

PMJ

ANNUAL REPORT 1999



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BUSINESS IDEA

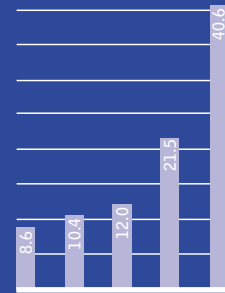
PMJ AUTOMEC CORPORATION DESIGNS, MANUFACTURES AND SELLS PRODUCTION AUTOMATION SYSTEMS TO THE ELECTRONICS INDUSTRY. PMJ'S MODULAR PRODUCTION CELLS AND PCB HANDLING EQUIPMENT OFFER FLEXIBLE SOLUTIONS TO THE NEEDS OF CUSTOMERS IN DIFFERENT SECTORS OF THE ELECTRONICS INDUSTRY AND BOOST THE COMPETITIVENESS OF CLIENT COMPANIES BY INCREASING PRODUCTIVITY, IMPROVING THE QUALITY OF PRODUCTS AND SHORTENING PRODUCTION THROUGHPUT TIMES.

OVERVIEW OF PMJ IN 1999

KEY FIGURES

		1999	1998	Annual change %
Turnover	EUR 1,000	40,616	21,539	89
International sales	EUR 1,000	32,927	17,709	86
Operating profit	EUR 1,000	1,072	1,971	-46
Operating profit %		2.6	9.1	-71
Equity ratio %		63.8	59.1	8
Investments	EUR 1,000	16,807	1,747	862
R&D expenditures	EUR 1,000	1,839	1,234	49
Personnel, average		265	151	75

TURNOVER 1995-1999,
EUR MILLION



MAJOR EVENTS IN 1999

- January
PMJ automec USA, Inc. became a wholly-owned subsidiary of the parent company.



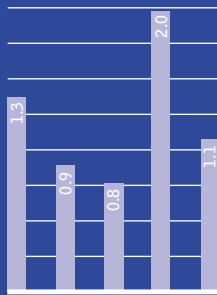
- February
PMJ automec Sweden Ab was established to continue the operations of the previous sales and servicing office.



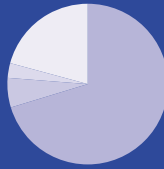
- February
PMJ's assembly cell for odd-form components was awarded second prize in the Excellence in Electronics competition at the Nepon West trade fair in Anaheim, United States.

- March
PMJ automec Deutschland GmbH was established to continue the operations of the previous sales and servicing office.
- May
PMJ established a subsidiary in France named PMJ automec France S.a.r.l., which operates as a sales and servicing office in the Paris vicinity.
- June
PMJ purchased a factory property located adjacent to its own property in Maksjoentie, Virkkala, where it will centralize its operations in the Lohja economic area.

OPERATING PROFIT 1995-1999,
EUR MILLION

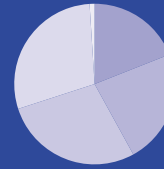


TURNOVER BY BUSINESS AREA



- Telecommunications 71 %
- Contract manufacturing 6 %
- Automotive electronics 3 %
- General electronics 21 %

TURNOVER BY MARKET AREA



- Finland 19 %
- Scandinavia 23 %
- Europe 28 %
- America 29 %
- Asia 1 %



- September
PMJ acquired the business operations of Cencorp Inc., a manufacturer of depaneling equipment. Following the acquisition, PMJ became the world's leading supplier of depaneling equipment. This take-over strengthens the company's position on the US market and opens up new possibilities in the Far East markets.
- PMJ acquired all the shares outstanding in Salon Hannu Seppälä Oy, a manufacturer of testing equipment located in Salo, Finland. The acquisition strengthens PMJ's total concept and is a continuation of PMJ's strategic decision to seek growth through acquisitions.



- October
PMJ celebrated 10 years in business at the Tanhuhovi dance hall in Lohja.



- October
PMJ's factory in Sweden was opened in Stockholm, providing PMJ with 800 sq.m. of office space and 1000 sq.m. of production space.



- November 1-5, 1999
PMJ's primary and secondary share offerings began on November 1. The retail offering was suspended on November 2, the day after the offering started, owing to oversubscription by a factor of 6 and a half. The employee offering was suspended on November 3 for the same reasons. The share, which was split on October 1, moved to the Main List of Helsinki Exchanges on November 15.

PRESIDENT'S REVIEW



In 1999, the net sales of PMJ automec Group grew very strongly and totaled EUR 40.6 million (1998: 21.5 million), showing an increase of 89%. The past year was the second consecutive year of buoyant growth (1998: 82%), and it was characterized by major organizational changes, the establishment of units in new market areas and the launch of new products. A significant part of the net sales came from large customer projects, for which the development work on new products burdened the company's profitability substantially. Thanks to its rapid growth, PMJ nevertheless now operates in a completely different size class than it did only a year ago.

The objectives set for 1999 were to boost net sales, improve profitability and increase internal efficiency. Indeed, the growth in net sales exceeded expectations. More than 40% of net sales came from new products – final assembly and testing systems – which were being prepared for manufacture well into the last four months of the year, causing production and logistics problems. The extra costs resulting from these factors exceeded our estimates by a considerable margin. Toward the end of the year, the delivery difficulties hampering operations were brought under control, and good customer satisfaction was maintained, thus insuring the company's strong growth in coming years.

In September 1999, two acquisitions were carried out. In Longmont, Colorado, we purchased Cencorp Inc., a manufacturer of depaneling equipment, to strengthen PMJ's product range in the depaneling sector and to strengthen the company's market position in the USA. Salon Hannu Sepälä Oy, a manufacturer of testing systems located in Salo, Finland, was also acquired thereby strengthening PMJ's expertise within testing systems. In December, the company's name was changed to PMJ test solutions Oy.

During the past year the Group's payroll more than doubled by way of both organic growth and acquisitions. The strengthening of human resources was viewed as a necessity in order for PMJ to be able to meet its customers' growing needs in the years ahead. The new employees and the requirements of training them for their tasks took up a good deal of management time and financial resources. In the current year, however, there will no longer be a need to increase staffing levels this way.

The Group's organizational structure was modified to be better in line with the full service concept that was developed during the year. This concept stresses the importance of bringing customer service and other hands-on functions close to the customer by deploying organizations in our key countries. These project organizations in Finland, Sweden and the USA concentrate on serving their own local customers, whereas the plants in Lohja, Salo and Longmont focus on their own core areas of expertise. The reorganization of PMJ operations connected with other countries is continuing ahead.

The sales trend was favorable in all the main market areas in the Nordic countries, Europe and the USA. PMJ established its own subsidiary in France to handle local sales and servicing.





This new market area has assumed a greater importance than anticipated. By way of the acquisitions made in September, PMJ established its first contacts in the Far East.

OUTLOOK FOR THE FUTURE

PMJ's objective is to achieve a position of market leadership in its own market sector – the automation of final assembly within electronics production. Following the acquisition of Cencorp, we have already reached this objective in the area of depaneling equipment. The main objectives for 2000 are better control of strong growth, increased profitability, improved capital turnover through shorter delivery times and establishing a presence in the Far East.

In March 2000, an automated assembly line for the HiSAC® cells will go into operation at PMJ's plant in Virkkala, thereby more than doubling HiSAC® manufacturing capacity and cutting throughput times in half, as is being achieved at the Longmont plant.

Efforts have been made to enhance the quality of operations to such an extent that during the year application will be made for obtaining ISO-9001 certification for the quality system that is in use at all the parent company's units. In the near future, a plan will also be drawn up for applying for an ISO-14001 environmental certificate.

The aim of PMJ's company-wide option and bonus programs is to solidify the commitment of a professionally skilled personnel so that the company can bring added value to its owners in coming years. As in previous years, PMJ is adhering to a policy of restraint in its dividend payouts because in a growth company, funds are needed to finance the expansion of operations. Over the long term, this generates greater profits for its shareholders.

At the end of February, the Boards of Directors of PMJ and JOT Automation Group Plc decided to propose to their Annual General Meetings, to be held on April 12, 2000, that the companies be merged to form one company effective October 1, 2000. The new company would without a doubt be the market leader in its field of business. The synergy benefits resulting from the merger – product ranges and core competence areas that complement each other – would be considerable. The new company would also be able to draw on even stronger managerial and R&D resources.

I wish to thank all our shareholders, customers and partners for the cooperation they have given and the confidence they have shown in our company. In conclusion, I wish to express my special thanks to PMJ's entire personnel for their diligent work and good performance during 1999.

Markku Jokela

PMJ'S OPERATIONS

PMJ'S OPERATIONS

In its own market segment, PMJ automec Corporation is a leading manufacturer of production automation systems for the electronics industry. Its products upgrade the efficiency of its client companies' production processes, thereby helping them to keep up with the rapid market growth.

Whereas front-of-line assembly in the electronics industry is highly automated, end-of-line assembly has remained a manual process for years. As the miniaturization of electronics products continues, manual assembly has become increasingly difficult. This, coupled with increasingly complex product configurations, savings in labor costs and improvements in total quality, has become a critical factor for successful electronics production. PMJ is one of the few systems suppliers that is able to automate the end-of-line production process all the way from start to finish – worldwide. This means that a supplier must offer more than just a range of standard machines.

FULL SERVICE CONCEPT

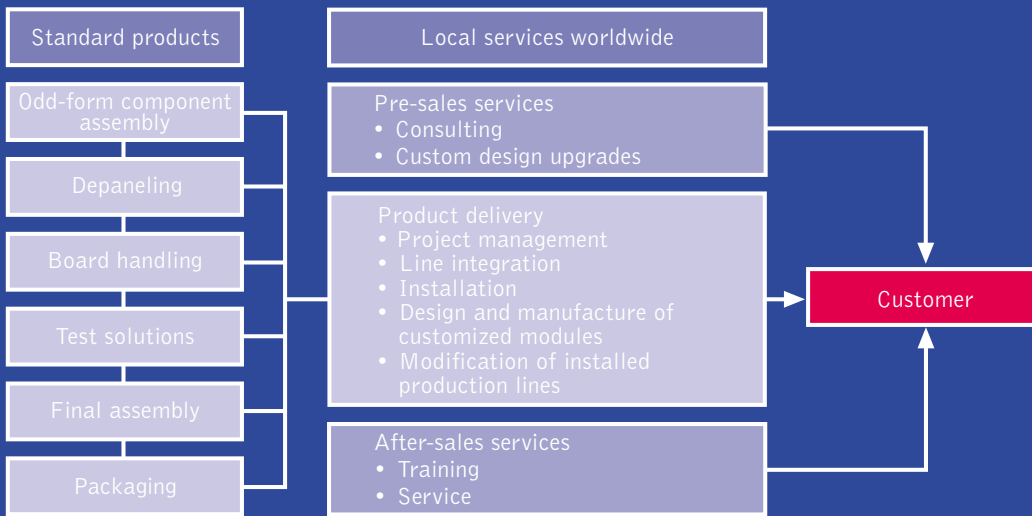
The starting point for PMJ's sales is not the sale of an individual piece of equipment, but a solution to the customer's production problem. During the past year, the company has thus developed a unique approach to its customer service. PMJ offers a full service concept for end-of-line automation in the electronics industry, a concept that covers not only the design

and assembly of automation equipment but also services connected with delivery and use of the equipment.

The manufacture of production cells and equipment is centered at the plants located in Virkkala and Salo, Finland, and Denver, USA. These plants specialize in the manufacture of one or several products. The facilities in Virkkala concentrate on the manufacture of HiSAC® PCB assembly and final assembly cells. The Cencorp unit in Denver concentrates on the assembly of depaneling cells, while PMJ test solutions Oy (previously Salon Hannu Sepälä Oy) focuses on the manufacture of testing systems.

In accordance with the full service concept, the tailoring of machines to specific customer needs, including the process of ramping up and testing, as well as installation and repair or maintenance services are handled by project organizations in charge of individual countries, working from Lohja and Stockholm for the European market, and from Dallas and Denver for the US market. The aim of these procedures is to serve the customer optimally by concentrating the functions of central importance to the customer within country-specific project organizations. Services connected with the full service concept are offered not only by the above-mentioned units but also by PMJ's locations in Great Britain, France and Germany. In addition, the company has service offices in Brazil and Costa Rica.





