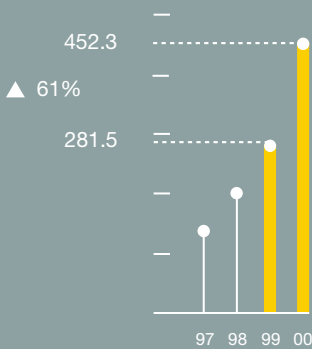


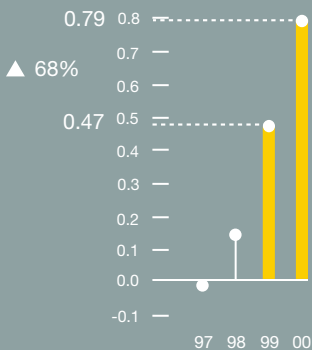


Perlos in Brief

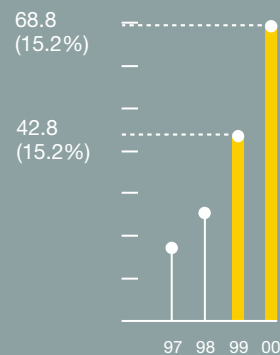
Net sales, EUR million



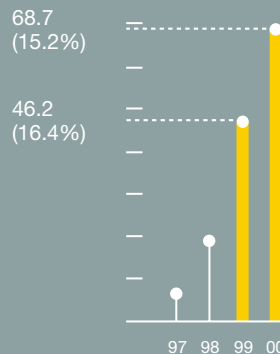
EPS (diluted), EUR



Gross investments, EUR million
(% of net sales)



EBIT, EUR million
(% of net sales)

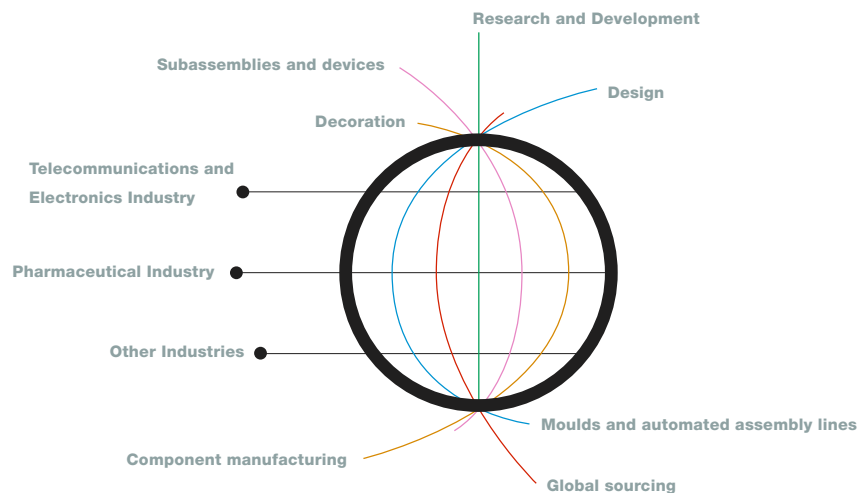


- A prioritised technology partner and supplier for the telecommunications industry worldwide
- A globally-strong supplier for the pharmaceutical industry
- Supplier for other selected fields of industry, such as the automotive industry

2000 in brief

- Net sales were up 61% to EUR 452.3 million (EUR 281.5 million)
- Operating profit improved by 49% to EUR 68.7 million (EUR 46.2 million) and was 15.2% of net sales (16.4%)
- Earnings per share, accounting for the dilution effect, rose by 68% to EUR 0.79 (EUR 0.47)
- Vigorous investments were made in increasing production capacity, a total of EUR 68.8 million (EUR 42.8 million), or 15.2% of net sales (15.2%)
- Numerous new or expanded production premises were inaugurated in Finland, the UK, the United States, Hungary and China

International Service Concept



Financial Reports in 2001

In 2001, Perlos' Interim Reports will be published as follows:

Interim Report, January-March	May 9, 2001
Interim Report, January-June	August 7, 2001
Interim Report, January-September	October 31, 2001

The financial results for 2001 will be released in February 2002 and the 2001 Annual Report in March 2002.

The Annual Report, Interim Reports and stock exchange bulletins are published in Finnish and English on the Corporation's site at www.perlos.com. You may order printed copies of the Annual Report from Perlos Corporation's Corporate Communications, tel. +358 9 2500 7347, fax +358 9 2500 7276, email info@perlos.com, or through Perlos' site at www.perlos.com.

Changes of address

Shareholders are kindly requested to inform the custodian of their book-entry account of any changes in address.

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Corporate Communications

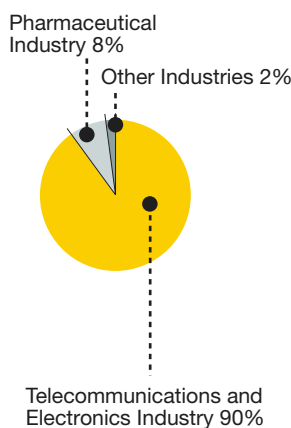
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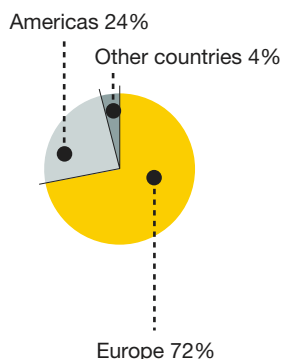
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Perlos Corporation

Distribution of net sales by industry segment, %



Geographical diversity of net sales, %



Perlos is a vigorously and profitably growing international producer of components and services.

Perlos' operations fall into three industry segments: the Telecommunications and Electronics Industry, the Pharmaceutical Industry and Other Industries.

Perlos' cutting-edge production plants are located in Finland, the UK, the United States, Hungary and China. At the end of 2000, the company had 3 860 employees.

A diverse clientele in growing fields of industry

Perlos has over 150 customers, most of which operate in rapidly growing and evolving fields of industry, such as the telecommunications, electronics, pharmaceutical and automotive industries.

An extensive palette of services

Perlos offers its customers numerous services that generate added value, coming on board when its customers' new products are still in the R&D stage and staying the course until the products have been subassembled and completed. The services provided by Perlos are divided into various subareas: research and development, product design, the design and manufacture of moulds and automated assembly lines, component manufacture, surface-treatment services and subassemblies.

A pioneer in material technology

Perlos' own R&D unit focuses on the development of material and production technology. The company engages in very close co-operation with customers in material technology research. Perlos' expertise readily complements its customers' own product development and supports the implementation of new innovations. The aim of production technology development is to find

new production methods and to deploy existing technology with greater efficiency.

Product design in association with customers

Perlos actively assists its customers with product design. In new projects, co-operation often already commences when the customer's new products are still in the design phase. Perlos' strong expertise in automated, large-volume mass production both facilitates and expedites the customer's product design.

Advanced mould technology and unique assembly automation

Perlos' capacity to manufacture technically advanced moulds, coupled with its own design and manufacture of automated assembly lines, ensure that customers can rapidly move on from the product design phase to production. Cutting-edge 3D modelling is used in the design of moulds and automated assembly lines, significantly shortening the design phase compared with traditional methods. Moulds and automated assembly lines are usually sold to customers during the initial stage of a new product project.

Precision components from different materials

The ability to mass-produce products requiring a very high degree of precision from both plastic and metal has helped Perlos to achieve a unique position as a supplier of large product packages. Many of the products manufactured by Perlos contain components made of different materials and the company boasts solid expertise in combining plastic and metal.

Up-to-date surface treatment

Surface treatment is a key feature of Perlos' range of post-moulding services. Metal plating, plastic painting and decoration, for example, are performed via automated mass production.

Efficient subassembly

Highly efficient, automated mechanical subassembly is an integral part of Perlos' successful business operations. The process employs assembly lines that are designed and manufactured by Perlos itself and which are capable of highly precise and rapid component processing. The modularity of the automated assembly lines speeds up the construction of new lines and facilitates the performance of modification works.

Investing in profitable growth

In recent years, Perlos has made strong investments in the augmentation of production capacity, particularly in the manufacture of automated lines and components as well as assembly and surface-treatment services. These investments have turned out to be profitable. Over the last three years, the company's net sales have grown by 49% per year on average and its return on equity has grown to 33% in 2000. In 2000, gross investments rose to EUR 68.8 million, or 15.2% of net sales, further bolstering Perlos' position as the leading supplier in the field.

Good growth prospects in the central markets

The world's mobile phone markets have grown explosively in recent years. It is estimated that slightly over 400 million mobile phones were sold in 2000, which is over 120 million phones more than were sold in 1999. Growth is expected to remain strong and the general expectation is that about 500-550 million mobile phones will be sold in 2001.

The health care field is marked by the rapidly increasing prevalence of chronic respiratory ailments and the development of both existing and new drugs that can be administered through inhalation. In 2000,

about 600 million inhalers were sold worldwide, and it is commonly expected that growth in the next few years will exceed 10%. In particular, chronic obstructive pulmonary disease (COPD) caused by smoking is expected to substantially increase demand for inhalers.

Safety is a central concern in the design of both personal cars and mass transport vehicles. Perlos' deliveries to the automotive industry mainly comprise parts for the locking devices of safety belts.

Perlos' close customer relations, up-to-date international production network and extensive range of services all lay a good foundation for the profitable harnessing of the growth of these markets that are of key significance to Perlos' business operations.

Financial objectives set sights on profitable growth

Perlos' goal is to grow at least at the same pace as the market in general in the period from 2001 to 2003 and to improve its earnings per share each year. The company seeks to earmark an average of about 10% of its net sales for investments. Another goal is to retain an equity ratio of at least 40%.

Progressive dividends policy

When distributing dividends, the company's financial situation, liquidity and the investments that are required for growth are all taken into consideration. Over the next three years, the company's goal is to increase dividends in relation to the net profit for the period.

Review by the President



The Corporation's operating profit rose to EUR 68.7 million (EUR 46.2 million) and was 15.2% (16.4%) of net sales. Profit before taxes rose to EUR 62.3 million (EUR 39.2 million). Net profit was 9.5% (9.2%) of net sales. Financial expenses declined by 10% compared with the previous year and amounted to 1.4% of net sales. The entire Corporation's tax per cent was 30.9% (34.2%). Earnings per share (EPS), accounting for the dilution effect, grew to EUR 0.79 (EUR 0.47).

A year of record-breaking growth

In many respects, Perlos' first whole year as a listed company will go down in its history as a year of record-breaking achievement. The buoyant growth of net sales, exceeding 60%, and, in particular, the 73% growth of the Telecommunications and Electronics Industry segment are the highest in Perlos' history. Not only did net sales increase, the earnings trend was also favourable. We made greater outlays on the future than ever before. During the report year, we started up three new plants, of which two are located in completely new market areas: Hungary and China. In addition to these plants, we expanded existing production units significantly; the total surface area used in production grew by about 80%.

In 2000, net sales were EUR 452.3 million (EUR 281.5 million in 1999). The structure of sales changed somewhat from 1999. Numerous new product projects were in the start-up phase in 2000. This was evident in the record-busting sales of moulds and assembly lines, which rose to EUR 81.4 million (EUR 40.0 million). The sales structure will change in the future as well

when assembly work assumes higher significance. We are using a greater amount of purchased parts during assembly, as a result of which invoicing on behalf of part providers will increase.

These changes in the sales structure had an impact on the earnings trend. Increased uncertainty in the telecommunications segment and the clearer shift of the focus area of manufacturing into the Far East heated up – and will continue to stimulate – price competition between component manufacturers. In the Pharmaceutical Industry segment, we did not reach the growth targets we had set for the report year. Consequently, we had to rationalise operations during the second half of the year and undershot the earnings target by a significant margin. The situation has improved and we believe that the result will develop at least satisfactorily during 2001.

