

Helvar Merca Group



Annual Report 2000



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Functional Organisation 1 March 2001

Helvar Merca Group

Helvar



- Ballasts and lighting electronics

Electrosonic



- Image control products
- Image control solutions
- Service

Fastems



- Factory automation • Special machine tools
- Machine tools • Industrial robots • Scanners
- Peripherals • Service

Mercantile



- Industrial supplies
- Safety products
- Machinery and supplies for the packaging industry

Örum



- Automotive spare parts and accessories

Wulff



- Office supplies
- Computer supplies

Transkem



- Storage and handling of bulk liquid chemicals

Mercantile KSB



- Pumps
- Valves
- Service • Installation

Qualitron



- Production technology for television studios
- Video and audio production equipment and systems

Helvar Merca AS

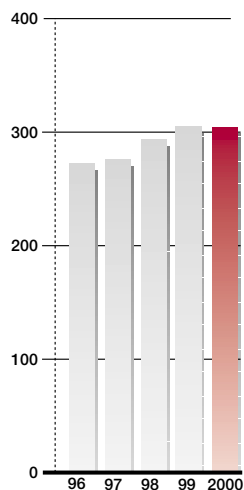


- Industrial supplies • Safety products
- Automotive spare parts and accessories
- Office and computer supplies • Pumps • Valves

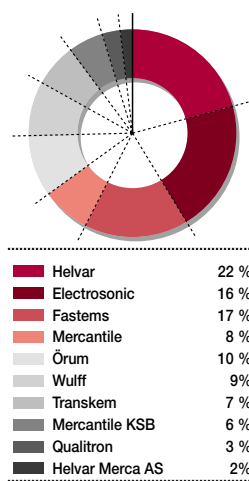
Key Figures

Helvar Merca Group	1996	1997	1998	1999	2000
Turnover, € million	273	276	290	305	323
Change over previous year, %	3.5	1.0	4.9	5.4	5.8
Operating result, € million	12	14	13	10	8
Profit after financing items, € million	9	12	11	8	7
Shareholders' equity and reserves, € million	85	90	87	90	93
Balance sheet total, € million	187	195	189	184	215
Capital employed, € million	138	144	139	127	143
Return on investment, %	8.7	10.7	9.5	8.0	6.8
Return on equity, %	10.9	14.2	11.6	9.4	7.9
Solidity, %	46	46	46	49	43
Gearing	39	36	33	25	25
Quick ratio	1.2	1.3	1.1	1.0	1.0
Gross investment, € million	11	10	8	8	25
Staff at 31 December	1,432	1,488	1,535	1,513	1,542

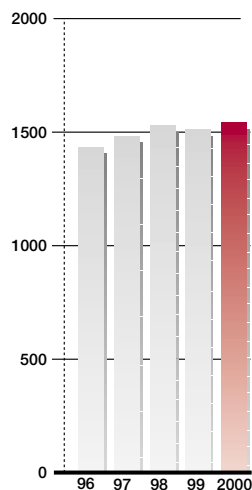
Turnover
1996 - 2000, € million



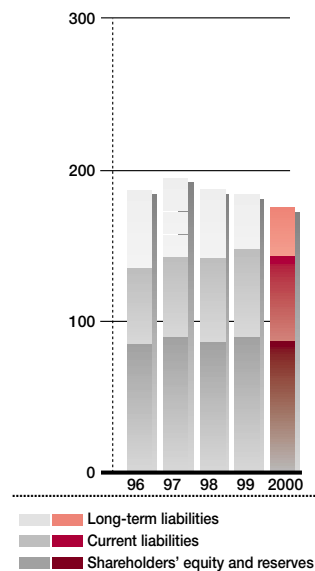
Turnover
2000, %



Staff
At 31 Dec. 1996 - 2000



Financial structure
1996 - 2000, € million





Transkem now has 30,000 m³ additional storage capacity in Mussalo Deep Harbour in Kotka, Finland.

The DIGIDIM™ product family of Helvar gives lighting control real flexibility.



Qualitron supplied the Finnish Broadcasting Company YLE with phase one of Finland's first digital broadcasting centre.



Fastems' machining centre Twin-Mill offers a solution to flexible and effective production.



Electrosonic delivered several systems to the SAPMI theatre in Karasjok, Northern Norway.

Chief Executive Officer's Report

Review of 2000

The Helvar Merca Group increased its turnover by 6% to EUR 323 million. In spite of the upturn in international trade the rise was marginally short of expectations. The main reason for this was the fire that had seriously damaged Helvar's Karkkila plant on New Year's Eve 1999. Work to rebuild the plant, which manufactures magnetic ballasts, was started immediately and by the beginning of 2001 output had already reached the same level as before the fire.

The share of turnover attributable to exports and foreign subsidiaries continued to increase and in 2000 accounted for over half the Group's turnover. Group pre-tax profits were EUR 16.3 million. Group liquidity remained good. At year end the equity to assets ratio was 43%. The number of employees in the Group totalled 1,542 on December 31, 2000.

Product development remained a high priority in the Group companies. Helvar continued working on DIGIDIM™, a product family based on digital lighting control. Electrosonic's VECTOR™ image processor further improved its already strong position in the market. New versions of VECTOR™ and its programming software, C-THROUGH™, were developed with a view to extending their use to mid-range applications. Fastems delivered the first TwinMill machining centres. TwinMill is an efficient and highly automated system that is mainly aimed at contract manufacturers. Qualitron supplied the Finnish Broadcasting Company YLE with a second fully digital outside broadcasting van and phase 1 of Finland's first digital broadcasting centre.

Major investments included the rebuilding of Helvar's Karkkila factory and the installation of new production lines for electronic ballasts in the Pitäjänmäki plant. Work on the extension to Transkem's storage facility in Mussalo Deep Harbour in Kotka was completed in July. Helvar Merca AS took

over its new premises in Tallinn in May and the official opening took place in August. Electrosonic expanded its operations to the east coast of the United States and opened new offices in Princeton, New Jersey. All of Mercantile's operations in the Helsinki area were transferred to the Hakkila assembly centre, which had been refurbished, while Mercantile's former offices at Viljatie 2 were sold to the State Real Property Agency. In addition, the premises at Vitikka 4 were sold to Varma-Sampo Mutual Pension Insurance Company.

Outlook for 2001

Group turnover is expected to rise more steeply than in 2000 and the result is also forecast to improve. A significant part of this increase in turnover will come from those Group companies that place emphasis on product development. Digital lighting control is predicted to make a market breakthrough which is expected to boost sales of Helvar's DIGIDIM™ product family. Electrosonic has a strong order book for 2001 and prospects for growth are good. With automation levels in industry continuously rising, Fastems has good business development opportunities. The company continues to focus efforts on product development and international expansion.

In 2001, the Group will be placing particular emphasis on improving asset deployment and the efficiency of the work force. The constantly fluctuating market conditions and the competitive environment mean that our employees are required to be increasingly adaptable as well as sensitive to potential changes.

I would like to take this opportunity to thank everyone in the Group for making such a concerted effort in 2000. And special thanks are due to all those who took part in the rebuilding of Helvar's Karkkila factory. May I wish you all the best of success in 2001.