PMJ's full service concept can be divided into the following subareas:

- **TECHNICAL SUPPORT.** Technical support comprises, among other things, consulting on automation solutions related to the production processes as well as the pre-design and customization of equipment and production lines.
- **DELIVERY.** Deliveries comprise a range of services including delivery of the equipment to the customer, the design and manufacture of customized modules, the integration and commissioning of production lines, the modification of lines that have been delivered as well as the general coordination of projects.
- **SERVICE.** This function comprises training and servicing after the equipment has been put into operation. PMJ's local service and support organization is responsible for servicing the equipment that has been delivered.

The marketing and sale of automation systems offered by PMJ takes place mainly through the company's own sales organization. PMJ has local sales and service offices in Finland, Sweden, Germany, the UK, France and the USA. The company's own local salespeople are in direct contact with customers, thus insuring direct feedback from an extensive customer base to the different levels of PMJ's organization. PMJ's sales force is backed up by a separate technical support unit that helps to find

the optimal solution for the customer. The sales process can last from several months up to more than a year, and cover a period from the original mapping out of the requirement to the delivery of the final product. Where repeated deliveries are involved, the sales process is considerably faster. In the United States, PMJ uses not only its own organization, but also observes the market area's practice of using independent regional sales organizations that act as a link between the customer and PMJ's own organization. The marketing of automation solutions is based on proprietary product development as well as feedback direct from customers. This forms the basis of developing new products in accordance with the demands of the market.

As the installed base of automation equipment grows, servicing and other after-sales service will assume a more pronounced role. PMJ has organized its after-sales service into a separate unit. The number of 24-hour and year-round servicing contracts made with customers is growing steadily.

PMJ'S OPERATIONS

In the end-of-line automation process of the electronics industry, legged components that come in various shapes and sizes are assembled on PCBs, a process for which PMJ's flexible PCB assembly cell is well suited. Its flexibility is apparent in the ease and speed with which the assembly cell can be configured when the components change.

In the next stage of production, components assembled with a selective soldering cell are soldered onto the PCB. The soldering process may either employ a soldering iron or a beam of light (Soft Beam).

These days, in order to make it possible to trace the final products, a label with a barcode is more frequently attached to the PCBs. The flexible labeling cell developed by PMJ is well suited for this task. Until this stage of production, the PCB is often only one part of a panel consisting of numerous PCBs.

Next, the parts of the PCB panel are depaneled – separated from each other – either from the top or the

PRODUCTS

After a long R&D process, PMJ developed a modular solution for the assembly and handling of PCBs: the HiSAC[®] production cell (High Speed Assembly Cell). HiSAC[®] cells can be classified in accordance with their intended functions: assembly, soldering, depaneling, labeling, testing, multifunction and final assembly. These cells are all in-line production equipment. They can be integrated into an automated production line using PCB handling equipment of various types. PMJ's production equipment can be flexibly modified to meet the needs of the customer and equipped with the applications required in the assembly of the customer's products. The Group's product range also includes PCB handling equipment, enabling PMJ to offer comprehensive automation solutions for its customers' production problems. The products of Cencorp Inc. and Salon Hanu Seppälä Oy (now PMJ test solutions Oy) – companies which were acquired in September 1999 – strengthen PMJ's earlier product range.

ASSEMBLY

PMJ's first odd-form PCB assembly cell was installed over 15 years ago. The HiSAC[®] assembly cell is one of PMJ's best-known and most respected products. Odd-form components are part and parcel of electronics production today, and the HiSAC[®] production cell automates the insertion and surface mounting assembly of such PCB components that cannot

be processed with ordinary assembly machines due to their non-uniform shapes and/or exceptional sizes.

HiSAC[®]500 is PMJ's latest solution for the assembly of odd-form components. Just 500 mm wide, it is one of the smallest assembly machines on the market, making it ideal for applications where a small number of components are assembled onto each PCB, but where investments and production space are extremely critical, such as in the mobile phone industry in particular.

In HiSAC[®], PMJ has also developed the only multifunction cell on the market. This cell enables the user to perform as many as seven different functions with a single production cell, such as assembly, selective soldering, labeling, screw insertion and depaneling.

DEPANELING

After the acquisition of Cencorp in September 1999, PMJ has the largest range of depaneling equipment on the market and the most extensive installed base of machines. The company's product range features just the right solutions for the depaneling needs of its customers and for investment budgets of various sizes, from stand-alone equipment that is manually loaded/unloaded up to in-line HiSAC[®] production cells. Ten out of 12 of the largest contract manufacturers in the world use PMJ's depaneling equipment.

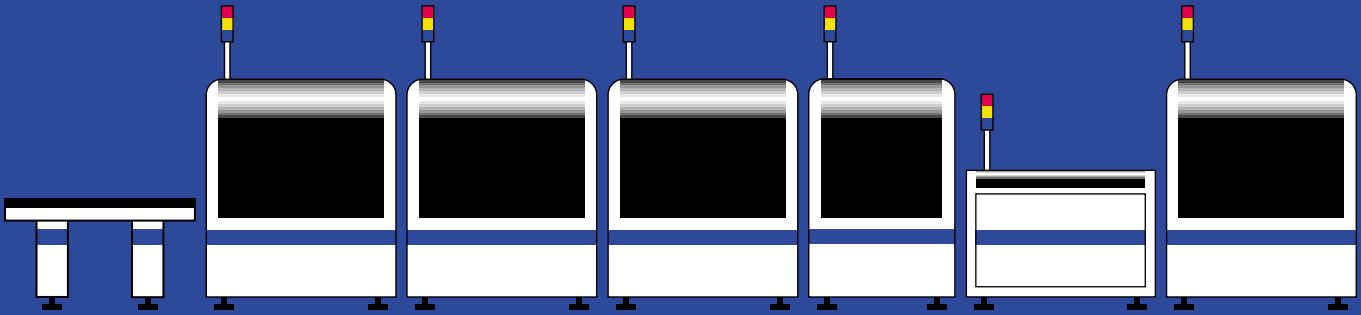


bottom. A bottom or top router can be used for this task.

When the PCB has been tested with a dedicated testing cell, a transport conveyor takes it to the final assembly cell, where the completed PCB and other necessary parts, such as a display and/or keyboard, are

installed in the casing of the final product. After this, any screws are fastened automatically.

The completed end product is tested with a testing cell that has been specially designed for this purpose.



PCB HANDLING

To enable PMJ to deliver fully integrated production solutions to its customers, the company's product range also features PCB handling equipment – transport conveyors, workstations, buffers, and unloading and loading equipment. Together with HiSAC® production cells, PMJ's PCB handling equipment allows for flexibility, applicability and modifiability in the end-of-line automation systems it offers.

TESTING

These days, it is vital to test products before final assembly and delivery – this is due to customers' expectations, the competitive situation and cost/profitability pressures.

Having been one of the first companies to notice that a need for the fully automated testing of products existed in the market, PMJ looked for products that could be integrated into the HiSAC® production cell to develop flexible and modular testing solutions.

Through its constant innovation and the acquisition of Salon Hannu Seppälä Oy, PMJ now has a comprehensive range of testing equipment, and can offer its customers fully integrated production solutions regardless of how advanced the products to be tested are.

- Testing equipment – PMJ has a full range of testing equipment suitable for production lines. This equipment is meant for the testing of PCBs, various functions and end products. PCBs can be tested on panels or alternatively individual PCBs can be load-

ed/unloaded into separate testing boxes using PMJ's HiSAC® testing cell.

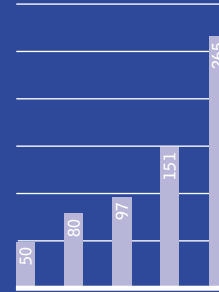
- Testing fixtures – after the acquisition of Salon Hannu Seppälä Oy (now PMJ test solutions Oy), PMJ is even better poised to also offer its customers the design and manufacture of an entire testing fixture. Fixtures are especially well suited to the testing of mobile phones. They increase PMJ's range of testing equipment significantly.
- Labeling cells – PMJ's labeling cells are programmed to print and attach either a product, barcode or product matrix label to the PCB. With either a barcode or product matrix reader, the system can be used to inspect the data printed on the label, thereby enabling the manufacturer to trace the product if this becomes necessary.

FINAL ASSEMBLY

PMJ has delivered customized final assembly solutions for over 20 years. In January 1999, PMJ launched the highly advanced HiSAC® final assembly cell, which is especially designed for mobile phone, base station and automotive electronics solutions. Compared to the final assembly solutions offered by competitors, PMJ's HiSAC® final assembly cell is the most flexible such solution on the market.

PMJ'S OPERATIONS

PERSONNEL, AVERAGE
1995-1999



PACKAGING

In order to be able to offer comprehensive production solutions, PMJ is also currently developing a flexible packaging solution to meet the end-of-line automation needs of the electronics industry. The PackSAC product family will be launched in 2000.

PRODUCT DEVELOPMENT

PMJ considers its continuous and long-term commitment to product development to be one of the key factors for its success. Product development that springs from the customer's needs and is pursued in cooperation with the customer underlies the company's strong growth. Cooperation was started with the Tampere University of Technology in 1993, and PMJ continues to work closely with the university.

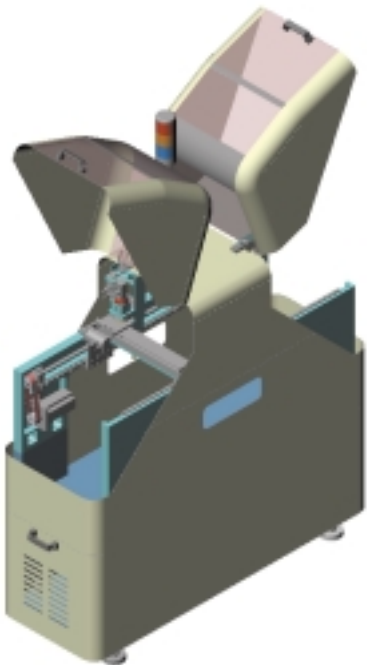
PMJ's strong growth was also reflected in the form of increased human resources for product development. For example, at the end of the fiscal year, 11 people – three times more than a year ago – were working on the product development in Tampere, whose central task is to create and perfect control systems and software. Furthermore, the cooperation agreement that was concluded with the engineering design office Etteplan Oy made it possible for PMJ's own personnel to concentrate on the development of new products.

Owing to the growth in volumes, resources have been channeled increasingly into perfecting the manufacturability of products. The modular design of products, which was insti-

tuted toward the end of 1998, makes possible substantial incremental increases in the volumes manufactured without requiring significant additions to the production personnel. Thanks to modular design, customization can be carried out easily without necessitating changes in the basic structures of production equipment. This has been accomplished by creating flexible and precisely defined interfaces between the different modules.

Close and continuous analysis of the markets in cooperation with customers also provided the opportunity for creating several new products. HiSAC®500 represents a new type of thinking. As its name implies, a line length of only 500 mm holds a four-axis HiSAC® production cell. The product was introduced in November 1999 at the Productronica trade fair in Germany and it has been positively received by customers. The product will make it possible to fill the gaps in production lines, for which the previous equipment measuring at least 1000 mm in length was far too big. Deliveries to customers will get underway in the second quarter of 2000.

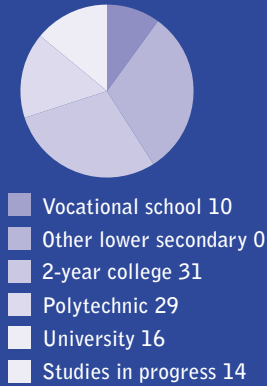
Another important new product is the HiSAC® 1502FA, whose 1500 mm line length holds two independent movement axes. The machine's capacity is thus 80% better than that of a robot cell equipped with a single set of axes. The most important advantage is minimization of the time required to handle pieces. This is becoming an ever more important factor as production throughput times get shorter.



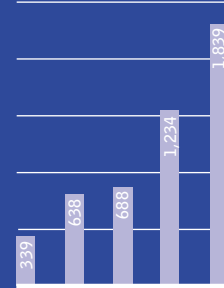
BREAKDOWN OF PERSONNEL BY FUNCTION (%)



EDUCATIONAL BACKGROUND OF PRODUCT DEVELOPMENT PERSONNEL (%)



RESEARCH AND DEVELOPMENT EXPENDITURE EUR 1,000, 1995-1999



Data transfer between different pieces of equipment has been a major problem for end customers. To eliminate this problem, during the past fiscal year PMJ developed an option incorporating the GEM (Generic Equipment Model) interface for all the production equipment it manufactures. This communications standard between different pieces of equipment is also a significant advantage for the equipment manufacturer, because now development resources can be channeled into a single, well functioning and standardized data communications protocol. The basis of the GEM/SECS (Generic Equipment Model/Semi Equipment Communication Standard) was created in the 1980s. The next generation communications standards are already under development in a number of sectors, but it will take time for them to be introduced and gain acceptance.

