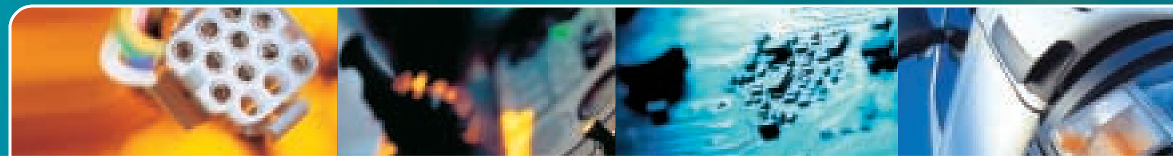


PKC GROUP

Annual Report 2000

DELIVERING EXCELLENCE

INFORMATION FOR SHAREHOLDERS

General meeting of shareholders

PKC Group Oyj's Annual General Meeting of Shareholders will be held on Thursday 29 March 2001 at 4.00 p.m. at the company's offices in Kempele, at the address Vihikari 10, Kempele. Shareholders are asked to confirm their attendance by 4.00 p.m. on Monday 26 March 2001, either by telephone (+358 20 1752 111) or by e-mail (sanna.leppanen@pkcgroup.com).

A shareholder is entitled to attend the meeting if he or she was listed as a shareholder in the company's shareholder register at Finnish Central Securities Depository Ltd no later than the balancing date of 19 March 2001.

Notice of the Annual General Meeting was given in the newspapers Helsingin Sanomat and Kaleva on Saturday 10 and as Stock Exhange Announcement dated 9 March 2001.

Dividend proposal

The Board of Directors proposes that the distribution of dividends for the fiscal year 2000 be EUR 0.4 per share. The matching date for dividends is Tuesday 3 April 2001. The payment date for dividends is Tuesday 10 April 2001.

Financial reports for 2001

PKC Group Oyj will publish its financial reports for 2001 as follows:

Interim report	1-3 / 2001	23 April 2001
Interim report	1-6 / 2001	1 August 2001
Interim report	1-9 / 2001	25 October 2001

The interim reports and stock exchange bulletins will be published in Finnish and English on the company's web site at www.pkcgroup.com. The company's annual reports and interim reports will also be available in PDF format on the company's web site.

Printed versions of the financial publications can be ordered through the web site or from the company's communications department (tel. +358 20 1752 330 or e-mail sanna.leppanen@pkcgroup.com).

Change of address

Shareholders are kindly requested to notify the book-entry register where their book-entries are kept of any changes in their contact information.

Contents

The year 2000 in brief

The parent company of the PKC Group began the year 2000 under a new name, PKC Group Oyj.

PKC's position in the vehicle industry was strengthened significantly during the year 2000, with the development of customer co-operation in 1999 in accordance with extensive contracts signed with Scania and Volvo.

The Dutch final assembly and distribution unit, which began its operations in April, has increased the efficiency of the Group's customer services.

The systems know-how of the PKC Group was extended when its new subsidiary specialised in plastics technology, PKC Electroplast Oy, became operative in August.

In Brazil, an agreement was reached regarding future co-operation with Mercedes Benz in the field of trucks.

Overall services in the fields of telecommunications and the automation industry were further developed according to the needs of Nokia, Emerson, Vacon and ADC Telecommunications.

PKC developed a bus bar for the power supply of future telecommunications systems. Customer deliveries were initiated during the fall.

The Group's unit in charge of marketing embedded system software development was spun off into a separate company under the name Engi Oy.

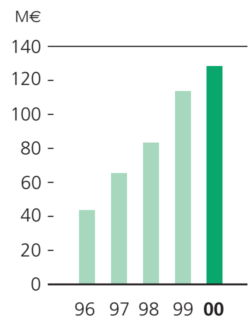
In order to combine areas of expertise, the Group's electronics company was merged with the parent company.

The parent company's new rented premises in Kempele were completed during the summer and fall, and will be occupied by the parent company.

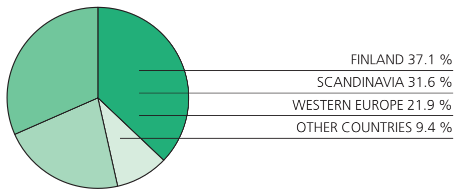
KEY FIGURES

	2000	1999
Net sales, MEUR	**128.6**	113.9
Operating profit, MEUR	**9.0**	11.4
Profit before extraordinary items, MEUR	**8.0**	10.7
Return of investment % (ROI)	**22.3**	34.1
Equity ratio, %	**37.3**	43.3
Gross capital expenditure, MEUR	**8.1**	4.9
Earnings per share, EUR	**0.96**	1.39
Dividend per share, EUR	**0.40**	0.50
Average number of personnel	**932**	730

Net sales 1996-2000



Net sales by market area



PKC Group is a totally responsible system supplier for the vehicle, telecommunications and automation industries. The company is specialised in the efficient intergration of wiring, electronics and plastics technology. By working hard we will increase PKC Group's value. Our strategy provides us with tools and guidelines for our everyday work and operations with a view to steering us into profitability, manageable growth, efficient capital use and the management of the company's future opportunities.

Past year

For PKC, the year 2000 marked a period of investments for the future. The company was successful in competing on vehicle industry market shares. A product innovation led to an improved service level of the telecommunications industry. However, costs incurred due to growth and development reached excessive levels.

PKC's total net sales grew by 13 per cent. The Vehicle Industry grew by 43.1 per cent and Telecommunications and Automation Industry net sales fell by 8.5 per cent. Return on investment was 22.3 per cent. In the light of our strategy and future prospects, we are in a good position to continue to perform as well as at the end of the year and also to disclose improved annual results in the future.

Our consolidated position as a system supplier in the vehicle industry markets required faster-than-expected capacity increases from us. Our network was faced with some capacity constraints as customers placed an ever-increasing number of orders. In order to ensure customer satisfaction, we had to fall back on measures that eroded our financial result. Nevertheless, our expertise as a supplier to world-leading vehicle manufacturers is still unique, as evidenced by the co-operation with Merzedes Benz trucks initiated in Brazil.

The manufacture of telecommunications industry products is up and running while co-operation projects are pending for the production of future systems. PKC developed a bus bar as a solution for the current supply for telecommunications systems, which provides a solid basis for future products. The first customer deliveries were made during the end of the year. Co-operation in the product development of frequency converters' control electronics with the automation industry was further deepened and expanded into new volume products.

In 2000, PKC developed its operations in accordance with the contracts concluded. What our customers expect of us is, in the first place, cost-efficiency and flexible service. The launch of our Dutch final assembly and distribution unit in the spring contributed to a more efficient customer service. The Brazilian plant developed favourably and grew strongly due to vehicle industry's larger order-book.

To ensure competitiveness, it is necessary to continuously develop expertise in a way that anticipates changes in customer needs. We recruit successfully professionals to share responsibility for day-to-day operations, its development and future. As our product development responsibility enhanced, we reinforced our development resources. The construction of the modern and cosy premises designed for the needs of the growing number of employees were completed in Kempele near Oulu airport.

In business development, our primary target includes the integration of electronics production and product development into wiring expertise. We lifted operational barriers that hampered the integration of our competence areas and the exploitation of synergy benefits. Group-wide sales and marketing was centralised, and we abandoned separate business areas.

Future

By working hard we will increase PKC's value. Our strategy provides us with tools and guidelines for our everyday work and operations with a view to steering us into profitability, manageable growth, efficient capital use and the management of the company's future opportunities.

PKC's Vehicle Industry's considerably stronger business growth than that of its customer industries will in the near future be based on seizing market share from competitors, who will withdraw from the market as new vehicle models are introduced. Furthermore, PKC's share in the value of the finished vehicle will rise due to its increased contribution to product development. PKC's Vehicle Industry net sales for 2000 are reckoned to double towards the end of 2003.

When it comes to business development, PKC's Telecommunications and Automation Industry aims for stronger identity and enhanced competitiveness in the contract manufacturing business. Efficient integration of electronic, plastic and wiring technologies will generate solutions that fulfil customer needs to purchase ever-larger integrated solutions.

Major cost benefits can be retained and reaped through expanding and further developing PKC's superior subcontracting network. Efficient logistics will play an ever-important role in achieving profitability targets. The relative amount of tied-up working capital is to be lowered and logistics are to be rationalised further. Although we have revised down our target for operating profit somewhat, we expect the company's profitability to continue the favourable trend started during the end of the year. Return on investment is also expected to rise.

PKC's future opportunities rest on the customers' needs to purchase a full range of ever-more integrated solutions from reliable suppliers. By applying our expertise flexibly and innovatively, our full service range will meet future requirements. PKC's internationalisation strategy and schedule go hand in hand with those of our customers. Our reputation as a reliable supplier will remain our competitive factor, which will be highly sought-after in locations where our customers expand their services.

Thank you

Thanks to the shareholders for their support in our dedicated efforts to develop the company for the future. During the past year, volatile share markets were not joyful news for all investors and companies. PKC's share performance was also disappointing to many investors. Considering the promising prospects for our business, I am positive that market confidence will strengthen. PKC will continue its operations in line with the dividend policy adopted and will distribute more than a third of its net profit as dividends.

Our expertise is based on smooth co-operation and firm trust among the entire business network. As our daily operations are guided by our shared values – co-operation, continuous development, commitment and high-quality performance – we operate on a solid basis. It gives me great pleasure to thank all Group employees, our partners and customers for their commitment to co-operation and their triumphant attitude, as evidenced by their activities during the past year.

Tom Hakalax

president and C.E.O

PKC's strategy is based on the tried and tested know-how it has developed through customer partnerships. PKC profiles itself as an integrator of wiring, electronics and plastic technology know-how. PKC operates within fast-developing industrial clusters and co-operation networks. The aim om PKC's customers, global vehicle, telecommunications and automation industry companies, is to increase their efficiency by concentrating on their core competence, the development of services for end-users. PKC is a totally responsible system supplier for the vehicle, telecommunications and automation industries.

PKC is a reliable systems expert

In the information society inter-industry boundaries will change and co-operation between companies will increase considerably. In their joint projects, industries need to understand each other's operating models and development outlook. The telecommunications industry plans future information technologies on the basis of the specialised needs of various sectors. An ever-increasing understanding of the opportunities provided by electronics and telecommunications is needed in engineering future vehicles. With its expertise, PKC is contributing to linking the various industries that are partly transcending each other's industry boundaries in PKC's competence areas, i.e. electric and data transfer.

PKC's customers, i.e. global customers in the commercial vehicle, telecommunications and automation industries, aim to increase their efficiency by consolidating both their ownership base and their business operations. They will focus on their core competence, developing end-customer services. The number of suppliers will be reduced and the remaining partners are expected to have the capacity required to integrate their demanding competence areas in larger and larger solutions.

As customer industries' co-operation models rest on specialisation, a broad-based expertise and a thorough knowledge of operating models are required from the supplier.

PRODUCTS

PKC provides electric and data transfer systems for heavy vehicles through co-operation with the customer that lasts for the entire life cycle of the product. These systems can be likened to the nervous system of ever more complicated commercial vehicles that consist of an ever-increasing amount of electronics. The main commercial vehicle customers are Scania and Volvo Trucks.