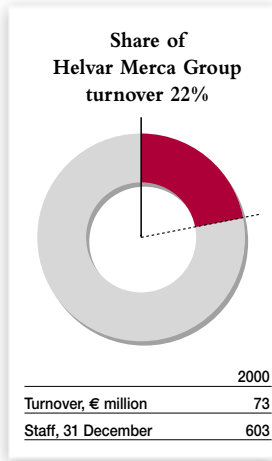


*Christian Westerlund
Chief Executive Officer*

The fire at Helvar's Karkkila plant and the subsequent rebuilding work held back production of magnetic ballasts. The price of electronic ballasts continued to fall while sales of new products did not take off as expected. Helvar's turnover fell by 4% to EUR 73 million. The result was unsatisfactory.



Kari Lounasmeri
President



Helvar specialises in ballasts and lighting electronics used by luminaire manufacturers and other customers involved in lighting. Magnetic and electronic ballasts are manufactured in Finland. Lighting control electronics such as sensors, dimmers and controls are produced in the UK.

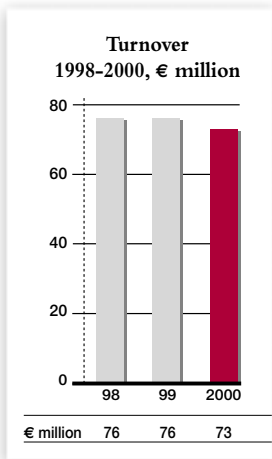
On New Year's Eve, Helvar's Karkkila factory was seriously damaged in a fire caused by fireworks. Work to rebuild the plant, which manufactures magnetic ballasts, was started immediately and production of magnetic ballasts for fluorescent lamps was restarted in February. Production of ballasts for HID lamps resumed in March. By the beginning of the new year the factory was operating at almost full capacity. Manufacture of ballasts for big HID lamps began in February 2001. In spite of the difficulties, Helvar ensured that its customers were well looked after by identifying alternative products to meet their needs. All employees of Helvar and in particular the employees at Karkkila deserve special thanks for their hard work on the rebuilding project. The reconstructed factory at Karkkila is highly automated and the most modern ballast manufacturing plant in Europe.

At the beginning of 2000, demand for electronic ballasts was higher than the production capacity available, and therefore, Helvar has invested in additional production capacity. The company has a strong position especially as a supplier of ballasts for T5 fluorescent tubes. However, the price of electronic ballasts has continued to fall while component prices have risen. These factors make it necessary for Helvar to continue its efforts to improve production efficiency.

The growth in sales of the new digital lighting control systems fell short of 1999 predictions. Promotional activity to support the launch of Helvar's digital DIGIDIM™ lighting control products continues.

On the lighting control side, customers particularly value Helvar's expertise and commitment to product development. In 2000 Helvar supplied lighting control systems to a number of sites including:

- Internet City, Dubai
- Addis Ababa airport, Ethiopia
- Explorer of the Seas, cruise liner owned by Royal Caribbean
- Fullerton Hotel, Singapore
- Star City entertainment complex, Birmingham
- Taj Hotel, Jodhpur, India
- University of Jyväskylä, Finland
- Hilton Hotel, Rome
- Corporate Headquarters of Telecom Italy, Rome
- Multisala UCI multiplex cinema, Bergamo, Italy



Outlook for 2001

The market for magnetic ballasts is expected to remain static. The Karkkila factory is operating at full capacity and output is projected to exceed the level before the fire. A further increase in demand for electronic ballasts is expected and Helvar's order stock is good. On the lighting control side, the aim is to concentrate on the Imagine, Solo and Ambience systems, all of which have secured a firm foothold in the market, as well as on DIGIDIM™, which will replace a number of discontinued products. Digital lighting control is expected to take off in 2001 thereby boosting sales of DIGIDIM™ products.



Helvar lighting control systems are ideal for large cruise liners.



The DIGIDIM™ product family gives lighting control real flexibility.



Helvar's newly reconstructed magnetic ballast factory in Karkkila is highly automated.

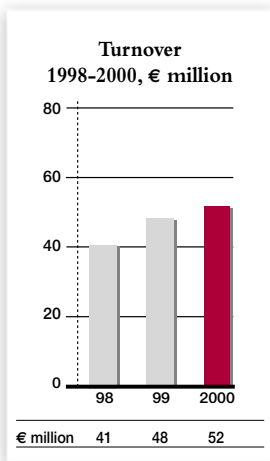
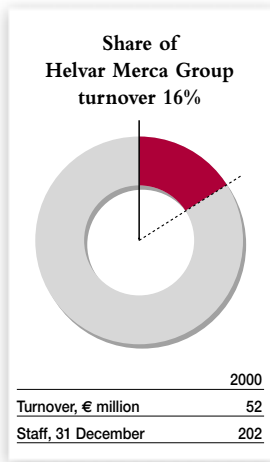


Helvar products have been installed at several branch offices of Banco do Brasil S.A.

Electrosonic continued to improve earnings performance as it focused on superior-quality systems projects. The VECTOR™ image processor further strengthened its position. The volume of sales to Europe fell slightly. Electrosonic's turnover increased, however, by 7% to EUR 52 million. The result was very good.



Kyle Carpenter
President



Electrosonic is a market leader in electronic image control. The company possesses a unique ability to manipulate, scale, combine and display video and computer graphic images from virtually any type of source device. Electrosonic is also an expert at comprehensive systems integration where the customer application requires a seamless combination of the image control element with the larger scope of an overall project.

Electrosonic's VECTOR™ image processor continued to gain momentum in the marketplace by establishing a position as a preferred product beyond traditional videowall applications. The processor's capability to simultaneously display multiple images from various computer graphic and video sources makes it suitable for corporate presentation and control rooms, and various retail and live event applications. VECTOR™ is easy to use thanks to its graphical interface and programming software, C-THROUGH™, which has become the preferred programming tool for professionals. Derivatives of VECTOR™ and C-THROUGH™ aimed at both mid-range applications and control of LED and plasma flat-panel displays were introduced in 2000. The new applications will secure the future growth of Electrosonic and safeguard its position in important emerging markets. Electrosonic also introduced a High Definition Video Server which addresses clients' needs for speciality source equipment used in video network environments or multi-site distributed applications.

Custom-engineered image control and the associated project management installation skills form the majority of Electrosonic's business. Knowledge of emerging and currently available technology is critical in assembling solutions that meet timing and budgetary requirements and allow the customer's original ideas to become reality.

Multimedia networks are an increasingly common feature of customer projects.

Some of the most notable projects during 2000 included:

- Audio-visual systems for the LIFE Interactive World, a visitor attraction in Newcastle, England
- Automatic show engineering and control for the SAPMI Magic Theatre in Norway
- Video display systems and automatic scheduling control for Opry Mills and Arundel Mills, USA
- Audio-visual systems for the new Hall of the Universe in the American Museum of Natural History in New York City
- Display systems for Infosys Technologies' new Corporate Headquarters in Bangalore, India
- VECTOR™ image processing and show control system for the China Century Monument, Beijing

Given the increasing technical complexity of systems projects, Electrosonic derives a significant proportion of its business from maintenance contracts, which are designed to guarantee maximum performance and utilisation from the systems installed.

Outlook for 2001

Following the dramatic rise in demand in Europe with the dawn of the new millennium, the number of projects has returned to more normal levels. Growth in the North American markets has remained steady and will be boosted by Electrosonic's new offices in Orlando, Florida and Princeton, New Jersey. Demand for Electrosonic's products and services is expected to rise by around 10% and the order book is healthy. The company will increase its product offering to corporate presentation rooms.



In the London Stock Exchange's City Media Centre VECTORM™ system broadcasts video, high-resolution graphics and live satellite links to anywhere in the world.



