joiden vakuudeksi pantattu osakkeita					Liabilities, for which shares have been pledged as collateral
Rahalaitoslainat	171.1	652.1			Loans from financial institutions
Pantatut talletukset	164.6	178.1			Shares pledged
(Rahalaitoslainojen vakuudeksi on myös annettu yrityskiinnityksiä ja kiinteistökiinnityksiä)					(As collateral for loans from financial institutions, also business and real estate mortgages have been given)
Muut vastuut		408.5			Other liabilities
Leasingsopimuksista maksettavat määrät					Amounts to be paid for leasing commitments
Alkaneelta tilikaudelta	137.9	135.2	119.2	119.2	For current financial period
Myöhemmin maksettavat	190.3	187.2	168.4	168.4	Falling due later
Yhteensä	328.2	322.4	287.6	287.6	Total
Johdannaissopimukset					Futures contracts
Valuuttatermiinisopimukset		990.8		990.8	Exchange rate futures

FIVE YEAR FIGURES

FIGURES OF THE FINANCIAL YEARS
1999-1997 OF THE GROUP AND
FIGURES OF THE YEARS 1996-1995
OF PARENT COMPANY.

MEUR	1995 ^{*)}	1996 ^{*)}	1997	1998	1999
PROFIT AND LOSS ACCOUNTS					
Net sales	30.9	43.7	65.6	83.6	113.9
Operating profit	5.2	6.5	8.0	10.7	11.4
Profit before taxes	4.9	6.3	7.9	10.1	10.7
Net profit	3.6	4.5	5.6	7.0	7.3
BALANCE SHEET					
Assets					
Fixed assets	3.5	4.1	5.5	16.2	17.4
Current assets	11.4	13.4	21.7	33.1	34.0
Total assets	14.9	17.5	27.2	49.3	51.4
Liabilities and shareholders' equity					
Shareholders' equity	5.3	7.8	13.0	17.8	22.3
Minority share			0.1		
Accumulated appropriations	0.4	0.5			
Tax liability				0.2	0.1
Non-current liabilities	3.8	2.8	3.2	12.9	8.9
Current liabilities	5.4	6.4	10.9	18.6	20.1
Liabilities, total	9.2	9.2	14.1	31.5	29.1
Liabilities and shareholders' equity	14.9	17.5	27.2	49.3	51.4
^{*)} Figures of Parent Company					