Customer relationships in the telecommunications industry are grounded on the product development and manufacturing services related to the subsystems of integrated telecommunications systems. Its main products are electronics and telecommunications industry circuit boards, power suppliers, wiring, cabling and bus bars as well as maintenance and testing equipment. Our main customers in this field are Nokia, Emerson Energy Systems and ADC Telecommunications.

The automation industry makes use of PKC's expertise in the development and manufacture of frequency converters' control electronics. Vacon, a rapidly expanding manufacturer of frequency converters, is PKC's major customer in the automation industry.

OBJECTIVES

PKC's objective is to continue strengthening its strategic competitive factors, including its extensive expertise and flexible services.

A strong market position. Our position as a fist tier supplier for respected international customers generates trust when forming new customer relationships. Co-operation with the leading companies in developing industries will provide excellent opportunities for learning and for success. Our broad-based expertise in the fields of electric and data transfer will be strengthened and maintained by enhancing our understanding of new technologies. Production expertise and flexible operating practices will continue to be the cornerstones of PKC's operations in the future.

Close co-operation with customers. All the competencies that exist within the Group must be channelled to strengthen our deep and broad-based co-operation with customers. This co-operation, that begins with product development, involves developing state-of-the-art innovations which cater to the needs of the end-customer. The trend in customer industries of outsourcing an ever-increasing share of their product development operations will provide PKC with the opportunity to increase the added value of its systems. Our aim is to produce ever more profitable and extensive solutions by means of integrating new technologies and areas of competence.

Cost-efficient production. From the very beginning, cost-efficient production is on top of the agenda in PKC's customer projects. The production co-operation network that has for a long time been constructed in countries with low production costs will be further developed to maintain and improve cost-efficiency. One of the most important challenges of network management is increasing the efficiency of the logistics chain. Skilful management of raw material and component expenses is imperative given the increasing price pressures generated by our customers.

Hich quality and flexibility. Maintaining the quality and flexibility of its operations, in spite of the growth and professional expansion of the organisation, is a matter of honour to PKC. The fast-changing operating environment will place considerable demands on our personnel. Communication within the network will be intensified and the collective network-wide operating culture will be developed on the basis of the values selected by the personnel.

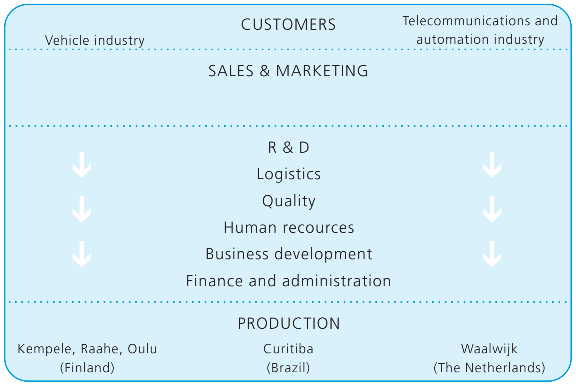
PKC VALUES

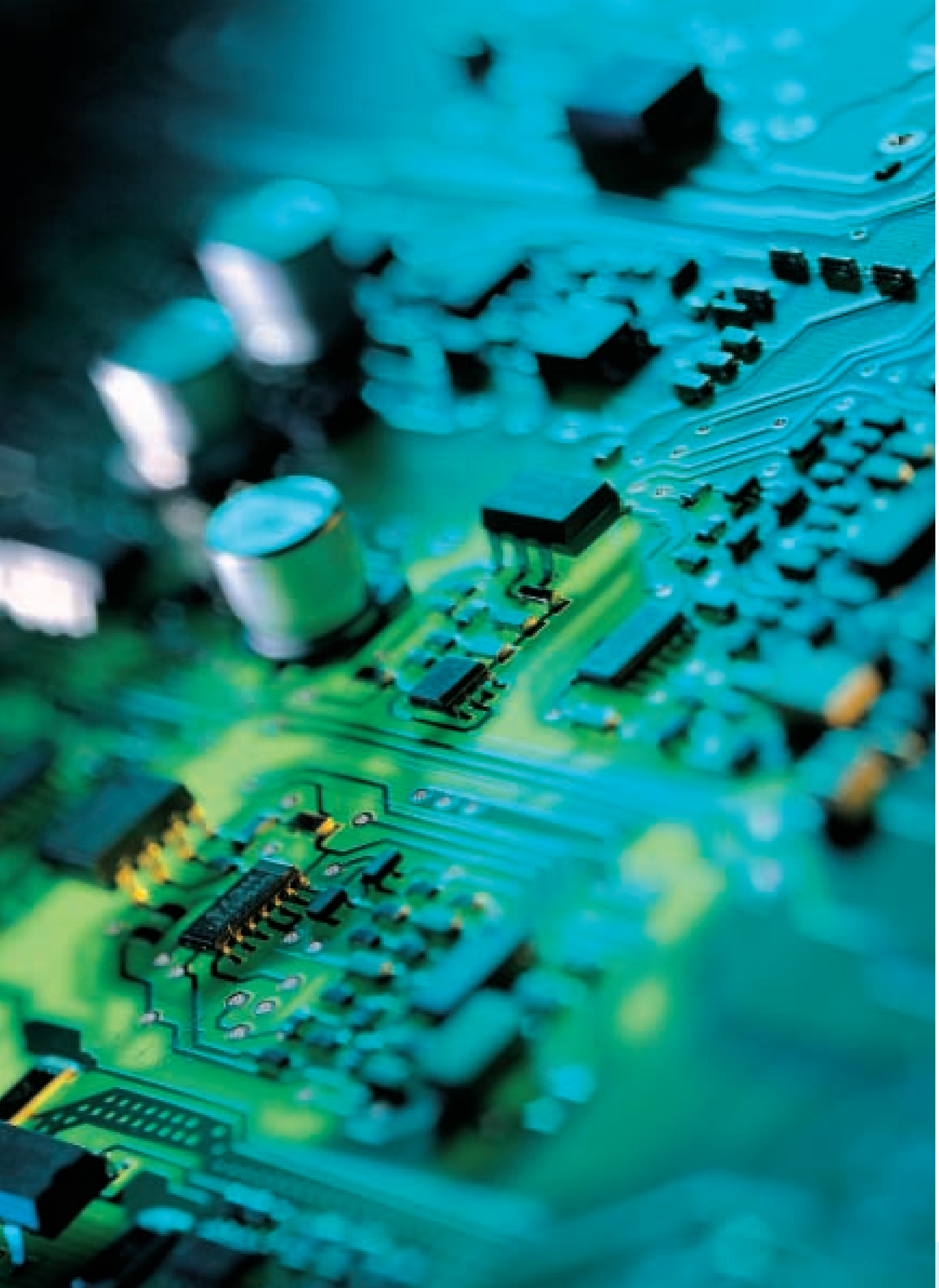
Co-operation. Co-operation is our strength and our resource. Through transparency, mutual respect and equal treatment we are able to create the conditions necessary for co-operation.

Development. We develop our expertise continuously and are proud of it. We seek ever better operating models and practices, and we apply them with determination.

Commitment. We are bound by the promises given to our customers, partners and colleagues. We want to do our best in order to achieve the company's objectives and vision. As a trusted global systems supplier, PKC's competitiveness is founded upon every employee's inner entrepreneurial spirit.

Quality. The quality of our operations will lead to success. Each of us assumes responsibility for the quality of our work. We feel our responsibility of the environment.





PKC IN THE YEAR 2000

PKC's vehicle industry operations in the year 2000

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

The planned merger between Volvo and Scania failed to receive approval from the EU's competition authorities in March. Even during their preparations for the merger, Scania and Volvo were involved in independent contract negotiations with third parties. PKC Group signed separate agreements with both companies regarding a significant expansion and deepening of co-operation activities in the future.

During the year, these extensive co-operation agreements were put into effect. The growth in vehicle industry net sales intensified during the period under review, even exceeding growth expectations. The net sales of PKC Group's vehicle industry business unit reached EUR 67.8 million (EUR 47.4 million in 1999), increasing by 43.1 per cent over the previous year. The vehicle industry business unit accounted for 52.7 per cent of the entire Group's net sales.

The manufacture of new products combined with a notable increase in orders caused some problems. The Group's profit was weakened by the exceptional measures taken during the financial period. Overtime hours and expensive freights were needed especially during summer and the beginning of autumn before the production network was able to operate at the level required by the increased capacity need.

With the new car models, PKC became Scania's global sole supplier of electric and data transfer systems. Volvo Trucks has continued to work with two first tier suppliers of electric and data transfer systems. These framework agreements materialise into PKC's net sales with the introduction of new car models. The effects typically extend approximately five years into the future from the initiation of operations, depending on the car model.

The position of the Brazilian factory strengthened during the year, with PKC obtaining the status of the sole supplier of electrical and data transfer systems for both Scania and Volvo commercial vehicles in South America. Brazilian business operations accounted for 10.6 per cent of the Group's vehicle industry operations. Production at the Dutch final assembly factory, established to strengthen customer service, began in April. About a quarter of PKC systems destined for vehicle sector customers are given their final touches at the Dutch final assembly factory.

It is estimated that the growth of PKC's vehicle industry systems will be considerably stronger in the coming years than growth in the customer fields. This is due to a larger market share and increased product development. The net sales level of the vehicle industry in the year 2000 is expected to double by the end of the year 2003. Growth will be concentrated on the years 2002–2003.

Volvo advanced its concentration on heavy vehicles by acquiring Renault's truck production. This acquisition will strengthen Volvo's position, especially in the South European and North American markets. PKC trusts that its strong position as a partner to an even stronger Volvo will open up opportunities for success and growth. Another promising step in increasing PKC's market share was the company's co-operation contract regarding Mercedes Benz truck production in Brazil.

PKC's telecommunications and automation industry operations in the year 2000

PKC produces contract manufacturing and R&D services to its customers in the telecommunications and automation industries through long-term co-operation that covers the product's entire life cycle.

During 2000, PKC's sales to the telecommunications and electronics industries totalled EUR 60.8 million (EUR 66.5 million), decreasing by 8.5 per cent from the previous year. The assembly of base station mechanics, terminated in August 1999, accounted for EUR 16.0 million of the comparative figure for the previous year. Net sales underperformed their established goal in the mobile phone hands free-equipment cabling sector. Net sales for more processed products achieved the objective established for them. The growth of the product development and production of industrial frequency converter control electronics was concentrated towards the end of the year as was planned.

PKC successfully predicted the development of its customer fields, investing in 1998 electronics know-how through a corporate acquisition (Raahen TH Elektroniikka). PKC can now combine its electronics expertise with its existing wiring and plastic technology expertise in ever-larger overall deliveries, which will be the main focus of PKC's operational development. The company's objective is to construct its own, strong identity and strengthen its competitive advantages in the contract-manufacturing field. Net sales of PKC's telecommunications and automation industries are difficult to predict, but in the coming years, growth is expected to at least equal the average annual growth of around 20 per cent predicted for the contract manufacturing field.