In 1999, PMJ's HiSAC[®] assembly cell for odd-form components was a finalist in the Excellence in Electronics competition that was part of the Nepcon West trade fair. After a protracted process, the company also obtained a United States patent for its assembly cell technology.

More modular and efficient production equipment representing a completely new generation is already far advanced in Product Development. This all points to a very successful future.

PMJ'S OPERATIONS



PERSONNEL

PMJ's personnel functions are driven by growth and the development of high-caliber operations as well as an ever strengthening international orientation. Because of this strong growth, PMJ hired a large number of new employees during 1999, when new expertise was brought into the company by acquisitions and organic growth. All in all, the payroll increased by 129% during the year, rising from 171 employees at the start of the year to 392 at the end.

RECRUITMENT

The organization was further strengthened to meet the demands of internationalization in different parts of the Group. Stepped up recruitment programs were in full swing at PMJ's international locations, particularly in Sweden and the USA. The Group filled a large number of key employee positions, and the number of people in supervisory positions doubled compared to the previous year. The objective was to ensure that future growth can be provided for through an organization that rests on a strong, competent foundation. Management and supervisors accounted for 9.2% of the entire personnel.

The recruitment process was bolstered by carrying out, in cooperation with the European Social Fund, two specific training projects in the form of recruitment training. This initiative enabled PMJ to increase by 37% its human resources working in mechanical and electrical installation. PMJ's attractiveness and

profile on the employment market improved as the year progressed. This was demonstrated in more frequent job inquiries and the increased number of applications that came in. The availability of personnel in Lohja and its nearby areas remained good. Job vacancies were advertised in *Helsingin Sanomat* – Finland's largest daily newspaper – Internet recruitment channels, and through the recruitment services of trade unions, associations and educational institutions. The recruitment costs were on the average EUR 1,470 per new hire.

PERSONNEL DEVELOPMENT

PMJ has instituted the practice of both a training plan that takes account of the entire company's needs and is run by the Personnel Department as well as a training plan tailored to each employee's needs that is headed by their supervisor.

Each supervisor surveys the development needs of his or her staff and, in a complementary fashion, the personnel actively express their wishes during development discussions. Development actions must be closely linked to the individual's present and future tasks. During 2000, the development needs of the entire organization will be ascertained. This includes an annual survey by which the core competencies of key tasks are defined and updated. On the basis of the development needs that have been identified in the survey, PMJ draws up and carries out a training plan that is updated yearly.

The most important way of learning is





through participation in numerous development projects with the oversight and support of the individual's own supervisor. These projects are carried out in different parts of the organization. Monitoring and comparisons have been an essential part of insuring the successful progression of projects and the evaluation of learning results. Apart from involvement in projects, the company arranged 468 regular training days in which about 50% of the entire personnel took part. These comprised vocational further training, such as programming, automation design, production control and materials control training, as well as quality and language training.

The company arranges internal quality training annually. Among other things, quality matters are one of the subjects frequently discussed in the personnel magazine *Focus*. The personnel are briefed on the importance of meeting the requirements of PMJ's quality policy and quality system.

GUIDELINES FOR SUPERVISORS

Uniform guidelines were issued to PMJ's supervisors so that their work will meet the objectives set for the management system, in which personnel strategy occupies a central position. The objectives of the management system comprise controlled growth and profitability, insuring customer benefits, the development of processes and efficiency, as well as active personnel dedicated to improvement. This program has brought about development motivation, which can be seen throughout the

organization and is reflected in more frequent and better suggestions for improvements.

REMUNERATION, REWARDS AND INCENTIVES

Rewards are considered to be an integral part of management and personnel motivation. Personnel in a fast growing organization also have the opportunity to influence the payroll by accepting challenging new tasks. PMJ's remuneration is based on a monthly salary, hourly wages and bonuses. A personal bonus system and share options are used as part of the system of rewards and incentives. A central emphasis of the reward and incentive procedures has been to channel them increasingly in the direction of teamwork and supporting customer satisfaction. When evaluating performance and setting objectives, managers and employees jointly agree on the benchmarks which rewards will be tied to.

THE PERSONNEL'S WELL-BEING AND WORKING ABILITY

The development of well-being and working ability was monitored by means of a satisfaction questionnaire prepared by the regional institute of occupational health and by using various indicators such as the number of sickness absences and the employee turnover rate. Sickness absences amounted to about 2% of regular working time and the staff turnover rate was 8.5%. Health checkups are also carried out as part of occupational health care. The costs of treatment for illness are covered by the voluntary sickness insurance, which is paid for by the employer.

TELECOMMUNICATIONS



IN THE TELECOMMUNICATIONS INDUSTRY, PMJ'S AUTOMATION EQUIPMENT IS USED IN THE ASSEMBLY PROCESSES OF MOBILE PHONES, DIGITAL TELEPHONE SWITCHES AND BASE STATIONS.

1999 IN BRIEF

PMJ succeeded in benefiting from the continuing buoyant growth in the telecommunications industry worldwide. Sales to telecommunications customers were up more than 120% on the previous year. As a customer segment, the share of telecommunications within PMJ's net sales grew by 71%, from 59% in 1998.

Net sales were divided evenly among the markets in Finland, Scandinavia, Europe and America. The strongest growth was in Finland. In the French market, where exports did not get underway until 1998, the company already generated sizable net sales. The first steps were taken in the Asian market by way of acquisitions made in September, and the market area is expected to gain importance in 2000.

The final assembly cell that was developed in 1999 became an important product area, which accounted for 50% of net sales to the telecommunications sector. Net sales of circuit board depaneling cells, which were developed into a standard product, grew very strongly to 33% of aggregate net sales, whereas revenues from the assembly cells for odd-form components to the telecommunications sectors decreased markedly in importance.

OUTLOOK FOR THE TELECOMMUNICATIONS SECTOR

The telecommunications industry strongly reflects development trends that can be seen in other areas of the electronics industry. Production quality and scheduling requirements are a

factor of prime importance because the telecommunications sector's capacity does not suffice to meet the demand for end products. In a situation like this, delays and quality problems show up immediately in the form of lost sales revenues. The production volumes of client companies are forecast to grow by several tens of percent in the near future. Miniaturization is affecting the components that are installed and production batches are getting smaller. In addition, the life cycles of end products are shortening to months. In previous years, significant competitive advantages could be achieved through the use of cheap labor in production, but with the shrinking size of components and ever shorter product life cycles, production automation solutions are becoming ever more clearly a competitive advantage for PMJ's customers. The training inputs connected with new products, shortening production throughput times and increasingly stringent precision requirements will insure that the demand for automation grows strongly in the telecommunications sector.

With ever shorter product life cycles, delivery times and smaller inventory levels, production plants are being brought close to the customer. Within production, and soon across the entire logistics chain, the just-in-time philosophy reigns supreme, speeding up manufacturers' ability to react to the demands of the market. This means that retailers will be able to place orders directly with the factory's production department, thus eliminating the need



for warehouses and giving retailers immediate information on the delivery time.

Sales of mobile phones alone are forecast to rise by 30% from the 1999 level and to reach 330 million units worldwide. Over the next years, the growth is forecast to be an annual 20 percent. As mobile phones spread, so too is there a growing need for mobile phone networks and their services, at the same time as the offerings of mobile phone peripheral devices are becoming more diverse. The improving availability of WAP phones means that the number of service providers offering this technology will also grow, and the quality of their services will get better.

PMJ'S OUTLOOK

According to PMJ's estimate, the degree of end-of-line automation in the production lines of data communications customers is less than 20%, and there is good market potential in an ever growing market. The sizes of orders have grown in step with the way customers in the telecommunications sector have raised the degree of end-of-line automation at their production facilities. Instead of individual pieces of equipment, PMJ is increasingly supplying its customers with entire production lines.

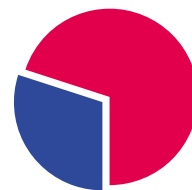
In 1999, PMJ brought out on the market two new products, a final assembly cell and a testing cell. These products have already gained a considerable share of sales in the telecommunications sector. PMJ believes that demand for the products will continue to see strong growth

in the years ahead in both the telecommunications sector and in other markets in the electronics industry.

PMJ's full service concept is well suited to the needs of the telecommunications sector. In future years the provision of services will gain in importance as customers tap the special expertise of their partners. PMJ has turned its sales consulting into a separate service product, and customers have given positive feedback on this initiative. PMJ's strong product development expertise has been noticed on the market, and customers have also made PMJ's automation know-how a part of their own development projects. This has enabled them to improve their profitability by speeding up the development work on production automation solutions, thereby yielding high-volume production benefits faster in a number of product areas. As market situations change, the demand for end products can vary a great deal, but by employing PMJ's flexible automation solutions, customers can adjust their production rapidly and cost-effectively in line with the changed situation.

THE TELECOMMUNICATIONS INDUSTRY OF PMJ'S TURNOVER

71 %



PMJ'S CUSTOMERS IN THE TELECOMMUNICATIONS INDUSTRY

ALCATEL
ERICSSON
LK-PRODUCTS
MOTOROLA
NOKIA
PANASONIC
SALCOMP
TELLABS

CONTRACT MANUFACTURING INDUSTRY



PMJ DELIVERS AUTOMATION EQUIPMENT TO THE CONTRACT MANUFACTURING INDUSTRY, NOTABLY, FOR THE MANUFACTURE OF MOBILE PHONES AND THEIR PERIPHERALS, DIGITAL TELEPHONE SWITCHES, COMPUTERS AS WELL AS STRUCTURAL COMPONENTS AND END PRODUCTS FOR THE INDUSTRIAL AND CONSUMER ELECTRONICS INDUSTRY.

1999 IN BRIEF

In 1999, PMJ's sales in the contract manufacturing industry remained at roughly the previous year's level of EUR 2.3 million, compared to EUR 2.6 million in 1998. The contract manufacturing industry's share of PMJ's net sales declined to 6% from 12% a year ago because the telecommunications industry accounted for a greatly increased volume of business.

With the acquisition of Cencorp, PMJ obtained major new customers – notably in the contract manufacturing industry – during the year. Ten of the world's 12 largest contract manufacturers use PMJ's automation equipment in their production processes.

Of PMJ's products, the greatest demand within the contract manufacturing industry was for entire final assembly lines, which rose to a share of 45% of net sales in this industrial sector. Ranking next in popularity among HiSAC® products were the assembly cell for odd-form components and the circuit board depaneling cell. Sales of both of these products rose to more than 20% of PMJ's net sales in this industry sector.

OUTLOOK FOR THE CONTRACT MANUFACTURING INDUSTRY

Contract manufacturers are greatly dependent on their contractual partners and at present, are experiencing a second strong upswing in line with the growth in the telecommunications industry and the trend toward outsourcing. The

first strong growth phase was in the 1980s, and it too was driven by the outsourcing of some activities in the telecommunications industry.

Manufacturers of end products currently outsource about 20% of their production. In future, this figure is expected to rise to as much as 70%. End product manufacturers are unveiling new products at an ever faster rate, and at the same time they are outsourcing the manufacture of products that are at the end of their life cycles to contract manufacturers. In addition, vertical integration, both up and down, in the procurement chain will increase in the future.

The annual growth rate in the contract manufacturing industry is forecast to be an average of about 25% from 1996 to 2001, reaching USD 178 billion at the end of the period. At the same time, it is believed that contract manufacturing's share of the electronics industry as a whole will rise from 14 per cent to 20 per cent (technology forecasters).

Typically, an end product manufacturer makes a commitment for one year at a time with a contract manufacturer. This places high requirements on the flexibility and modifiability of the contract manufacturer's production technology. Outsourcing their other business activities enables end product manufacturers to concentrate on their own core business, i.e. on product design, marketing and distribution. In the future, the contract manufacturing industry will be given responsibility for manufac-



turing increasingly large subassemblies, making flexible production equipment an increasingly important competitive factor in the industry.