KEY RATIOS AND CALCULATION OF KEY RATIOS

	1995 ^{*)}	1996 ^{*)}	1997	1998	1999			
FINANCIAL KEY RATIOS								
Return on equity-%, (ROE)	93.7	65.9	52.2	44.5	36.5	Return on equity -% (ROE)	=	$\frac{\text{Profit before extraordinary items, appropriations and taxes - taxation}}{\text{Shareholders' equity + minority share + accelerated depreciation less tax liability (average)}} \times 100$
Return on investment -%, (ROI)	62.9	58.6	56.6	42.5	34.1	Return on investment -% (ROI)	=	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Total assets - interest-free debts (average)}} \times 100$
Gearing, %	36.5	9.6	-21.2	34.9	36.5	Gearing, %	=	$\frac{\text{Interest-bearing liabilities - liquid assets - short term investments}}{\text{Shareholders equity + minority share + accumulated edjtsments - deferred tax liability}} \times 100$
Equity ratio, %	37.6	46.3	48.1	36.1	43.3	Equity ratio, %	=	$\frac{\text{Share capital + minority share + accelerated depreciation less tax liability}}{\text{Total assets - advances received}} \times 100$
Quick ratio	1.4	1.3	1.3	1.2	1.0	Quick ratio	=	$\frac{\text{Liquid assets}}{\text{Current liabilities - advances received}}$
Current ratio	2.1	2.1	2.0	1.8	1.7	Current ratio	=	$\frac{\text{Liquid assets + inventories}}{\text{Current liabilities}}$
KEY SHARE RATIOS								
Earnings per share (EPS), EUR	0.70	0.90	1.06	1.33	1.39	Earnings per share (EPS), EUR	=	$\frac{\text{Profit before extraordinary items, appropriations and taxes +/- minority interest - taxation}}{\text{Share issue-adjusted number of shares on date of financial statement}}$
Equity per share, EUR	1.07	1.54	2.46	3.4	4.22	Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity + accelerated depreciation less tax liability}}{\text{Share issue-adjusted number of shares on date of financial statement}}$
Dividend per share, EUR	0.10	0.17	0.42	0.54	^{**) 0.50}	Dividend per share, EUR	=	$\frac{\text{Dividend paid for financial year}}{\text{Share issue-adjusted number of shares on date of financial statement}}$
Dividend per earnings, %	13.74	19.57	39.68	40.56	35.97	Dividend per earnings, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield			2,78	2,37	1,87	Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share issue-adjusted rate at the end of financial year}} \times 100$
Share price at the end of year			15.10	22.70	26.7	Priceper earnings (P/E)	=	$\frac{\text{Share issue-adjusted rate at the end of financial year}}{\text{Earnings per share}}$
Price/earnings ratio (P/E)			14.25	17.11	19.21	Share market value	=	Number of shares issued x value at close of business for financial year
Average share issue-adjusted number of shares (1,000)	5,250	5,250	5,269	5,275	5,275			
Average share issue-adjusted number of shares at the end of financial year (1,000)	5,250	5,250	5,275	5,275	5,275			
Market value of shares, MEUR			79.67	119.77	140.84			

^{*)} Figures of Parent Company

^{**)} The Board's proposal on distribution of dividend

Shares and voting rights

The number of shares in circulation at the end of the period under review was 5,275,000, and that of votes 5,275,000. The company's shares are listed in a book-entry securities system. Each share is entitled to one vote in the shareholders' meeting. In order to be entitled to participate in the shareholders' meeting and to vote, the shareholder must be listed in the shareholders' register.

Changes in the share capital

The company's paid share capital, entered in the Trade Register, was FIM 10,550,000 on 31 December 1999. No changes were made to the share capital during the financial year. The nominal value of a share is FIM 2.00. The company's minimum share capital, according to the Articles of Association, is FIM 7,000,000, and the maximum FIM 28,000,000. The share capital can be increased or decreased within these limits without changing the Articles of Association.

Listing and trading of shares

The company's exchange code on the Helsinki Exchanges' Main List is PKC V1. During the financial year 1999, a total of 2,741,332 shares were traded, equalling 52% of the entire share capital. The market capitalisation value of the company's share capital on 31 December 1999 was EUR 140.8 million.

The company's share has been listed on the Helsinki Exchanges since 3 April 1997. The sale of shares to private and institutional investors began on 11 April 1997. After the listing, 85% of the shares were exchanged during the year 1997. The market capitalisation value of the share capital totalled EUR 79.7 million at the end of 1997. During the financial year 1998, a total of 3,640,968 shares were traded, representing 69% of the entire share capital. The market capitalisation value of the shares was EUR 119,8 million at the end of the financial year.

Incentive system

At the end of the year 1999, the number of warrants in circulation of the 1998 bond with warrants was 400,000, of which the Group held 36,250. The option entitles holders to subscribe 400,000 shares of PKC Group Oyj during the period between 2001 and 2004. The dividends distributed after 1 May 1998 but before the date of subscription will be deducted from the share subscription price of EUR 20.5. Due to the subscription of shares the company's share capital can increase by FIM 800,000.