The audio-visual system in the new Hall of the Universe at the American Museum of Natural History in New York includes a high-definition VECTORM™ display.



LIFE Interactive World, a visitor attraction in Newcastle, UK, uses the latest audiovisual technology to depict the secrets of life.



The Kentucky Derby Museum in Louisville, USA, boasts the world's first 360-degree high-definition video installation, using nine Electrosonic HD video servers.

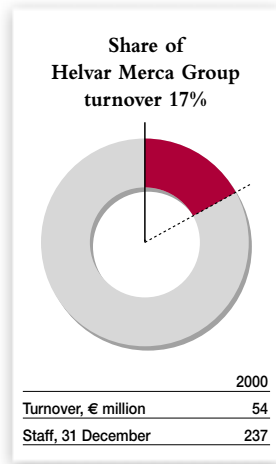


The Corporate Headquarters of Infosys Technologies in Bangalore, India has three VECTORM™ videowalls.

Fastems continued to experience strong growth both in Finland and abroad. In 2000 the company concentrated on building its corporate image and developing more customer-focused working practices. The volume of business in new markets levelled out. Fastems' turnover increased by 27% to EUR 54 million. The result was satisfactory.



Jarmo Hyvönen
President



Fastems' customer base mainly comprises manufacturing companies, particularly within the engineering industry. It supplies metal machine tools and peripherals, industrial robots, production cells and highly automated Flexible Manufacturing Systems (FMS). The company's main markets are industrialised countries in western Europe and the United States.

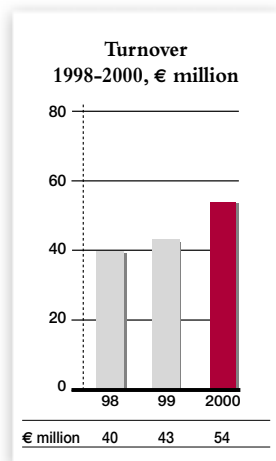
Following the reorganisation of the company in 2000, Fastems' operations have now been separated into two competence areas. The Machinery Division supplies the engineering industry with machinery and equipment. Products and systems developed by Fastems account for one third of sales with the remainder coming from imported ready-made machinery. As a result, the company is able to offer customers solutions that exactly match their specifications. Fastems is also a specialist in scanners for paper machine quality control systems, which are manufactured in cooperation with Metso Paper Automation Inc.

The Automation Division supplies customers with systems for unmanned production specifically designed to improve the customer's competitiveness. The two types of systems available are Flexible Manufacturing Systems (FMS) and systems assembled from Fanuc robotic modules. Satisfying customer needs and improving the customer's production efficiency are the starting point for the development of all Fastems products and services.

A separate Customer Service Department was established within the new organisation covering sales, marketing and maintenance. The aim is to emphasise the importance of customer-focused working practices and to strengthen customer relations. Special priority is given to the efficiency of the maintenance organisation.

During 2000 the company continued to channel substantial investment into product development. The first TwinMill machining centres were delivered to customers. TwinMill is highly automated and as such enables manufacturers to produce large volumes efficiently. Always custom-engineered, it is particularly suited to the needs of contract manufacturers.

The first delivery to the United States of a large-size FM system was made in 2000. The customer was the helicopter factory of the Sikorsky Aircraft Corporation. A number of systems were also supplied to the Componenta Group in Finland and Sweden. Contract manufacturers in the electronics industry took delivery of a wide range of fully integrated systems. The production automation requirements of certain Finnish customers' factories abroad also resulted in deliveries to new markets, Holland and Hungary.



Outlook for 2001

The outlook for 2001 is promising. The growth of automation in manufacturing will provide Fastems with good business development opportunities. Turnover is forecast to increase by around 20% mainly as a result of international expansion. The company plans to step up its operations in new markets, especially southern Europe.



The highly automated FM systems are delivered into 15 different countries.

The possibility to handle both work pieces and other product material in the same system is special know-how of Fastems.



The Fastems TwinMill concept offers a solution to flexible and effective production.

Fastems assembles effective production cells and systems from ready FANUC robotic products to meet the customers' needs.

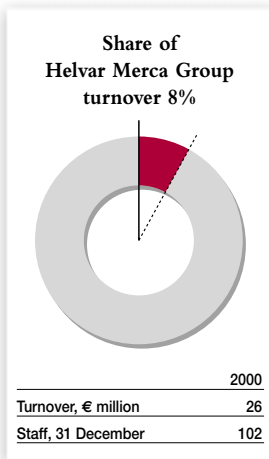


The TwinMill machines are delivered turnkey, often including fixtures and tools.



Growth in technical trade in Finland stood at 15.9%. Demand increased particularly strongly in the metal and electronics industries. Mercantile retained its market share. The comparable turnover increased and was EUR 26 million. The result was satisfactory.

Jyrki Sairo
President



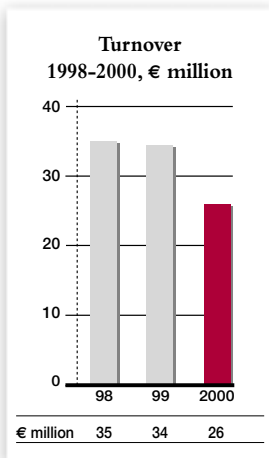
Mercantile imports and sells industrial supplies and components. Its activities span the entire logistics and service chain from its suppliers to the customer. Key customer groups include companies in the engineering, metal products, electronics, packaging and electro-mechanical industries as well as the dealers in these business segments in Finland. Safety products are sold via the Gloria Safety Center chain of authorised service outlets. The suppliers are among the leading companies in their field worldwide.

The upturn in production in the metal and electronics industries boosted demand for industrial supplies. The Industrial Supplies Department, which sells to manufacturing companies, offers a range of fastening equipment, pneumatic and hydraulic components, vacuum technology and adhesives. It also supplies customised products. The focus is on the sale of integrated service concepts and expertise. Over 60% of all sales of industrial supplies were delivered directly to customers' production facilities by the distribution service. In 2000 this service was productised in the form of the MercaPartner service concept. The concept comprises three different service levels and it is continuously developed in cooperation with customers. Also during the year, a cooperation agreement was secured with Bossard AG of Switzerland. The agreement makes it possible to expand the service concept to customers with operations in several countries and strengthens the role of Bossard AG as a supplier to Mercantile.

The turnover of the Safety Products Department increased by 10%. The investments in the Gloria Safety Center chain enabled the Gloria fire extinguishers to retain their leading position in the market in the face of tougher competition. During that year audits for certification to ISO 9002 were conducted in the Gloria Safety Centers and staff training continued.

The Packaging Industry Unit's sales figures fulfilled expectations and BASF flexo printing plates retained their substantial market share.

In the spring of 2000, all Mercantile's operations in the Helsinki area were concentrated at the Hakkila assembly centre in Vantaa which underwent modernisation. An ISO 14000 environmental audit was conducted to assess the environmental impact of the company's operations.



Outlook for 2001

Growth forecasts for the international economy were downgraded at the end of 2000. However, 2001 projections for the metal and electronics industries in Finland are optimistic owing to good export prospects. Mercantile expects a further increase in turnover in 2001 and an improvement in its result. The company will continue to develop the MercaPartner service concept and expand its product range.

Mercantile delivers fastening equipment and filters to the internationally known cranes of Bronto Skylift Oy Ab.



Mercantile's operations in the Helsinki area are now concentrated at the Hakkila centre.