The markets are continuing to grow

In 2000, we experienced rapid changes in the markets; these changes have also affected Perlos' operations. The increased instability in the telecommunications business upset the capital markets in particular in the summer, which was evident in the dramatic decline in the stock exchange rates of companies, Perlos among them. Anxiety has also been caused by suspicions that the strong growth of the telecommunications markets will abate and that the competition situation will change once the new generation of products is ushered in. In addition, uncertainties surrounding the question of which technologies are the right ones to be used in telecommunication networks and the major outlays that have been made on operating licences have confused investors. On the other hand, it is still forecast that the number of mobile phone users will rise to one billion in 2002 and that close to one billion phones will be sold worldwide in 2004; during the report year, global sales of mobile phones amounted to slightly over 400 million. If these

forecasts hold, then growth will continue to be very buoyant in the next few years.

Our disappointments in our growth expectations for the Pharmaceutical Industry segment in 2000 did not dampen our belief in the field's growth opportunities. Inhalation is believed to be the up and coming method of drug delivery, particularly in those areas of therapy which Perlos focuses on. A good example of this is the inhalation drugs for the treatment of diabetes that are currently under development. This method is also taking its first steps in the treatment of pulmonary congestion.

The efficiency of operations will be boosted and made more flexible

Project-oriented operations have come more clearly to the fore in both the Telecommunications and Pharmaceutical Industry segments. Each product is a project in which we participate from the first development stages to the maturation and phasing out stages, which take place on the market. Perlos' strategy is to bolster project operations. Project management and the various manufacturing technologies used during projects are areas that we seek constantly to develop. With expert project management, we can best support our customers' worldwide projects. By controlling an ever-larger technology package, we can generate added value for our customers and thus also maintain our earnings potential.

We are boosting the efficiency of our operations in numerous ways. We are modernising the Corporation-wide Enterprise Resource Planning system. During the report year, the financial administration component progressed to the implementation stage, and in 2001 the main focus will be on material administration. We have decided to adopt the Six Sigma method, which is widely used around the world, as our central process development tool. During the report year, we trained about one hundred Six Sigma experts, including the company's senior management. In 2001, this figure will rise to about two

hundred; we believe that the method will then be used to such an extent that we will start seeing positive results at the corporate level. We have also firmed up our organisation. During 2001, we will change over to a customer-focused matrix organisation, which will further our wherewithal to support our customers globally and enable us to use production machinery more efficiently.

Growth is expected to continue in 2001

2001 will see us fully implement the investments made during the report year. We expect investments in 2001 to remain under 10% of net sales, whereas the comparable figure was 15.2% during the report year due to numerous expansion projects. We expect the growth of net sales to remain strong, but not at the same level as during the report year.

The growth in the volume of the mobile phone markets is generally anticipated to be at the same level in 2001 as in 2000. It is estimated that over 120 million more phones were sold worldwide in 2000 than in 1999. Perlos' goal in 2001 is to grow at least at the same pace as the market in general. We anticipate that earnings per share will develop favourably in 2001 as well.

I would like to extend my warmest thanks to our customers and other stakeholders for their good and constructive co-operation. It is our goal to constantly step up the efficiency of our operations so that we may be worthy of your trust in years to come as well. I would also like to express my deep appreciation of our personnel. Thanks to their strong commitment, we have been able to reach our growth targets.

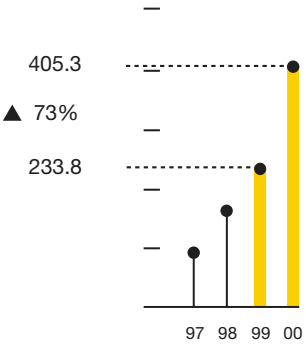
February 2001

Timo Leinilä

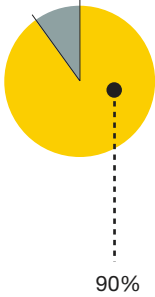
Telecommunications and Electronics Industry



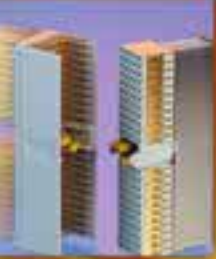
Net sales, EUR million



Share of Corporation's net sales, %



The Telecommunications and Electronics Industry is Perlos' most significant and strongest-growing industry segment. In 2000, net sales to this industry segment grew by 73%, reaching EUR 405.3 million. The industry segment accounted for 90% of Perlos Corporation's net sales in 2000.



A vigorously-growing market leader

Perlos is the world's leading supplier of plastic components and subassemblies to the telecommunications industry. The world's most significant manufacturers of terminal devices and telecommunications systems comprise a core part of Perlos' customer base.

Plastics, metal, gold

Perlos sells to its customers subassembled products that typically include various mobile phone parts manufactured by Perlos, such as covers, lenses, connectors, metal parts, phone accessories and outsourced components. In addition, standard connectors are sold to the telecommunications industry for use in telephone exchanges, telecommunications

transmission systems, mobile phone base stations and the data communications units of computers.

Very strict quality requirements are set for Perlos' products, for example in terms of their precision, purity and durability. Due to these quality requirements, part of the production is carried out on dust-free premises. In addition, production is highly automated.

Close co-operation with customers

Perlos has integrated its own operations into the production process of its key customers and in so doing has become a significant contributor to this process. With the aid of Perlos, customers can fast track their own



In recent years, Perlos has made strong outlays on supporting the growth needs of the Telecommunications and Electronics Industry segment. The company has modern production facilities in Finland, the UK and the United States along with largely growing market areas in China and Hungary.

products from the design phase to production. Perlos' large production capacity makes it possible to manufacture goods in large volumes right from the beginning of the new product's life cycle.

Critical, but affordable components

The products manufactured by Perlos are essential components in the customers' end products. However, they are low-cost in relative terms; for example, components manufactured by Perlos account for about one to three per cent of the retail price of a completed mobile phone.

Rapidly evolving markets

The life cycles of products have shortened in the past few years, especially in the field of telecommunications. The factors behind this trend are rapid technological evolution, the transformation of mobile phones into fashionable products and the fact that they are more widely marketed as branded products. Mobile phone parts are currently produced for under two years, and often for an appreciably shorter period. Project management is assuming higher significance as a consequence of the shortening of life cycles and the enlargement of the sizes of single projects. Perlos' ability to offer reliable and high-quality service the world over enables its customers to carry out large product projects.

The mobile phone markets are well poised for further growth. Mobile phone utilisation ratios remain low in the largest world markets: about 40% in the United States, approximately 60% in Europe and only about 6% in China. It is estimated that in 2000 slightly over 400 million mobile phones were sold worldwide, or over 120 million more units than in 1999. It is generally expected that the markets will grow by 100-150 million units in 2001 and aggregate sales will come in at 500-550 million phones.

Net sales growing buoyantly

The net sales of the Telecommunications and Electronics Industry segment have grown very vigorously, with average annual growth being over 60% during the last three years. Perlos' good competitiveness and position as a reliable supplier in the field have enabled it to utilise the growth of the markets.

In 2000, the net sales of the Telecommunications and Electronics Industry segment amounted to EUR 405.3 million (EUR 233.8 million), representing 90% (83%) of the entire Corporation's net sales. Net sales were up 73% compared with the previous year.

Outlays on the future

In recent years, Perlos has made strong outlays on supporting the growth needs of the Telecommunications and Electronics Industry segment. The major investments in 2000 were acquisitions related to the inauguration of new factories or extensions in Hungary, China, the UK, the United States and Finland. Production capacity was augmented, particularly in the manufacture of plastic components and automated assembly lines as well as in assembly and painting operations.

Investments enable Perlos to manufacture ever-greater volumes of high-quality products close to its customers' markets all over the world. The investments focused on the construction of production premises in 2000 will allow for the augmentation of capacity by means of machinery and equipment acquisitions in 2001 as well.

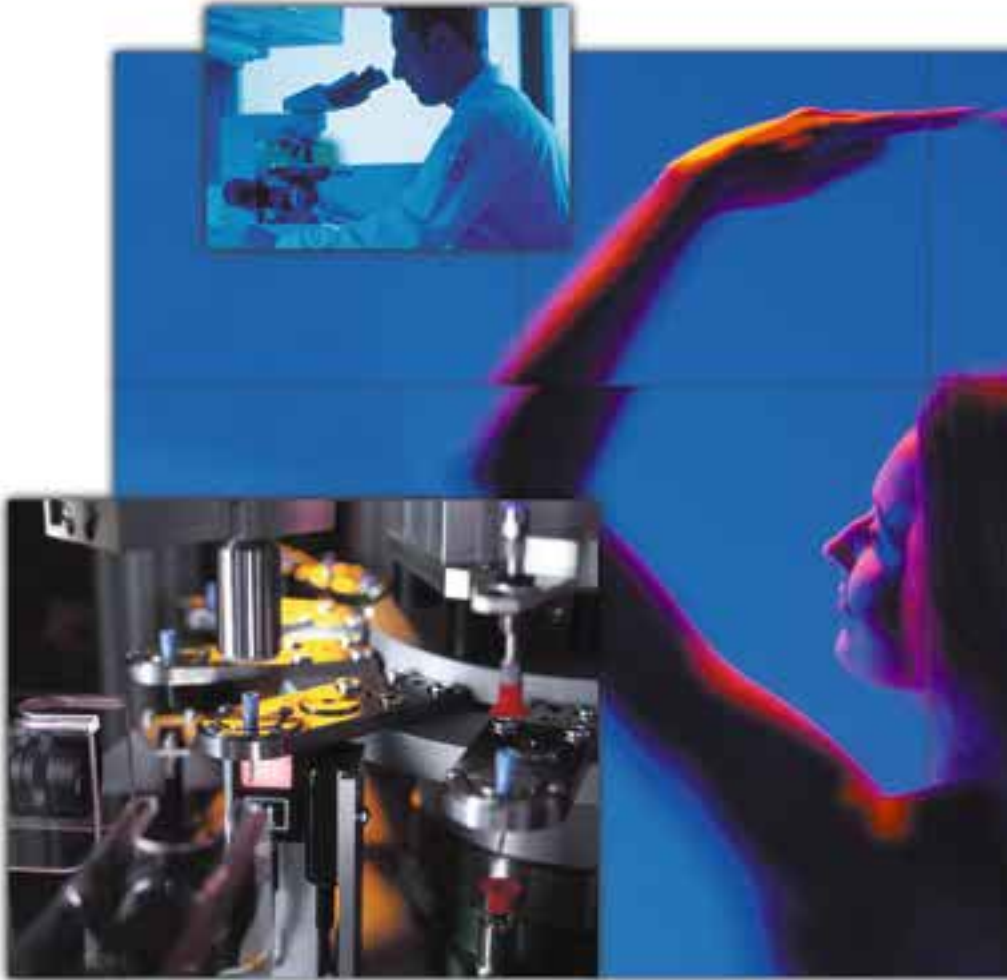
Outlook for 2001

Demand is expected to remain strong in the telecommunications industry. Perlos' efficient production machinery, good competitiveness and the solid status of its key customers make it possible for Perlos' net sales to keep growing, matching general growth in the telecommunications industry at the very least. The growth of Perlos' business operations is, however, significantly dependent on the trend in the demand for the products of its customers.

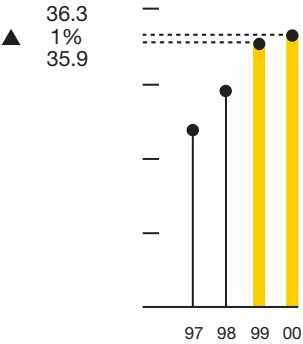
Perlos' capacity to manufacture technically advanced moulds, coupled with its own design and manufacture of automated assembly lines, ensure that customers can rapidly move on from the product design phase to production.



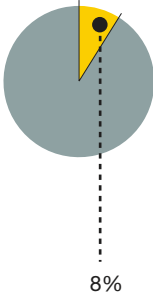
Pharmaceutical Industry



Net sales, EUR million



Share of Corporation's net sales, %



The Pharmaceutical Industry segment plays a firm role in Perlos' business operations. In 2000, the segment had net sales of EUR 36.3 million, or 8% of the Corporation's net sales.