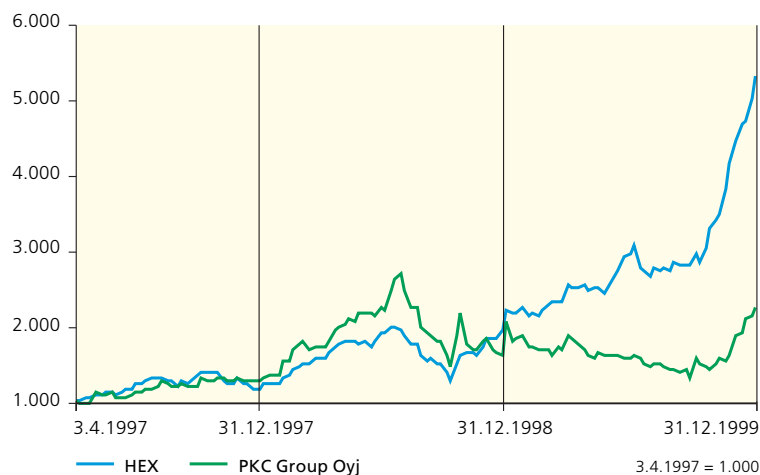
Authorisations to the Board of Directors

The extraordinary company meeting of 30 December 1999 authorised the Board of Directors to decide on purchasing and assigning the company's own shares. The maximum number of 263,750 company shares (5% of the total number of shares) can be acquired to finance possible business acquisitions, cooperation between companies or other similar arrangements. The authorisation is valid for one year from the decision of the company meeting.

The Board's proposal for dividend distribution

The Board of Directors proposes that a dividend of EUR 0.5 per share be paid. The dividend corresponds to 36.0% of the Group's profit for the financial year. The effective dividend yield is 1.87%. The dividend distribution balancing date will be 4 April 2000. The dividend will be paid on 11 April 2000.

Osakkeen hinta ja HEX-indeksi / Share price and HEX-index



SHARES AND SHAREHOLDERS

Major shareholders on 31 December 1999

	NO. OF SHARES	PERCENTAGE OF SHARES AND VOTES
As Harju Elekter Ltd	527,600	10.00
Ravaska Veikko	300,900	5.70
Hakalax Tom	221,400	4.20
Ojala Leo	221,400	4.20
Saukkonen Timo	146,350	2.77
Merita Bank Ltd (administrative register)	116,610	2.21
Federation of Finnish Metal, Engineering and Electrotechnical Industries MET	105,300	2.00
Alfred Berg Finland Investment Fund	83,300	1.58
Merita Bank Ltd	80,000	1.52
Varma – Sampo Insurance	80,000	1.52
Luostarinen Risto	78,300	1.48
Rahkamaa Hannu	75,550	1.43
Finnish National Fund for Research and Development SITRA	74,800	1.42
Investment Fund Alfred Berg Small Cap	73,900	1.40
Investment Fund Leonia Kasvuosake	69,600	1.32
Pohjola Life Insurance Company	65,000	1.23
Merita Delta	60,500	1.15
Investment Fund Alfred Berg Portfolio	55,100	1.04
Investment Fund Gyllenberg Small Firm	55,100	1.04
Investment Fund Alfred Berg Optimal	51,250	0.97
Others	2,733,040	51.81
Total	5,275,000	100.00

Shares of stock held by the Board and Management

	MANAGEMENT	BOARD
Number of shares	975,600	*1,296,300
Proportion of shares, %	18.49	24.57
Proportion of votes	18.49	24.57
Warrants in the 1998 bond loan	119,500	16,000

* shares owned or represented by Board members

Breakdown of share ownership on 31 December, 1999

NO. OF SHARES	AMOUNT OF		TOTAL NO.	
	SHAREHOLDERS	%	OF SHARES	%
1 – 100	1,792	39.62	152,965	2.90
101 – 500	1,937	42.84	531,321	10.07
501 – 1,000	377	8.34	307,694	5.83
1,001 – 10,000	362	8.01	1,006,370	19.08
10,001 – 100,000	47	1.04	1,637,090	31.03
100,001 –	7	0.15	1,639,560	31.09
Total	4,522	100.00	5,275,000	100.00