During the year 2000, PKC developed a power supply current bus bar to the degree that it is ready for production. The product is based on the company's long-standing expertise in different technologies. The first customer deliveries of these bus bars for the telecommunications sector were initiated at the end of the year. The status of bus bars as power supply solutions for future telecommunications systems seems promising. The method can also be applied to different vehicle and automation industry systems. PKC will continue its power supply deliveries for current generation telecommunications base stations.

PKC and frequency converter manufacturer Vacon agreed to deepen and expand their co-operation. The extensive, long-term contract of co-operation covers the product development and production of frequency converter control electronics. The contract also extends to future generation products and services. Net sales from the of frequency converter control electronics sector are expected to grow considerably compared to the previous year.

Plastics technology and software development transferred to separate companies

PKC Electroplast Oy and Engi Oy were separated into individual companys during the year 2000. In the future, information on their growth and development will be published under a separate industry heading in addition to vehicle industry and telecommunication and automation industries.

PKC Electroplast

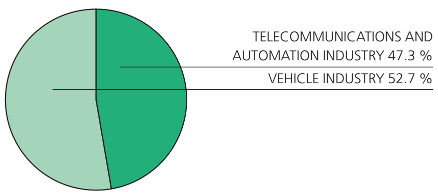
The Group strengthened its plastic technology expertise when the new subsidiary, PKC Electroplast, started its operations in August. From the beginning of 2000, injection moulding production, previously part of the Group's vehicle industry operations, was transferred to the subsidiary.

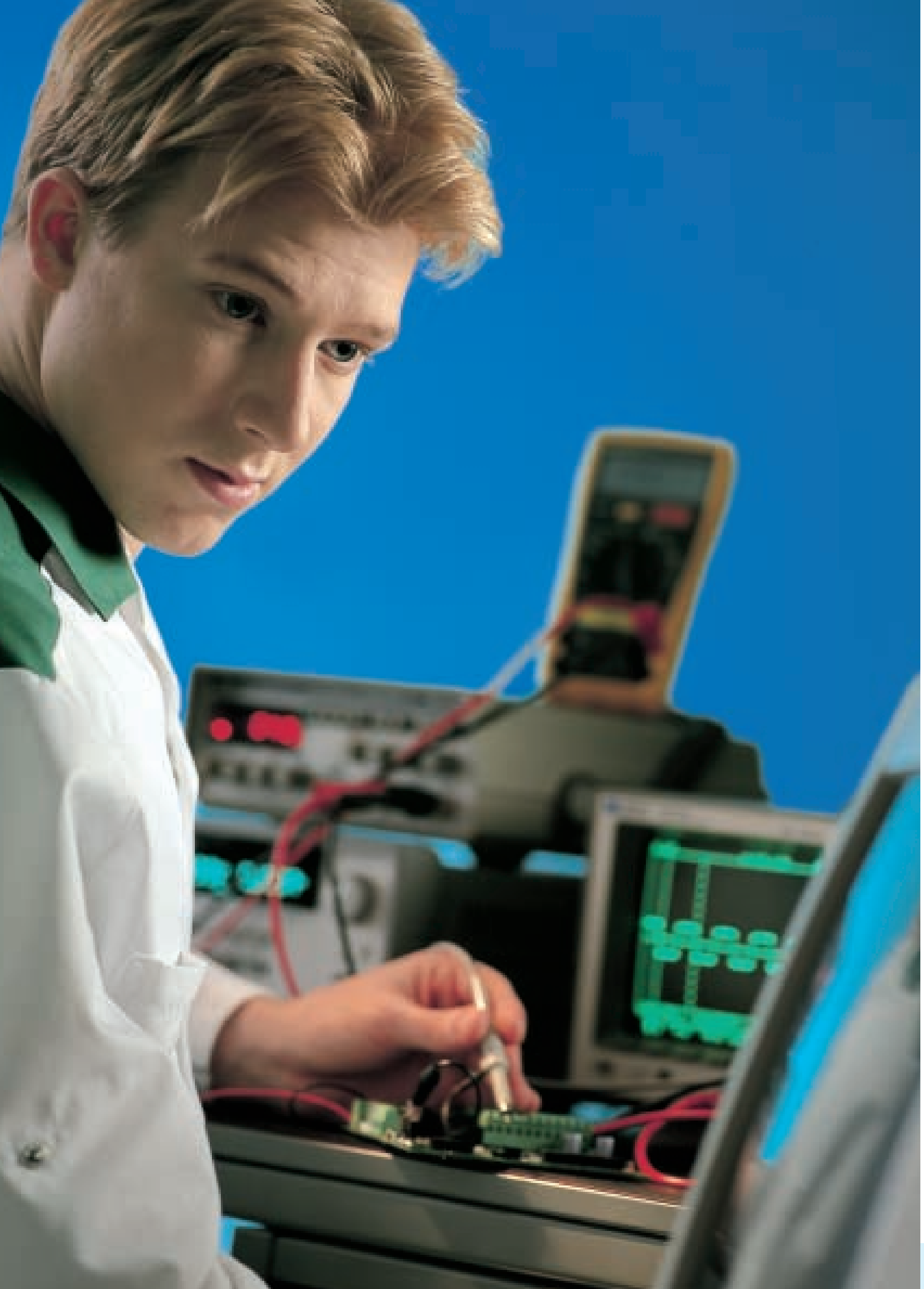
PKC Electroplast's plastics technology development and expertise complements the electronics and mechanics expertise of the PKC Group. Plastic components play an increasingly important role in the manufacture of electronic goods. By combining electronics and wiring through plastics technology, it is possible to increase the products' degree of integration and increase the processing value of system products. An increased systems expertise will improve the PKC Group's competitiveness both in the vehicle and the telecommunications and automation industries.

Engi Oy

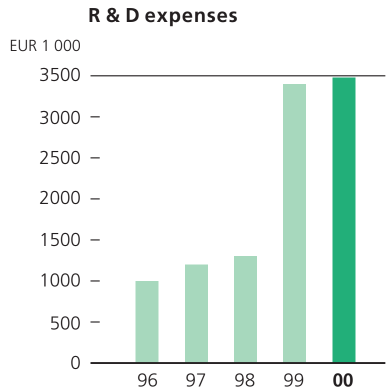
The spin off of PKC's software and embedded systems development services led to the establishment of Engi Oy. Previously this business was included in the key figures for the telecommunications and automation industries. The Group's objective of profiling itself as a systems supplier for the vehicle, telecommunications and automation industries was the main inducement to spin off. A separate high-technology service company profile, designed to support business expansion, was developed for services not included in the Group's core business.

Net sales by customer fields





The objective of PKC's product development is to offer customers in the vehicle, telecommunications and automation industries product development services for their products as an integral part of our production concept. PKC's expertise in the areas of electronics, mechanics and plastics technology allows us to design products whose profitability can be ensured already in the design phase.



More responsibility for customers' product development

The growing need that PKC's customer companies have to outsource functions that fall outside the scope of their core competencies requires that we, as a contract manufacturer, have the capacity to offer product development services in areas related to our own production technology. Product development cycles are faster and product lifecycles shorter than before, which means that a product's manufacture, assembly and testing must already be ensured in the product's definition and design phase. A product development service that views issues from the perspective of production technology is one of PKC's areas of core competence. PKC's diverse production technology know-how is put to efficient use in our customers' projects from the very beginning.

Development of methods

Contracts regarding system deliveries with R&D responsibility require the continuous development of know-how and expertise. In the year 2000, PKC's research and development expenses amounted to EUR 3.5 million, accounting for 2.7 per cent of the Group's net sales (EUR 3.4 million in year 1999).

Product development resources were further strengthened, and especially professionals in the fields of mechanics and electronics were recruited. At the end of the year, 52 professionals were involved with product development geared at promoting the company's own production operations.

The CAD-based wiring design system initiated in 1999 was developed further in co-operation with customers. Seamless design systems are a prerequisite for well-functioning customer co-operation. The use of the system means that time-consuming manual design phases can be minimised. Through its design system development, PKC is gaining an ever larger share of the responsibility for design work. The integration of design systems into the product testing and production optimisation systems are development projects with which PKC's product development is currently involved.

Electronics design resources were also strengthened due to an increase in demand. During the year, a new bus system-based wiring testing system was developed, which will allow the integration of our design and testing systems in the future. The testing system is based on CAN serial bus systems used in vehicles and industrial applications as well as on the testing and quality control system developed for electronics production.

Our mechanical design service was extended to also cover the moulding and pressing services available for plastic components. In August, PKC Electroplast Oy was aquired to develop Group's injection moulding technologies. Thanks to this increase in overall know-how, we are able to offer our customers overall packages consisting of electronics, wiring and mechanics services.

New techniques and research co-operation

When developing future vehicle systems, the focus must be on new technologies. With the rapid development of electronic funktions in vehicles, for example, the use of so called serial bus system technologies ensures that all necessary wiring components fit inside ever smaller spaces.

PKC's task, as a system supplier with responsibility for the customer's product development, is to concentrate on the design of wiring harnesses for vehicles together with car manufacturers. In the coming years, PKC will rely on existing standardised technological solutions that have been selected by car manufacturers. The opportunities provided by future technologies will be evaluated in co-operation with our customers.

In order to ensure our own know-how and construct the co-operation and expertise network required in future wiring and telecommunications solutions, we must be actively involved in the development of these technologies. During the past year we acquired information on new optical data transfer systems, for example, by participating in joint projects with the Technical Research Centre of Finland (VTT), universities and the telecommunications industry.

High quality standards

PKC aims to fulfil or exceed the customers' expectations by delivering flawless and competitive products and services in the agreed time frame. Achieving this objective requires an understanding of our customers and their expectations. Competitiveness is based on a cost-effective and committed corporate culture. As system deliveries increase, the significance of the quality of the overall network's operations increases, especially for a first tier supplier.

All PKC employees are committed to following our quality policy and acting in accordance with that policy. The key concepts have been clarified so that everyone understands his or her role in the execution of our quality policy; in practice, PKC's competitiveness means we are the most viable option for our customers. Customers, as they are referred to here, are not just the final customers. Instead, the term refers to every individual who evaluates the result of our work. A customer can be a colleague, a partner outside the company, our company's customer or the final user of the finished product.

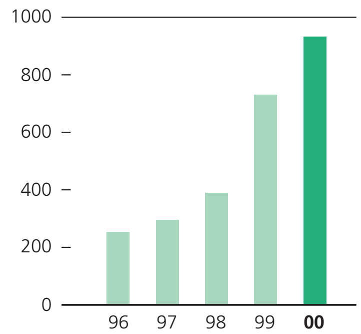
As an indication of continuous quality development, PKC's parent company continued the construction of the QS 9000 Quality System developed for the vehicle industry. PKC's objective for this year is certification. The construction of the same system was also undertaken in our Brazilian subsidiary.

When the electronics factory in Raahe was merged with the parent company, the parent company's quality certificates were extended to cover Raahe operations as well. As a result of the environmental audit conducted at the end of the year, the ISO14001 certification will also extend to Raahe operations in the beginning of the year 2001. We concluded the construction of our environmental system for our Brazilian factory, which was granted ISO 14001 certification in June.