Long-term co-operation

Perlos is one of the world's major suppliers of drug delivery devices. Its business is based on long-term partnerships and close co-operation, because product development may take numerous years and the procurement of permits from the authorities for new products is a difficult and slow process.

Clean and exact products

For the pharmaceutical industry, Perlos manufactures different types of drug delivery devices, such as inhalers used in the treatment of asthma, depot capsule applicators used mainly in cancer treatment and various birth-control related products.

The products are characterised by their extremely high quality. In particular, drug delivery devices such as inhalers demand special expertise due to their complex structure. Lack of defects, the functional reliability of the product and cleanliness are of primary importance. The net sales of the Pharmaceutical Industry segment also include sales of packages made for the cosmetics industry. These products in turn are primarily expected to be attractive and defect-free in appearance.

The life cycles of the products of this industry segment are typically very long. The same

product may be manufactured for as long as ten years. The long life cycles of products are in part affected by the regulatory requirements and approval processes that are set for pharmaceutical products. The approval of the FDA (Food and Drug Administration) is required for products sold in the United States.

Getting it ready for production – efficiently

Perlos' strength stems from its ability to offer comprehensive total service that generates added value. The company participates in the customer's R&D work and designs and produces the moulds required in the manufacture of the product, along with the automated assembly lines required for assembly. Perlos has combined these stages of work so that they support each other and thus form a package that enables customers to accelerate the ramp up of their new products from the product design phase to production.

Automated production in controlled environments

Due to the stringent hygiene requirements imposed on products made for the pharmaceutical industry, production is performed in controlled environments where the amount of particles and microbes is kept under control by means such as efficient ventilation and environment systems. So that the high quality and cleanliness requirements set for products can be met, manufacture is almost completely automated in both component manufacture and assembly.

Individual traceability

One of the most important demands of the pharmaceutical industry is that traceability can be ensured at all stages of production. The time of manufacture and the machines

used to perform the work can be identified for each completed product in the case of both component manufacture and assembly. In addition, all the raw materials used in the product can be traced with the accuracy of a single raw material batch.

Quality assurance occupies a key position

The task of quality assurance is to ensure that only such products that meet customers' requirements are delivered to them. Quality assurance is based on an up-to-date and detailed quality system.

The pharmaceutical industry sets high demands

The pharmaceutical industry is a demanding customer group, where production requirements and the production start-up threshold are high. Drug delivery device subcontractors typically deliver pre-assembled devices which the end customer fills with medication. Controlled environments and specialised expertise are required during production. The number of companies in the world that are specialised solely in producing items for the pharmaceutical industry is quite small. Companies usually make a relatively small number of products for the pharmaceutical industry when compared to their output of other injection-moulded products made of plastic. In addition, some pharmaceutical companies manufacture a large share of their plastic products on their own.

Growing markets

The pharmaceutical market is large and it is expanding. As the population ages, demand for drug delivery devices and other medical treatment products and equipment in particular is expected to grow. Two of the

most significant therapy groups requiring drug delivery devices are asthma and chronic obstructive pulmonary disease (COPD). Annual growth in products related to asthma treatment is generally expected to be 11-13% over the next few years. Sales of devices for the treatment of pulmonary congestion, which is primarily caused by smoking, is expected to grow at an even faster rate. Drugs for the treatment of this ailment were developed only recently and the patient treatment ratio is quite low. In addition, numerous drug applications will be launched in the next few years in inhalable form, including insulin, migraine medication and possibly some types of vaccines.

The current trend in inhalers is the ongoing transition to models that do not use CFCs; this development is guided by pharmaceutical research and the regulations of the authorities. In 2000, about 600 million inhalers were sold worldwide, of which CFC-free models accounted for slightly over one quarter. It is anticipated that over one billion inhalers will be sold in 2005, and that the share of CFC-free inhalers will grow, accounting for one third of all inhalers sold.

Investments make growth possible

In 2000, Perlos made significant investments in stepping up its production capacity dedicated to products for the pharmaceutical industry. During the expansion of production premises, the amount of controlled environments was doubled. Capacity was increased particularly in component production and assembly of CFC-free asthma inhalers and depot capsule applicators.

In order to increase efficiency, production was fully centralised at one production plant in Finland in 2000.

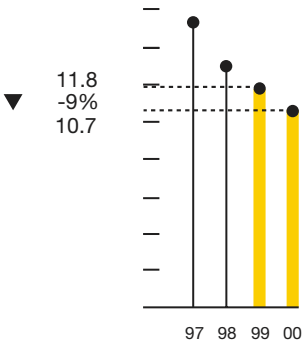
Outlook for 2001

There are good prospects for growth in the Pharmaceutical Industry segment in the next few years. However, net sales in 2001 are not expected to significantly deviate from the previous year's level. The investments and efficiency-boosting measures that have been implemented allow for the augmentation of production volumes without the need for significant additional investments.

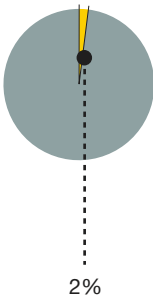
Other Industries



Net sales, EUR million



Share of Corporation's net sales, %



A core part of the net sales of the Other Industries segment is generated by component deliveries to the automotive industry. The segment's net sales in 2000 amounted to EUR 10.7 million, or 2% of the Corporation's net sales. The segment was formerly called the Automotive Industry and Others segment.



Customers from different fields of industry

Perlos has consolidated its position as a supplier of thermoplastic components for safety devices used in the automotive industry. In addition, Perlos delivers components to the metal, sanitary and electrical tool industries.

Precisely-made and safe products

The key products of Perlos' Other Industries segment are various plastic components that are required in the locking devices of seat belts, electrical tools and locking systems. The products are characterised by the extremely strict requirements set for their precision and quality.

Internationalism opens up opportunities

An international production network makes it possible to provide service to customers close to their production plants the world over. Perlos is well-equipped to participate in new projects, both with its existing and new customers. In its operations, the company seeks to utilise the latest technology and to expand into new fields.

Outlook for 2001

Net sales of the Other Industries segment have declined by an average of 11% per year during the past three years as operations have focused on providing service for key customers. Perlos estimates that the relative share of the Corporation's net sales accounted for by the Other Industries segment will further decline.

Personnel

Success is in the hands of expert and professional personnel

Perlos' growth and development are based on its expert and professional personnel. Our employees' wide-ranging professional skills and desire to constantly develop themselves lay the foundation for the strengthening of the company's competitiveness and for ensuring our success in the future as well.

We support our employees in their efforts to develop themselves, become cosmopolitan and achieve versatile skills on the job. The development of skills is one of our key processes: developmental need surveys, the development discussion system and career planning are some of the personnel development tools used at Perlos.

The further and in-service training we offer to personnel is compiled in a training calendar that is published annually. It is based on the results of developmental need surveys and the training needs reported by the units and supervisors. In the training of production personnel, we concentrate on improving vocational competence. For salaried employees and supervisors we organise not only vocational training but also managerial coaching and training on finance, employment issues and processes.

In addition, we participate actively in teaching and the development of the curricula at the educational institutions in the regions where we are active. We offer topics for students who are preparing to do their dissertations as well as work for apprentices.

Hiring for subsidiaries rising strongly

Perlos Corporation had a payroll of 3 860 persons at the end of 2000. Of them, 2 677 worked in Finland and 1 183 for our foreign subsidiaries. During the report year, we hired 481 people for the Finnish units and 454 abroad. This was the first year in our company's history that the payroll of our subsidiaries increased, in relative terms, more than in Finland. This growth was due to the start-up of production at the Hungarian and Chinese plants and the expansion of the production plants in the UK and the United States.

Orientation makes it easier for one to see the big picture

During job orientation for new employees, we use the company's current orientation system. Our goal is to give a new employee an overview of Perlos' operations and show how his or her job relates to the whole. After the orientation period, new employees may perform efficiently and know how to have a say on issues affecting their job and the continuous improvement of the company's operations.

The Environment

Environmentally sound and safe operations

Environmental protection and the safety of operations comprise a natural part of Perlos' production and financial operations, whose impacts on nature, people and society must be acceptable in both ecological and ethical terms. We respect local values and traditions in all the countries where we are active and comply with the laws and regulations of each country.

We work on and improve the management of our environmental compliance constantly

To us, it is important to consider environmental, health and safety perspectives in the entire Corporation. The constant improvement of our environmental compliance is guided by the principles of sustainable development. As a responsible exponent of the plastics industry, Perlos is committed to the international chemical industry's Responsible Care programme, which is used to promote environmentally responsible and safe operations at all stages of production. Co-operation and transparency comprise an important element of the programme.

An environmental system that is in line with the ISO 14001 standard is well suited for linking with the Responsible Care programme. Perlos' production plants in the UK, Hungary and the United States have already deployed ISO 14001 -certified environmental systems. Other units are seeking certification for their environmental systems as well.

Commitment leads to increased efficiency

We teach, advise and encourage our personnel to work in a responsible manner and to improve their own involvement in environmental affairs. In their operations, we require our co-operation partners to comply with safe production methods that place a minimal burden on the environment. We

disseminate information on environmental issues in an open, honest and timely manner, while taking our customers' information security demands into consideration.

Through systematic efforts, we have achieved concrete benefits: we have managed to reduce the consumption of raw materials and energy and the amount of waste in relation to production output. In those few stages of our processes where emissions are discharged into the atmosphere, our emissions are lower than the limits imposed by the authorities, and we have successfully reduced the total output of waste.

Well-managed environmental compliance permits us to:

- meet the increasing demands of our customers and markets
- anticipate the need for change in our own operations, products and services
- systematise the operations of the Corporation
- create a positive corporate image
- achieve cost-savings

International Responsible Care

The Responsible Care programme was conceived in Canada in 1984. It has spread into almost all industrialised countries, such as the United States, Japan and Australia, and most countries in Western Europe. The programme is already being implemented in over 40 countries. The global co-ordinator of the Responsible Care programme is the International Council of Chemical Associations, ICCA. In Europe, the programme is steered by CEFIC, the European Chemical Industry Council, and in specific countries by the local chemical industry organisations. In Finland, the programme is guided by the Chemical Industry Federation of Finland.



The Board's Report

The defining characteristic of operations in 2000 was the management of very dramatic growth. In many subareas of business operations, growth has focused particularly on services related to the manufacture of mobile phones.

In 2000, the Corporation's net sales saw record-breaking growth, increasing by 61% to EUR 452.3 million (EUR 281.5 million in 1999), and profitability was at a good level. Profit before taxes and extraordinary items amounted to EUR 62.3 million (EUR 39.2 million). Earnings per share, accounting for the dilution effect, improved by 68% to EUR 0.79 (EUR 0.47).

Demand growing vigorously

It is generally estimated that slightly over 400 million mobile phones were sold the world over in 2000, or over 120 million more than a year earlier. The field has been characterised by strong players consolidating their positions, the shortening of the life cycles of the products and the increasing significance of individual phone models.

In the pharmaceutical industry, 2000 was a year of moderate growth in the market for the company's main products. It is estimated that the market for CFC-free inhalers was up 10%. In 2000, around 600 million inhalers were sold worldwide, of which CFC-free inhalers accounted for approximately 170 million.

The development of the operations of mobile phone manufacturers and subcontractors has been marked by the increasing transfer of subassembly into the hands of subcontractors. For Perlos, this has meant strong growth in demand both in the case of assembly and the manufacture of the required automated assembly lines.

Changes in the structure of sales

The manufacture of components is a central element of Perlos' business operations. Although growth in this subarea has been very strong, several of the other services offered by Perlos grew at an even more vigorous rate in 2000. The sales of tools and automation assembly lines grew by more than 100% compared

with the year 1999. The share accounted for by post-moulding services, such as assembly and decoration, has also increased relatively faster than component manufacture.