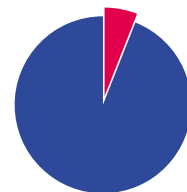
PMJ'S OUTLOOK IN THE SECTOR

In the face of ever increasing quality requirements and production volumes, contract manufacturers must invest in production automation, while the competitiveness of manually performed assembly work weakens in step with this trend. Contract manufacturers can no longer merely cite their low hourly wages, because the analysis now focuses on total costs. When manual labor is used, these costs can ultimately be very high due to products that are rejected and/or require a great deal of repair work. The agreements with end product manufacturers set very stringent terms with respect to margins, and this means that the cost-effectiveness of production is a crucial condition for any contact manufacturer. Another critical factor in contract manufacturing is delivery reliability, which contributes to an ever-increasing need for automating production.

Thanks to their modular construction, flexible HiSAC® production cells can be modified easily and rapidly for new usage purposes. Because this industry sector typically works by taking on varying projects, PMJ's flexible range of products is well suited to constantly changing needs now and in the future.

**CONTRACTMANUFACTURING ELECTRONICS
INDUSTRY OF PMJ'S TURNOVER**

6 %



**PMJ'S CUSTOMERS IN
THE AUTOMOTIVE AND GENERAL
ELECTRONICS INDUSTRY**

- CELESTICA
- ELEKTROMEKAN
- FLEXTRONICS
- INCAP
- JABIL CIRCUITS
- KIMBAL ELECTRONICS
- KYREL

AUTOMOTIVE AND GENERAL ELECTRONICS INDUSTRY



THE AUTOMOTIVE AND GENERAL ELECTRONICS INDUSTRY IS PMJ'S CLIENT SECTOR COMPRISING THE MANUFACTURE OF AUTOMOTIVE ELECTRONICS, INFORMATION TECHNOLOGY, CONSUMER ELECTRONICS, INDUSTRIAL ELECTRONICS AND BUILDING AUTOMATION ELECTRONICS.

1999 IN BRIEF

PMJ's sales in the automotive electronics industry were on a par with the previous year and totaled EUR 1.2 million (1.3 million). Relative to PMJ's net sales, this sector declined to a 3% proportion from 6% a year ago owing to the strong growth in the telecommunications industry.

The strongest sales among HiSAC® products delivered to the automotive electronics industry were for circuit board depaneling cells, with assembly cells for odd-form components ranking second in demand.

The general electronics industry boosted its share of net sales considerably, rising from EUR 3.4 million a year ago to EUR 8.3 million. Its relative share nevertheless fell slightly, to 20% from 23% a year earlier, due to the strong volume growth in telecommunications products within PMJ's aggregate net sales.

Of HiSAC® products, the assembly cell for odd-form components accounted for the largest volume of net sales within the general electronics industry. The next best selling product was entire final assembly lines.

OUTLOOK FOR THE AUTOMOTIVE AND GENERAL ELECTRONICS INDUSTRY

The long-term growth in the automotive industry tracks general economic growth fairly closely. The automotive electronics industry nevertheless is growing at a markedly faster rate than the automotive industry, because the number of electronics components in vehicles

is increasing all the time. In addition to the already widely used ABS brakes, airbag systems and security alarms, fast-growing electronics applications in vehicles include on-board computers, skid-prevention systems and GPS (Global Positioning System) equipment.

In general, increasingly strict quality, safety and traceability requirements will raise the degree of automation within the automotive electronics industry in the years ahead, as automotive manufacturers continue to tighten the compliance specifications which their suppliers must fulfil in order to meet these requirements.

In the area of safety, computer-controlled functions in vehicles will increase further in step with the growing use, for example, of radar systems to prevent collisions and to adjust the driving speed as well as airbag sensors to detect and locate passengers.

Applications that will see growth within the general electronics industry include the electronic surveillance of buildings as well as the remote control of lighting and temperature, and these will increase the need for production automation.

PMJ'S OUTLOOK IN THE SECTOR

Electronics applications are spreading and increasing in all fields. The growth in quality and precision requirements will increase the degree of automation of the assembly of electronics components. A characteristic feature of PMJ's clients in this sector is that they are interna-



tional companies that are typically leaders in their own fields. The high demands on the quality of the end product implies growing demand for PMJ's production automation systems.

To meet tough cost pressures, the automotive industry in particular is striving to achieve long production series. This calls for the development of cost-effective, automated production systems. Furthermore, in the automotive electronics industry, the quality and traceability of products is growing in importance, thereby further increasing the need for automation. For example, PMJ's labeling cells meet the customer's need to be able to trace products by affixing product code, bar code or product matrix labels to circuit boards in order to ascertain the products' production batch, time and location.

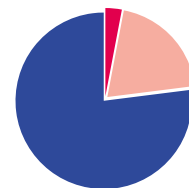
Among the products which PMJ supplies to customers in the general electronics industry is automation equipment for the assembly of articles such as heat radiation control units, energy meters, fire alarm detectors, lighting controllers, frequency converters and computers. The development of this customer sector is moving toward logically sensible solutions by bringing the manufacturing process closer to the customer in order to shorten delivery times and minimize freight costs. By automating production, a company can keep manufacturing costs reasonable despite having several local production plants. As electronics applications gain ground, PMJ's prospects are promising in this sector, too.

**THE AUTOMOTIVE ELECTRONICS INDUSTRY
OF PMJ'S TURNOVER**

3%

**THE GENERAL ELECTRONICS INDUSTRY
OF PMJ'S TURNOVER**

20%



**PMJ'S CUSTOMERS IN THE AUTOMOTIVE AND
GENERAL ELECTRONICS INDUSTRY**

- ABB
- AUTOLIV
- BANG & OLUFSEN
- BOSCH
- DANFOSS
- DELCO ELECTRONICS
- DELPHI
- GRUNDFOSS
- HONEYWELL
- KAMSTRUP
- LUTRON
- MIELE
- OSRAM
- SEM
- SIEMENS
- TEKNOWARE
- VISTEON
- VOSSLOH SCHWABE

REPORT OF THE BOARD DIRECTORS JAN 1-DEC 31, 1999

OVERVIEW

In 1999, consolidated net sales grew very strongly compared to 1998 and were EUR 40.6 million (1998: 21.5 million), an increase of 89%. The past year was a second consecutive year of buoyant growth (1998: 82%), and it was characterized by major organizational changes, acquisitions and the launch of new products. A significant part of the company's net sales still consisted of development work on new products for large projects, which burdened the company's profitability.

During the fiscal year the Group's structure was strengthened by acquiring both the depaneling business of Cencorp Inc and by purchasing the entire shares outstanding in Salon Hannu Seppälä Oy, a manufacturer of testing systems. These acquisitions reinforced PMJ automec Corporation's total service concept.

To an increasing extent, PMJ delivers to its customers larger total systems instead of individual pieces automation equipment. The size of orders has grown.

During the fiscal year PMJ automec Corporation purchased from the Finvest Group factory premises located in Virkkala, including 5,300 square meters of factory and office space. The purchase price was EUR 0.8 million. The factory premises were reconfigured to high-volume manufacturing of HiSAC assembly cells, and ramped up production will be started in March 2000.

In the primary and secondary offerings that were carried out in the autumn, the company raised EUR 18.6 million in new capital, and following the primary offering, the company's share capital was EUR 2,793,870 and its number of shareholders increased significantly. At the end of the fiscal year, 0.87% of the company's shareholders were foreigners.

MARKET TRENDS

The PMJ Group's net sales grew by 89% and were EUR 40.6 million (1998: 21.5 million). The growth in net sales exceeded expectations. More than 40% of net sales came from new products as well as final assembly and testing systems, which were being prepared for manufacture well into the fourth quarter, thus causing production and logistics problems. Toward the end of the fiscal year, delivery difficulties that had previously hampered operations were brought under control. The company has succeeded in maintaining good customer satisfaction, and this will ensure PMJ's strong growth in coming years.

International operations accounted for 81% of net sales, and the largest market area was the Americas, which accounted for 29% of net sales. Via acquisitions, PMJ gained first-hand experience of the Asian market, which accounted for 1% of the Group's net sales.

RESEARCH AND DEVELOPMENT

The Group's research and development operations were continued with R&D projects aiming at putting HiSAC® modules into production, with a special focus on developing assembly technology. Additional resources were also added to the development work on control systems and software. The HiSAC® 500 robot cell was rolled out in November 1999 at the Productronica trade fair in Germany and it was very positively received by customers.

Another important new product is the HiSAC® 1502FA final assembly cell, which will gain in importance as production throughput times get shorter.

Capital expenditures on product development for basic and customized applications amounted to EUR 1.8 million, or 4.5% of net sales during the fiscal year (1998: 2.0 million). The capitalized portion of product development expenditure was EUR 0.6 million (1998: 0.5 million).

FINANCIAL RESULT

Operating profit was EUR 1.1 million, or 2.6% of net sales (1998: 2.0 million). The operating profit figure fell short of the targets that had been set. Operating profit was burdened by costs connected with both the strong growth in operations and the development of new products as well as by production difficulties connected with odd-form products. Furthermore, the partial outsourcing of manufacture increased costs more than anticipated.

The Group's net financial income totaled EUR 0.1 million and consisted mainly of gains on foreign exchange.

Profit for the fiscal year before taxes and extraordinary items was EUR 1.2 million (1998: 1.8 million). Taxes for the fiscal year were EUR 0.4 million and the change in imputed deferred taxes was EUR 0.2 million, whereby taxes amounted to a total of EUR 0.2 million (1998: 0.5 million). Net profit for the fiscal year was EUR 1.0 million (1998: 1.3 million).

THE EURO AND THE YEAR 2000

The Group is well prepared for the introduction of the euro, and operations will not be affected by it. Preparations for the Year 2000 progressed according to plan and the changeover was made without disturbances.

SHARE ISSUE, DIRECTED ISSUE, TRANSFER TO THE STOCK EXCHANGE MAIN LIST AND SHARE PRICE TREND

At the extraordinary general meeting of shareholders held in September 1999, a resolution was passed to redenominate the share capital in euros, to increase the share capital through a bonus issue, to delete the nominal value of the share, to carry out a stock split and to authorize the company's Board of Directors to increase the share capital by a maximum of EUR 416,000. In October, the company's share

capital was increased through a directed issue in which the Selling Shareholders of Salon Hannu Seppälä received 180,000 of PMJ automec's new shares. In November, the company's share capital was increased through an offering in which a total of 3,000,000 new shares were sold to domestic and international institutional investors, retail investors and PMJ employees. The company's share capital at the end of the fiscal year was EUR 2,793,870. In the share issue, the company's principal owner, Markku Jokela, also sold 3,000,000 shares, and his shareholding thereby fell from 45% to 29%. The company's Board of Directors has an authorization to increase the share capital by a further EUR 98,000 and 980,000 shares. The company's share was admitted to the Main List of Helsinki Exchanges on November 15, 1999. The offering price of the share was set at EUR 6.20.

The company's share price at the beginning of the fiscal year was EUR 3.25, and at the end of the fiscal year it was EUR 11.6. The market capitalization at the end of the fiscal year was EUR 326 million (1998: 81 million).

STOCK OPTION SCHEME

The Annual General Meeting held on March 23, 1999, passed a resolution to issue stock options targeted at the members of the Board of Directors of the Group's parent company and Group companies and at key employees belonging to management and the personnel as part of the company's incentive scheme. It was resolved to grant stock options to a total of 100 people. The stock options entitle their holders to subscribe for a maximum of 600,000 of the company's shares. The stock options are offered free of consideration and each option entitles its holder to subscribe for one share at a subscription price of about EUR 3.08. Shares can be subscribed for stepwise commencing on May 1, 2001, and the subscrip-

REPORT OF THE BOARD DIRECTORS JAN 1-DEC 31, 1999

tion period will end on December 31, 2004 at the latest. On the basis of the 1999 option scheme, the share capital can be increased by a maximum of 60,000 euros, representing about 2.1% of the company's share capital.

CHANGES IN GROUP STRUCTURE

During the fiscal year, wholly-owned subsidiaries were established in Sweden, Germany and France. PMJ automec Sweden AB began operations in February, PMJ automec Deutschland GmbH in March and PMJ automec France S.A.R.L. in May. In September, PMJ automec USA Inc. established PMJ Cencorp LLC, which purchased the depaneling operations of Cencorp Inc. from the DII Group. Also in September, the entire shares outstanding in Salon Hannu Seppälä Oy, a manufacturer of testing systems, were purchased. The acquired company's name was changed to PMJ Test Solutions Oy in December.