The Gloria range offers a wide selection of safety products.

MercaPartner is a fully integrated service concept for the direct delivery of industrial supplies from the manufacturer to the customer's production facility.



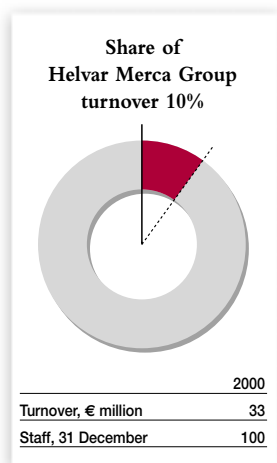
Filters are delivered directly to the factory of Sandvik Tamrock Corp. in Tampere.



Demand for automotive spare parts continued to decline in Finland. Exports to the Baltic countries and Russia increased steeply but overall development in the sector was negative. Örum retained a healthy market share. The comparable turnover remained unchanged and was EUR 33 million. The result was very good.



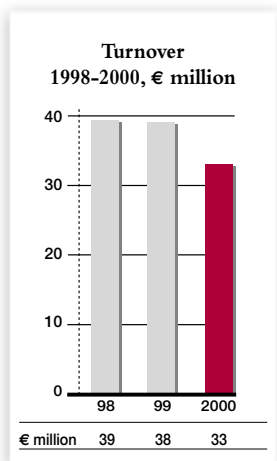
Heimo Arovaara
President



Örum specialises in the wholesale of automotive spare parts and accessories and sells its products primarily through the independent spare parts trade. Another key customer group is Finland's trailer and semi-trailer manufacturing industry. The company is based in Espoo near Helsinki. From its central warehouse covering an area of over 12,000 m² it can despatch deliveries to customers throughout Finland within 24 hours. Örum's main suppliers are major manufacturers of automotive spare parts and components.

In 2000, sales volumes in the independent spare parts trade in Finland fell by around 5%. The fall was attributable to a drop in the number of cars in the 4 - 15 year age bracket, a key customer group for the spare parts trade. The population of used cars is replaced by new cars and in 2000 a total of 134,768 new passenger cars were registered in Finland. Örum's sales in Finland follow the overall trends in the independent spare parts trade.

The level of orders in the trailer and semi-trailer manufacturing industry in Finland was lower than in the previous year, which had an impact on Örum's business. However, the Wabco air braking system succeeded in retaining its market leadership.



Örum is continuously working towards a more customer-focused business approach and expanding its product range in response to customer requirements. In 2000 the company started distributing Shell oil to customers in the independent spare parts trade. Örum also has a long-term sole distribution contract with the Belgian exhaust manufacturer, Bosal Benelux NV. In 2000, the contract was extended to include Bosal towing hooks. The Hella range of motor vehicle lights also includes a variety of spot and fog lights for different makes of car. The company's range of electrical components has been augmented with products from Siemens. At the beginning of 2001, the sales of Beta hand tools were discontinued because Örum's sales force does not cover garage customers, a key target group for this product.

Outlook for 2001

In 2001 a further reduction in sales volumes in the independent spare parts trade is forecast. Exports to the Baltic countries and Russia seem set to remain at the level reached in spring 2000 but this market area is still unstable making forecasting difficult. During 2001 Örum will arrange several extensive customer training sessions. In order to retain its market position, Örum will continue to give priority to business development and expansion of the product range.



Wabco product offering also includes an electronically steered cushioning regulator for trailers.



Hella's additional vehicle lights use Xenon technology.



The filters from Mann-Filter are among the best in the industry.

Örum's customer service is rapid and reliable.



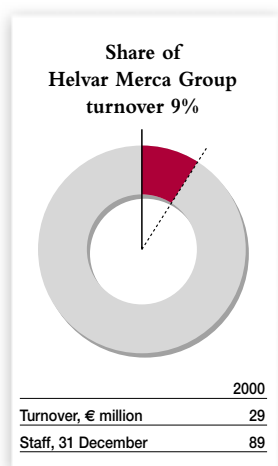
The Sachs schock absorbers and other Sachs products are an important part of Örum's offering.



Customer training is a key part of Örum's service portfolio.

In 2000 Wulff's business grew faster than the market. The company stepped up its sales efforts and improved its customer relations management. Turnover rose by 5% to EUR 29 million. The result was satisfactory.

Paavo Feirikki
President



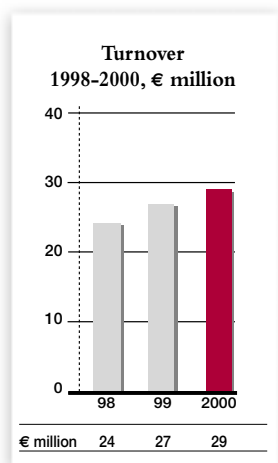
Wulff imports and sells office and computer supplies and offers a customised service, APAJA, for large and medium-sized companies. The service is designed to make the purchasing and internal distribution of office supplies trouble-free and cost-effective. The Wulff Stores in Helsinki and Turku specialise in serving the needs of small and medium-sized companies. Wulff places a high priority on long-term customer and supplier relationships.

The number of users of the company's APAJA service continued to rise. 2000 saw the adoption of a new reporting system which will make it possible to conduct comprehensive analyses of all operational factors in customer relations. This data serves as a basis for the continuous development of APAJA in cooperation with customers. The system also includes an easy solution to recycling and disposal of waste. The value of orders placed electronically in 2000 already exceeded 70% of the total order stock.

Wulff's most important retail customer is Suomalainen Kirjakauppa Oy. Wulff supplies all of the 60 book and stationary stores of Suomalainen Kirjakauppa Oy around Finland with office and computer supplies from its central warehouse in Vantaa. The company works in cooperation with the customer to find ways of continuously improving this logistics chain. One of the key objectives for the future is to make all data transfer in this customer relation electronic.

The target group for the WulffStore outlets in Helsinki and Turku consists of small and medium-sized companies. Sales volumes remained unchanged from the previous year. Both stores offer their regular customers loyalty incentives the value of which varies according to the total amount purchased.

The Lahti-based subsidiary, Torkkelin Paperi Oy, continued to grow well in excess of the growth rate for the market as a whole. The company strengthened its position as the local market leader in in-store and direct sales.



Outlook for 2001

In 2001 Wulff's sales are expected to continue to grow faster than the market. As in previous years, growth in the industry is forecast at 5% - 7%. Computer supplies will again account for most of the increase. Wulff will continue to develop its service systems and will seek to boost growth both in direct sales and in sales through various distribution channels.



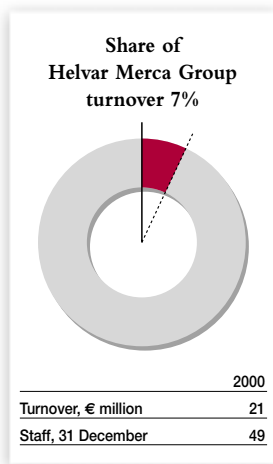
The value of orders placed electronically has already reached over 70% of the total order stock in 2000. The APAJA service is both easy to use and cost-efficient.



Transkem

The growth in Russian chemical exports which had taken hold in 1999 continued into 2000. Transkem successfully retained its dominant market share in transit services for bulk liquid chemicals. Company turnover rose by 19% to EUR 21 million. The result was good.