Net sales and earnings saw record growth

In 2000, Perlos rounded out its range of services and expanded its international production network. The target of increasing net sales by at least 40% on the previous year, which was set at the beginning of 2000, was successfully achieved. The Corporation's net sales grew by 61% during the financial year, hitting EUR 452.3 million (EUR 281.5 million).

Perlos' ability to offer its customers numerous services that both support each other and generate added value has profitably facilitated the realisation of growth. Operating profit before goodwill amortisation was EUR 91.3 million (EUR 68.8 million), representing 20.2% of net sales (24.5%). Operating profit improved by 49% to EUR 68.7 million (EUR 46.2 million) and was 15.2% of net sales (16.4%). Profit before taxes and extraordinary items was EUR 62.3 million (EUR 39.2 million). Net profit improved by 67% to EUR 43.1 million (EUR 25.8 million) and earnings per share, accounting for the dilution effect, were EUR 0.79 (EUR 0.47).

The growth of net sales was especially strong in Europe. Compared with the previous year, net sales increased by 62% in Europe and by 47% in the Americas. Of the Corporation's net sales, 72% (71%) came from Europe and 24% (26%) from the Americas. Other areas accounted for 4% (3%) of net sales.

The Corporation's business operations fall into three industry segments: the Telecommunications and Electronics Industry, the Pharmaceutical Industry and Other Industries.

The Telecommunications and Electronics Industry is the engine of growth

Net sales of the Telecommunications and Electronics Industry segment grew to EUR 405.3 million. Due to this rapid growth, 90% of the Corporation's net sales

for 2000 were generated by this industry segment. Its net sales grew by 73%, clearly exceeding average growth in the mobile phone markets.

Perlos' business concept of offering its customers numerous services that generate added value has proven itself to be successful. When it comes to services offered to the telecommunications industry, growth has been extremely strong not only in component manufacture, but also in the manufacture of moulds and automated assembly lines and post-moulding services such as assembly and decoration. In the case of component manufacture, the fastest relative growth has been seen in the manufacture of connectors used in mobile phones and telephone exchanges.

Stepping up operational efficiency in the Pharmaceutical Industry segment

Net sales of the Pharmaceutical Industry segment amounted to EUR 36.3 million, up 1% on the previous year. The Pharmaceutical Industry segment accounted for 8% of the Corporation's net sales in 2000.

The growth objectives set for the Pharmaceutical Industry segment for 2000 were not achieved. The increases in capacity and personnel made during the first part of the year were deemed too large towards the end of the year, and part of the personnel of the Pharmaceutical Industry segment was transferred to other production units. All production was centralised at a single production plant in order to boost efficiency.

The Other Industries segment declines in significance

Net sales of the Other Industries segment declined by 9% to EUR 10.7 million. The industry segment accounted for 2% of the Corporation's net sales.

The share of the Corporation's net sales accounted for by the Other Industries segment has continued to contract. At present, it concentrates on the manufacture of safety device components for the automotive industry. The industry segment was previously named the Automotive Industry and Others segment.

Investments in expanding the international production network

Perlos' objective has been to use 10-15% of its net sales for investments. In 2000, the Corporation's gross investments amounted to EUR 68.8 million (EUR 42.8 million), or 15.2% of net sales (15.2%).

The major investments went for outlays related to the start-up of operations at the new production plants in Hungary and China and investments related to the expansion of production plants in Finland, the UK and the United States. The Corporation also made significant investments in modernising its data systems and the inauguration of the Enterprise Resource Planning system.

The investments augment Perlos' production capacity considerably. Part of the additional capacity is already in use, while part will be put into operation during 2001. The investments allow for continued growth and support the improvement of production efficiency.

Financial position remains stable

The Corporation's financial position has remained stable. The Corporation's liquid assets at the end of the financial year were EUR 15.4 million (EUR 18.6 million) and its unused revolving credit facilities amounted to EUR 64.1 million (EUR 39.5 million). The Corporation's net gearing ratio was 75.4% (92.2%) and the equity ratio 43.3% (38.9%).

Net financial expenses came in at EUR 6.3 million. The interest cover ratio (operating profit plus depreciation divided by net financial expenses) was 17.4 (11.5).

Options and changes in the share capital

The A warrants attached to Perlos Corporation's bond loans with warrants issued in 1997 and 1998 were placed for trading on the Main List of Helsinki Exchanges as from April 3, 2000. By the end of the financial year, 698 265 shares had been subscribed for with the A warrants attached to the 1997 bond loan and 13 500 shares had been subscribed for with the A warrants attached to the 1998 bond loan. As a result of

these subscriptions, Perlos' share capital rose by a total of EUR 427 059. Perlos' registered share capital on December 31, 2000, was thus EUR 31 159 059, or 51 931 765 shares. The accounting countervalue of the share is EUR 0.60.

Number of personnel increases considerably at foreign units

Perlos Corporation had an average of 3 503 (2 378) employees in 2000. At the end of the year, the payroll was 3 860 (2 925), of whom 2 677 (2 196) worked in Finland and 1 183 (729) for foreign subsidiaries. During the report year, personnel increased by 935 people.

Outlook for the future

The world's mobile phone markets have grown explosively in recent years. It is estimated that slightly over 400 million mobile phones were sold in 2000, which is over 120 million phones more than were sold in the previous year. Growth is expected to remain strong. It is generally expected that about 500-550 million mobile phones will be sold in 2001, and thus unit-based growth is estimated to be at the same level as in 2000.

The health care field is marked by the rapidly increasing prevalence of chronic respiratory ailments and the development of both existing and new drugs that can be administered through inhalation. In 2000, about 600 million inhalers were sold worldwide, and it is generally expected that growth in the next few years will exceed 10%.

Perlos' efficient international production network, good competitiveness and extensive range of services all enable the company to continue to grow profitably in 2001.

Perlos' goal in 2001 is to grow at least at the same pace as the market in general. Earnings per share are expected to develop favourably in 2001.

The Board's proposal on the disposal of earnings

The calculation of the company's distributable funds is presented in the notes to the annual accounts.

The Board proposes that a dividend of EUR 0.20 be paid per share, or a total of EUR 10 386 353.

Income Statement

	Notes	Consolidated		Parent company	
		2000	1999	2000	1999
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
Net sales	2.1	452 346	281 516	291 350	198 261
Purchasing and manufacturing expenses		-341 787	-200 375	-217 918	-145 123
Gross operating margin		110 559	81 141	73 432	53 138
Sales and marketing expenses		-5 360	-3 733	-4 055	-3 373
Administration expenses		-12 107	-8 231	-6 597	-4 225
Other operating income		534	148	2 509	1 320
Other operating expenses		-2 338	-486	-2 141	-420
Depreciation of goodwill		-22 602	-22 602	-22 602	-22 602
Operating profit	2.2, 2.3	68 686	46 237	40 546	23 838
Financial income and expenses	2.4	-6 339	-7 084	-6 163	-6 681
Profit before extraordinary expenses, appropriations and taxes		62 347	39 153	34 383	17 158
Appropriations	2.5			-5 748	-3 492
Direct taxes	2.6	-19 276	-13 389	-8 303	-4 174
Net profit for the period		43 071	25 764	20 332	9 492

Balance Sheet

ASSETS	Notes	Consolidated		Parent company	
		31.12.2000	31.12.1999	31.12.2000	31.12.1999
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
Fixed assets					
Intangible assets	3.1, 3.4	83 410	96 184	76 542	94 028
Tangible assets	3.2, 3.5	135 050	94 356	80 790	65 965
Investments	3.3, 3.6, 3.7	198	197	20 245	7 050
		218 658	190 737	177 577	167 043
Current assets					
Inventories	3.8	65 343	36 854	47 682	26 289
Non-current receivables	3.9			1 923	2 519
Current receivables	3.10	77 501	56 577	64 427	43 303
Liquid assets securities	3.11	5 000	8 745	5 000	8 698
Cash and bank accounts		10 353	9 845	713	1 175
		158 197	112 021	119 745	81 984
Assets total		376 855	302 758	297 322	249 027

LIABILITIES AND SHAREHOLDERS' EQUITY		Consolidated		Parent company	
		31.12.2000	31.12.1999	31.12.2000	31.12.1999
	Notes	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Shareholders' equity					
Share capital		31 159	30 732	31 159	30 732
Premium fund		43 758	42 629	43 758	42 629
Profit/loss for previous financial periods		33 139	10 482	3 760	-610
Profit for the financial period		43 071	25 764	20 332	9 492
	3.12	151 127	109 607	99 009	82 243
Appropriations	3.13			9 240	3 492
Provisions	3.14	846	841	846	841
Liabilities					
Deferred tax liability	3.15	6 276	3 299		
Long-term liabilities	3.16	77 760	117 709	77 062	117 895
Short-term liabilities	3.17	140 846	71 302	111 164	44 556
		224 882	192 310	188 226	162 451
Liabilities and shareholders' equity, total		376 855	302 758	297 322	249 027

Source and Application of Funds

	Consolidated		Parent company	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Cash flow from operations				
Operating profit	68 686	46 237	40 546	23 839
Adjustments to operating profit	41 585	35 403	34 714	32 550
Change in working capital	-27 890	-6 762	-10 973	-11 484
Interest expenses	-7 198	-7 641	-6 947	-7 476
Dividends received	42	13	42	13
Interest income	818	627	742	865
Taxes paid	-16 299	-9 914	-8 275	-1 822
Net cash flow from operations	59 744	57 962	49 849	36 485
Cash flow from investments				
Investments in subsidiaries	-2 326		-13 195	-1 947
Acquisition of intangible and tangible assets	-66 522	-42 827	-32 489	-26 255
Sales of intangible and tangible assets	585	444	442	438
Net cash flow from investments	-68 263	-42 383	-45 242	-27 764
Cash flow before financing	-8 519	15 579	4 607	8 721
Cash flow from financing				
Loans raised	36 054	115 799	32 932	115 799
Repayments of loans	-27 206	-108 746	-26 356	-108 661
Interest bearing receivables, increase/decrease			-11 777	39
Payment of additional purchase price		-25 228		-25 228
Share issue	1 556	1 881	1 556	1 881
Dividends	-5 122		-5 122	
Other		11		11
Net cash flow from financing	5 282	-16 284	-8 767	-16 159
Liquid assets, increase/decrease	-3 237	-705	-4 160	-7 440
Liquid assets, Jan. 1	18 590	19 295	9 873	17 313
Liquid assets, Dec. 31	15 353	18 590	5 713	9 873

Supplementary Information and Notes

1. PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with the revised accounting legislation that came into force in Finland on December 31, 1997.

Use of estimates in the annual accounts

When annual accounts are prepared in accordance with generally accepted accounting principles, the management of the company has to make estimates and assumptions that have an effect on the content of the annual accounts. The final figures can deviate from these estimates.

General principles

The information in the annual accounts is based on Finnish markka-denominated business transactions, which are presented in euros in the annual accounts. The Finnish markka amounts have been converted into euros using the fixed conversion rate of 5.94573.

PRINCIPLES OF VALUATION AND PERIODISATION

Valuation of fixed assets

The fixed assets have been recorded in the balance sheet at their acquisition cost less depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis according to the useful life of the assets.

The periods for depreciation according to plan are as follows:

	Years
Incorporation expenditure	5
Intangible rights	10
Goodwill	7
Corporation goodwill	5
Other long-term expenditure	10
Buildings	40
Building movable property	10
Machinery and equipment	3-10
Other tangible assets	5

The depreciation time for assets acquired in connection with the acquisition of business activities in 1996 is calculated according to the remaining useful life of the asset.

Goodwill consists of high-quality technological expertise and long-term, partnership-orientated customer relationships acquired in connection with the acquisition of business activities, and which are considered to have an economic life of at least seven years. For this reason, the purchase price of goodwill is amortised on a straight-line basis over seven years.

Valuation of inventories

Inventories are presented according to the FIFO principle at acquisition cost or at the replacement cost or market price, whichever is lower. The value of inventories includes their share of fixed purchasing and manufacturing costs in addition to variable costs in all Corporation companies.