As the environmental awareness of our customers and stakeholders increases, we have to extend these requirements to other parts of the supply chain. PKC's suppliers have begun developing their environmental systems according to our example.

The basis for the execution of PKC's business strategy is the know-how of its committed personnel. The latest result of the strategy process has been a more focused idea of the company's future objectives and visions. These have been used in defining the company's current core competencies, which in turn can be developed in order to maintain our competitiveness in a quickly changing field. The company's operations have been systematically constructed together with our personnel.

Personnel, average



Participation is a motivator

By ensuring the personnel's competence, their continuous development and job satisfaction, we can create a foundation for successful operations in the future. Participation in the definition of the company's future possibilities commits and motivates our personnel to the implementation of the strategy.

Personnel policy based on common values

During the past year, we have discussed PKC's values and the type of personnel policy that would develop the company. We have selected four basic values to act as our everyday operative tenets:

- Co-operation is our strength and our resource.
- We develop our expertise continously.
- We are committed to the promises given to our customers, partners and colleaques.
- The quality of our operations will lead to success.

As in the case of all corporate activities, personnel decisions too have to put these common values into practice. The values are a basis for sound personnel decisions and they can be used to design training and development activities to strengthen personnel know-how. Initiative, co-operation and internal communications develop where there is a committed and co-operative personnel.

More resources directed at the development of the production network

The Group's average number of personnel was 932 (730) during the period under review. There were on average 750 (574) employees and 182 (156) clerical employees. The average age of the Group''s clerical employees remained 35 years, and that of employees was 37 years. At the end of the period under review, the Group's personnel consisted of 1 047 persons, 202 of whom were in Brazil and 49 in the Netherlands. During the end of the year, Engi Oy was made into its own company, and 16 persons were transferred to it. The Group's personnel expenses amounted to EUR 24.3 million (EUR 18.8 million).

The Group's product development, production and production control capacity has been systematically strengthened in light of the growing production volumes and increasing number of overall deliveries. During the year, PKC participated in six recruitment events targeted at students around Finland. The Group's recruitment costs totalled approximately EUR 0.2 million.

Achievements rewarded with bonuses and options

The personnel's commitment to the company's objectives is the key to success. We work every day towards achieving our jointly agreed objectives. PKC rewards its employees for common achievements based on the annual profit of the company. During the year 2000, the Kempele and Raahe units agreed to adopt a bonus system available to all personnel and based on the company's profitability. Ownership-based thinking has been promoted by the addition of a personnel option arrangement to PKC's incentive systems in 1998 and 2000.The employees who transferred to Engi Oy can also become shareholders in the company. The development of incentive salary and reward systems is one of the human resources management projects currently underway at PKC.

Strategy execution is based on method management

During the year under review, training activities emphasised the development of production methods. Our personnel sees initiative as a continuous way of developing working methods and business operations. Our new, comfortable premises have, for their part, inspired personnel members to develop these innovative methods. The changes brought by the new operation control system are beeing handled and adopted carefylly among PKC's personnel. This creates a foundation for efficient execution of the new system. Product development focused last year on the possibilities offered by CAD systems. At the end of the year, the corporate management's level of strategic planning know-how was the subject of specialist training. The proportion of the company's internal introductory training activities increased compared to the previous year as a result of the increased level of recruitment. A total of EUR 0.2 million was paid for outsourced personnel training services. Overall training expenses remained at approximately the same level as during the previous financial year.

Extensive know-how is the key to success

The efficient operation and management of the production network is one of the most critical factors of PKC's success. The importance of commitment is highlighted in networking and co-operation. The competitiveness of the personnel's know-how is constantly being challenged in the rapidly developing customer fields, the vehicle, telecommunications and automation industries. For this reason, the on-going goals established for the development of PKC's personnel include commitment to the company's objectives and strategy, and the sustained development of know-how in preparation for what the future will bring.

We are developing the PKC of the future to be a learning, flexible and efficient organisation. Our objective is to learn at a pace that exceeds changes in the environment. Flexibility and efficiency are generated by the continuous development of our varied expertise, processes and working methods. We wish to take advantage of the vast wiring, electronics and plastics technology know-how in our company by putting a maximum level of our employees' skill and expertise to use. Learning processes must be recognised and the organisation must promote the acquisition of new knowledge.

The PKC Group to combine its wiring, electronics and plastic technology expertice

The year 2000 tried and tested PKC's expertise and position as a partner to large, global customers. The revised purchasing policies adopted in our customers' business fields favoured PKC's overall systems expertise. Investments in diverse know-how and technology, together with an efficient service network, will give the company a solid position as a competent partner that produces added value for its customers in the vehicle, telecommunications and automation industries.

Customers becoming centralised - a demand exists for partners with an extensive range of expertice

Ownership arrangements and structural changes are continuous in PKC's customer fields. Telecommunications, electronics and vehicle industry companies are taking over the market and increasing their efficiency by centralising both their ownership and their operations. Companies are focusing on their core competencies and transferring the responsibility for ever larger projects to their suppliers. As they reduce the number of their suppliers, customers are in turn transferring the responsibility for the management of the supply network over to their chosen partners.

The increased co-operation within customer fields opens up significant opportunities for PKC's expertise, which transcends business sector divisions. The vehicle industry and the telecommunications industry need an understanding of each other's operating methods for the development of future solutions. Among specialised suppliers, PKC stands out thanks to its efficient package combining its areas of expertise and its expert understanding of the working of its customers' business fields.

In the summer, PKC Electronics Oy was merged with the parent company. This move promotes and rationalises the efficient co-operation between areas of expertise. Acting as a single legal entity consolidates the corporate culture and strengthens the personnel's commitment to the joint objectives of the entire Group.

The PKC Group expanded its expertise to the area of plastic technology, when PKC Electroplast began its operations in August. The Group's electronics and mechanics expertise were complemented with plastic technology expertise, which will be used in increasing the processing value of electric and data transfer systems. This increased systems expertise strengthens the PKC Group's competitiveness in the vehicle, telecommunications and automation industries.

Net sales in the year 2000

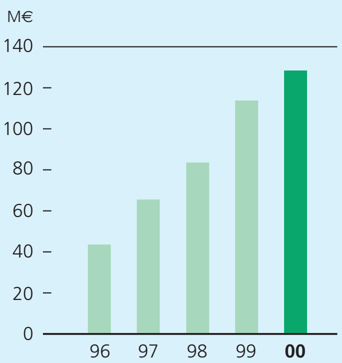
Compared with the previous year, the Group's net sales increased by 13. 0per cent and amounted to EUR 128.6 million (EUR 113.9 million in the previous year). Sales to the vehicle industry accounted for 52.7 per cent of the company's net sales, while sales to the telecommunications and automation industries accounted for 47.3 per cent. Direct exports accounted for 62.9 per cent of sales.

Vehicle industry net sales, EUR 67.8 million, grew by 43.1 per cent from the previous year (EUR 47.4 mil.). PKC obtained the position of Scania's sole supplier during December, when the latest car models and the operation of the Dutch factory had become established. Likewise, in December 1999 Volvo Trucks selected PKC when contracting two suppliers of electric and data transfer systems. The effect of the co-operation contracts on net sales will be concentrated on the years 2002–2003 during the next few years.

The position of the Brazilian factory was strengthened during the year, with PKC obtaining the status of the sole supplier of electric and data transfer systems for Scania and Volvo commercial vehicles in South America. Brazilian business operations accounted for 10.6 per cent of the Group's vehicle industry. Production at the Dutch final assembly factory, founded to complement operations in Finland and Brazil, began in April. About a quarter of PKC systems destined for vehicle sector customers are given their final touches at the Dutch final assembly factory.

Telecommunications and electronics sales accounted for EUR 60.8 million (EUR 66.5 mil.), a decrease of 8.5 per cent compared to the previous year. The assembly of base station mechanics, terminated in August 1999, accounted for EUR 16.0 million of the comparative figure for the previous year. The Group's net sales underperformed their established goal in the mobile phone hands free-equipment cabling sector. Net sales for more processed products achieved the established objective. Product development and production of frequency converters' control electronics progressed as planned and intensified towards the end of the year.

Net sales 1996-2000



The result for the year 2000

The Group's operating profit amounted to EUR 9.0 million (EUR 11.4 mil.), accounting for 7.0 per cent (10.0 per cent) of net sales. The operating profit increased considerably during the last quarter, compared to the two previous quarters. The investments in production capacity and competence required of a first tier systems supplier, together with the general price pressures set limits to the profitability of systems suppliers. In order to remain profitable, PKC's material purchases must be effective and cost-efficient, and it must put its gradually built and well-functioning network of subcontractors to efficient use.

Orders placed by our main vehicle industry customers increased faster than expected. To maintain customer satisfaction, it was necessary in the second and third quarter fo fall back on means, such as overtime work and exceptionally costly freights, which eroded the company result. During the fiscal year, the additional expenses generated by these exceptional measures and by the development of our production network management operations amounted to almost 2 million euros.

The consolidated goodwill generated by a corporate acquisition two years ago will be depreciated over the course of eight years. The amount of overall depreciation was EUR 4.6 million (EUR 3.7 mil.), of which EUR 0.8 million consisted of consolidated goodwill depreciation. The final value of the corporate acquisition was EUR 11.6 million, of which the final instalment, worth EUR 2.7 million, was paid during the fiscal year. Profit after financial items amounted to EUR 8.0 million (EUR 10.7 mil), accounting for 6.2 per cent (9.4 per cent) of net sales. Direct taxes for the fiscal year amounted to EUR 2.9 million (EUR 3.4 million).

The profitability of our Brazilian factory has improved following an increase in production volumes. The Dutch factory is a final assembly and distribution unit, where working expenses are slightly higher than in Finland. The unit was founded in order to increase the efficiency of customer services and rationalise logistics in continental Europe.

Investments

The Group's gross investments in fixed assets amounted to EUR 8.1 million, or 6.3 per cent of net sales (EUR 4.9 million). During the period under review, the Group invested in a new enterprise resource planning system as well as in production machinery and equipment. After moving to the new premises, investments were made to rationalise production and reorganise operations. The extraordinary items include the profit of EUR 0.7 million arising from realizing the old premises.

Research and development

PKC's role as a first tier supplier with overall product development responsibility requires it to make continuous investments in new areas of competence and new technologies. Research and development expenses amounted to EUR 3.5 million, representing 2.7 per cent of net sales (EUR 3.4 mil.). At the close of the financial period, a total of fifty-two PKC experts worked in product development.

The objective of PKC's product development operations is to offer customers a product development service as an integral part of the production concept. In the Group's telecommunications and automation industry service concept, the role of product development is considerable. The vehicle industry has also transferred part of this role to PKC. The opportunities offered by the Group's electronics, mechanics and plastic technology expertise are put to use in the development and production of customer systems.

A company called Engi Oy was created from the Group's outsourced software and embedded system development services. The creation of this company was motivated by the development of the Group's core business activities and the rationalisation of its operations. PKC has come to be known as a growing and developing global systems supplier for the vehicle, telecommunications and automation industries that assumes overall responsibility for product development. A separate high-tech service company profile, supporting business expansion, was created for the software development services. At the close of the financial period, Engi Oy employed seventeen persons.