Heikki Auwinen
President



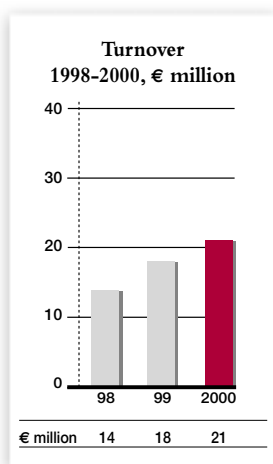
Transkem specialises in transit services for bulk liquid chemicals and offers customers a wide range of chemical handling services. Transkem has continuously expanded its market share and is the clear market leader in the business in the Baltic Sea area. Raising safety standards in the handling of chemicals and minimising environmental impact continue to be high on the company's agenda.

The steep rise in the price of oil on the world market boosted growth in Russian chemical exports. In addition the 1998 devaluation of the rouble still had a positive impact on exports. The strong growth which had taken hold in 1999 continued throughout the first part of 2000, only slowing in August. This slow-down was due to two factors: firstly, a fall in output, as a result of work to overhaul the chemical plants, which was finally being carried out after a gap of several years, and secondly, a rise in the price of naphtha, which is used as a raw material in chemical production. In Russia, the high price of naphtha led to it being exported in its raw state and created a shortage of naphtha within the chemical industry. However, during the autumn the situation stabilised and the export growth rate picked up again.

Transkem successfully defended its market share of over 70% in the face of more intense competition. July saw the completion of a major investment project: the construction of eight new oil storage tanks in Mussalo Deep Harbour in Kotka, which has provided the company with an additional 30,000 m³ of storage capacity. The company has concentrated its activities in Mussalo and Hamina having closed down its facility in Kotka Oil Harbour in December 2000. Substantial investments have also been made to improve safety and reduce environmental emissions. One such project involved the reconstruction of the tank containment floors in the Hamina facility.

Outlook for 2001

Exports of chemicals from Russia are expected to remain at the previous year's level. No major changes are anticipated in Transkem's core markets but competition will be more intense. Transkem will continue to work towards improving customer service and raising safety standards.

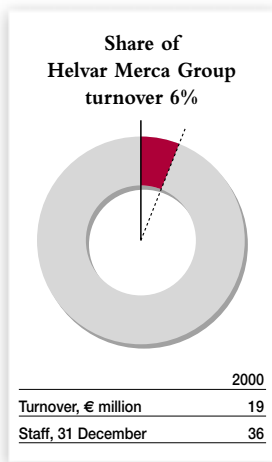




Investment levels in Finland's industrial sector were up on the previous year. In particular, the metal and engineering industries experienced strong growth. Mercantile KSB's turnover rose by 33% to EUR 19 million. The result was satisfactory.



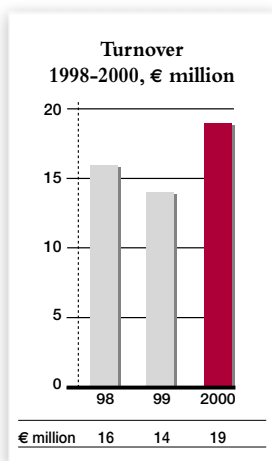
Jarmo Piippo
President



Mercantile KSB specialises in complete solutions for liquid transfer comprising pumps, valves, controls and related services. The company's activities are organised into four separate areas of expertise. The energy, industry and water technology teams supply products and integrated solutions for customers investing in new plant. The maintenance team primarily provides contract-based maintenance services, installation and measuring services, supplies spare parts and organises training. The company's business idea is to offer full service to its customers and ensure that they receive the maximum return on their investment. Core markets include Finland and the Baltic countries.

The water technology team experienced healthy business growth in the Baltic countries. The increase in demand was particularly strong in the Tallinn area. Estonian OEM companies have gained a firm foothold in the Russian market and Mercantile KSB is well-placed as a supplier.

Mercantile KSB conducted an ISO 14000 environmental audit in cooperation with Mercantile to assess the environmental impact of its operations. After-sales service has been significantly upgraded. The aim is to double the share of turnover coming from maintenance services. A comprehensive training programme has been organised in collaboration with customers. Its objective is to obtain feedback direct from customers and use it as a basis for developing customer-focused working practices.



Mercantile KSB retained its traditionally strong position as supplier to Finland's energy industry. During 2000, construction work proceeded at the power plant of Alholmens Kraft Ltd in Pietarsaari in western Finland. Mercantile KSB delivered and installed among other the pumps for the condensate system and the main and process valves for the boiler and turbine. The plant will be taken into operation in 2001. A new third-generation impeller assembly was delivered to unit II of Teollisuuden Voima's nuclear power plant in Olkiluoto on the west coast of Finland. The new components will increase the unit's capacity by approximately 15%.

Outlook for 2001

Investments in Finnish industry are projected to remain at the same level as in the previous year, but will remain sensitive to fluctuation in the price of paper and pulp. The debate concerning the building of additional nuclear power capacity is holding back investments in the energy sector in Finland. Mercantile KSB will develop its role as a full service supplier and is expanding its after-sales service by building a regional maintenance network. The company will also be investing in e-commerce, a key growth area for KSB AG, which holds a 20% interest in Mercantile KSB.

The industry team strengthened its position particularly in the pulp and paper industry and the chemical industry.

Hermetic Magnochem pump with magnetic coupling.



Etaseco leakage-free canned motor pump.

Testing and verification of index values of safety valves in the Hakkila assembly centre.



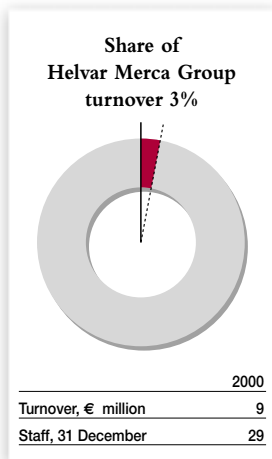
Delivery inspection of butterfly valves.



KSB Amri butterfly valve.

Television companies in Finland continued their investments in digital technology. Investment levels in the CIS countries have risen although customers appear hesitant in their purchase decisions. Qualitron's turnover rose by 4% to EUR 9 million. The result was satisfactory.

Tapani Karjalainen
President



Qualitron manufactures, imports and markets TV, video and audio production equipment and systems. The product range spans the entire production chain from image and sound recording through to distribution. Its core markets are Finland, and Russia together with the other CIS countries. 60% of the company's turnover comes from Finland and the remainder from the CIS countries.

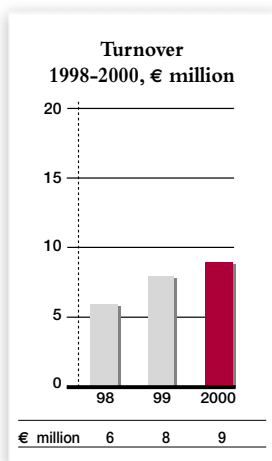
In 2000 Finnish television companies concentrated their capital expenditure on digital technology. Digital television broadcasts are scheduled to begin in Finland in 2001. Qualitron has geared development of its expertise heavily towards the new technology and has expanded its product range with digital products. As a result, Qualitron holds a strong position as a supplier of digital technology.

In 2000, Qualitron supplied the Finnish Broadcasting Company YLE with the first phase of a four-channel digital broadcasting centre. Test broadcasts with the new system began in December 2000 and the first regular transmissions are due in autumn 2001. Already in 1999, Qualitron had provided the Finnish Broadcasting Company YLE with the largest fully digital outside broadcast van in Finland, the U-1. This went into service at the beginning of 2000 and was put through its paces covering the preliminary rounds of the Nordic World Ski Championships in Lahti in February. During the same year Qualitron delivered a second identical unit, the U-2, to the Finnish Broadcasting Company YLE.