R&D expenditure

R&D expenditure has been recorded as annual expenses for the year during which the expenditure occurred.

Incorporation expenditure

The fees of external experts involved in the incorporation process have been capitalised as incorporation expenditure, which will be amortised over five years.

Recognition of net sales

When calculating net sales, direct taxes on sales, the exchange rate differences relating to sales, and discounts are all deducted from sales revenues. Sales of goods and services are recognised as income when delivered.

Maintenance and repairs

Maintenance and repair costs are recorded as expenditure for the financial year. The leasehold

improvement costs are capitalised in long-term expenditure and are amortised on a straight-line basis over 10 years or a shorter rental period.

Leasing

Leasing payments are treated as rental expenditures. The Corporation does not have any significant financial lease agreements.

Periodisation of pension costs

Pension costs have been stated in compliance with the legislation of each country. The parent company is responsible for EUR 846 354 in pension liabilities, which are recorded under provisions.

Foreign currency denominated items

Receivables and liabilities denominated in foreign currency have been translated into Finnish markka amounts at the rate quoted by the European Central Bank on the closing date and the non-convertible currencies at the rate quoted by a commercial bank. The most important currencies are presented with the Financial Data. Exchange rate differences arising in the acquisition of fixed assets have been used to adjust the acquisition costs of fixed assets.

Derivative contracts

The Corporation has used an interest rate option to partially hedge itself against the interest rate risk connected with its loans from financial institutions. The premium paid on the interest option has been capitalised in prepaid expenses and accrued income, and it is periodised as financial expenditure over the duration of the agreement.

Appropriations

On the basis of local legislation and accounting practice, companies in Finland can record in appropriations items that mainly have an effect on taxation, but which do not affect the net profit/loss for the period. To be eligible for deduction, items must be included in the accounts. The appropriations consist of accelerated depreciation over and above Perlos Corporation's depreciation according to plan. In the consolidated annual accounts, the appropriations are divided between shareholders' equity and the deferred tax liability in the balance sheet, and the change in appropriations is recorded in the net profit/loss for the period.

Taxes

The consolidated annual accounts include those taxes which are calculated on the basis of the Corporation companies' financial results for the period and the local tax legislation as well as deferred taxes arising from the appropriations and timing differences between the annual accounts and taxation. In the income statement, the change in deferred tax liability is presented as deferred taxes in the income statement.

PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

Scope of the consolidated annual accounts

The consolidated annual accounts include all corporate companies, including Perlos Corporation, the parent company, and Perlos Ltd, UK, Perlos Holding Inc., USA, Perlos (Guangzhou) Engineering Plastics Company Ltd, China, Perlos Precision Plastics Moulding Limited Liability Company, Hungary, and Perlos Finance Holding Oy, Finland, Wild Indian Design Oy Ltd, Finland, and Oy Salo NRGs Ltd, Finland which are subsidiaries wholly owned by the parent company, as well as Perlos (Texas), Inc., USA, an operative subsidiary which is wholly owned by Perlos Holding, Inc.

Internal shareholding

The consolidated annual accounts have been drawn up in accordance with the acquisition cost method. The difference between the price paid for the shares in subsidiaries and the shareholders' equity corresponding to the acquired holding has been recorded in Corporation goodwill, which is amortised over five years.

Intra-Corporation transactions and margins

Intra-Corporation transactions, unrealised margins on Intra-Corporation deliveries, receivables and payables, and profit distribution have been eliminated in the consolidated annual accounts.

Translation differences

The income statements of overseas Corporation companies have been translated into euros amounts at the average rate for the financial period and the balance sheets have been translated at the rate at the closing date. These translation differences as well as the translation differences arising from shareholders' equity have been recorded in "Profit/loss from previous financial periods" in the consolidated annual accounts.

2. NOTES TO THE INCOME STATEMENT

	Consolidated		Parent Company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
2.1 Net sales				
Net sales by industry segment				
Telecommunications and electronics industry	405 341	233 847	244 105	154 395
Pharmaceutical industry	36 261	35 864	37 566	35 864
Other industries	10 744	11 805	9 679	8 002
	452 346	281 516	291 350	198 261

Net sales by market area				
Finland	154 217	80 988	146 514	73 926
Other European countries	172 230	120 119	124 113	107 026
Americas	107 601	72 991	12 405	11 570
Other countries	18 298	7 418	8 318	5 739
	452 346	281 516	291 350	198 261

2.2 Personnel costs and the average number of personnel

Personnel costs				
Wages and salaries	-96 991	-62 555	-65 168	-44 204
Pension costs	-10 036	-6 611	-9 844	-6 573
Other personnel costs	-13 529	-9 223	-9 210	-4 728
	-120 556	-78 389	-84 222	-55 506

Salaries and remunerations paid to management

The salaries and remunerations of the Corporation's managing directors were EUR 836 000 (EUR 592 000).

The remunerations of the members of the Board were EUR 67 000 (EUR 71 000) in the Corporation and in the parent company.

The average number of people employed by the Corporation and parent company was:

	Consolidated		Parent Company	
	2000	1999	2000	1999
Salaried employees	664	460	545	410
Other employees	2 839	1 918	2 048	1 443
	3 503	2 378	2 593	1 853

Pension commitments of the members of the Board and managing directors

The agreed retirement age for the managing directors of Corporation companies is 60 years.

	Consolidated		Parent Company	
	2000	1999	2000	1999
2.3 Activity-based depreciation				
Purchasing and manufacturing	-17 793	-11 935	-11 759	-9 533
Sales and marketing	-61	-80	-19	-54
Administration	-707	-396	-118	-100
Other operating depreciation	-536	-515	-329	-386
Amortisation of goodwill	-22 602	-22 602	-22 602	-22 602
	-41 699	-35 528	-34 827	-32 675

	Consolidated		Parent Company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
2.4 Financial income and expenses				
Dividend income from outside the Corporation	42	13	42	13
Interest income from long-term investments				
From companies belonging to the same Corporation			474	402
From others	163	395	163	395
	163	395	637	797
Income from long-term investments, total	205	408	679	810
Other interest and financial income				
From others	655	232	106	68
Interest income from long-term investments and other interest and financial income, total	860	640	785	878
Interest expenses and other financial expenses				
To others	-7 199	-7 724	-6 948	-7 559
Financial income and expenses, total	-6 339	-7 084	-6 163	-6 681
Financial income and expenses includes exchange gains and losses (net)	-2	328	-165	359
2.5 Appropriations				
Difference between depreciation according to plan and taxation			-5 748	-3 492
2.6 Direct taxes				
Taxes for the period				
Finnish Corporation companies	-8 319	-3 851	-8 303	-3 851
Overseas Corporation companies	-8 203	-8 092		
Deferred taxes				
Included in the annual accounts of Corporation companies				
Finnish Corporation companies		-323		-323
Overseas Corporation companies	-1 087	-145		
Taxes based on appropriations				
Finnish Corporation companies	-1 667	-978		
	-19 276	-13 389	-8 303	-4 174

3. NOTES TO THE BALANCE SHEET
Fixed assets and other long-term investments

CORPORATION

3.1 Intangible assets (EUR 1 000)

	Incorporation expenditure	Intangible rights	Goodwill	Corporate goodwill	Other long-term expenditure	Advances and purchases in progress	Total
Acquisition cost, Jan. 1	1 645	34	158 211	643	5 531		166 064
Translation difference					142		142
Increases				2 326	3 520	5 146	10 992
Decreases							
Acquisition cost, Dec. 31	1 645	34	158 211	2 969	9 193	5 146	177 198
Accumulated depreciation, Jan. 1	932	24	67 805	386	734		69 881
Translation difference					10		10
Depreciation of decreases							
Depreciation during the financial year	329	8	22 602	206	752		23 897
Accumulated depreciation, Dec. 31	1 261	32	90 407	592	1 496		93 788
Book value, Dec. 31	384	2	67 804	2 377	7 697	5 146	83 410

3.2 Tangible assets (EUR 1 000)

	Land	Buildings	Machinery and equip- ment	Advances and tangible assets	Other purchases in progress	Total
Acquisition cost, Jan. 1	548	22 480	97 071	807	7 382	128 288
Translation difference		-6	1 462	-5	9	1 460
Increases	472	12 191	49 654	1 554	1 281	65 152
Decreases		-7	-607		-7 294	-7 908
Acquisition cost, Dec. 31	1 020	34 658	147 580	2 356	1 378	186 992
Accumulated depreciation, Jan. 1		1 995	31 791	147		33 933
Translation difference		-1	356			355
Depreciation of decreases			-148			-148
Depreciation during the financial year		1 016	16 544	242		17 802
Accumulated depreciation, Dec. 31		3 010	48 543	389		51 942
Book value, Dec. 31	1 020	31 648	99 037	1 967	1 378	135 050
Book value of production machinery and equipment			87 110			87 110

3.3 Investments (EUR 1 000)

	Shares	Total
Acquisition cost, Jan. 1	198	198
Translation difference		
Increases		
Decreases		
Acquisition cost, Dec. 31	198	198
Book value, Dec. 31	198	198

PARENT COMPANY

3.4 Intangible assets (EUR 1 000)

	Incorporation expenditure	Intangible rights	Goodwill	Other long-term expenditure	Advances and purchases in progress	Total
Acquisition cost, Jan. 1	1 645	34	158 211	3 513		163 403
Increases				750	5 098	5 848
Acquisition cost, Dec. 31	1 645	34	158 211	4 263	5 098	169 251
Accumulated depreciation, Jan. 1	932	24	67 805	614		69 375
Depreciation during the financial year	329	8	22 602	395		23 334
Accumulated depreciation, Dec. 31	1 261	32	90 407	1 009		92 709
Book value, Dec. 31	384	2	67 804	3 254	5 098	76 542

3.5 Tangible assets (EUR 1 000)

	Land	Buildings	Machinery and equipment	Other tangible assets	Advances and purchases in progress	Total
Acquisition cost, Jan. 1	516	21 040	64 942	807	2 138	89 443
Increases	90	8 321	18 706	723	941	28 781
Decreases			-326		-2 138	-2 464
Acquisition cost, Dec. 31	606	29 361	83 322	1 530	941	115 760
Accumulated depreciation, Jan. 1		1 659	21 673	146		23 478
Depreciation on decreases			-2			-2
Depreciation during the financial year		858	10 425	211		11 494
Accumulated depreciation, Dec. 31		2 517	32 096	357		34 970
Book value, Dec. 31	606	26 844	51 226	1 173	941	80 790
Book value of production machinery and equipment			48 230			48 230

3.6 Investments (EUR 1 000)

	Shares Corporation companies	Shares Other	Investments total
Acquisition cost, Jan. 1	6 853	197	7 050
Increases	13 195		13 195
Decreases			
Acquisition cost, Dec. 31	20 048	197	20 245
Book value, Dec. 31	20 048	197	20 245

Other long-term expenditure consists mainly of leasehold improvements.

The other shares under investment assets mainly comprise 11 176 shares in Sampo Oyj, which had a book value of EUR 160 000 and a market value of EUR 643 000.