Personnel

During the period under review, the Group employed an average of 932 (730) persons. At the end of the financial period, the Group had a total of 1047 employees, 251 of whom were employed in the Group's overseas units. The Group's personnel expenses amounted to EUR 24.3 million (EUR 18.8 mil.). The majority of the increase in the number of personnel during the financial period came from personnel increases in the overseas units and from an increase in the number of clerical employees in production in Finland.

The Group has consistently developed its product development, production and production control capacity in order to meet the challenges generated by growing production volumes and deliveries. PKC's competitiveness is based on the expertise of its personnel, its commitment to the integration of areas of competence and to the management of its production network.

The Group's management was strengthened by the appointment of Eero Veijola L.Sc.(Tech.) as Director of Production from November.

Financial position and balance sheet

The Group's equity ratio was 37.3 per cent (43.3 per cent). When calculating the equity ratio, 29 per cent of the accumulated depreciation was considered as tax liabilities, and the rest as shareholders' equity. The ratio of interest-bearing net liabilities to the shareholders' equity (gearing) was 0.9 (0.4). In light of the cash flow projections based on the Group's growth prospects for the coming years, the company considers its equity ratio to be sufficient. The Group's net financial expenses amounted to EUR 1.0 million (EUR 0.6 mil.), or under 1 per cent of net sales.
At the end of the fiscal year, interest-bearing debts amounted to EUR 22.9 million (EUR 11.2 mil.). These interest-bearing debts consisted mainly of loans from financial institutions. Part of the working capital required for the growth phase was financed through credit limits according to the policy adopted by the company. The financing limits accounted for EUR 5.0 million of the debts. Dividends paid for the year 1999 totalled EUR 2.6 million. Cash in hand and at bank at the end of the period under review totalled EUR 1.3 million (EUR 3.1 mil). The consolidated balance sheet total was EUR 68.4 million (EUR 51.4 mil.).

The increase in inventories and customers' lengthened payment periods have increased the need for working capital. During the fiscal year, inventories grew as a result of preparations made for the initiation of new products and for the transfer to new premises. On the other hand, part of the new production of the vehicle industry requires more materials. Due to a general shortage of components, the telecmmunications industry stored critical components. The Group has initiated measures to limit the relative amount of working capital to a level that remains below the current one.

The board of directors

The Annual General Meeting of 30 March 2000 confirmed the number of members of the Board of Directors to remain at seven. Those who continued on the Board included Risto Suonio, Director of Nokia Oyj; Jyrki Tähtinen, Managing Director of Borenius & Kemppinen Attorneys at Law; Endel Palla, Chairman of the Advisory Board of As Harju Elekter Ltd.; and PKC Group's CFO Leo Ojala and former Logistics Director Veikko Ravaska. Jorma Terentjeff, the Managing Director of Jot Automation Group Oyj, was elected to join the Board as a new member. The Group's former Managing Director, Tom Hakalax, was elected to continue as Chairman of the Board. When Managing Director Timo J. Niemi resigned in November, Tom Hakalax once again assumed the responsibilities of Managing Director. Jyrki Tähtinen was elected Chairman of the Board. The company's auditors are, as previously, Tilintarkastajien Oy – Ernst & Young, with APA Rauno Sipilä as responsible accountant.

Equity ratio

The ownership and trading of PKC shares

On the closing day of the financial period, the company had 4,251 (4,526) registered shareholders. The number of shares was 5,275,000. PKC Group's management held 8.8 (18.5) per cent of the shares. The decrease in the number of shares held by the management is due to changes in the company's operative management. The management has maintained its ownership. The shares owned or represented by members of the Board amounted to 23.9 (24.6) per cent of the total number of shares.

During the period under review, the share prices varied between EUR 9.3 and EUR 29.9. The last quotation of the year was EUR 10.0. The percentage of shares traded was 38.5 per cent (52.0 per cent) during the year. At the end of the year, the total market value of the capital stock amounted to EUR 52.8 million (EUR 140.8 mil.).

Quality and environment

The quality of operations and products remains one of the most important competitive advantages enjoyed by the PKC Group. The development of the QS 9000 quality system , designed for the automotive industry, progressed as planned. The objective for the current year is certification. The development of the same system was initiated in the Brazilian subsidiary as well.

Once the Raahe electronics factory was merged with the parent company, the parent company's quality certificates were extended to include Raahe operations. During the end of the year, an audit of the environmental system was carried out at Raahe. In the beginning of 2001, ISO 14001 certification will be extended to Raahe operations as well. The development of an environmental system for the Group's Brazilian factory was concluded, and the factory received ISO 14001 certification in June. As customers and interest groups are becoming increasingly environmentally conscious, the environmental criteria of the supply chain must be promoted. Suppliers have started developing their environmental systems on the basis of the example set by the PKC Group.

The future

PKC's outlook in terms of its main customers in the field of vehicle industry electric and data transfer systems looks very positive. The company's Board estimated that the growth of PKC's vehicle industry systems would seem to be considerably stronger in the coming years than growth in the customer fields. This is due to a larger market share and increased product development. The partnership contracts signed during the autumn of 1999 will materialise into orders during the following few years with the introduction of new car models. The framework agreements signed towards the end of 2000 with our vehicle industry customers for the years 2001–2006 are an example of how extensive contracts are applied in practice. We expect that the level of net sales of the vehicle industry for the year 2000 will double by the end of the year 2003. Growth will be concentrated on the years 2002–2003.

PKC's profitability is expected to continue developing positively. In light of the general economic outlook and the development of customer fields, the company, however, expects profitably to develop somewhat slower than suggested by previous estimates.

PKC's Brazilian factory has achieved a solid status as a partner to the South American heavy vehicle industry. The Brazilian factory has signed a co-operation contract with Mercedes Benz. PKC will be involved with future Mercedes car models, beginning from product development. During 2002, this co-operation will be extended to volume production. The net sales and profitability of the Brazilian factory is expected to increase significantly as Volvo orders increase and as new partnership schemes lead to volume production.

Volvo's focus on heavy vehicles will advance as Volvo and Renault combine their truck production. This Volvo–Renault co-operation will give PKC significant new opportunities in North America and Europe.

The telecommunications and automation industry service concept will be developed by offering contract manufacturing and product development services in a rapidly growing and developing field. Thanks to a successful corporate acquisition (Oy Raahen TH Elektroniikka Ab, 1998), PKC has increased its electronics expertise, and can now combine it with its existing wiring and plastic technology expertise in ever larger overall deliveries. This will be one of the focuses of developing PKC's operations. In the coming years, the net sales of the sector are expected to follow the general annual growth level of 20 per cent typical to the contract manufacturing field.

During the year under review, PKC developed a bus bar, designed for supplying current to base stations, to the degree that it is ready for production. The status of bus bars as a current supply solution for future telecommunications systems seems promising. Customer deliveries are already underway. PKC will continue its power supply deliveries for current generation telecommunications base stations.

Compared to the year under review, the net sales of the development and production of control electronics for frequency converters will grow considerably this year.

Events after the period under review

The needs of our customers in the vehicle, telecommunications and automation industries have converged considerably. The internal business unit divisions within the company were removed in order to allow the unhindered progress of genuine and innovative co-operation between our areas of competence. M.Sc. (Tech), eMBA Martti Särkelä, previously the Director of the vehicle industry unit, was appointed Director of Marketing and Sales for the whole Group. Quality Director, M.Sc. (Tech) Mika Kari was appointed Director of Business Development, and Personnel Manager, B.Sc. (Admin) Matti Niemelä was appointed Group's Personnel Director.

As of the beginning of 2001, the parent company's plastic technology-based operations were transferred to PKC Electroplast, acquired in August. The importance of plastic is increasing strongly in PKC's business areas, both in vehicle, telecommunications and automation equipment.

The financial indicators of the development of the Group's business operations are still published on a customer-specific basis for the vehicle industry and the telecommunications and automation industries. A third group is based on the information regarding the growth and development of Engi Oy and Electroplast Oy.

GROUP INCOME STATEMENTS, 1 000 EUR	Notes	1.1 - 31.12.2000	1.1 - 31.12.1999
NET SALES	1	128 647.8	113 889.1
Stocks of finished and unfinished goods, increase (+) or decrease (-)		6 628.2	1 720.1
Other operating income	2	663.9	166.2
Materials and services	3	84 828.4	73 200.0
Personnel costs	4	24 330.9	18 807.5
Depreciation and value adjustments	5	4 555.4	3 673.5
Other operating expenses		13 270.4	8 737.8
OPERATING PROFIT		8 954.9	11 356.6
Financial income and expenses	6	-978.6	-631.8
PROFIT BEFORE EXTRAORDINARY ITEMS		7 976.2	10 724.8
Extraordinary items	7	726.6	
PROFIT BEFORE TEXES		8 702,8	10 724.8
Income taxes	9	-2 872.7	-3 401.9
Minority shares		3.9	7.3
PROFIT FOR THE FINANCIAL YEAR		5 834.0	7 330.3

GROUP BALANCE SHEET, 1 000 EUR	Notes	31.12.2000	31.12.1999
ASSETS			
FIXED ASSETS	10		
Intangible assets		2 160.1	1 158.5
Consilidated goodwill		4 352.3	5 077.6
Tangible assets		11 185.2	10 809.6
Investments	12	289.4	349.9
Fixed assets total		17 987.0	17 395.6
CURRENT ASSETS			
Inventories	13	26 108.6	14 484.9
Short-term receivables	14	23 020.5	16 443.4
Cash at bank and in hand		1 285.6	3 104.9
Current assets total		50 414.7	34 033.2
Assets total		68 401.8	51 428.8
LIABILITIES			
SHAREHOLDERS' EQUITY	15.16		
Share capital		1 774.4	1 774.4
Share premium account		166.1	166.1
Retained earnings		17 680.3	12 987.5
Profit for the financial year		5 834.0	7 330.3
Shareholders' equity total		25 454.7	22 258.2
MINORITY SHARE		25.9	
CREDITORS			
Deferred tax liabilities	18	225.2	164.9
Long-term liabilities	19	19 028.4	8 867.4
Short-term liabilities	19	23 667.6	20 138.3
Creditors total		42 921.2	29 170.5
Liabilities total		68 401.8	51 428.8