Investment by customers in the CIS countries recovered slightly in 2000. Although customers remain cautious with regard to capital expenditure, a number of deliveries were made to these countries, the most notable of which was the installation of a TV studio in Kazan, the capital of Tatarstan.

The Moscow-based subsidiary, ZAO Qualitron Service, was reorganised and merged with the representative office in Moscow. The restructuring contributed to a considerable improvement in efficiency within the organisation.

Qualitron is increasingly shifting the focus of its business towards digital technology. The company continued to develop customer-focused working practices and extended its product range by securing several new distribution agreements, particularly for the provision of digital technology. Suppliers include Pinnacle Systems Inc. and Omneon VideoNetworks Inc., both based in California, Oxtel Plc in the UK and Zandar Technologies in Ireland.



Outlook for 2001

Qualitron's prospects for 2001 are bright. Given that the strong growth in digital technology in Finland is set to continue, the company will continue to expand its technical expertise and to broaden its product range. Projections point to further growth in investments in the CIS countries.



Qualitron delivered a second fully digital outside broadcasting van, U-2, to the Finnish Broadcasting Company YLE.



Qualitron supplied the Finnish Broadcasting Company YLE with phase one of Finland's first digital four-channel broadcasting centre. Test transmissions have already begun and the first regular digital broadcasts are due to go out in Finland in the autumn of 2001.



Qualitron extended its product range especially in the digital technology with new distribution agreements. In the picture Pinnacle Systems Inc. PDS-9000 mixer.

Board of Directors' Report

Results

The turnover of the Helvar Merca Group totalled EUR 322.8 million in 2000, showing an increase of 6% over the previous year. Group net profit was EUR 9.6 million compared to EUR 5.1 million in 1999.

Investments

The rebuilding of Group company Helvar's Karkkila factory was the largest investment by the Group in 2000. The factory was badly damaged in a fire during the night to 1 January 2000. The decision to rebuild the factory and all its production lines was made immediately. The production lines for magnetic ballasts for fluorescent lamps could quickly be repaired and returned to their original state. By spring 2000 the production reached the same levels as before the fire. The three production lines for ballasts for HID lamps were, however, completely destroyed and the building of new lines has taken a considerable amount of time. Two of the lines have been in full production from the beginning of 2001, and products from the third line have also been produced on a minor scale. This last production line is expected to reach full capacity by the summer of 2001.

The Karkkila factory was insured to its full value. The compensations paid out of the factory's insurance against loss of profits are entered under other operating income and the compensations for the destroyed production lines less their book value, are entered under extraordinary income.

Helvar also invested in new production lines for electronic ballasts.

During spring 2000 the new warehouse and office premises of Group company Helvar Merca AS were completed in Tallinn, Estonia.

The extension of Group company Transkem Oy Ab's facility in Mussalo Deep Harbour in Kotka comprising eight new tanks entered service in the summer.

Personnel

The number of Group personnel has increased slightly from 1,513 staff at the beginning of 2000 to 1,542 at year end.

The Group transferred contributions totalling EUR 0.5 million to its pension fund to fully cover the liabilities.

Prospects

The outlook in the world economy is currently rather unsure, but the upswing in the Finnish economy is expected to continue. No major changes are anticipated in the activities of the Group.

Proposal for allocation of profit

The net profit of Helvar Merca Oy Ab for the year is EUR 7,984,997.81. The Board of Directors proposes that a dividend of EUR 900 shall be distributed, i.e. a total of EUR 7,217,100 and that the remaining profit shall be transferred to the Company's retained earnings account.



*Helvar Merca Oy Ab's Board of Directors.
Front row from left to right: Edward Andersson,
Dieter Aminoff and Stig Gustavson.
Back row from left to right: Olli Riiikkala,
Thomas Aminoff, Philip Aminoff
and Christian Westerlund.*

Consolidated Profit and Loss Account

(€ 1 000)		1.1.-31.12.2000	1.1.-31.12.1999
NET TURNOVER	(1)	322 799	305 212
Variation in stocks of finished goods and work in progress		-49	4 088
Other operating income	(2)	8 728	3 666
Raw materials and services	(3)	-200 041	-185 367
Staff expenses	(4)	-70 833	-63 626
Depreciation and reduction in value		-11 169	-11 867
Other operating charges		<u>-41 353</u>	<u>-42 067</u>
OPERATING PROFIT		8 081	10 038
Financial income and expenses	(6)	<u>-1 011</u>	<u>-1 818</u>
PROFIT BEFORE EXTRAORDINARY ITEMS		7 070	8 221
Extraordinary income and charges	(7)	9 243	0
PROFIT BEFORE APPROPRIATIONS AND TAXES		16 313	8 221
Income taxes	(8)	-6 559	-2 676
Minority interests		<u>-169</u>	<u>-430</u>
PROFIT FOR THE FINANCIAL YEAR		<u>9 586</u>	<u>5 115</u>

Consolidated Funds Statement

(€ 1 000)		2 000	1 999
SOURCE OF FUNDS			
Internal financing			
Profit for the period		9 586	5 115
Depreciation and reduction in value		11 169	11 867
Changes in provisions		-283	691
Total internal financing		<u>20 472</u>	<u>17 673</u>
Changes in non-current assets		<u>11 216</u>	<u>-1 569</u>
		<u>31 688</u>	<u>16 104</u>
APPLICATION OF FUNDS			
Changes in long-term receivables		76	-15
Investments in fixed assets		30 787	8 152
Change in calculated tax debt		-2 342	1 077
Change in long-term financing		-235	8 700
Translation adjustment in shareholders' equity		-55	393
Change in minority holding		-26	-318
Distributed dividends		6 743	3 237
		<u>34 948</u>	<u>21 226</u>
Change in working capital		<u>-3 260</u>	<u>-5 122</u>
		<u>31 688</u>	<u>16 104</u>
CHANGE IN WORKING CAPITAL			
Cash and bank accounts		4 795	-4 155
Current receivables		16 795	88
Inventories		848	968
Current liabilities		-25 698	-2 023
		<u>-3 260</u>	<u>-5 122</u>
Working capital on 1 January		43 379	48 501
Working capital on 31 December		40 119	43 379

Consolidated Balance Sheet

(€ 1 000)	31.12.2000		31.12.1999	
Assets				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	517		484	
Other capitalised long-term expenses	5 464	5 981	2 439	2 923
Tangible assets				
Land and waters	7 639		8 184	
Buildings	40 613		38 769	
Machinery and equipment	21 096		16 219	
Other tangible assets	2 296		967	
Advance payments and construction in progress	1 636	73 280	5 798	69 938
Investments				
Other bonds and shares		12 788		10 786
NON-CURRENT ASSETS TOTAL		92 049		83 647
CURRENT ASSETS				
Stocks				
Raw materials and consumables	7 920		6 826	
Work in progress	5 185		5 566	
Finished products/goods	29 863		29 304	
Advance payments	1 026	43 994	1 450	43 146
Long-term receivables				
Loan receivables		182		106
Short-term receivables				
Trade receivables	52 048		41 261	
Loan receivables	0		109	
Other receivables	4 005		1 956	
Prepayments and accrued income	8 109	64 161	4 041	47 366
Receivables total		64 343		47 472
Cash in hand and at banks		14 561		9 766
CURRENT ASSETS TOTAL		122 899		100 385
ASSETS TOTAL		214 948		184 032
Liabilities				
CAPITAL AND RESERVES (11)				
Subscribed capital		20 000		20 000
Retained earnings	60 462		62 035	
Profit for the financial year	9 586	70 048	5 115	67 150
CAPITAL AND RESERVES TOTAL		90 048		87 150
MINORITY HOLDING				
		1 245		1 218
PROVISIONS (12)				
		1 232		1 515
CREDITORS				
Deferred taxes		7 737		5 395
Non-current				
Loans from credit institutions	2 273		2 525	
Pension loans	29 528		28 999	
Other non-current liabilities	289	32 089	330	31 854
Current				
Loans from credit institutions	5 333		89	
Advances received	8 689		6 853	
Trade payables	24 629		20 190	
Other current liabilities	18 187		12 237	
Accruals and deferred income	25 759	82 597	17 530	56 899
CREDITORS TOTAL		122 423		94 149
LIABILITIES TOTAL		214 948		184 032