3.7 Corporation companies	Corporation's share		Parent's share	
	2000	1999	2000	1999
Perlos Ltd; Washington, England	100 %	100 %	100 %	100 %
Perlos Holding, Inc.; USA	100 %	100 %	100 %	100 %
Perlos (Texas), Inc.; Fort Worth, USA	100 %	100 %		
Perlos Precision Plastics Moulding Limited				
Liability Company; Komarom, Hungary	100 %	100 %	100 %	100 %
Perlos (Guangzhou) Engineering Plastics				
Company Ltd; Guangzhou, China	100 %	100 %	100 %	100 %
Perlos Finance Holding Oy, Finland	100 %	100 %	100 %	100 %
Wild Indian Design Oy Ltd, Finland	100 %		100 %	
Oy Salo NRGs Ltd, Finland	100 %		100 %	
	Consolidated		Parent company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
3.8 Inventories				
Materials and supplies	17 292	9 953	11 060	6 285
Semifinished products	31 191	14 537	29 624	14 186
Finished products/goods	11 325	6 302	5 486	2 413
Advances	5 535	6 062	1 512	3 405
Total	65 343	36 854	47 682	26 289
3.9 Long-term receivables				
Loan receivables from companies belonging to the same Corporation			1 923	2 519
3.10 Short-term receivables				
Receivables from companies belonging to the same Corporation				
Accounts receivable			7 180	4 599
Loan receivables			13 106	5 190
			20 286	9 789
Receivables from others				
Accounts receivable	73 823	49 770	42 088	27 755
Other short-term receivables	557			
Prepaid expenses and accrued income	3 121	6 807	2 053	5 759
	77 501	56 577	44 141	33 514
Short-term receivables, total	77 501	56 577	64 427	43 303
3.11 Liquid assets securities				
The liquid assets securities are short-term bank deposits.				
3.12 Shareholders' equity				
Share capital, Jan. 1	30 732	28 592	30 732	28 592
Change in nominal value		2 008		2 008
Share issue	427	132	427	132
Share capital, Dec. 31	31 159	30 732	31 159	30 732
Premium fund, Jan. 1	42 629	42 888	42 629	42 888
Change in nominal value		-2 008		-2 008
Share issue	1 129	1 749	1 129	1 749
Premium fund, Dec. 31	43 758	42 629	43 758	42 629
Profit/loss from previous financial years, Jan. 1	36 247	7 630	8 882	-610
Dividends	-5 122		-5 122	
Translation difference	2 014	2 852		
Profit/loss from previous financial years, Dec. 31	33 139	10 482	3 760	-610
Profit for the period	43 071	25 764	20 332	9 492
Shareholders' equity, total	151 127	109 607	99 009	82 243

	Consolidated		Parent company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Schedule of distributable funds, Dec. 31				
Profit/loss from previous financial years	33 139	10 483	3 760	-610
Profit for the period	43 071	25 764	20 332	9 492
- Capitalised incorporation expenditure	-384	-713	-384	-713
- Share of appropriations recorded in shareholders' equity	-6 560	-2 514		
	69 266	33 020	23 708	8 169

The Finnish Companies Act allows the parent company to distribute a dividend that does not exceed the distributable funds of the parent company or the Corporation, whichever is lower.

3.13 Appropriations

Appropriations of the parent company consist of the accumulated depreciation difference.

3.14 Provisions

The provisions included in the Corporation's and Parent company's balance sheet consist of pension liabilities.

3.15 Deferred tax receivables and liabilities

Deferred tax liabilities				
From temporary differences	3 596	2 321		
From appropriations	2 680	978		
	6 276	3 299		

3.16 Long-term liabilities

Loans denominated in euros and Finnish markkaa accounted for 99.5% of long-term loans from financial institutions at the end of 2000, and loans denominated in dollars accounted for 0.5%. The average interest rate of long-term loans raised from financial institutions was 5.64%.

Bond Loan 3				740
Loans from financial institutions	77 255	117 709	76 557	117 155
Other long-term debts	505		505	
	77 760	117 709	77 062	117 895

Repayment schedule of long-term loans from financial institutions, 31 December 2000, EUR 1 000

	2001	2002	2003	2004
Repayment of loans from financial institutions	4 204	16 283	15 597	45 375

Repayments that will be made in 2001 have been transferred to short-term liabilities in the balance sheet.

	Consolidated		Parent company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
3.17 Short-term liabilities				
Bond loans with warrants	740	841	740	841
Loans from financial institutions	51 377	1 973	48 530	515
Advances received	27 897	21 164	23 575	11 840
Accounts payable	33 587	29 108	16 656	17 119
Accrued liabilities	25 827	15 340	19 267	12 530
Other short-term liabilities	1 418	2 876		1 569
Liabilities to companies belonging to the same Corporation				
Advances received			1 977	
Accounts payable			419	142
	140 846	71 302	111 164	44 556

Accrued liabilities primarily consist of wages, salaries and provisions for staff social costs.

Bond loans with warrants

In the beginning of 2000, Perlos had three share option programmes which it granted as bond loans with warrants. Bond Loan 1 amounted to EUR 821 757 and Bond Loan 2 to EUR 20 182. The loans were interest-free and were repaid in one lot on June 9, 2000. During the period from April 1, 2000, to April 1, 2004, the warrants entitle the bearers to subscribe for a total of 3 750 000 new shares, of which 711 765 had been subscribed for by the end of 2000. The share subscription price is EUR 2.24 for Bond Loan 1 and EUR 4.48 for Bond Loan 2. The subscription price will be reduced with dividends paid after the price determination date.

At the end of 2000, Bond Loan 3 amounted to EUR 740 027. The loan is interest-free and will be repaid in one lot on July 2, 2001. The A, B and C warrants attached to the bonds entitle the bearers to subscribe for a total of 1 100 000 new shares during the period from June 1, 2001, to June 30, 2005. With the A warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in August 1999 plus 14% (EUR 14.56); with the B warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in August 2000 plus 14% (EUR 35.97); and with the C warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in August 2001 plus 14%. The subscription price will be reduced with dividends paid after the price determination date. Bond Loan 3 was fully subscribed for by Perlos Finance Holding Oy, a fully-owned subsidiary of the parent company.

4. OTHER SUPPLEMENTARY INFORMATION

	Consolidated		Parent company	
	2000	1999	2000	1999
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
4.1 Pledges given, commitments and other liabilities				
Loans for which real-estate has been mortgaged as collateral				
Loans from financial institutions	1 472	1 892	1 472	1 892
Mortgages given	2 237	2 237	2 237	2 237
Loans for which corporate mortgages have been given as collateral				
Loans from financial institutions	90 000	115 000	90 000	115 000
Mortgages given	42 047	42 047	42 047	42 047
Mortgages given as collateral, total	44 284	44 284	44 284	44 284
4.2 Leasing and rental commitments				
The Corporation has rented office, factory and storage buildings for its own use. The rental agreements are fixed-term, and some can be renewed for periods of varying duration.				
Payments to be made on leasing and rental agreements				
Payable during financial year 2001	5 739	3 069	3 808	2 650
Payable at a later date	36 548	11 022	18 361	7 437
	42 287	14 091	22 169	10 087

4.3 Commitments on behalf of companies in the same Corporation

Guarantees on behalf of Corporation companies

25 215 5 339

4.4 Derivative contracts

The Corporation does not have derivative contracts outside the balance sheet.

4.5 Management of financial risks

In the case of financial risks, Perlos strives to limit known risks primarily by way of its business operations. In line with the policy approved by the Board of Directors, the remaining risks are transferred onto other parties.

Perlos has made efforts to restrict its funding-related refinancing risks by staggering the repayment of its non-current loan portfolio into different maturities. The syndicated five-year amortising credit facility worth EUR 150 million that was made in November 1999 comprises a key part of the loan portfolio. The syndicated credit facility is divided into an EUR 75 million amortising term loan and a committed revolving credit facility of EUR 75 million. In May 2000, Perlos Corporation made an agreement on a domestic commercial paper programme worth EUR 100 million in order to diversify its sources of funding. The bulk of the loans are tied to short-term interest rates. On December 31, 2000, the average reset period of interest rates of the Corporation's loans was about four months.

Perlos primarily manages its foreign exchange exposure by way of its business operations. In 2000, 54% of parent company's sales invoicing was performed in euros, and 40% in the national currencies of the euro member countries. Of purchases in 2000, 19% were made in euros and 67% in the national currencies of euro member countries. Funding is mainly performed in the home currency. Euro-denominated loans accounted for 96.8% of the Corporation's current and non-current liabilities at the end of the year, while US dollar-denominated loans accounted for 0.5% and Chinese renminbi-denominated loans for 2.7%.

4.6 Introduction of the euro

Perlos Corporation adopted the euro as its accounting currency at the beginning of 2001. The Hungary-based Perlos Precision Plastics Moulding Limited Liability Company also uses the euro as its accounting currency.

Nurmijärvi, February 15, 2001

Kari O. Sohlberg
Chairman of the Board of Directors

Mikael Lilius
Vice Chairman of the Board of Directors

Matti Aura
Member of the Board

Sten-Olof Hansén
Member of the Board

Jan Ståhlberg
Member of the Board

Matti Vartia
Member of the Board

Timo Leinilä
President

Auditors' Report

To the shareholders of Perlos Corporation

We have audited the accounting records, the financial statements and the administration of Perlos Corporation for the financial period 1.1.2000 – 31.12.2000. The financial statements, which include the report of the Board of Directors, the consolidated and parent company income statement, balance sheet and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on the administration.

We have conducted our audit in accordance with the Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Finnish Companies Act.

In our opinion the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors on the disposal of distributable funds is in compliance with the Companies Act.

Nurmijärvi, February 15, 2001

SVH Pricewaterhouse Coopers Oy,
Authorised Public Accountants

Kari Lydman,
Authorised Public Accountant

Financial Data

	2000	1999	1998	1997
Income statement and profitability				
Net sales, EUR million	452.3	281.5	203.0	136.2
EBITDA [*] , EUR million	110.4	81.7	55.6	33.0
EBITDA (% of net sales)	24.4	29.0	27.4	24.2
EBITA ^{**} , EUR million	91.3	68.8	44.9	25.1
EBITA (% of net sales)	20.2	24.5	22.1	18.4
EBIT, EUR million	68.7	46.2	18.7	6.1
EBIT (% of net sales)	15.2	16.4	9.2	4.5
Profit before income taxes, EUR million	62.3	39.2	11.6	0.0
Profit before income taxes (% of net sales)	13.8	13.9	5.7	0.0
Profit for the financial period, EUR million	43.1	25.8	8.1	-0.4
Profit for the financial period (% of net sales)	9.5	9.2	4.0	-0.3
Return on equity, %	33.0	27.3	10.7	-0.6
Return on capital employed, %	27.2	21.4	10.0	3.6
Cash flow				
Cash flow from operations, EUR million	59.7	58.0	40.2	13.5
Operational gross investment, EUR million	68.8	42.8	25.2	17.0
Operational gross investment (% of net sales)	15.2	15.2	12.4	12.5
Balance sheet and solidity				
Shareholders' equity, EUR million	151.1	109.6	79.1	71.7
Provisions, EUR million	0.8	0.8	0.8	0.8
Total liabilities, EUR million	224.9	192.3	168.8	138.7
Total shareholders' equity and liabilities, EUR million	376.9	302.7	248.8	211.2
Interest-bearing liabilities, EUR million	129.4	119.7	112.6	117.0
Net debts, EUR million	114.0	101.1	93.3	109.5
Gearing, %	75.4	92.2	118.0	152.6
Equity ratio, %	43.3	38.9	32.5	34.6
Personnel				
Personnel, average	3 503	2 378	1 753	1 412
Personnel at the end of the period	3 860	2 925	1 961	1 474
*) Earnings before interest, taxation, depreciation and amortisation of goodwill.				
**) Earnings before interest, taxation and amortisation of goodwill.				
Exchange rates				
The most important currencies (Dec. 31)	EUR	EUR	EUR	EUR
USD	0.9305	1.0046	1.1667	1.0969
GBP	0.6241	0.6217	0.7055	0.6612
CNY	7.7021	8.3175		
EUR	1.0000	1.0000		

Share Related Data^{*)}

		2000	1999	1998	1997
Earnings per share	EUR	0.84	0.50	0.16	-0.01
Earnings per share (diluted)	EUR	0.79	0.47	0.15	-0.01
Cash flow per share	EUR	1.16	1.13	0.79	0.27
Cash flow per share (diluted)	EUR	1.09	1.06	0.73	0.25
Shareholders' equity per share	EUR	2.91	2.14	1.55	1.41
Dividend per share	EUR	0.20	0.10	0.00	0.00
Dividend pay-out ratio	%	24.11	19.90	0.00	0.00
Effective dividend yield	%	0.91	0.29	0.00	0.00
Price/earning ratio (P/E)		26.19	69.40		
Share prices					
Lowest share price	EUR	18.70	11.20		
Highest share price	EUR	49.20	36.30		
Average share price	EUR	33.30	12.43		
Share price at the end of the period	EUR	22.00	35.00		
Trading volumes					
Number of shares	No.	40 361 867	51 365 900		
Number of shares in relation to the weighted average number of shares	%	78.3	100.5		
Number of shares					
At the end of the period	No.	51 931 765	51 220 000	51 000 000	51 000 000
Average during the period	No.	51 562 373	51 116 329	51 000 000	51 000 000
Average during the period (diluted)	No.	54 722 955	54 866 329	54 750 000	54 750 000
Market capitalisation at the end of the period, EUR million		1 142	1 793		

^{*)} Share data reflects per share data adjusted for the 3:1 stock split, which took place on May 11, 1999.