CAPITAL INVESTMENTS

Gross capital expenditures during the fiscal year amounted to EUR 16.8 million (1998: 1.8 million). The largest capital expenditure items were EUR 1.4 million of real-estate-related investments that were capitalized, EUR 1.4 million of expenditures on machinery and equipment, and EUR 0.6 million that was spent on product development. The increase in the Group's fixed assets connected with the acquisition of subsidiaries was EUR 13.1 million.

PERSONNEL

The payroll was on average 265 employees, compared to 151 employees during the previous fiscal year. The number of employees in Finland was 216.

OUTLOOK FOR THE FUTURE

The Group's backlog of orders at the end of the fiscal year was EUR 10 million. Since the beginning of the current year, EUR 9 million of new orders has come in. In 2000, consolidated net sales are forecast to exceed EUR 70 million. Net profit for the fiscal year is forecast to improve significantly on 1999.

PROFIT AND LOSS ACCOUNT, GROUP

(EUR 1,000)	Jan. 1-Dec. 31, 1999		Jan. 1-Dec. 31, 1998	
Net sales	40,616	100.0 %	21,539	100.0 %
Increase (+) or decrease (-) in inventories of finished goods and work in process	4,081		-620	
Other operating income	178		91	
Materials and services				
Materials, equipment and supplies				
Purchases during the fiscal year	20,281		8,995	
Change in inventories of raw materials and supplies	-2,038		-1,104	
Cost of external services	5,811		1,116	
Employee costs	10,658		4,825	
Depreciation and value adjustments				
Depreciation according to plan	1,453		763	
Other operating expenses	7,638		4,445	
Operating profit	1,072	2.6 %	1,971	9.1 %
Financial income and expenses				
Other interest and financial income	853		130	
Interest expense and other financial expenses	-769		-329	
Profit before extraordinary items	1,156	2.8 %	1,771	8.2 %
Extraordinary items				
Extraordinary income			82	
Profit before appropriations	1,156	2.8 %	1,853	8.6 %
Appropriations				
Depreciation difference, increase (-), or decrease (+)				
Income taxes	-389		-674	
Change in imputed taxes	225		217	
Profit before minority interest	992	2.4 %	1,397	6.5 %
Minority interest share of net profit	-28		-71	
Profit for the fiscal year	964	2.4 %	1,326	6.2 %

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Dec. 31, 1999	Dec. 31, 1998
ASSETS		
FIXED ASSETS		
Intangible assets		
Incorporation expenditures	9	36
R&D expenses	703	294
Intangible rights	227	148
Goodwill	9,536	12
Goodwill on consolidation	2,098	109
Other capitalized long-term expenses	313	325
R&D projects in process	507	827
	13,393	1,751
Tangible assets		
Land and water areas	284	148
Buildings and constructions	1,940	550
Machinery and equipment	2,080	818
	4,304	1,515
Investments		
Other shares and participations	23	21
	17,720	3,287
CURRENT ASSETS		
Inventories		
Materials and supplies	2,260	1,500
Work in process	2,345	682
Production in process	6,212	1,365
Finished products and goods	950	637
	11,767	4,184
Receivables		
Short-term		
Accounts receivable	15,296	6,600
Loan receivables		4
Other receivables	927	415
Prepaid expenses and accrued income	897	476
Deferred tax claims	630	336
	17,750	7,831
Cash in hand and at bank	3,030	3,519
Assets, total	50,267	18,821

(EUR 1,000)

Dec. 31, 1999

Dec. 31, 1998

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Share capital	2.794	2.082
Share premium account	25.042	6.232
Reserve fund	211	605
Translation difference	13	-3
Retained earnings	1.430	460
Profit for the fiscal year	964	1.326
	30.454	10.702

MINORITY INTEREST

186 173

ACCUMULATED DEPRECIATION

Depreciation difference	218	263
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LIABILITIES

Long-term

Loans from financial institutions	1.255	1.500
Pension loans	445	551
Other loans	345	387
	2.045	2.438

Short-term

Loans from financial institutions	7.176	326
Pension loans	106	106
Advances received	2.255	409
Accounts payable	4.805	1.891
Other loans	574	136
Accrued liabilities and prepaid income	2.300	2.325
Deferred taxes	148	51
	17.364	5.245

Shareholders' equity and liabilities, total

50.267

18.821

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)		1999	1998
Cash flow from operations			
Operating profit	+	1,072	1,971
Adjustments:			
Depreciation according to plan	+	1,453	763
Unrealized foreign exchange gains and losses	-/+	-546	48
Financial income and expenses	-/+	84	-200
Other adjustments	-/+	-46	122
Cash flow before change in working capital		2,017	2,704
Change in working capital:			
Current non-interest bearing accounts receivable, increase (-), decrease (+)	-/+	-9,434	-4,694
Inventories, increase (-), decrease (+)	-/+	-7,164	-1,430
Advances received, increase (+), decrease (-)	-/+	1,846	-523
Short-term non-interest bearing liabilities, increase (+), decrease (-)	-/+	3,326	1,135
Cash flow from operations before financial items and taxes		-11,426	-5,512
Direct taxes paid	-	-723	-96
Cash flow before extraordinary items		-723	-96
Cash flow from operations (A)		-10,132	-2,904
Cash flow into and from investments:			
Investments in tangible and intangible assets	-	-13,501	-893
Investments in subsidiaries	-	-1,333	
Cash flow into and from investments (B)		-14,834	-893
Financial cash flow:			
Rights issues	+	17,941	6,713
Drawdowns of short-term loans	+	7,373	
Repayments of short-term loans	-	-149	-15
Drawdowns of long-term loans	+		117
Repayments of long-term loans	-	-394	
Dividends paid and other distribution of profits	-	-294	-42
Financial cash flow (C)		24,477	6,774
Change in cash assets (A+B+C), increase (+), decrease (-)		-489	2,977
Cash assets at start of fiscal year		3,519	541
Cash assets at end of fiscal year		3,030	3,519
		-489	2,977

PROFIT AND LOSS ACCOUNT, PARENT COMPANY

(EUR)	1.1.1999 - 31.12.1999		1.1.1998 - 31.12.1998	
Net sales	34,464,122.26	100.0 %	20,719,327.86	100.0 %
Increase (+) or decrease (-) in inventories of finished goods and in work in process	4,131,186.35		- 617,423.44	
Other operating income	112,055.82		93,672.47	
Materials and services				
Materials, equipment and supplies				
Purchases during the fiscal year	19,127,897.52		9,775,448.37	
Change in inventories of raw materials and supplies	-1,803,904.34		-1,069,901.51	
Cost of external services	7,396,793.88		1,921,292.58	
Employee costs	6,762,148.99		3,419,563.71	
Depreciation and value adjustments				
Depreciation according to plan	950,991.34		628,162.37	
Other operating expenses	5,306,886.98		3,387,313.86	
Operating profit	966,550.06	2.8 %	2,133,697.50	10.3 %
Financial income and expenses				
Income from shares in Group companies	33,637.59		14,012.86	
Other interest and financial income				
From Group companies	299,963.96		22,070.47	
From others	818,503.52		128,944.95	
Interest expenses and other financial expenses				
To Group companies			- 13,325.82	
To others	- 758,186.05		- 308,141.88	
Profit before extraordinary items, appropriations and taxes	1,360,469.08	3.9 %	1,977,258.08	9.5 %
Appropriations				
Increase (-) or decrease (+) in depreciation difference	- 86,066.48		- 87,500.89	
Income taxes	- 213,299.47		- 543,654.80	
Net profit	1,061,103.13	3.1 %	1,346,102.39	6.5 %

BALANCE SHEET, PARENT COMPANY

(EUR)	31.12.1999	31.12.1998
ASSETS		
FIXED ASSETS		
Intangible assets		
Incorporation expenditures	8,796.86	29,999.97
R&D expenses	703,110.02	293,518.37
Intangible rights	210,794.34	140,487.83
Goodwill	2,655.54	12,389.76
Other capitalized long-term expenses	284,391.34	317,466.50
R&D projects in process	507,403.97	826,864.51
	1,717,152.07	1,620,726.94
Tangible assets		
Land and water areas	284,335.14	147,702.64
Buildings and constructions	1,476,431.91	549,631.43
Machinery and equipment	1,121,516.90	530,834.04
	2,882,283.95	1,228,168.10
Investments		
Shares in Group companies	3,404,741.02	262,136.10
Other shares and participations	20,073.90	20,073.90
	3,424,814.92	282,210.01
	8,024,250.94	3,131,105.05
CURRENT ASSETS		
Inventories		
Material and supplies	2,332,885.68	1,421,872.75
Work in process	1,574,875.76	681,984.37
Production in process	5,184,360.12	936,787.73
Finished products and goods	75,581.47	191,967.51
	9,167,703.04	3,232,612.36
Receivables		
Short-term		
Accounts receivable	10,814,542.10	5,112,788.28
Receivables from Group companies	17,183,514.49	2,785,426.06
Other receivables	780,254.25	402,130.85
Prepaid expenses and accrued income	582,999.41	439,254.92
	29,361,310.25	8,739,600.11
Cash in hand and at bank	836,479.79	3,335,192.52
Assets, total	47,389,744.02	18,438,510.05

(EUR)	31.12.1999	31.12.1998
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	2,793,780.00	2,081,981.52
Share premium account	25,039,806.09	6,232,203.62
Reserve fund	211,384.16	605,182.64
Retained earnings	1,639,398.54	570,893.67
Profit for the financial period	1,061,103.13	1,346,102.39
	30,745,471.92	10,836,363.85
ACCUMULATED DEPRECIATION		
Depreciation difference	225,421.59	139,355.11
COMPULSORY RESERVES		
Other compulsory reserves	203,507.39	263,214.10
LIABILITIES		
Long-term		
Loans from financial institutions	1,187,120.84	1 468,280.60
Pension loans	445,148.37	551,380.91
Other loans	344,785.25	386,832.23
	1,977,054.46	2,406,493.74
Short-term		
Loans from financial institutions	7,111,271.45	305,261.09
Pension loans	106,232.54	106,232.54
Advances received	1,534,498.48	409,264.31
Accounts payable	3,482,040.63	1,621,113.28
Debts to Group companies	665,506.04	787,408.76
Other loans	294,881.47	164,159.14
Accrued liabilities and prepaid income	1,043,858.05	1,399,644.13
	14,238,288.66	4,793,083.25
Shareholders' equity and liabilities, total	47,389,744.02	18,438,510.05

CASH FLOW STATEMENT, PARENT COMPANY

(EUR 1,000)		1999	1998
Cash flow from operations			
Operating profit	+	967	2,134
Adjustments:			
Depreciation according to plan	+	951	628
Unrealized foreign exchange gains and losses	-/+	-546	48
Financial income and expenses	-/+	394	-108
Other adjustments	-/+	-60	174
Cash flow before change in working capital		1,706	2,875
Change in working capital:			
Current non-interest bearing accounts receivable, increase (-), decrease (+)	-/+	-8,787	-5,172
Inventories, increase (-), decrease (+)	-/+	-5,935	-452
Advances received, increase (+), decrease (-)	-/+	1,125	-523
Short-term non-interest bearing liabilities, increase (+), decrease (-)	-/+	1,514	1,190
Cash flow from operations before financial items and taxes		-12,082	-4,958
Increase in financing for subsidiaries	-	-10,958	-287
Direct taxes paid	-	-548	-183
Cash flow before extraordinary items		-11,505	-470
Cash flow from operations (A)		-21,881	-2,553
Cash flow into and from investments:			
Investments in tangible and intangible assets	-	-2,702	-1,305
Other capital expenditures	-	-1,958	-134
Repayments of loan receivables	+		12
Cash flow into and from investments (B)		-4,659	-1,427
Financial cash flow:			
Rights issues	+	17,941	6,713
Change in short-term loans	+	6,808	-15
Drawdowns of long-term loans	+		138
Repayments of long-term loans	-	-429	
Dividends paid and other distribution of profits	-	-278	-32
Financial cash flow (C)		24,042	6,804
Change in cash assets (A+B+C), increase (+), decrease (-)		-2,499	2,824
Cash assets at start of fiscal year		3,335	511
Cash assets at end of fiscal year		836	3,335
		-2,499	2,824

ACCOUNTING PRINCIPLES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the parent company and the subsidiaries which it owns directly or indirectly (over 50% of the voting rights). Subsidiaries acquired during the year are included in the consolidated accounts from the time of acquisition. The consolidated financial statements have been prepared by combining the financial statements of the parent company and the subsidiaries, whereby intra-Group receivables and liabilities, internal income and expenses and internal margins on inventories have been eliminated and the minority interest share of the net profit and shareholders' equity has been stated as a separate item.