Parent Company's Profit and Loss Account

(€ 1 000)		1.1.-31.12.2000	1.1.-31.12.1999
NET TURNOVER	(1)	1 532	1 800
Other operating income	(2)	1 299	955
Staff expenses	(4)	-686	-1 654
Depreciation and reduction in value		-628	-509
Other operating charges		-1 774	-1 989
OPERATING PROFIT		-257	-1 397
Financial income and expenses	(6)	7 267	3 019
PROFIT BEFORE EXTRAORDINARY ITEMS		7 010	1 622
Extraordinary income and charges	(7)	420	875
PROFIT BEFORE APPROPRIATIONS AND TAXES		7 430	2 497
Appropriations		555	267
PROFIT FOR THE FINANCIAL YEAR		7 985	2 764

Parent Company's Funds Statement

(€ 1 000)		2 000	1 999
SOURCE OF FUNDS			
Internal financing			
Profit for the financial year		7 985	2 764
Depreciation and reduction in value		628	509
Change in depreciation reserve		-555	-267
Change in obligatory provisions		-345	468
Internal financing total		7 713	3 474
Changes in non-current assets		5 818	308
		13 531	3 782
APPLICATION OF FUNDS			
Changes in long-term receivables		-6 152	1 528
Investments in fixed assets		3 748	2 556
Change in long-term financing		-436	11 402
Dividends distributed		6 743	3 237
		3 904	18 723
Change in working capital		9 627	-14 941
		13 531	3 782
CHANGE IN WORKING CAPITAL			
Cash in hand and at banks		-507	-6 865
Current receivables		990	760
Current liabilities		9 144	-8 837
		9 627	-14 941
Working capital on 1 January		-2 255	12 686
Working capital on 31 December		7 372	-2 255

Parent Company's Balance Sheet

(€ 1 000)	31.12.2000	31.12.1999
Assets		
NON-CURRENT ASSETS		
Intangible assets		
Other capitalised long-term expenses	2 832	470
Tangible assets		
Land and water	656	1 202
Buildings	1 973	5 116
Machinery and equipment	307	205
Advance payments and construction in progress	789	2 004
Investments (9)		
Holdings in Group companies	30 044	32 323
Other bonds and shares	11 043	9 021
NON-CURRENT ASSETS TOTAL	47 644	50 342
CURRENT ASSETS		
Long-term receivables		
Loan receivables from Group companies	8 855	15 008
Short-term receivables		
Trade receivables	229	64
Receivables from Group companies (10)	28 277	27 470
Loan receivables	0	105
Prepayments and accrued income	171	47
Receivables total	37 532	42 686
Cash in hand and at banks	5 174	5 681
CURRENT ASSETS TOTAL	42 706	48 375
ASSETS TOTAL	90 351	98 717
Liabilities		
CAPITAL AND RESERVES (11)		
Subscribed capital	20 000	20 000
Retained earnings	12 890	16 870
Profit for the financial year	7 985	2 764
CAPITAL AND RESERVES TOTAL	40 875	39 634
APPROPRIATIONS		
Depreciation reserve	2 290	2 845
PROVISIONS (12)		
Provisions for pensions	123	468
CREDITORS		
Non-current (13)		
Pension loans	20 584	20 148
Current		
Loans from credit institutions	5 000	-
Trade payables	64	380
Amounts owed to Group companies (14)	11 933	28 435
Other current liabilities	9 144	6 314
Accruals and deferred income	337	493
CREDITORS TOTAL	47 062	55 770
LIABILITIES TOTAL	90 351	98 717

Notes to the Financial Statements

These notes do not include all details required by the Finnish Accounting Act and Ordinance.

Accounting principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with the acquisition cost method. The consolidated financial statements include the Parent Company, Helvar Merca Oy Ab, and those companies in which Helvar Merca Oy Ab directly or indirectly holds more than 50 % of the voting rights of all the shares. The real estate company, As. Oy Karkkilan Toivikkeenrinne, is not included in the consolidated financial statements. The financial statements of Group companies operating outside Finland have been converted and grouped according to the Finnish Accounting Act. The translation of the Balance Sheet into Finnmarks has been effected according to the Bank of Finland's average rates on the date of the closing of the accounts and the financial statements according to the average rates for the year.

Foreign currency-denominated items

Receivables and liabilities in the Balance sheet on the date of the closing of the accounts have been translated into Finnmarks at the rates prevailing on the date of the closing of the accounts. The hedging instruments of the open foreign currency-denominated items have been valued at their current value taking into account the interest rate factors.

Inventories

Inventories in the consolidated accounts are valued at their acquisition cost, which includes in addition to the direct costs part of the indirect costs of acquisition and production.

Depreciation principles

Fixed assets are entered in the Balance Sheet as depreciation according to plan reduced to the direct acquisition cost. Depreciation according to plan has been calculated according to the economic life of fixed asset as straight-line depreciation on the original acquisition price. Depreciation periods according to plan are:

Intangible rights.....	10 years
Other capitalised expenditure.....	5 - 10 years
Buildings and constructions.....	20 - 40 years
Machinery and equipment.....	3 - 10 years
Goodwill.....	5 years

Compulsory reserves

Items are entered in the Balance Sheet as compulsory reserves which have been pledged by agreement or otherwise but which have not yet been realised. Changes in them have been included in the financial statements.

(€ 1 000)

NOTES TO PROFIT AND LOSS ACCOUNT

1 SALES BY BUSINESS AND MARKET AREA

SALES BY BUSINESS AREA

Production	148 927	137 313	-	-
Trading	131 529	130 308	-	-
Service	42 343	37 591	1 532	1 800
Total	322 799	305 212	1 532	1 800

SALES BY MARKET AREA

Finland	146 622	143 177	1 532	1 800
Other EU countries	91 499	107 100	-	-
Other countries	84 678	54 935	-	-
Total	322 799	305 212	1 532	1 800

2 OTHER OPERATING INCOME

Rental income	1 319	864	1 055	929
Sales revenue from fixed assets	2 139	1 535	244	-
Compensations paid by insurance company	4 736	-	-	-
Other income	534	1 267	-	25
Total	8 728	3 666	1 299	955

3 RAW MATERIALS AND SERVICES

Purchases during the financial year	187 175	168 186	-	-
Variation in stock	-1 735	5 660	-	-
External services	14 601	11 521	-	-
Total	200 041	185 367	-	-