Shareholder categories 31 December 1999

	PERCENTAGE OF SHARES, %	PERCENTAGE OF VOTES, %
Companies	8.28	8.28
Financial institutions and insurance companies	17.49	17.49
Non-corporate public sector	6.65	6.65
Non-profit organisations	6.32	6.32
Households	47.83	47.83
Foreign investors (administrative register included)	13.43	13.43
Total	100.0	100.0

THE BOARD'S PROPOSAL FOR DISTRIBUTION OF PROFITS

The consolidated non-restricted capital is	EUR 20,317,759
of which distributable funds total	EUR 19,914,097
The Board of Directors proposes to the General Meeting of Shareholders' that	
from the Parent Company's non-restricted equity of	EUR 25,995,337
- a dividend of EUR 0.50 per share be paid to shareholders	EUR 2,637,500
<hr/>	
- and the remainder be transferred to the retained earnings account	EUR 23,357,837

Kempele, 17 February 2000

Tom Hakalax Chairman of the Board	Seppo Arponen Board member	Leo Ojala Board member	Endel Palla Board member
Veikko Ravaska Board member	Risto Suonio Board member	Jyrki Tähtinen Board member	

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AUDITORS' REPORT

To the shareholders of PKC Group Oyj

We have audited the accounting, the financial statements and the corporate governance of PKC Group Oyj for the period 1 January 1999 - 31 December 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 Managing Director. 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 Managing Director have legally complied with the rules of the 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 both 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 Managing Director 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.

Kempele, February 17, 2000

Tilintarkastajien Oy – Ernst & Young
Authorized Public Accounting Firm

Rauno Sipilä
Authorized Public Accountant

The Board of PKC Group Oyj has confirmed the company's Corporate Governance on 17 February 1999. The Corporate Governance, summarised herein, complies with the recommendations issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. Simultaneously, the Board of Directors decided to introduce the insider guidelines prepared by the HEX Helsinki Exchanges, the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers.

General Meeting of Shareholders

The company's supreme power of decision is vested in the Shareholders' General Meeting, which normally convenes once per year. The shareholders exercise their power of decision at this meeting. Each shareholder is entitled to participate in the Shareholders' General Meeting and exercise the right to speak there as well as vote with the votes of the shares owned; each of which entitles to one vote. The Annual General Meeting is held, after completion of the financial statements, on the day specified by the Board of Directors, no later than by the end of June each year. In 1999, the Annual General Meeting was held, as usual, in March. Moreover, an extraordinary shareholders' meeting was held at the end of the year.

The Board of Directors and the Managing Director

The Board of Directors is responsible for company administration and appropriate organisation of operations. The Annual General Meeting elects 3 – 7 members for the Board of Directors, who hold their office until the end of the next Annual General Meeting. The members of the Board of Directors do not have actual turns to resign, because the company aims at ensuring committed, long-term work of the Board. The Board elects the Chairman and Vice Chairman among its members. The duties and responsibilities of the Board members and the Chairman of the Board have not been specifically divided. The members of the Board represent expertise both outside and inside the company, as well as the point of view of the shareholders. The Board of Directors convenes 8–10 times per year, and when necessary.

The Board of Directors appoints the company's managing director and defines the conditions of the managing director's employment in writing. Mr Timo J. Niemi (M. Sc. Tech.) has been Managing Director of the company since the year 1998.

Other executives and management of the company

The managing director appoints the Corporate management team, the task of which is to handle matters essential for the company's operations, and to communicate information between the various lines of operation within the company. The Managing Director acts as chairman of the Corporate management team, meeting at least once a month. The Corporate management team consists of business unit executives and other management of the company.

Business unit management teams formed in accordance with the company's business units convene at least once a month and consist of responsible persons within the business units as well as business unit executives, who act as chairpersons.