Formulas for the Indicators

Financial indicators

EBITDA	=	operating profit + depreciation	
Return on investment, % (ROI)	=	$\frac{\text{profit before extraordinary items and taxes} + \text{interest and other financial expenses}}{\text{total assets} - \text{non-interest-bearing liabilities (average for the period)}} \times 100$	
Return on equity, % (ROE)	=	$\frac{\text{profit before extraordinary items and taxes} - \text{taxes (on ordinary operations)}}{\text{shareholders' equity (average for the period)}} \times 100$	
Equity ratio, %	=	$\frac{\text{shareholders' equity}}{\text{total assets} - \text{advance payments received}} \times 100$	
Gearing ratio, %	=	$\frac{\text{interest-bearing liabilities} - \text{liquid assets}}{\text{shareholders' equity}} \times 100$	

Per-share indicators

Earnings/share, EUR	=	$\frac{\text{net profit}}{\text{average number of shares during the period}}$	
Earnings/share, accounting for dilution, EUR	=	$\frac{\text{net profit}}{\text{adjusted number of shares (accounting for dilution)}}$	
Net cash flow from operations/share	=	$\frac{\text{net cash flow from operations}}{\text{average number of shares during the period}}$	
Net cash flow from operations/share, accounting for dilution	=	$\frac{\text{net cash flow from operations}}{\text{adjusted number of shares (accounting for dilution)}}$	
Equity/share, EUR	=	$\frac{\text{shareholders' equity}}{\text{number of shares at the end of the year}}$	
Dividend/share	=	$\frac{\text{dividend for the period}}{\text{number of shares at the end of the year}}$	
Dividend/profit, %	=	$\frac{\text{dividend for the period}}{\text{net profit}} \times 100$	
Effective dividend yield, %	=	$\frac{\text{dividend/share}}{\text{share price at the end of the year}} \times 100$	
P/E multiple	=	$\frac{\text{share price at the end of the year}}{\text{earnings/share (exclusive of extraordinary items)}}$	
Market capitalisation	=	number of shares at the end of the year x share price at the end of the year	

Board of Directors, Corporate Management and Auditors



Members of the Board of Directors from left to right: Kari O. Sohlberg, Matti Aura, Matti Vartia, President Timo Leinilä, Mikael Lilius, Jan Ståhlberg and Sten-Olof Hansén.

BOARD OF DIRECTORS

Chairman

Kari O. Sohlberg, b. 1940
President and CEO, M.Sc. (Econ.)
G.W. Sohlberg Corporation

Chairman of the Board of Directors,
ADR-Haanpää Oy
Chairman of the Board of Directors, The
Finnish Fair Corporation
Member of the Board of Directors, Varma-
Sampo Mutual Pension Insurance Company
Member of the Supervisory Board,
Merita Bank Plc

Vice Chairman

Mikael Lilius, b. 1949
M.Sc. (Eng.)
President and CEO, Fortum Corporation

Member of the Board of Directors,
A. Ahlström Corporation
Member of the Board of Directors, Gambro AB
Member of the Board of Directors,
Huhtamäki Oyj Abp
Member of the Board of Directors,
Instrumentarium Oyj Abp

Matti Aura, b. 1943
Master of Laws

Member of the Board of Directors, Catella
Property Consultants Ltd
Member of the Board of Directors, Elisa
Communications Corporation
Member of the Board of Directors,
Gummerus Oy
Member of the Board of Directors,
Harjavalta Oy

Sten-Olof Hansén, b. 1939
Professor, Turku School of Economics and
Business Administration

Chairman of the Board of Directors,
Kemira Oyj Abp
Member of the Board, Turun Seudun
Osuuspankki (Co-operative Bank of Turku)

Jan Ståhlberg, b. 1962
M.Sc. (Econ.)
Partner, EQT Partners AB

Member of the Board of Directors,
Dahl International AB
Member of the Board of Directors,
FlexLink AB
Member of the Board of Directors,
Tradex Holding AB
Member of the Board of Directors,
Vaasan & Vaasan Oy

Matti Vartia, b. 1937
Industrial Counsellor, M.Sc. (Eng.)
Managing Director, Perlos Oy, 1990-1997

CORPORATION MANAGEMENT

Timo Leinilä, b. 1950
President, CEO

Matti Hyytiäinen, b. 1960
Executive Vice President,
Sales & Marketing

Tagge Johansson, b. 1959
Executive Vice President,
CFO
Finance & Treasury

Esko J. Pääkkönen, b. 1951
Executive Vice President,
R&D

Jari Varjotie, b. 1960
Executive Vice President,
Production & Logistics

Harri Vartiainen, b. 1947
Executive Vice President,
Human Resources & Administration

Matti Hokka, b. 1937
Managing Director, Perlos Precision Plastics
Moulding Limited Liability Company, Hungary

Matti Jääsalo, b. 1941
Managing Director, Perlos (Texas), Inc., USA

Paavo Mujunen, b. 1941
Managing Director, Perlos (Guangzhou)
Engineering Plastics Company, Ltd, China

Teemu Saloranta, b. 1960
Managing Director, Perlos Ltd, United Kingdom

AUDITORS

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Corporate Governance

Perlos Corporation's corporate governance and administrative procedures primarily comply with the guidelines on the administration of public limited companies which were laid down by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers and published in February 1997. The statement on the review of the administration is included in the Auditors' Report on page 34.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body. Among other tasks, it annually adopts the company's income statement and balance sheet as well as decides on dividends and the election of Board members and auditors. Perlos' Annual General Meeting is convened by the company's Board of Directors. The Annual General Meeting must be held annually by the end of June. Usually, Annual General Meetings have been held in April.

Board of Directors

As specified in the Articles of Association, Perlos Corporation's Board of Directors includes six ordinary members who are elected by the Annual General Meeting. A member's term of office begins after the end of the Annual General Meeting at which he or she was elected, and continues to the end of the next Annual General Meeting. The members of the Board of Directors are presented on page 38.

The Board of Directors attends to the company's administration and sees to it that operations are organised appropriately. The Board of Directors deliberates on and takes decisions on issues that have a bearing on the Corporation's operations in principle and financially.

The Board of Directors convened eight times in 2000.

President

The Board of Directors elects a President for the company. The principal terms and conditions pertaining to his employment relationship are specified in writing in the President's agreement. The President attends to the operative management of the company in line with legislation as well as the instructions and mandate provided by the Board of Directors. The President is not a Board member. Timo Leinilä has served as the company's President since 1997.

Audit

The Articles of Association specify that the company shall have one to two regular auditors. The regular auditor must be a corporation of independent public accountants that is authorised by the Central Chamber of Commerce. The regular auditor is elected at the Annual General Meeting. An auditor's term of office lasts until the end of the next Annual General Meeting.

The auditor elected by the Annual General Meeting is SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants, with Kari Lydman, Authorised Public Accountant, acting as chief auditor.

Insider regulations

As from March 1, 2000, Perlos has begun to comply with insider regulations that are in line with the new Guidelines for Insiders issued for listed companies by Helsinki Exchanges. In some respects, the company's own insider regulations are more detailed than Helsinki Exchanges' Guidelines for Insiders.

According to the Securities Market Act, the company's Statutory Insiders are the members of the Board of Directors, the President and the chief auditor.

In addition to the Statutory Insiders, the group of permanent insiders includes employees of the Corporation who regularly through their work obtain insider information concerning the Corporation (Insiders by Definition).

The Insiders by Definition in Perlos Corporation consist of the members of the Corporation's management board, the managing directors of subsidiaries and some of the personnel from the finance, treasury and communications units.

The updated holdings of insiders are available for inspection at the office of Finnish Central Securities Depository Ltd in Helsinki. The address is Fabianinkatu 14, ground floor (HEX Gate).

Share option programme for key employees

At the end of 2000, Perlos had three share option programmes which it granted as bond loans with warrants under the company's incentive scheme for its management and key personnel.

Perlos' extraordinary general meeting held on May 15, 1997, decided to issue the first bond loan with warrants (Bond Loan I), and a decision to issue the second (Bond Loan II) was taken on October 21, 1998. Bond Loan I amounts to EUR 820 757 and Bond Loan II to EUR 20 182. The loans were interest-free and they were repaid in one lot on June 9, 2000. The bonds carry A, B and C warrants. The warrants entitle the bearers to subscribe for a total of 3 750 000 new shares during the period from April 1, 2000, to April 1, 2004. The original share subscription price is EUR 2.24 for Bond Loan I and EUR 4.48 for Bond Loan II. The subscription price will be reduced annually in accordance with the dividends paid.

Perlos' extraordinary general meeting held on June 3, 1999, decided to issue a bond loan with warrants directed at the company's management (Bond Loan III). The loan amounts to EUR 740 027. The loan is interest-free and will be repaid in one lot on July 2, 2001. The A, B and C warrants attached to the bonds entitle the bearers to subscribe for a total of 1 100 000 new shares during the period from June 1, 2001, to June 30, 2005. With the A warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in August 1999 plus 14% (EUR 14.56); with the B warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in August 2000 plus 14% (EUR 35.97); and with the C warrant, the share subscription price is the trade volume weighted average price of the company's share on Helsinki Exchanges in

August 2001 plus 14%. The subscription price will be reduced annually in accordance with the dividends paid.

At the end of 2000, a total of 65 key employees and members of the Board of Directors were covered by the share option programmes.

Management's shareholding

The members of the company's Board of Directors and the President owned a total of 72 157 shares at the end of the year 2000, representing 0.14% of the share capital and votes. On the basis of Bond Loan I, the members of the company's Board of Directors and the President can subscribe for a maximum of 710 100 shares in the company, or 1.37% of the company's shares and votes (assuming that all shares are subscribed for on the basis of the bond loans with warrants).

Risk Management

Risk management

Perlos seeks to systematically identify and manage risks that are either directly or indirectly related to its business operations. Especial attention is paid to such risks that, if they materialise, would jeopardise the continuation of business operations or part thereof or which would result in substantial financial losses.

Risk management is developed actively

The underlying concept of risk management is to engage in constant, goal-directed development of operations. During 2000, projects to identify property damage and business interruption risks and liability risks were launched. The projects aim to, for instance, further improve Perlos' already efficacious prevention of accidents, increase safety and promote consistency in procedures related to the management of liability risks. Perlos has a good track record with regard to accidents. For example, fewer work accidents and property damages have occurred in the parent company during the past five years than in industry on average. At the end of the year, a third project aiming to develop enterprise wide risk management was initiated with the aim of identifying and managing risks on a large scale.

Management of financial risks

In the case of financial risks, Perlos strives to limit known risks primarily by way of its business operations. In line with the policy approved by the Board of Directors, the remaining risks are transferred onto other parties.

Perlos has made efforts to restrict its funding-related refinancing risks by staggering the repayment of its non-current loan portfolio into different maturities. The syndicated five-year amortising credit facility worth EUR 150 million that was made in November 1999 comprises a key part of the loan portfolio. The syndicated credit facility is divided into an EUR 75 million amortising term loan and a committed revolving credit facility of EUR 75 million. In May 2000, Perlos Corporation made an agreement on a domestic commercial paper programme worth EUR 100 million in order to diversify its sources of funding. The bulk of the loans are tied to short-term interest rates. On December 31, 2000, the average reset period of interest rates of the Corporate's loans was about four months.