4 STAFF EXPENSES

Wages and salaries	59 568	48 170	764	659
Pension expenses	5 729	10 468	-139	961
Other social security and staff expenses	5 537	4 988	61	34
Total	70 834	63 626	686	1 654

5 STAFF AND MANAGEMENT

Amount of staff in average	1 570	1 514	9	9
Finland	1 112	1 046	9	9
Other EU countries	283	286	-	-
Other countries	175	182	-	-
Total	1 570	1 514	9	9

Salaries paid to Presidents and Boards of Directors	2 957	2 995	451	375
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6 FINANCIAL INCOME AND EXPENSES

Dividend income	63	5	7 560	2 883
Interest income from long-term investments				
From Group companies	-	-	178	177
From others	25	33	3	17
Other interest and financial income				
From Group companies	-	-	1 119	1 141
From others	797	412	545	209
Exchange differenses	-22	103	100	865
Interest and other financial expenses				
To Group companies	-	-	-733	-553
To others	-1 874	-2 371	-1 505	-1 722
Total	-1 011	-1 818	7 267	3 019

(€ 1 000)	Group		Parent company	
	2000	1999	2000	1999
7 EXTRAORDINARY ITEMS				
Extraordinary income				
Compensations paid by insurance company	9 243	-	-	-
Group contributions received	-	-	420	875
Total	9 243	-	420	875
8 INCOME TAXES				
Income tax for actual operation	4 344	3 753	-	-
Change in calculational tax debt	2 214	-1 077	-	-
Total	6 559	2 676	-	-

9 BREAKDOWN OF PORTFOLIO

Group companies

Subsidiaries

	Share % Parent Company	Share % Group	Book value of shares 1 000 €	Ownership of equity 1 000 €	Profit/loss in latest financial statements 1 000 €
FI Helvar Oy Ab	100	100	5 644	27 849	123
FI Transkem Oy Ab	100	100	10 501	11 807	986
FI Wulff Oy Ab	100	100	1 166	3 792	1 547
FI Örum Oy Ab	100	100	7 844	11 831	1 034
FI Kiinteistö Oy Keskuojankatu 12	100	100	84	87	0
FI Kiinteistö Oy Ahertajankatu 6	100	100	342	97	23
FI Mercantile KSB Oy Ab	80	80	807	1 486	518
FI Qualitron Oy Ab	6	55	31	609	10
FI Mercantile Oy Ab	100	100	2 186	8 730	1 123
FI Fastems Oy Ab	100	100	1 177	7 604	2 030
FI Oy Merca Trading Ab	100	100	3	3	-
EE Helvar Merca AS	100	100	83	335	47
LT Helvar Merca SIA	100	100	3	-9	-11
EE Helvar Merca Kinnisvara AS	100	100	157	208	47
RU Helvar Merca OOO	100	100	16	15	-
			30 044		

Indirectly owned subsidiaries

FI Helvar Oy Ab					
DE Helvar GmbH			735	1 076	113
SE Helvarmerca AB	100		504	221	-104
IT Helvar S.r.l.	100		267	892	389
NL Dartford Invest B.V.	100		6 330	9 820	1 195
FI As. Oy Karkkilan Toivikkeenrinne	100		27	23	0
GB Helvar Merca Ltd.	100		14 070	5 314	-2 698
GB Helvar Ltd.	100		401	623	-
GB Helvar Lighting Control Ltd.	100		1 602	-4 232	-
GB Electrosonic Holdings Ltd.	96		2 804	2 841	-
US Electrosonic Systems, Inc.	100		2 561	-1 136	219
GB Electrosonic Ltd.	100		2 963	7 274	502
FI Wulff Oy Ab					
FI Torkkelin Paperi Oy	100		245	393	193

Parent Company's other shares

FI Kiinteistö Oy Luna			10 271		
FI As. Oy Nordgolf Houses			143		
FI Nordgolf Oy			22		
FI Vakuutus Oy Garantia			84		
FI As. Oy Pohjoisranta 10			524		
			11 043		

NOTES TO THE BALANCE SHEET

10 SHORT-TERM RECEIVABLES FROM GROUP COMPANIES

Loan receivables			10 320	14 244
Other receivables			17 075	8 135
Prepayments and accrued income			881	5 091
Total			28 277	27 470

11 CAPITAL AND RESERVES

Subscribed capital 1 January	20 000	18 501	20 000	18 501
Transfer to revaluation fund	-	-3 665	-	-3 665
Transfer from revaluation fund	-	3 665	-	3 665
Transfer from other reserves	-	252	-	252
Transfer from retained earnings	-	1 247	-	1 247
Subscribed capital 31 December	20 000	20 000	20 000	20 000
Revaluation fund 1 January	-	-	-	-
Transfer from subscribed capital	-	3 665	-	3 665
Transfer to subscribed capital	-	-3 665	-	-3 665
Revaluation fund 31 December	-	-	-	-

(€ 1 000)	Group		Parent company	
	2000	1999	2000	1999
Other funds 1 January	-	252	-	252
Transfer to subscribed capital	-	-252	-	-252
Other funds 31 December	-	-	-	-
Retained earnings 1 January	67 150	66 912	19 634	21 354
Dividends distributed	-6 743	-3 237	-6 743	-3 237
Transfer to subscribed capital	-	-1 247	-	-1 247
Translation adjustment in shareholders' equity	55	-393	-	-
Retained earnings 31 December	60 462	62 035	12 890	16 870
Profit for the financial year	9 586	5 115	7 985	2 764
	70 048	67 150	20 875	19 634
Capital and reserves total	90 048	87 150	40 875	39 634
Retained earnings 31 December	60 462	62 035	12 890	16 870
Profit for the period	9 586	5 115	7 985	2 764
Transferred from depreciation difference reserve	-17 824	-12 579	-	-
Distributable reserves 31 December	52 224	54 571	20 875	19 634
12 PROVISIONS				
Provisions for pensions	264	622	123	468
Provisions for guarantees	968	893	-	-
Total	1 232	1 515	123	468
13 NON-CURRENT CREDITORS, OVER 5 YEARS				
Pension loans	29 015	28 580	20 584	20 148
14 CREDITORS, CURRENT AMOUNTS OWED TO GROUP COMPANIES				
Trade payables			2	5
Other current liabilities			11 742	28 284
Accruals and deferred income			189	146
Total			11 933	28 435
15 CONTINGENT LIABILITIES				
Loans with real estate mortgage				
Pension loans	29 015	19 246	-	10 814
Mortgages	7 289	10 821	-	3 280
Loans with share pledges				
Pension loans	-	9 334	-	9 334
Book value of pledged shares	-	9 702	-	8 246
Other collaterals				
Given mortgages	-	841	-	841
Book value of pledged shares	92	92	-	-
Leasing liabilities				
For the year 2001	536	103	-	6
To be paid later	767	1 369	-	3
Total	1 303	1 472	-	9
Collaterals given on behalf of others				
Given collateral			20 154	13 930
Other contingent liabilities				
Guarantees on behalf of own liabilities	2 886	1 917	-	-
Guarantees on behalf of other liabilities	133	220	116	116

Auditors' Report

To the shareholders of Helvar Merca Oy Ab

I have audited the accounting, the financial statements and the corporate governance of Helvar Merca Oy Ab for the period 1.1. - 31.12.2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on my audit I express an opinion on these financial statements and on corporate governance.

I have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that I perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the

management as well as evaluating the overall financial statement presentation. The purpose of my audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In my opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by me. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 16 March 2001

Jan Holmberg
Authorised Public Accountant

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