Subsidiaries

PKC's subsidiaries are PK Cables do Brasil Indústria e Comércio Ltda, PK Cables Nederland B.V. and PKC Electronics Oy. The subsidiaries' Boards of Directors consist mainly of the representatives of PKC's and the subsidiary companies' management. The subsidiary management teams comprise the operative management of the subsidiary companies, and managing directors of the subsidiary companies act as chairpersons in them.

Incentive systems

The objective of the bonus system of PKC is to motivate personnel and the Board members to long-term work that increases the value of the company. The bonus system consists of a bonus based on the company's profit, the bond with warrants system and personal bonuses for directors.

The Annual General Meeting confirms remuneration to the Board of Directors. Traditionally, no compensation for meetings has been paid to members of the Board who come from the ranks of company management. During the year 1999, the total sum of EUR 25,733 was paid in compensation to members of

PKC Group Oyj's Board of Directors. The warrants held by outside members of the Board entitle to subscription of a total of 16,000 company shares. Members of the Board who are company executives do not hold any warrants.

The Board of Directors confirms the Managing Director's salary and other benefits. The Managing Director decides on salaries and benefits of other top executives, in line with the general principles approved by the Board. The bonus system consists of a bonus for the personnel based on the company's result, a stock option system and personal bonuses for the management. Executive teams of the Group, business units and subsidiaries do not receive compensation for meetings.

The bonus system is being developed to cover the personnel of the entire group. The basis of bonuses will primarily be the meeting of the goals set individually for each person.

The company pays no other fees to the members of the Board of Directors, the Managing Director or other executives, nor does the company grant them any loans or give collaterals for their benefit.

Supervision

The Board of Directors is responsible for internal supervision, whereas the Managing Director is responsible for practical arrangements of such supervision. The Managing Director provides the Board meetings with reviews on the Group's development, based on the monthly reports received from executive teams of the business units and subsidiaries.

Tilintarkastajien Oy – Ernst & Young is responsible for company auditing, with Mr Rauno Sipilä, Authorised Public Accountant, as responsible accountant. When determining the scope and content of auditing, the fact that the company has no internal auditing organisation of its own is taken into account.

HALLITUS

Tom Hakalax, (s. 1946)
Hallituksen puheenjohtaja
Insinööri, yo-merkonomi
PKC Groupin osakkeita: 221 400

Risto Suonio, (s. 1942)
Hallituksen varapuheenjohtaja
Insinööri
Johtaja, Nokia Oyj
Oikeus merkitä 2 000 PKC Groupin osaketta

Endel Palla, (s. 1941)
Insinööri
Hallintoneuvoston puheenjohtaja,
As Harju Elekter Ltd
Edustaa As Harju Elekter Ltd:n
omistamia PKC Groupin 527 600 osaketta
PKC Groupin osakkeita: 25 000
Oikeus merkitä 2 000 PKC Groupin osaketta

Veikko Ravaska, (s. 1951)
Insinööri
PKC Groupin osakkeita: 300 900

Seppo Arponen, (s. 1943)
Taloustieteiden maisteri
Liiketoimintajohtaja, Finnvera Oyj
Oikeus merkitä 2 000 PKC Groupin osaketta

Jyrki Tähtinen, (s. 1961)
Asianajaja
Asianajotoimisto Borenius & Kempainen Oy
Oikeus merkitä 2 000 PKC Groupin osaketta

Leo Ojala, (s. 1950)
Yo-merkonomi
Talousjohtaja, PKC Group Oyj
PKC Groupin osakkeita: 221 400



TOM HAKALAX
(1994-)^{*)}



RISTO SUONIO
(1994-)



ENDEL PALLA
(1994-)



VEIKKO RAVASKA
(1995-)



SEPPO ARPONEN
(1994-)



JYRKI TÄHTINEN
(1998-)



LEO OJALA
(1994, 1997-)