Intra-company holdings have been eliminated according to the acquisition cost method. The difference between the purchase price and the subsidiary's shareholders' equity at the time of acquisition is stated as goodwill on consolidation and is amortized on a straight-line basis over the estimated economic lifetime of the underlying assets, i.e. over a period of 5 – 10 years.

In the consolidated financial statements, the changes in voluntary reserves and the depreciation difference in the Group companies' financial statements have been divided between the change in the imputed deferred tax liability and the net profit for the fiscal year. In the consolidated balance sheet, accrued appropriations have been divided into imputed deferred tax liabilities and non-restricted equity.

NET SALES

Indirect taxes, discounts granted, the expenses of customer claims and foreign exchange differences on sales are deducted from gross revenue. Sales freight charges and other sales and delivery expenses, commissions on sales as well as credit losses have been treated as operating expenses in the income statement. Sold projects are recorded as revenue by shipment.

OTHER OPERATING INCOME

Items in other operating income include gains on the sale of fixed assets depreciated according to plan, subsidies received and other income that is not connected with the actual sale of goods and

services. Losses on the sale of fixed assets are entered in Other expenses.

TAXES

Direct taxes are recorded on an accrual basis. Furthermore, the imputed taxes resulting from periodization differences between the accounting records and taxation calculations are entered in the consolidated financial statements.

Imputed taxes were entered in the consolidated financial statements for the first time in 1998, and the imputed taxes arising prior to this date were entered in extraordinary items.

TRANSACTIONS IN FOREIGN CURRENCY

In the balance sheet, accounts receivable and liabilities denominated in foreign currency have been valued at the average rate quoted by the European Central Bank on the balance sheet date. Transactions denominated in foreign currency are booked at the exchange rate on the date of the transaction.

Foreign exchange differences arising from derivative contracts taken out to hedge the cash flow from sales revenues are entered in net sales, and foreign exchange differences arising from the hedging of foreign currency-denominated items in the balance sheet are booked to financial income and expenses.

PENSION ARRANGEMENTS

The pension security of the personnel employed by the Group's companies in Finland is handled through separate pension insurance companies. The pension insurance contributions are periodized to correspond to the accrual-based wages and salaries on the balance sheet date.

The pension arrangements of international subsidiaries are handled according to the local practice.

LEASING

Leasing payments are treated as rental expenses. Unpaid leasing installments are stated as a leasing liability in the Notes to the financial statements.

FIXED ASSETS AND DEPRECIATION

The balance sheet values of fixed assets are based on the original acquisition values less the annual depreciation according to plan. The depreciation according to plan consists of straight-line depreciation that is calculated on the basis of the estimated economic life of the assets:

Goodwill	15 years
Capitalized product development expenses	3 – 5 years
Immaterial rights	5 years
Other long-term capitalized expenditure	3 – 10 years
Buildings and structures	25 years
Machinery and equipment	4 – 7 years
Vessels	15 years

The depreciation period of fixed asset investments made during the fiscal year begins from the first of the month following the month when the acquisition or purchase was made. No depreciation is booked on work in progress.

The acquisition cost of a completely separate business is allocated to the different balance sheet items of the business acquired in accordance with their going values and the portion of the purchase price in excess of this amount is stated as goodwill.

Since 1997, capitalized product development expenditure is amortized over three years, and prior to this date, over five years.

INVENTORIES

Inventories are stated in the balance sheet on the FIFO principle in accordance with the variable expenses of purchasing or manufacturing them or their probable market value, whichever is lower.

OBLIGATORY RESERVES

Foreseeable expenses, which are no longer estimated to generate corresponding income, are stated as expenses in the income statement and entered in accrued liabilities and prepaid income in the balance sheet. Obligatory reserves comprise the warranty and refitting reserves for goods and services sold as well as any known possible losses on work in progress.

NOTES TO FINANCIAL STATEMENTS

NOTES TO THE PROFIT AND LOSS ACCOUNTS

NET SALES BY MARKET AREA (EUR 1,000)

		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
Finland	19%	7,689	3,829	6,718	3,413
Other Nordic countries	23%	9,595	5,362	9,788	5,343
Europe	28%	11,471	7,702	10,316	7,704
America	29%	11,531	4,645	7,642	4,259
Asia	1%	330			
Total		40,616	21,539	34,464	20,719

DEPRECIATION BY BALANCE SHEET GROUP (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Incorporation expenditure	28	28	21	28
R&D expenditures	530	316	530	322
Intangible rights	50	34	50	34
Goodwill	198	12	9	12
Goodwill on consolidation	95	74		
Other long-term expenditures	140	96	136	96
Buildings and structures	38	23	25	23
Machinery and equipment	374	180	180	113
Total	1,453	763	951	628

CHANGE IN OBLIGATORY RESERVES (EUR 1,000)

Declared profit provision	(+)increase/(-)decrease	-142	174	-142	174
Warranty provision	(+)increase/(-)decrease	97		82	

SHARE AND INTEREST INCOME AND INTEREST EXPENSES (EUR 1,000)

Income from holdings in other companies					
From Group companies			34	14	
Income from holdings in other companies, total			34	14	
Interest income					
From Group companies			300	22	
From others	130	70	125	69	
Interest income, total	130	70	425	91	
Interest expenses					
To Group companies				13	
To others	374	192	368	172	
Interest expenses, total	374	192	368	185	

EXTRAORDINARY ITEMS

The extraordinary income in the 1998 income statement, EUR 84,000, derives from the portion of the change in the imputed tax claim for the previous fiscal year.

NOTES CONCERNING THE PERSONNEL, MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO

PERSONNEL

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Average personnel				
Average				
salaried employees	171	86	121	67
workers	94	65	63	41
	265	151	184	108
At year end				
salaried employees	264	102	167	82
workers	128	69	74	45
	392	171	241	127

PERSONNEL EXPENSES (EUR 1,000)

Wages, salaries	9,142	4,288	5,905	3,046
Pension expenses	1,073	627	860	538
Other personnel expenses	912	337	466	263
Personnel expenses, total	11,127	5,253	7,231	3,847
Personnel expenses capitalized in R&D expenses	469	428	469	428

EXECUTIVE BODIES

Salaries of the president and his deputies	803	379	197	157
Emoluments paid to Board members	29		29	

The president of the parent company can elect to retire at the age of 55.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE ASSET ITEMS IN THE BALANCE SHEET

CAPITALIZED INCORPORATION EXPENDITURES

The incorporation expenditures are the capitalized expenditures for establishing the subsidiary in the U.S.A.

CAPITALIZED R&D EXPENSES (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Increase in capitalized R&D expenses	620	511	620	511

Intensive development of final assembly products continued during the fiscal year. Product development outlays were for the development of the new HiSAC 1502 and HiSAC 500 production cells as well as peripherals. In line with the growth in the capacity of production lines, the development of data acquisition systems was emphasized. The capitalization of R&D expenditures as of the 1998 fiscal year complies with the provisions of Chapter 5 of the Accounting Act (Section 8, Subsection 2).

RECEIVABLES FROM GROUP COMPANIES (EUR 1,000)

	PARENT COMPANY	
	1999	1998
Sales receivables	5.541	2.495
Loan receivables	11.643	290
Total	17.184	2.785

PREPAID EXPENSES AND ACCRUED INCOME (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Contributions	206	346	206	346
Income tax claim	334		334	
Other prepaid expenses and accrued income	357	130	43	94
Total	897	476	583	439

CHANGES IN FIXED ASSETS (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
INTANGIBLE GOODS				
Acquisition cost at start of fiscal year				
Incorporation expenditure	90	90	83	83
R&D expenses	2,254	1,743	2,274	1,763
Intangible rights	258	167	250	167
Goodwill	118	118	118	118
Other long-term expenses	475	209	467	209
Goodwill on consolidation	183	12		
Increases				
Incorporation expenditure	2	0	0	0
R&D expenses	620	511	620	511
Intangible rights	130	91	121	83
Goodwill	9,721			
Other long-term expenses	126	266	102	258
Goodwill on consolidation	2,084	171		
Accumulated depreciation at start of fiscal year				
Incorporation expenditure	54	26	53	25
R&D expenses	1,134	818	1,154	831
Intangible rights	110	75	110	75
Goodwill	105	94	106	94
Other long-term expenses	149	54	149	54
Goodwill on consolidation	74	1		
Depreciation for the period				
Incorporation expenditure	28	28	21	28
R&D expenses	530	315	530	323
Intangible rights	50	34	50	34
Goodwill	198	12	9	12
Other long-term expenses	140	96	136	96
Goodwill on consolidation	95	73		
Carrying value at end of fiscal year				
Incorporation expenditure	9	36	9	30
R&D expenses*	1,210	1,120	1,210	1,120
Intangible rights	227	148	211	140
Goodwill	9,536	12	3	12
Other long-term expenses	313	325	284	317
Goodwill on consolidation	2,098	109		
*) includes R&D expenses in process				
	507	827	507	827

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
TANGIBLE GOODS				
Acquisition cost at start of fiscal year				
Land and water areas	148	148	148	148
Buildings and constructions	588	555	588	555
Machinery and equipment	1,611	1,070	1,242	963
Increases				
Land and water areas	136	0	136	0
Buildings and constructions*	1,433	33	951	33
Machinery and equipment	2,556	664	819	393
Decreases				
Machinery and equipment	275	123	82	114
Accumulated depreciation at start of fiscal year				
Buildings and constructions	44	15	38	15
Machinery and equipment	1,371	662	677	644
Accumulated depreciation on increases				
Buildings and constructions				
Machinery and equipment	-67	49	0	46
Depreciation for the period				
Buildings and constructions	38	23	25	23
Machinery and equipment	374	181	180	113
Carrying value at end of fiscal year				
Land and water areas	284	148	284	148
Buildings and constructions	1,940	550	1,476	550
Machinery and equipment	2,080	818	1,122	531

* EUR 145 000 in goodwill arising from the purchase of the real-estate management company Kiinteistö Oy Salon Ratakatu 10 has been included in increases in buildings and constructions in 1999.

NOTES TO THE LIABILITY ITEMS IN THE BALANCE SHEET

SHAREHOLDERS' EQUITY (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Changes in shareholders' equity				
Share capital at start of the fiscal year	2,082	549	2,082	549
Decrease in share capital		-23		-23
Bonus issue	394	1,052	394	1,052
Directed share issues	318	505	318	505
Share capital at end of the fiscal year	2,794	2,082	2,794	2,082
Share premium fund at start of fiscal year	6,232		6,232	
Decrease in share capital		23		23
Premiums on directed share issues	18,808	6,210	18,808	6,210
Share premium fund at end of fiscal year	25,040	6,232	25,040	6,232
Reserve fund at start of fiscal year	605	1,657	605	1,657
Transfer to share capital	-394	-1,052	-394	-1,052
Reserve fund at end of fiscal year	211	605	211	605
Retained earnings at start of fiscal year	1,783	501	1,917	602
Dividend paid	-294	-38	-278	-32
Translation difference	-46	-6		
Net profit	964	1,326	1,061	1,346
Retained earnings at end of fiscal year	2,407	1,783	2,700	1,917
Shareholders' equity, total	30,454	10,702	30,745	10,836

The EUR 621 500 of expenses arising from arranging the 1999 directed retail and institutional offering has been subtracted from the amount to be entered in the share premium fund.