GROUP FUND STATEMENTS, 1 000 EUR	2000	1999
Cash flow from business operations		
Operating profit	8 954.9	11 356.6
Depreciation	4 555.4	3 673.5
Change in working capital	-16 196.3	-5 213.1
Financial income and expenses	-978.6	-631.8
Taxes	-2 872.7	-3 401.9
Total cash flow from business operations	-6 537.4	5 783.4
Cash flow from capital expenditures		
Investments in tangible and intangible assets	-8 056.0	-4 797.9
Capital expenditure on other investments	-41.4	-62.1
Proceeds from tangible and intangible assets	3 575.3	37.0
Proceeds from other investments	101.8	
Total cash flow from capital expenditures	-4 420.3	-4 823.0
Cash flow before financing	-10 957.7	960.3
Cash flow from financing		
Withdrawal of non-current liabilities	15 028.0	3 617.9
Repayments of non-current liabilities	-4 806.7	-7 646.5
Current liabilities increase (+), decrease (-)	1 526.7	-53.5
Current receivables increase (-), decrease (+)	-1.9	3.4
Dividends paid	-2 637.5	-2 839.0
Change in minority share	29.7	
Others		-41.6
Total cash flow from financing	9 138.4	-6 959.4
Change in financial resources	- 1 819.3	-5 999.0
Liquid assets 1 Jan.	3 104.9	9 103.9
Liquid assets 31 Dec.	1 285.6	3 104.9
Change in financial resources acc. to Balance Sheet	-1 819.3	-5 999.0

PARENT COMPANY INCOME STATEMENTS, 1 000 EUR	Notes	1.1 - 31.12.2000	1.1 - 31.12.1999
NET SALES	1	106 311.8	75 858.4
Stocks of finished and unfinished goods, increase (+) or decrease (-)		6 202.3	2 141.0
Other operating income	2	1 183.2	978.8
Materials and services	3	73 488.8	51 476.3
Personnel costs	4	18 567.9	11 315.5
Depreciation and value adjustments	5	3 429.4	1 615.7
Other operating expenses		10 423.6	5 677.2
OPERATING PROFIT		7 787.6	8 893.6
Financial income and expenses	6	-709.6	3 996.8
PROFIT BEFORE EXTRAORDINARY ITEMS		7 078.1	12 890.4
Extraordinary items	7	726.6	3 363.8
PROFIT BEFORE APPROPRIATIONS AND TAXES		7 804.6	16 254.2
Appropriations	8	-193.9	54.7
Income taxes	9	-2 344.6	-4 575.2
PROFIT FOR THE FINANCIAL YEAR		5 266.0	11 733.7

PARENT COMPANY BALANCE SHEET, 1 000 EUR	Notes	31.12.2000	31.12.1999
ASSETS			
FIXED ASSETS	11		
Intangible assets		8 661.1	554.2
Tangible assets		9 369.3	6 833.2
Investments and shares	12		
Shares in group companies		1 837.5	13 284.3
Receivables from group companies		650.2	597.3
Other investments		278.2	146.7
Fixed assets total		20 796.2	21 415.6
CURRENT ASSETS			
Inventories	13	23 533.8	10 743.4
Long-term receivables	14	3 871.6	3 871.6
Short-term receivables	14	24 928.4	
			14 502.9
Cash at bank and in hand		346.9	1 416.8
Current assets total		52 680.7	30 534.7
Assets total		73 477.0	51 950.4
LIABILITIES			
SHAREHOLDERS' EQUITY	15,16		
Share capital		1 774.4	1 774.4
Share premium account		166.1	166.1
Retained earnings		23 357.8	14 261.6
Profit for the financial year		5 266.0	11 733.7
Shareholders' equity total		30 564.3	27 935.8
ACCUMULATED APPROPRIATIONS	17	762.5	568.5
CREDITORS			
Long-term liabilities	19	19 021.0	8 460.7
Short-term liabilities	19	23 129.1	14 985.3
Creditors total		42 150.2	23 446.0
Liabilities total		73 477.0	51 950.4

PARENT COMPANY FUND STATEMENTS, 1 000 EUR	2000	1999
Cash flow from business operations		
Operating profit	7 787.6	8 893.6
Depreciation	3 429.4	1 615.7
Change in working capital	-15 062.7	-7 557.3
Financial income and expenses	-709.6	3 996.8
Extraordinary income		3 363.8
Taxes	-2 344.6	-4 575.2
Total cash flow from business operations	-6 899.9	5 737.4
Cash flow from capital expenditures		
Investments in tangible and intangible assets	-6 805.1	-2 932.0
Capital expenditure on other investments	-266.6	214.2
Proceeds from tangible and intangible assets	3 575.3	37.0
Proceeds from other investments	101.8	
Total cash flow from capital expenditures	-3 394.5	-2 680.8
Cash flow before financing	-10 294.3	3 056.6
Cash flow from financing		
Withdrawal of non-current liabilities	14 692.7	5 300.5
Repayments of non-current liabilities	-4 399.2	-9 165.3
Current liabilities increase (+), decrease (-)	1 686.5	294.2
Current receivables increase (-), decrease (+)	-620.4	281.9
Dividends paid	-2 637.5	-2 839.0
Others		
Total cash flow from financing	8 722.0	-6 127.6
Financial resources transferred through mergers	502.4	
Change in financial resources	-1 069.9	-3 071.0
Liquid assets 1 Jan.	1 416.8	4 487.8
Liquid assets 31 Dec.	346.9	1 416.8
Change in financial resources acc. to Balance Sheet	-1 069.9	-3 071.0

The Scope of the Group's Financial Statements
The Group's financial statements include, in addition to PKC Group Oyj, the companies of which the company holds directly or indirectly over 50 per cent of voting rights at the end of the financial period. The Group's financial statements include PKC Electronics Oy, merged with the parent company on 30 June 2000, up to the date of the merger.

Mutual Stock Ownership
The Group's financial statements were produced using the acquisition cost method. The consolidated assets generated from the acquisition of PKC Electronics Oy were entered into the balance sheet as consolidated goodwill, which will be depreciated according to plan during a period of eight years. Due to the strategic significance of the acquisition, the consolidated goodwill will be depreciated during a period of more than five years. The minor consolidated assets generated by the acquisition of PKC Electroplast Oy have been depreciated in their entirety during the fiscal period.

Internal Business Transactions and Margins
The Group's internal business transactions, internal margins from fixed assets and current assets, internal receivables and liabilities, as well as the internal distribution of profits, have been eliminated.

Minority Share
The minority share of the subsidiaries' profit and shareholders' equity has been presented as a separate item in the financial statements and the balance sheet.

Conversion of Foreign Subsidiaries
The financial statements of subsidiaries operating in the EU region have been submitted in the same currency as those of the parent company. The operative currency of the Brazilian subsidiary has been defined as the currency used by the parent company. For this reason, items in the financial statements have been converted using the average exchange rate of each month, excluding depreciation and changes in inventories, which have been converted using the exchange rate of the date of the entry in question. In the balance sheet, financial assets and current liabilities have been converted using the average exchange rate on the date of closing the accounts, and other items in the balance sheets using the exchange rate on the date of the entry in question. The resulting exchange rate differences have been entered in the financial statements under financial income and expenses.

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

Fixed Assets
Fixed assets are itemised at their direct acquisition cost. Depreciation on fixed assets is calculated according to the predetermined plan. The depreciation period for the consolidated goodwill generated by subsidiary company mergers terminates at the same time as the consolidated goodwill depreciation of the subsidiary in question. The depreciation time frames based on estimated service durations are as follows:

Intangible rights	4–5	years
Goodwill	6.5	years
Consolidated goodwill	8	years
Other long-term expenditures	3–10	years
Buildings and constructions	7–15	years
Machinery and equipment	3–10	years
Other tangible assets	5–10	years

Current Assets
Current assets were valued on the basis of the variable expenses generated by acquisitions and production, or on the basis of a lower likely transfer price. Acquisition cost valuations have been based on the average price method.

Net Sales
Net sales were calculated from the Group's overall revenue obtained from goods purchased, from which discounts and VAT have been deducted.

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

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

Pension Costs
The retirement plans for employees are provided by external insurance companies. Pension insurance payments were divided to correspond with the performance-based salaries in the financial statements. The retirement age for some of the high-level executives has been lowered to 58 years.

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

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
1. NET SALES BY BUSINESS UNITS AND MARKET AREAS				
Net sales by business units				
Vehicle industry	67 802.8	47 386.3	62 620.3	44 870.0
Telecommunications and automation industries	60 845.0	66 502.8	43 691.5	30 988.4
Total	128 647.8	113 889.1	106 311.8	75 858.4
Net sales by market areas				
Finland	47 744.8	54 950.0	33 270.5	27 180.0
Other Nordic countries	40 607.9	27 702.2	40 591.2	27 688.0
Rest of western Europe	28 159.1	24 851.0	25 762.8	18 960.2
Others	12 136.1	6 385.9	6 687.2	2 030.2
Total	128 647.8	113 889.1	106 311.8	75 858.4
2. OTHER OPERATING INCOME				
Sales income	336.4		336.4	
Other income	327.6	166.2	846.8	978.8
Total	663.9	166.2	1 183.2	978.8
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial period	80 371.1	67 987.2	64 954.7	46 582.5
Increase (-) or decrease (+) in inventories	-4 943.5	-1 230.8	-2 499.6	-1 626.2
Outsourced services	9 400.8	6 443.6	11 033.7	6 519.9
Total	84 828.4	73 200.0	73 488.8	51 476.3
4. PERSONNEL COSTS				
Wages and salaries	18 975.6	14 761.7	14 829.0	8 862.0
Social security expenses				
Pension expenses	2 746.9	2 219.7	2 349.7	1 421.9
Other social security expenses	2 608.3	1 826.1	1 389.2	1 031.7
Total	24 330.9	18 807.5	18 567.9	11 315.5
Management level salaries and fees				
Salaries and fees to members of the Board and the Managing Directors	392.9	280.7	220.8	185.7
Average number of personnel				
Clerical employees	182	156	141	86
Employees	750	574	459	301
Total	932	730	600	387
5. DEPRECIATION AND VALUE ADJUSTMENT				
Planned depreciation	3 801.1	2 948.2	3 429.4	1 615.7
Depreciation of consolidated goodwill	754.3	725.4		
Total	4 555.4	3 673.5	3 429.4	1 615.7

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
6. FINANCIAL INCOME AND EXPENSES				
Dividend yields				
From Group companies				4 204.7
From others	2.0	0.1	0.1	0.1
Total	2.0	0.1	0.1	4 204.8
Income from other investments held as non-current assets				
From others	1.4	1.0	1.4	1.0
Other interests and financial income				
From Group companies			220.1	178.9
From others	166.2	240.2	124.2	169.2
Total	166.2	240.2	344.4	348.1
Value adjustments of investments				
Reduction in value of investments held as non-current assets		-38.9		-38.9
Interest and other financial expenses				
To group companies				-37.9
To others	-1 148.2	-834.2	-1 055.4	-4803
Total	-1 148.2	-834.2	-1 055.4	-5181
Financial income and expenses total	-978.6	-631.8	-709.6	3 9968
Includes net exhange rate differences	130.1	-205.2	241.0	223.9
7. EXTRAORDINARY ITEMS				
Extraordinary income				
Sales income	726.6		726.6	
Group contribution				3 363.8
Total	726.6		726.6	3 363.8
8. APPROPRIATIONS				
Increase (-) or decrease (+) in depreciation reserves			-193.9	54.7
9. INCOME TAXES				
Income taxes from actual operations	-2 601.7	-3 417.7	-2 133.9	-3 633.3
Income taxes from extraordinary items	-210.7		-210.7	-941.9
Change in deferred tax liabilities	-60.3	15.9		
Total	-2 872.7	-3 401.9	-2 344.6	-4 575.2