^{*)} Hallituksessa lähtien, Member since

KONSERNIN JOHTORYHMÄ

Timo J. Niemi, (s. 1952)
DI, toimitusjohtaja

Leo Ojala, (s. 1950)
Yo-merkonomi, talousjohtaja

Martti Särkelä, (s. 1953)
DI, eMBA, toimialajohtaja,
Hyötyajoneuvoteollisuus

Pekka Pääkkilä, (s. 1967)
DI, eMBA, toimialajohtaja,
Tietoliikenne- ja elektroniikkateollisuus

Sakari Kauppinen, (s. 1949)
TKT, teknologiajohtaja,

Mika Kari, (s. 1969)
DI, laatujohtaja

Hannu Rahkamaa, (s. 1952)
Insinööri, tuotantojohtaja

Ville Jaakkola, (s. 1964)
DI, logistiikkajohtaja

PAIKALLISJOHTAJAT

Marja Sarajärvi, (s. 1963)
KTM, PKC Electronics Oy

Gijs van den Bergh, (s. 1947)
M.Sc. (Econ.), PK Cables Nederland B.V.

Waldery Costa e Silva, (s. 1961)
Insinööri, PK Cables do Brasil Ltda

TILINTARKASTAJA

Ernst & Young,
vastuullinen tilintarkastaja
KHT Rauno Sipilä

THE BOARD OF DIRECTORS

Tom Hakalax, (b. 1946)
Chairman of the Board of Directors
Engineer, Commercial College Graduate
PKC Group shares: 221.400

Risto Suonio, (b. 1942)
Vice-Chairman of the Board of Directors
Engineer
Director, Nokia Oyj
Right to subscribe for 2.000 shares

Veikko Ravaska, (b. 1951)
Engineer
PKC Group shares: 300.900

Endel Palla, (b. 1941)
Engineer
Chairman of the Advisory Board,
As Harju Elekter Ltd
Represents 527,600 PKC Group shares
owned by As Harju Elekter Ltd
PKC Group shares: 25.000
Right to subscribe for 2.000 shares

Seppo Arponen, (b. 1943)
M.Sc. (Econ.)
Director, Finnvera Oyj
Right to subscribe for 2.000 shares

Jyrki Tähtinen, (b. 1961)
Attorney at Law
Borenius & Kemppinen, Attorneys at Law,
Right to subscribe for 2.000 shares

Leo Ojala, (b. 1950)
Commercial College Graduate,
CFO, PKC Group Oyj
PKC Group shares: 221.400

CORPORATE MANAGEMENT

Timo J. Niemi, (b. 1952)
M.Sc.(Tech), President & CEO

Leo Ojala, (b. 1950)
Commercial College Graduate, CFO

Martti Särkelä, (b. 1953)
M.Sc.(Tech), eMBA, Business Unit Director
Commercial Vehicle Industry

Pekka Pääkkilä, (b. 1967)
M.Sc.(Tech), eMBA, Business Unit Director,
Telecommunications and Electronics Industry

Sakari Kauppinen, (b. 1949)
D.Sc.(Tech), Director of Technology

Mika Kari, (b. 1969)
M.Sc.(Tech), Quality Director

Hannu Rahkamaa, (b. 1952)
Engineer, Director of Production

Ville Jaakkola, (b. 1964)
M.Sc.(Tech), Logistics Director

LOCAL EXECUTIVES

Marja Sarajärvi, (b. 1963)
M.Sc.(Econ.), PKC Electronics Oy

Gijs van den Bergh, (b. 1947)
M.Sc.(Econ.), PK Cables Nederland B.V.

Waldery Costa e Silva, (b. 1961)
Engineer, PK Cables do Brasil Ltda

AUDITOR

Ernst & Young,
APA as responsible auditor
Rauno Sipilä

YHTEYSTIEDOT CONTACTS

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PKC Electronics Oy

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Fax (08) 2103 201

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