Perlos strives to limit its foreign exchange risks primarily by way of its business operations. The procurement of production inputs and the sale of products is primarily performed in the local currencies of the Corporation's companies. For example, about 90% of the parent company's purchases and sales in 2000 were made in euros or in the national currencies of the euro member countries. Funding is also mainly performed in the home currency. Euro-denominated loans accounted for 96.8% of the Corporation's interest bearing debt at the turn of the year, while US dollar-denominated loans accounted for 0.5% and Chinese renminbi-denominated loans for 2.7%.

Information on Perlos' Shares and Shareholders

General

The company is a public limited company as defined in Finnish legislation. The company was registered in the Trade Register, which is maintained by the National Board of Patents and Registration of Finland, on October 22, 1996.

Shares and share capital

Perlos Corporation's shares are quoted on the Main List of Helsinki Exchanges (POS1V) and they are entered in the book-entry system maintained by Finnish Central Securities Depository Ltd. The round-lot of Perlos' shares is 50 shares.

According to the Articles of Association, the company's minimum share capital shall be EUR 30 600 000 and its maximum share capital EUR 122 400 000, within which limits the share capital may be increased or decreased without amending the Articles of Association. The company's fully paid-in share capital, recorded in the Trade Register on December 31, 2000, is EUR 31 159 059, or 51 931 765 shares. Each share has a nominal value of EUR 0.60. Each share entitles the bearer to one vote at a general meeting of shareholders. All shares entitle the bearer to a dividend for the financial period that began on January 1, 2000.

Quotation, share price trend and share turnover

The share price at the end of the year was EUR 22.00, or 37.1% lower than at the end of 1999. During 2000 the highest price of the company's share in trading was EUR 49.20 and the lowest was EUR 18.70. During the financial year, the turnover of Perlos' shares amounted to EUR 1.34 billion and 40.4 million shares, which represents 78.3% of the shares outstanding. The company's market capitalisation on the last day of the year, as calculated from the closing quotation of EUR 22.00, was EUR 1.14 billion.

Options and changes in the share capital

The A warrants attached to Perlos Corporation's bond loans with warrants issued in 1997 and 1998 were placed for trading on the Main List of Helsinki Exchanges as from April 3, 2000. By the end of the financial year, 698 265 shares had been subscribed for with the A warrants attached to the 1997 bond loan and 13 500 shares had been subscribed for with the A warrants attached to the 1998 bond loan. As a result of these subscriptions, Perlos' share capital rose by a total of EUR 427 059.

Shares subscribed for with the warrants attached to Perlos Corporation's 1997 Bond Loan with Warrants:

Number of shares	Corresponding increase in the share capital, EUR	Recorded in the trade register
23 490	14 094	April 25, 2000
134 640	80 784	June 6, 2000
365 250	219 150	July 5, 2000
173 385	104 031	August 21, 2000
1 500	900	December 7, 2000

Shares subscribed for with the warrants attached to Perlos Corporation's 1998 Bond Loan with Warrants:

Number of shares	Corresponding increase in the share capital, EUR	Recorded in the trade register
13 500	8 100	July 5, 2000

Authorisations to increase the share capital

The Board of Directors has no valid authorisations to increase the share capital and/or to issue convertible bonds or bonds with warrants.

Amendments to the Articles of Association

Perlos' Annual General Meeting, held on April 12, 2000, resolved to amend the Articles of Association such that the Annual General Meeting may be held in Helsinki or Espoo in addition to the domicile specified in the Articles of Association.

Composition of the Board of Directors and the Auditor

At Perlos' Annual General Meeting on April 12, 2000, Matti Aura, Sten-Olof Hansén, Mikael Lilius, Kari O. Sohlberg, Jan Ståhlberg and Matti Vartia were elected as members of

the Board of Directors. Kari O. Sohlberg was elected as chairman of the Board.

SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants, was elected as the company's auditor.

Annual General Meeting

Perlos Corporation's Annual General Meeting will be held on Thursday, April 19, 2001, from 17:00 onwards in hall A of the Finlandia Hall in Helsinki. The address is Mannerheimintie 13 e (enter through doors M1 and K1).

Shareholders who have been registered by April 9, 2001, at the latest in the company's Shareholder List, which is kept by Finnish Central Securities Depository Ltd, have the right to attend the Annual General Meeting.

We request participants to register by 12:00 on April 17, 2001, at the latest by notifying us at: Perlos Corporation, Tuovi Åkerlund, P.O. Box 9, 01901 Nurmijärvi, tel. +358 9 2500 7347, fax +358 9 2500 7276, or email: tuovi.akerlund@perlos.com. We request all proxies be sent to the company's address provided above before the registration deadline.

Dividends

The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for the 2000 financial year be EUR 0.20 per share. The dividend will be paid to shareholders who are registered, on the record date of April 24, 2001, in the company's Shareholder List, which is kept by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on May 2, 2001.

Brokers monitoring Perlos

Among others the brokerage firms listed below actively monitor Perlos Corporation as an investment. Perlos Corporation can not be held responsible for the ratings or recommendations published by them.

ArosMaizels Equities Oy
Fabianinkatu 29 B, 7. floor
FIN-00020 Merita, Helsinki
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Tel. +358 9 123 41
Fax +358 9 1234 0400

Alfred Berg - ABN Amro London
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United Kingdom
Tel. +44 20 7678 8000
Fax +44 20 7678 5834

D. Carnegie AB Finland Branch
Eteläesplanadi 12
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Cheuvreux Nordic AB
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Conventum Securities Ltd
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FIM Securities Ltd
Pohjoisesplanadi 33 A
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Tel. +358 9 613 4600
Fax +358 9 6134 6226

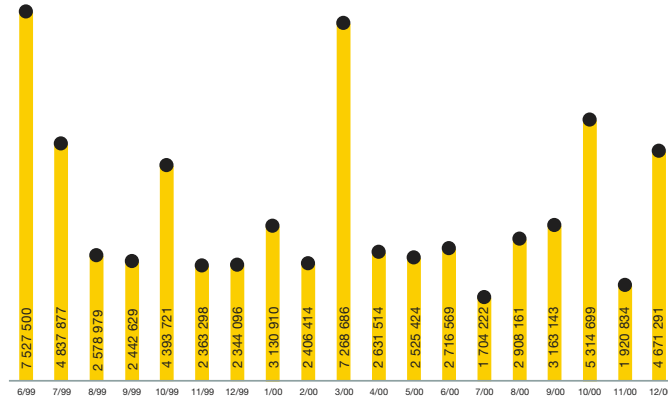
Handelsbanken Investment Banking
Eteläranta 8
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Fax +358 10 444 2578

Sampo Bank Plc
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FIN-00075 Sampo, Helsinki
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Tel. +358 10 51 510
Fax +358 10 513 2608

Mandatum Stockbrokers Ltd
Bulevardi 10 A
FIN-00120 Helsinki
Finland
Tel. +358 10 23 610
Fax +358 9 651 093

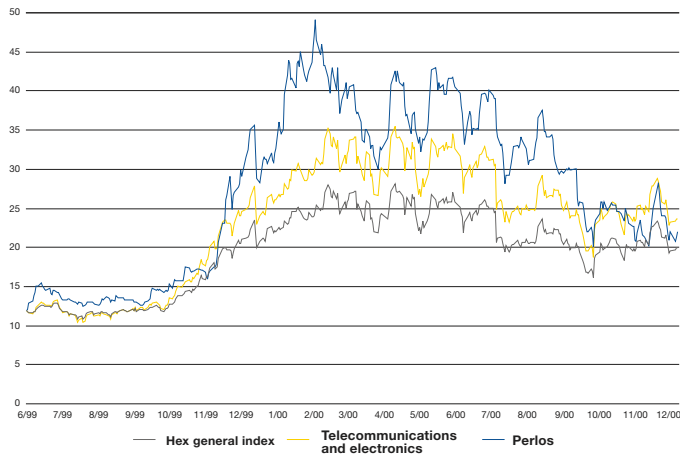
Opstock Oy
Teollisuuskatu 1b
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Finland
Tel. +358 9 404 739
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Perlos' share turnover *, number of shares

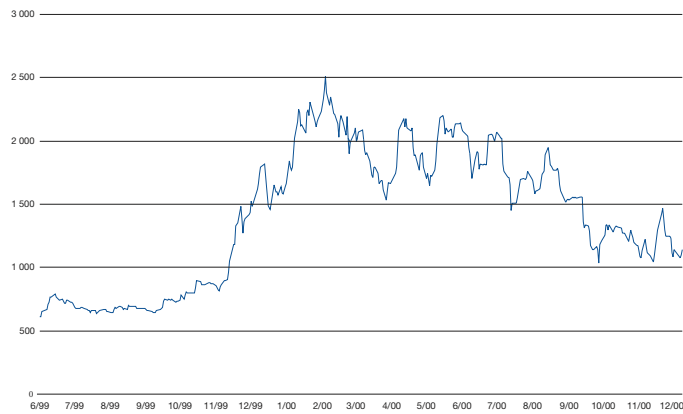


*monthly turnover exclusive of shares traded in the global offering

Perlos' share performance and relative indices of reference, EUR



The market capitalisation of Perlos, EUR million



Source: Helsinki Exchanges

Largest shareholders as of December 29, 2000

	Number of shares and votes	% of shares and votes
1. Oy G.W.Sohlberg Ab	20 488 000	39.45
2. Foreign Shareholders	16 812 040	32.37
3. Varma-Sampo Mutual Pension Insurance Company	1 230 674	2.37
4. The Local Government Pensions Institution	536 800	1.03
5. Finnish National Fund for Research and Development	353 265	0.68
6. Ilmarinen Mutual Pension Insurance Company	353 080	0.68
7. Merita Optima Investment Fund	294 360	0.57
8. Alfred Berg Finland Investment Fund	279 570	0.54
9. Estate of Sohlberg Ville Sakari	236 700	0.46
10. Sampo-Leonia Plc	229 740	0.44
11. Merita Life Insurance Ltd	224 300	0.43
12. Alfred Berg Optimal Investment Fund	213 520	0.41
13. Mutual Insurance Company Pension-Fennia	200 100	0.39
14. Leonia Osake Investment Fund	197 480	0.38
15. Alfred Berg Portfolio Investment Fund	196 960	0.38
16. Merita Fennia Investment Fund	185 680	0.36
17. Suomi Mutual Life Insurance Company	180 000	0.35
18. Kaleva Mutual Insurance Company	178 630	0.34
19. Evli-Select Investment Fund	176 050	0.34
20. Sampo Industrial	175 680	0.34
Total	42 742 629	82.31
Other shareholders	9 189 136	17.69
Total number of shares	51 931 765	100.00

Shareholders by group as of December 29, 2000

	Number of shares and votes	% of shares and votes
Companies	21 863 745	42.11
Financial and insurance institutions	4 871 058	9.38
Public sector organisations	3 720 572	7.16
Non-profit organisations	1 154 063	2.22
Households	3 510 287	6.76
Foreign shareholders	16 812 040	32.37
Total	51 931 765	100.00

Breakdown of ownership as of December 29, 2000

Number of Shares	Number of shareholders	% of shareholders	Number of shares and votes	% of shares and votes
1-100	5 053	44.46	354 732	0.68
101-500	4 625	40.69	1 160 255	2.23
501-5,000	1 461	12.85	1 920 041	3.70
5,001-100,000	197	1.73	4 711 511	9.07
100,001-500,000	26	0.23	5 147 000	9.91
500,001-	5	0.04	38 638 226	74.41
Total	11 367	100.00	51 931 765	100.00

Addresses

PERLOS Corporation

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SUBSIDIARIES

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Perlos (Guangzhou) Engineering Plastics
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