10. FIXED ASSETS, 1 000 EUR

Group

Intangible assets	Intangible rights	Consolitated goodwill	Other long-term expenditures	Advance-payment	Total
Acquisition cost 1.1.2000	369.6	5 803.0	1 628.5	71.7	7 872.8
+ Increases	130.6	28.9	285.5	1 011.4	1 456.4
- Decreases	-67.4		-28.9		-96.3
Acquisition cost 31.12.2000	432.7	5 831.9	1 885.1	1 083.1	9 232.9
Acc. depreciation and value adjustments 1.1.2000	-127.2	-725.4	-784.1		-1 636.7
- Accumulated depreciation of deductions and transfers	133.5		5.7		139.3
- Depreciation for the financial period	-121.9	-754.3	-346.9		-1 223.1
Accumulated depreciation 31.12.2000	-115.5	-1 479.7	-1 125.3	0.0	-2 720.5
Book value 31.12.2000	317.2	4 352.3	759.8	1 083.1	6 512.4
Book value 31.12.1999	242.4	5 077.6	844.4	71.7	6 236.1

Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1.1.2000	325.6	2 860.4	12 369.7	706.0	212.2	16 473.9
+ Increases	536.7	143.9	5 701.3	26.2	75.0	6 483.0
- Decreases	-284.9	-2 644.7	-1 748.3	-652.5		-5 330.4
Acquisition cost 31.12.2000	577.4	359.6	16 322.7	79.7	287.2	17 626.5
Acc. depreciation and value adjustments 1.1.2000		-552.9	-4 978.9	-132.4		-5 664.3
- Accumulated depreciation of deductions and transfers		696.8	1 711.6	146.8		2 555.2
- Depreciation for the financial period		-196.4	-3 067.6	-68.3		-3 332.3
Accumulated depreciation 31.12.2000	0.0	-52.5	-6 334.9	-53.9	0.0	-6 441.3
Book value 31.12.2000	577.4	307.1	9 987.8	25.7	287.2	11 185.2
Book value 31.12.1999	325.6	2 307.5	7 390.8	573.5	212.2	10 809.6

Investments	Other investments and shares	Other receivables	Total
Acquisition cost 1.1.2000	375.3	13.5	388.7
+ Increases	3.4	2.5	5.9
- Decreases	-105.2		-105.2
Acquisition cost 31.12.2000	273.4	16.0	289.4
Acc. depreciation and value adjustments 1.1.2000	-38.9		-38.9
- Restoration of value adjustment	38.9		38.9
Accumulated depreciation 31.12.2000	0.0	0.0	0.0
Book value 31.12.2000	273.4	16.0	289.4
Book value 31.12.1999	336.4	13.5	349.9

11. FIXED ASSETS, 1 000 EUR

Parent Company

Intangible assets	Intangible rights	Goodwill	Other long-term expenditures	Advance payments	Total
Acquisition cost 1.1.2000	68.6		1 148.9	71.7	1 289.2
+ Increases	338.8	7 458.7	211.4	1 011.4	9 020.3
- Decreases	-3.5		-28.1		-31.5
Acquisition cost 31.12.2000	403.9	7 458.7	1 332.3	1 083.1	10 278.0
Acc. depreciation and value adjustments					
1.1.2000	-43.3		-691.7		-735.0
- Accumulated depreciation of deductions and transfers	0.6		4.9		5.5
- Depreciation for the financial period	-73.3	-573.7	-240.4		-887.4
Accumulated depreciation 31.12.2000	-116.0	-573.7	-927.2	0.0	-1 616.9
Book value 31.12.2000	287.9	6 884.9	405.1	1 083.1	8 661.1
Book value 31.12.1999	25.3	0.0	457.2	71.7	554.2

Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and acquistion in progress	Total
Acquisition cost 1.1.2000	284.9	2 622.4	7 307.1	706.0	212.2	11 132.6
+ Increases	577.4	83.3	7 212.4	26.2	64.4	7 963.7
- Decreases	-284.9	-2 640.3	-224.6	-652.5		-3 802.3
Acquisition cost 31.12.2000	577.4	65.4	14 295.0	79.7	276.6	15 294.0
Acc. depreciation and value adjustments						
1.1.2000		-526.2	-3 640.8	-132.4		-4 299.4
- Accumulated depreciation of deductions and transfers		692.5	77.4	146.8		916.7
- Depreciation for the financial period		-167.7	-2 306.0	-68.3		-2 542.0
Accumulated depreciation 31.12.2000	0.0	-1.4	-5 869.4	-53.9	0.0	-5 924.7
Book value 31.12.2000	577.4	63.9	8 425.7	25.7	276.6	9 369.3
Book value 31.12.1999	284.9	2 096.2	3 666.4	573.5	212.2	6 833.2

Investments	Holdings in Group companies	Receivables from Group companies	Other shares and similar rihts of ownership	Other receivables	Total
Acquisition cost 1.1.2000	13 284.3	597.3	172.2	13.5	14 067.1
+ Increases	172.2	52.9	195.2	2.5	422.9
- Decreases	-11 619.0		-105.2		-11 724.2
Acquisition cost 31.12.2000	1 837.5	650.2	262.2	16.0	2 765.9
Acc. depreciation and value adjustments 1.1.2000			-38.9		-38.9
- Restoration of value adjustment			38.9		38.9
Accumulated depreciation 31.12.2000	0.0	0.0	0.0	0.0	0.0
Book value 31.12.2000	1 837.5	650.2	262.2	16.0	2 765.9
Book value 31.12.1999	13 284.3	597.3	133.3	13.5	14 028.3

12. INVESTMENTS AND SHARES

Shares in subsidiaries	Quantity	Parents ownership-%	Groups ownership -%	Nominal value Currency	Nominal value Value/share	Book value 1 000 EUR
Engi Oy	100	100		EUR	100	73.9
PK Cables do Brasil Industria e Commercio Ltda. Curitiba	2 000 000	90		R$	1	1 645.3
PK Cables Nederland B.V. Waalwijk	200		100	EUR	100	62.1
PKC Electroplast Oy	1 000	70		EUR	100	98.3
PKC Europe B.V.	182		100	EUR	100	18.2
PKC Holding B.V.	182	100		EUR	100	20.0
						1 917.8
Other shares owned by the group						
Oy IWS international Inc.						77.8
As Oy Vuokatin Perho						175.5
Other shares						20.2

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
13. INVENTORIES				
Raw materials and supplies	11 906.9	6 963.5	10 154.3	4 620.8
Works in progress	9 922.6	5 108.6	9 433.2	4 382.6
Finished goods	4 212.1	2 397.9	3 945.3	1 738.4
Advance payments	67.1	15.0	1.0	1.6
Total	26 108.6	14 484.9	23 533.8	10 743.4
14. RECEIVABLES				
Long-term receivables				
Receivables from Group companies				
Trade receivables			3 871.6	3 871.6
Total long-term receivables	0.0	0.0	3 871.6	3 871.6
Short-term receivables				
Receivables from Group companies				
Trade receivables			1 888.1	374.3
Loan receivables			750.1	150.1
Prepayments and accrued income			460.9	4 712.4
Total	0.0	0.0	3 099.0	5 236.8
Others				
Trade receivables	20 504.8	14 110.8	19 723.7	8 401.7
Loan receivables	24.6	22.8	24.6	4.3
Other receivables	1 301.5	852.6	1 024.8	758.1
Unpaid subscribed capital	5.1	5.2		
Prepayments and accrued income	1 184.4	1 452.0	1 056.3	102.1
Total	23 020.5	16 443.4	21 829.3	9 266.1
Total short-term receivables	23 020.5	16 443.4	24 928.4	14 502.9
Prepayments and accrued income				
From Group companies				
Financial items			103.2	4 709.3
Others			357.7	3.1
Total	0.0	0.0	460.9	4 712.4
From others				
Personnel expenses	177.7	89.7	151.8	68.0
Financial items	2.2	0.8		
Taxes	797.7	1 306.0	735.7	13.9
Others	206.9	55.5	168.7	20.1
Total	1 184.4	1 452.0	1 056.3	102.1
15. SHAREHOLDERS' EQUITY				
Share capital 1 Jan.	1 774.4	1 774.4	1 774.4	1 774.4
Share capital 31 Dec	1 774.4	1 774.4	1 774.4	1 774.4
Share premium account 1 Jan.	166.1	166.1	166.1	166.1
Share premium account 31 Dec.	166.1	166.1	166.1	166.1
Retained earnings 1 Jan.	20 317.8	15 868.2	25 995.3	17 100.6

	1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
	Dividend distribution	-2 637.5	-2 839.0	-2 637.5	-2 839.0
	Other adjustments		-41.7		
	Retained earnings 31 Dec.	17 680.3	12 987.5	23 357.8	14 261.6
	Profit for the financial year	5 834.0	7 330.3	5 266.0	11 733.7
	Total shareholders' equity	25 454.7	22 258.2	30 564.3	27 935.8
16.	**CALCULATION OF DISTRIBUTABLE FUNDS 31 DEC.**				
	Retained earnings 31 Dec.	17 680.3	12 987.5	23 357.8	14 261.6
	Profit for the financial year	5 834.0	7 330.3	5 266.0	11 733.7
	Share of accumulated depreciation reserves entered under shareholders' equity	-551.3	-403.7		
	Total	22 962.9	19 914.1	28 623.9	25 995.3
17.	**ACCUMULATED APPROPRIATIONS**				
	Depreciation reserves			762.5	568.5
18.	**DEFERRED TAX ASSETS AND LIABILITIES**				
	Deferred tax liabilities from appropriations	225.2	164.9		
19.	**CREDITORS**				
	Long-term liabilities				
	To others				
	Bonds	71.6	61.2	71.6	67.3
	Loans from financial institutions	12 451.9	6 161.9	12 451.9	6 122.9
	Pension loans	1 508.2	2 639.0	1 508.2	2 270.5
	Advances received	7.4	5.3		
	Other liabilities	4 989.2		4 989.2	
	Total long-term liabilities	19 028.4	8 867.4	19 021.0	8 460.7
	Short-term liabilities				
	Amounts owed to Group companies				
	Trade payables			289.9	176.7
	Accruals and deferred income			266.5	37.8
	Total	0.0	0.0	556.4	214.5
	To others				
	Loans from financial institutions	3 425.9	2 396.1	3 425.9	2 264.0
	Pension loans	524.7	27.7	524.7	
	Advances received		10.8		
	Trade payables	13 485.1	8 855.8	12 838.1	5 690.9
	Other liabilities	1 098.9	3 749.3	787.3	3 151.0
	Accruals and deferred income	5 133.1	5 098.6	4 996.8	3 664.9
	Total	23 667.6	20 138.3	22 572.7	14 770.8
	Total short-term liabilities	23 667.6	20 138.3	23 129.1	14 985.3
	Accruals and deferred income				
	Amounts owed to Group companies				
	Financial items			12.5	37.8
	Others			254.0	
	Total			266.5	37.8

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
To others				
Personnel expenses	4 756.9	3 999.0	4 660.6	2 597.8
Financial items	212.2	85.8	212.2	81.1
Taxes	16.4	942.2		925.4
Others	147.6	71.6	123.9	60.6
Total	5 133.1	5 098.6	4 996.8	3 664.9

Bond with warrants

Of the bond with warrants issued to the personnel in 1998 (FIM 400 000), the Group still holds 78 500 warrants. The share subscription period is divided between the years 2001-2004. The price of a share subscribed with the warrants is FIM 122 / share, deducted by the sum of dividends distributed after 1 May and before the date of subscription.