OBLIGATORY PROVISIONS (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Declared profits provision	86	228	86	228
Warranty provision	132	35	118	35
Total	218	263	204	263

LONG-TERM LIABILITIES (EUR 1,000)

Long-term liabilities include items falling due in five years or more

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Loans from financial institutions	99	198	99	198
Pension loans	20	126	20	126
Other long-term liabilities	177	219	177	219
Total	296	543	296	543

NOTES TO THE FINANCIAL STATEMENTS

DEBTS TO GROUP COMPANIES (EUR 1,000)

	PARENT COMPANY	
	1999	1998
Accounts payable	666	787
Total	666	787

ACCRUED LIABILITIES AND PREPAID INCOME (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Accrued interest	14	13	14	13
Periodization of personnel expenses	964	564	777	301
Income tax liability	348	397		360
Commissions	150	198	150	198
Other accrued liabilities and prepaid income	824	1,152	103	527
Accrued liabilities and prepaid income, total	2,300	2,325	1,044	1,400

CONTINGENT LIABILITIES (EUR 1,000)

Pension loans	551	658	551	658
Corporate mortgages granted	235	235	235	235
Real-estate mortgages granted	101	185	101	185
Loans from financial institutions	8,431	1,774	8,299	1,774
Corporate mortgages granted	2,540	1,329	2,456	1,329
Real-estate mortgages granted	320	67	151	67
Other loans	489	429	387	429
Real-estate mortgages granted	505	505	505	505
Bank guarantee facility used	552	735	552	678
Real-estate mortgages granted	185	185	185	185
Given as collateral				
Corporate mortgages, total	2,775	1,564	2,691	1,564
Real-estate mortgages, total	1,111	942	942	942
Other contingent liabilities				
On behalf of Group companies	833	0	833	0
Leasing commitments				
Falling due next year	10	11	2	4
Falling due later	5	15	1	4

In accordance with the terms of the agreement in question, during the 1998 fiscal year, the company exercised its option to redeem machinery during the lease period.

LIABILITIES RESULTING FROM DERIVATIVE CONTRACTS (EUR 1,000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Forward exchange contracts	2,964	2,142	2,964	2,142

Forward exchange contracts taken out to hedge the foreign exchange risks of the parent company's sales receivables have been valued at the exchange rate on the balance sheet date and exchange rate differences have been entered in accrued liabilities and prepaid income. The gross amounts of the forward exchange contracts are given in the Notes to the balance sheet.

OTHER NOTES

HOLDINGS IN GROUP COMPANIES

	Domicile	Parent company's holding	Group's holding
MECRA tekniikka Oy	Lohja	60.0%	
PMJ Cencorp LLC	Longmont, USA		100.0%
PMJ automec Deutschland GmbH	Kaiserslautern, Germany	100.0%	
PMJ automec France S.A.R.L.	Marne la Vallee, France	99.0%	100.0%
PMJ automec Sweden AB	Sollentuna, Sweden	100.0%	
PMJ automec (UK) Ltd.	Hartford, UK	100.0%	
PMJ automec USA, Inc.	Dallas, USA	100.0%	
PMJ testline Oy	Lohja	100.0%	
PMJ test solutions Oy	Salo	100.0%	
Kiinteistö Oy Salon Ratakatu 10	Salo	100.0%	

IMPUTED TAX ASSETS AND DEFERRED TAX LIABILITIES (EUR 1,000)

	GROUP	
	1999	1998
Imputed tax assets		
Consolidation and other differences	630	336
Imputed deferred tax liabilities		
Periodization differences	148	51

ACCUMULATED DEPRECIATION DIFFERENCES ENTERED IN SHAREHOLDERS' EQUITY (EUR 1,000)

	GROUP	
	1999	1998
Share	225	132

STOCK OPTIONS

The company's Annual General Meeting held on April 28, 1998, passed a resolution authorizing the Board of Directors to arrange for the company's management and other personnel a stock option program that will function as part of the Group's incentive scheme. A total maximum amount of 1,200,000 of the company's shares can be issued within the framework of the stock option program. The options will be distributed without consideration, but they are tied to the continuity of the employment relationship. Each option entitles its holder to subscribe for one share at a subscription price of approximately EUR 1.12. The stock options entitle their holders to subscribe for shares in stages over three years: with warrant A, the subscription for shares will commence on May 1, 2000, the maximum amount of the subscriptions being for 360,000 shares, with warrant B, the subscription for shares will commence on May 1, 2001, the maximum amount of the subscriptions being for 360,000 shares, with warrant C, the subscription for shares will commence on May 1, 2002, the maximum amount of the subscriptions being for 480,000 shares. The subscription period for the shares will end on December 31, 2003 for all stock options. On the basis of the stock options, the share capital can be increased by a maximum of EUR 120,000, representing about 4.3% of the company's share capital. The General Meeting of shareholders held on March 23, 1999, passed a resolution to grant directed option rights to the members of the Boards of Directors of the Group's parent company and Group companies and to key employees belonging to management and to personnel as part of PMJ automec Corporation's incentive scheme. The stock options to be granted will entitle their holders to subscribe for a maximum of 600,000 of the company's shares. The stock options will be granted without consideration and each option entitles its holder to subscribe for one share at a subscription price of approximately EUR 3.08. The stock options entitle their holders to subscribe for shares in stages over three years: with warrant A, the subscription for shares will commence on May 1, 2001, the maximum amount of the subscriptions being for 180,000 shares, with warrant B, the subscription for shares will commence on May 1, 2002, the maximum amount of the subscriptions being for 180,000 shares, with warrant C, the subscription for shares will commence on May 1, 2003, the maximum amount of the subscriptions being for 240,000 shares. The subscription period for the shares will end on December 31, 2004 for all stock options. On the basis of the stock options, the share capital can be increased by a maximum of EUR 60,000, representing about 2.1 % of the company's share capital. The company's Board of Directors has distributed the stock options on the basis of its authorization. The Group's subsidiary PMJ testline Oy has subscribed, without consideration, for 255,600 of the 1998 stock options and 22,200 of the 1999 stock options. They are temporarily in the company's possession and will be transferred in the future to persons in the employ of PMJ automec Corporation or its subsidiaries in a manner to be decided later by PMJ automec Corporation's Board of Directors.

GROUP KEY FIGURES

	1999 12 months	1998 12 months	1997 12 months	1995-96 14 months	1994-95 12 months
Net sales, EUR 1,000	40,616	21,539	11,972	10,386	8,585
Operating profit/loss, EUR 1,000	1,072	1,971	756	880	1,355
% of net sales	2.6	9.1	6.3	8.5	15.8
Profit before extraordinary items, provisions and taxes, EUR 1,000	1,156	1,771	402	625	1,253
% of net sales	2.8	8.2	3.4	6.0	14.6
Profit before provisions and taxes, EUR 1,000	1,156	1,853	402	625	1,253
% of net sales	2.8	8.6	3.4	6.0	14.6
Return on equity (ROE), %	4.8	19.1	10.1	28.3	161.6
Return on investment (ROI), %	7.2	20.9	16.8	36.1	87.6
Equity ratio, %	63.8	59.1	35.5	40.3	26.6
Gearing ratio, %	20.6	-5.5	91.1	52.9	87.6
Non-interest bearing liabilities, EUR 1,000	10,300	4,771	2,897	2,233	2,488
Gross capital expenditures on fixed assets, EUR 1,000	16,807	1,747	1,470	1,020	455
% of net sales	41.4	8.1	12.3	9.8	5.3
Research and development expenses, EUR 1,000	1,839	1,234	688	638	339
% of nets sales	4.5	5.7	5.7	6.1	4.0
Order backlog, millions EUR	10.1	7.6	4.1	2.0	3.2
Personnel (average)	265	151	97	80	50
Earnings per share, EUR	0.04	0.05	0.01	0.04 *	0.32
Equity per share, EUR	1.09	0.43	0.15	0.12	0.35
Dividend per share, EUR	0.01 **	0.01	0.00	0.01	0.03
Dividend per earnings, %	27.3	20.4	18.0	13.8	10.5
Effective dividend yield, %	0.1	0.4			
P/E ratio	318.7	57.8			
Adjusted average number of shares during the fiscal year	25,203,773	22,653,690	18,172,800	9,984,600	2,940,300
Adjusted number of shares at the end of the fiscal year	27,937,800	24,757,800	18,757,800	16,579,800	2,400,300
Average number of shares during the year, adjusted for share issues and diluted for the effect of stock options.	26,317,575	23,170,954			

*) The profit for the fiscal year has been calculated on a 12-month basis

***) Board of Directors' proposal

DEFINITIONS ON FINANCIAL RATIOS

Return on equity (ROE), %:

$$\frac{\text{Profit/loss before extraordinary items - direct taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

Return on investment (ROI), %:

$$\frac{\text{Profit/loss before extraordinary items + interest expense and other financial expenses}}{\text{Total assets - non-interest bearing liabilities (average)}} \times 100$$

Equity ratio (%):

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Total assets - advance payments received}} \times 100$$

Net gearing ratio (%):

$$\frac{\text{Interest bearing liabilities - cash in hand and at banks and securities held as current assets}}{\text{Shareholders' equity + minority interest}} \times 100$$

Earnings/share (EPS):

$$\frac{\text{Profit before extraordinary items +/- minority interest of the profit for the fiscal year - direct taxes}}{\text{Adjusted number of shares at the end of the fiscal year (average)}}$$

Shareholders' equity/share:

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the fiscal year}}$$

Dividend/share:

$$\frac{\text{Dividend for the year}}{\text{Adjusted number of shares at the end of the fiscal year}}$$

Dividend per earnings, %

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

Effective dividend yield (%):

$$\frac{\text{Dividend per share}}{\text{Average share price on Dec. 31, 1999}} \times 100$$

Price/earnings ratio (P/E):

$$\frac{\text{Average share price on Dec. 31, 1999}}{\text{Earnings per share}}$$

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The Group's non-restricted and distributable shareholders' equity	2.198.000,00
The Parent company's non-restricted equity	2.691.704,80
of which the net profit is:	1.061.103,13

PMJ automec Corporation's Board of Directors proposes that the earnings be disposed of as follows:

- a dividend of EUR 0.01 per share be paid:	279.378,00
- and retained in non-restricted equity:	2.412.326,80

Virkkala, February 17, 2000

Niilo Pellonmaa Chairman	Jarmo Kanervo	Kai Karttunen
Heikki Kiesi	Turo Levänen	Markku Jokela President

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PMJ AUTOMEK CORPORATION:

We have examined the accounting records, consolidated financial statements and administration of PMJ automec Corporation for the financial year January 1–December 31, 1999. The financial statements prepared by the Board of Directors and the President include the report of the Board of Directors as well as the consolidated and parent company income statement, balance sheet and notes to the financial statements. Based on our audit, we express an opinion on these financial statements and the company's administration.

The audit has been conducted in accordance with generally accepted auditing standards. The accounting records as well as the accounting policy, content and format of the financial statements have accordingly been examined to a sufficient extent to ascertain that the financial statements do not contain material errors or deficiencies. The purpose of our audit of the company's administration has been to determine whether the Board of Directors and the President have complied with the rules and regulations of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and the other rules and regulations concerning the preparation of financial statements in Finland. The financial statements give a fair and true view, as defined in the Accounting Act, of both the consolidated and parent company result of operations as well as of the financial position. The financial statements including the consolidated financial statements can be adopted and the Board of Directors and the President of the parent company can be discharged from liability for the financial year audited by us. The proposal of the Board of Directors for dealing with the earnings is in compliance with the Finnish Companies Act.

Helsinki, March 10, 1999

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Esko Saarinen
Authorised Public Accountant

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

PMJ automec Corporation has floated a total of 27,937,800 shares having an accounting countervalue of EUR 0.10 each. In accordance with a decision taken by an extraordinary meeting of shareholders on September 23, 1999, the shares do not have a par value. Each share confers one vote at a general meeting of shareholders. According to the Articles of Association, the company shall have a minimum of 1,000,000 and a maximum of 200,000,000 shares.

According to the Articles of Association, the company's share capital shall be a minimum of EUR 1,500,000 and a maximum of EUR 6,000,000. The company's share capital, which has been fully paid in and is recorded in the Trade Register, amounted to EUR 2,793,780 on December 31, 1999.

The company's shares have been transferred to the book-entry system.

QUOTATION OF THE SHARES

PMJ automec Corporation's shares have been available for public trading since May 15, 1998, and at present they are quoted on the main list of the Helsinki Exchanges.

THE BOARD OF DIRECTORS' AUTHORIZATION TO INCREASE THE SHARE CAPITAL

On September 23, 1999, an extraordinary meeting of shareholders authorized PMJ's Board of Directors to decide on raising the share capital by means of a rights issue before

September 23, 2000. The share capital can be increased by a maximum of EUR 416,000 on the basis of the aforementioned authorization.

Of this authorization to increase the share capital, EUR 18,000 were used in a targeted share issue meant for the partial payment of the purchase price of Salon Hannu Seppälä Oy and EUR 300,000 were used in the share issue in November. Thus the unused authorization totals EUR 98,000.

SHAREHOLDERS

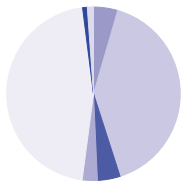
At the end of 1999, the company had 4,262 registered shareholders (1998: 771). A total of 243,228 PMJ shares were in foreign ownership (1998: 41,613), representing 0.9% of the shares, and in addition there were 6,448,695 shares (1998: 387,200), or 23.1%, in the nominee register.

MANAGEMENT'S SHAREHOLDING, DECEMBER 31, 1999

At the end of the year, the members of the company's Board of Directors owned, either directly or through companies controlled by them, a total of 8,555,900 PMJ shares (1998: 1,934,200), representing about 30.6% (1998: 46.9%) of the shares and voting rights.

The members of the Board of Directors have a total of 300,000 stock options under the company's incentive scheme. Subscription rights are distributed from May 1, 2000, to December 31, 2004. If all the stock options are exercised, then the shares subscribed for on the

TYPE OF SHAREHOLDERS 31.12.1999



- Corporations 4.5 %
- Financial and insurance institutions 40.5 %
- Public organisations 4.2 %
- Non-profit organisations 2.8 %
- Householdes 45.9 %
- Foreign 0.9 %
- Pending list 1.1 %

basis of the stock options will represent about 1.06% of the company's shares outstanding after the subscription.

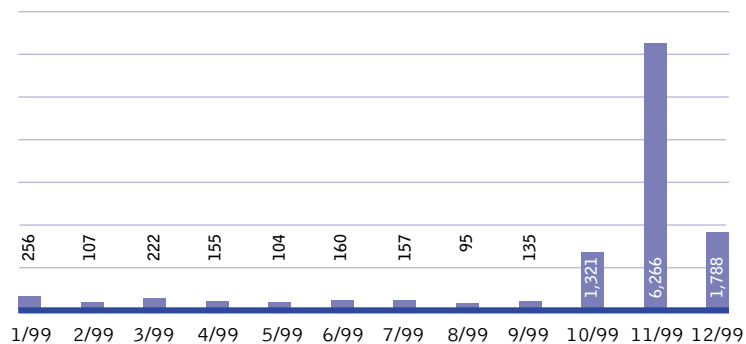
TREND IN SHARE PRICES AND SHARE TURNOVER

The price of the company's shares, adjusted for the share issue, ranged from EUR 2.60 to EUR 11.70 during 1999, with an average price of EUR 5.05. The shares were traded briskly and

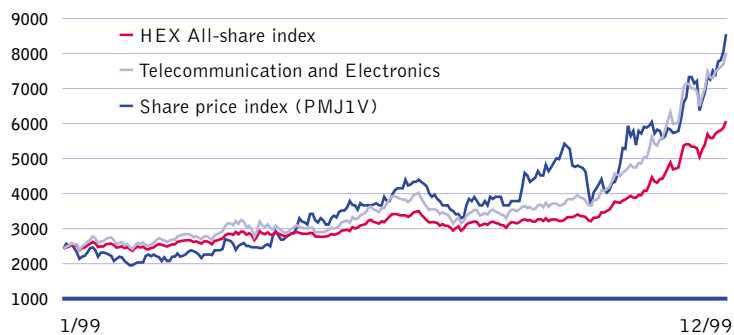
issue-adjusted share turnover amounted to a total of 17,658,033 shares during the fiscal year (1998: 1,774,355), representing 70.06% (1998: 43.0%) of the shares outstanding. The company's 1:6 stock split, registered on September 30, 1999, has been accounted for in both the share prices and turnover.

The company's market capitalization at the end of the fiscal year was EUR 326 million (1998: EUR 81 million).

DEVELOPMENT OF TOTAL TURNOVER (IN THOUSANDS)



SHARE PRICE DEVELOPMENT



PRINCIPAL SHAREHOLDERS 31. DECEMBER 1999

Owners	Shares, No.	% of shares
Jokela, Markku	8 108 100	29.02
Trust Fund Leonia Share	746 900	2.67
FIM Forte Trust Fund	663 000	2.37
The Finnish National Fund for Research and Development	406 000	1.45
Korhonen, Raimo	340 000	1.22
Jokela, Pirjo	296 000	1.06
Jokela, Joni	296 000	1.06
Leonia Small Cap Fund	286 700	1.03
Leonia Technology Equity Fund	284 800	1.02
Varma-Sampo	229 800	0.82
Nominee-registered	6 448 695	23.08
Others	9 831 805	35.20
Total	27 937 800	100.00


TYPE OF SHAREHOLDERS 31. DECEMBER 1999

	Number of shares	%
Corporations	1 259 530	4.51
Financial and insurance institutions	11 324 596	40.54
Public organisations	1 182 387	4.23
Non-profit organisations	785 300	2.81
Householdes	12 825 059	45.90
Foreign	243 228	0.87
Pending list	317 700	1.14
Total	27 937 800	100.00

OWNERSHIP STRUCTURE ON 31. DECEMBER 1999

	Shareholders,		Shares-/voting rights	
	No.	%	No.	%
1 - 99 999	4 228	99.21	6 285 769	22.50
100 000 - 199 999	17	0.40	2 328 820	8.34
200 000 - 299 999	10	0.23	2 465 000	8.82
300 000 - 399 999	1	0.02	340 000	1.22
400 000 - 499 999	2	0.05	861 800	3.08
500 000 - 999 999 999 999	4	0.09	15 338 711	54.90
Pending List			317 700	1.14
Total	4 262	100.00	27 937 800	100.00

EVENTS AFTER THE CLOSING OF ACCOUNTS AND CORPORATE GOVERNANCE



JARMO KANERVO



TURO LEVÄNEN

EVENTS AFTER THE CLOSING OF ACCOUNTS

In January, PMJ signed a preliminary agreement on the delivery of two depaneling and testing lines to its telecommunications customer in France. In January, PMJ also received a large order for the delivery of a telecommunications component manufacturing line to a contract manufacturer in Scotland. In addition, PMJ has received orders for the delivery of odd-form PCB assembly and depaneling cells to the United States. The orders received and preliminary agreements made in January have a total value of EUR 4.1 million. In February, PMJ received an important repeat order for the delivery of final assembly lines to a Finnish customer. Also in February, PMJ signed a major agreement with a Swedish company concerning the delivery of three production lines valued at SEK 21 million.

In accordance with the announcement of intent made on Monday, February 21, 2000, the Boards of Directors of PMJ and JOT Automation Group Oyj will propose to their Annual General Meetings, which will be held on April 12, 2000, that the two companies be merged effective September 29, 2000. The combined turnover of the merging companies would have been about EUR 140 million at the end of the fiscal year now ended, and its operating profit would have been about EUR 17.3 million. The companies have a total payroll of about 1000 employees.

CORPORATE GOVERNANCE

The Annual General Meeting of PMJ automec Corporation elects the company's Board of Directors to exercise corporate governance and to attend to the due organization of operations. The Board of Directors can have from three to six members. The present Board of Directors has six members who collectively have broad experience in different fields of business. The Board of Directors elects from among its numbers a chairman and a vice chairman.

The president is a member of the Board of Directors who is elected by the Board to supervise its activities. The Board of Directors approves the incentive schemes for the company's management and key personnel, and oversees that the system of rewards promotes the company's objectives.

For purposes of risk management, PMJ automec Corporation drafts comprehensive Corporate Governance standing rules that define how authority and responsibility are divided within the Group. Among other things, the standing rules set forth the company's ethical guidelines, the regulations defining the authority of the Board of Directors and senior executives, guidelines covering innovations during employment and the company's strategy concerning intellectual property rights. The standing rules will be introduced step by step throughout the Group during 2000.



MARKKU JOKELA

KAI KARTTUNEN

HEIKKI KIESI

NIILO PELLONMAA

PMJ'S BOARD OF DIRECTORS

NIILO PELLONMAA, B. 1941. CHAIRMAN 1999-

B.Sc. (Econ.) Chairman of the Board of Directors of PMJ automec Corporation and Rocla, Plc, member of the Board of Directors of Asko Plc, Jaakko Pöyry Group Plc., Finvest Plc. Kemira Oyj, and Menire Plc. Mr. Pellonmaa was previously the CEO of Jaakko Pöyry Group Plc., Finvest Plc. and Veitsiluoto Plc. and a member of the Executive Board of Union Bank of Finland Ltd. as well as CFO, Enso-Gutzeit Oy.

HEIKKI KIESI , B. 1953. VICE CHAIRMAN 1994-

Licentiate in Laws, Senior Lawyer, founded Kiesi Juridia Oy in 1990. Mr. Kiesi previously worked as the head of Kaukomarkkinat Oy's Legal Department, as a member of the Kaukomarkkinat Oy Legal Affairs staff and as a member of the Legal Affairs staff of Ekono Oy.

MARKKU JOKELA, B. 1957, BOARD MEMBER 1989-

B.Sc. (Eng.), President of PMJ automec Corporation. Mr. Jokela has previously worked as a factory manager at Metalex Oy's facility in Espoo, a production manager at Nokia's PCB factory, as a project manager at Oy Aga Ab, and as a production manager and project manager at Kalmeri Ab.

JARMO KANERVO, B. 1954, BOARD MEMBER 1994-

M.Sc. (Econ.), Executive Vice President of PMJ automec Corporation and the President's deputy. Mr. Kanervo previously worked as a controller at the Cultor Group, the Amer Group and Mölnlycke, as the CFO of the Evox-Rifa Group, the Metalex Group and the Lundia Group, and as the IT Manager of Oy Gustav Paulig Ab.

KAI KARTTUNEN, B. 1961, BOARD MEMBER 1999-

MBA, President of Evli Corporate Finance Ltd and Chairman of the Board of Directors of Stonesoft Corporation. Mr. Karttunen has previously worked as a Director at Credit Suisse First Boston Ltd, and prior to that at Wasserstein Perella Inc. and Goldman Sachs International Ltd.

TURO LEVÄNEN, B. 1960, BOARD MEMBER 1994-

M.Sc. (Eng.), MBA, President of Proventure Oy. Mr. Levänen has previously worked as a director of Finnish Industrial Investment Ltd, as the managing director at Fimet Oy and as project director at SITRA, the Finnish National Fund for Research and Development.

MANAGEMENT GROUP

The Management Group comprises the President and Executive Vice President as well as five other members: Pasi Berggren, Petri Ilkka, Kim Karvinen, Guy Nordström and Jouni Suutarinen.

MARKKU JOKELA, B. 1957, B.SC. (ENG.), PRESIDENT

President of PMJ automec. Mr Jokela has previously worked as a factory manager at Metalex Oy's facility in Espoo, a production manager at Nokia's PCB factory, as a project manager at Oy Aga Ab, and as a production manager and project manager at Kalmeri Ab.

JARMO KANERVO, B. 1954, M.SC. (ECON.), EXECUTIVE VICE PRESIDENT, FINANCE AND IR

Executive Vice President of PMJ automec and the President's deputy. Mr Kanervo previously worked as a controller at the Cultor Group, the Amer Group and Mölnlycke, as the CFO of the Evox-Rifa Group, the Metalex Group and the Lundia Group, and as the IT Manager of Oy Gustav Paulig Ab.

PASI BERGGREN, B. 1971, STUDENT (TECH.), QUALITY MANAGER

Quality Manager of PMJ automec. Previously Mr Berggren was service manager for PMJ automec USA Inc.

PETRI ILKKA, B. 1967, M.SC. (ENG.), PRODUCTION DIRECTOR

Production Director of PMJ automec. Mr Ilkka has previously worked for 6 years as production director of the contract manufacturer Kyrel Oy. Prior to this he has worked in various electronics design positions with companies including Pikotech and Neon Tekniikka.

KIM KARVINEN, B. 1952, M.SC. (ECON.), DIRECTOR, BUSINESS DEVELOPMENT

Business Development Director of PMJ automec. Mr Karvinen's previous positions have included process and technology director for Partek Group, CFO for Sisu Corporation and various high level positions within Kone Corporation for 13 years.

GUY NORDSTRÖM, B. 1952, STUDENT (TECH.), CUSTOMER SERVICE DIRECTOR

Customer Service Director of PMJ automec. Before joining PMJ, Mr Nordström was employed in teaching positions, including Mellersta Nylands Yrkeskolan (Central Uusimaa Vocational School).

JOUNI SUUTARINEN, B. 1968, M.SC. (ENG.), PRODUCT CREATION DIRECTOR

Product Creation Director of PMJ automec. Previously Mr Suutarinen worked for 2 years as a software development manager at Aliko Automation Oy and for 5 years as a product Development Engineer engaged in programming and automation projects for Microteam Oy.

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