Of the bond with warrants issued to the personnel in 2000 (FIM 125 000), the Group still holds 20 500 warrants. The share subscription period is divided between the years 2003-2006. The price of a share subscribed with the warrants is FIM 148.6 / share, deducted by the sum of dividents distributed after 30 March 2000 B514 and before the date of subscription.

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Loans falling due later than five years from now				
Loans to financial institutions	240.3	1 129.3	240.3	1 129.3
Pension loans	172.7	221.7	172.7	
Total	413.0	1 351.0	413.0	1 129.3

20. PLEDGES GIVEN

1 000 EUR	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Liabilities involving mortgages as security				
Loans from financial institutions		1 012.0		840.9
Mortgages given		1 799.6		1 681.9
Mortgages total	0.0	1 799.6	0.0	1 681.9
(Shares have also been pledged and business mortgages taken as collateral for loans from financial institutions)				
Liabilities for which business mortgages have been given as collateral				
Loans from financial institutions	1 572.6	5 621.2	1 572.6	5 450.1
Mortgages given	4 372.9	3 834.7	4 372.9	3 616.0
Pension loans		2 498.5		2 102.3
Mortgages given		756.8		756.8
Mortgages total	4 372.9	4 591.5	4 372.9	4 372.9
(Shares have also been pledged and business mortgages taken as collateral for loans from financial institutions)				
Liabilities for which shares have been given as collateral				
Loans from financial institutions		171.1		
Shares pledged		164.6		
(Business and real estate mortgages as collateral for loans from financial institutions)				
Pledges given on behalf of Group companies	90.8		90.8	
Other liabilities				
Rent liabilities associated with the current office space				
For the current financial period	1 523.8		1 523.8	
Falling due at a later date	13 825.0		13 825.0	
Total	15 348.8	0.0	15 348.8	0.0
Amounts to be paid for leasing commitments				
For the current financial period	304.2	137.9	291.2	119.2
Falling due at a later date	663.6	190.3	650.6	168.4
Total	967.8	328.2	941.8	287.6

	2000	1999	1998	1997	1996*)
INDICATORS OF FINANCIAL DEVELOPMENT					
Net sales, EUR 1 000	128 648	113 889	83 565	65 555	43 753
Change in net sales, %	13.0	36.3	27.5	49.8	41.6
Operating profit, EUR 1 000	8 955	11 357	10 676	7 984	6 513
% of net sales	7.0	10.0	12.8	12.2	14.9
Profit before extraordinary items, EUR 1 000	7 976	10 725	10 071	7932	6 260
Profit before taxes, EUR 1 000	8 703	10 725	10 071	7932	6 260
Net profit, EUR 1 000	5 834	7 330	7 000	5 590	4 465
% of net sales	4.5	6.4	8.4	8.5	10.2
Return on equity, % (ROE)	22.3	36.5	44.5	53.1	66.0
Return on investment, % (ROI)	22.3	34.1	42.5	56.6	58.6
Gearing	0.9	0.4	0.4	-0.2	0.1
Equity ratio	37.3	43.3	36.1	48.2	46.3
Current ratio	2.1	1.7	1.8	2.0	2.1
Gross investments, EUR 1 000	8 097	4 860	12 200	2 400	1 330
% of net sales	6.3	4.3	14.6	3.7	3.0
R&D expenses, EUR 1 000	3 476	3 400	1 300	1 200	1 000
% of net sales	2.7	3.0	1.6	1.8	2.3

	2000	1999	1998	1997	1996*)
KEY SHARE RATIOS					
Earnings per share (EPS), EUR	1.0	1.4	1.3	1.1	0.9
Shareholders' equity per share, EUR	4.8	4.2	3.4	2.5	1.5
Dividend per share, EUR**	0.4	0.5	0.5	0.4	0.2
Dividend per earnings, %**	39.7	36.0	40.6	39.7	19.6
Effective dividend yield, %**	4.0	1.9	2.4	2.8	
Dividend, EUR 1 000**	2 110	2 638	2 849	2 216	893
Price/earnings ratio (P/E)	9.9	19.2	17.1	14.2	
Share price at the end of the year, EUR	10.0	26.7	22.7	15.1	
Lowest share price during the year, EUR	9.3	28.5	32.5	10.2	
Highest share price during the year, EUR	29.9	15.6	14.8	16.0	
Average share issue-adjusted number of shares, 1 000 shares	5 275	5 275	5 275	5 269	5 250
Average share issue-adjusted number of shares at the end of the financial year, 1 000 shares	5 275	5 275	5 275	5 275	5 250
Market value of shares, EUR 1 000	52 750	140 843	119 743		79 653

*) Figures of Parent company

**) Figures/year 2000, The Board's proposal

1 000 EUR	2000	1999	1998	1997	1996*)
FIVE YEAR FIGURES					
PROFIT AND LOSS ACCOUNTS					
Net sales	128 648	113 889	83 565	65 555	43 753
Operating profit	8 955	11 357	10 676	7 984	6 513
Profit before taxes	8 703	10 725	10 071	7 932	6 260
Net profit	5 834	7 330	7 000	5 590	4 465
BALANCE SHEET					
ASSETS					
Fixed assets	17 987	17 396	16 246	5 516	4 058
Current assets	50 415	34 033	33 103	21 639	13 399
Total assets	68 402	51 429	49 350	27 155	17 456
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	25 455	22 258	17 809	12 958	7 750
Minority share	26		7	126	
Appropriations					472
Tax liability	225	165	175		
Long-term liabilities	19 028	8 867	12 896	3 179	2 832
Short-term liabilities	23 668	20 138	18 463	10 893	6 402
Total liabilities	68 402	51 429	49 350	27 155	17 456

*) Figures of Parent Company

Return on equity-% (ROE)	100 x	Profit before before extraordinary items – taxes / Shareholders' equity + minority share (average)
Return on investments-% (ROI)	100 x	Profit before extraordinary items + interest and other financial expenses / Total assets – interest free debts (average)
Gearing		interest-bearing liabilities - liquid assets and short-term investments / Shareholders' equity + minority share
Equity ratio, %	100 x	Shareholders' equity + minority share / Total assets - advances received
Current ratio		Liquid assets + inventories / Current liabilities
Earnings per share (EPS), EUR		Profit before extraordinary items – taxes +/- miniority share / Avarage share issue-adjusted number of shares
Shareholders' equity per share, EUR		Shareholders' equity / Share issue-adjusted number of shares on the date of the financial statement
Dividend per share, EUR		Dividend paid for financial year / Share issue-adjusted number of shares on the date of the financial statement
Dividend per earnings,%	100 x	Dividend per share / Earnings per share
Effective dividend yield, %	100 x	Dividend per share / Share issue-adjusted average value on the date of the financial statement
Price per earnings (P/E)		Share issue-adjusted average value on the date of the financial statement / Earnings per share
Market value of shares, 1 000 EUR		Number of shares at the end of the financial year x the last trading price of the financial year

Shares and voting rights
The number of PKC shares in circulation at the end of the period under review was 5 275 000 (5 275 000 votes). The company's shares are listed in a book-entry securities system maintained by the Finnish Central Securities Depository. Each share is entitled to one vote in the shareholders' meeting. In order to be entitled to participate in the shareholders' meeting and to vote, the shareholder must be listed in the shareholders' register maintained by the Central Securities Depository.

Authorisations to the board of directors
The Board does not have any unused authorisations from the shareholders' meeting to raise the company's share capital through share issues or through other share-related instruments.

The extraordinary company meeting of 30 December 1999 authorised the Board of Directors to acquire a maximum of 263 750 company shares (5 per cent of the total number of shares). This authorisation was not used, and was therefore dissolved on 30 December 2000, one year after the close of the extraordinary meeting.

Changes in the share capital
At the end of the financial period, the company's share capital, entered in the Trade Register, was FIM 10 550 000. No changes were made to the share capital during the financial year. The share capital has remained unchanged since the spring of 1997. The nominal value of the shares is FIM 2.00. The company's minimum share capital, according to the Articles of Association, is FIM 7 000 000, and the maximum FIM 28 000 000. The share capital can be increased or decreased within these limits without changing the Articles of Association.

The Board will propose to the Shareholders' General Meeting to be held on 29 March that the share capital be converted to euros (1 774 382.6 euros) and the dissolution of the nominal value. The Board will propose that the minimum share capital be changed to one million (1 000 000) euros and the maximum share capital to five million (5 000 000) euros.

Market value and trading of shares
The exchange code of PKC Group Oyj's share series on the Helsinki Exchanges' Main List is PKC 1V. During the financial year 2000, a total of 2 031 630 shares were traded, equalling 38.5 per cent of the entire share capital. The share price ranged from EUR 9.3 to EUR 29.9 during the financial year. The last trading price of the year was EUR 10.0. The market capitalisation value of the company's share capital on 31 December 2000 was EUR 52.8 million (FIM 313.6 mil.). The market capitalisation value has been calculated by multiplying PKC's entire share amount by the last trading price of the year 2000.

The share-specific indicators and trading information are displayed together with the other key ratios on page 30.

Personnel option loans in 1998 and 2000
The bond loan issued in 1998 by PKC Group Oyj consisted of warrants to the personnel, entitling them to a gradual subscription of 400 000 company shares between the years 2001–2004 (7.1 per cent of the capital stock). The subscription price of a share acquired through the warrants is EUR 20.5 (FIM 122.0), decreased by the amount of dividends distributed prior to the subscription of shares and after 1 May 1998. At the end of the financial period, 76 250 of the option warrants were held by Group management and 16 000 were reserved for members of the Board of Directors. A total of 78 500 undistributed warrants were held by the Group.

The subscription period for the 2000 bond loan extends from 2003–2006, and the arrangement consists of subscription rights to a total of 125 000 shares (2.4 per cent of the capital stock). The subscription price of a share is EUR 25 (FIM 148.6) , decreased by the amount of dividends distributed prior to the subscription of shares. Of the 2000 bond loan, a total of 20 500 undistributed warrants are held by the Group, and 39 000 by the management.

Taxation value of the shares
For purposes of Finnish taxation for the year 2000, the taxation value of PKC Group shares is EUR 7.35 (FIM 43.70).

Investor relations
The interim reports and stock exchange bulletins will be published in Finnish and English on the company's web site at www.pkcgroup.com. The company's annual reports and interim reports will also be available in PDF-format on the company's web site. Printed versions of the financial publications can be ordered through the web site or by phone +358 20 1752 330.

If you have questions regarding investments, please contact IR Manager Sanna Leppänen, e-mail: sanna.leppanen@pkcgroup.com.

Major shareholders on 22 February 2001

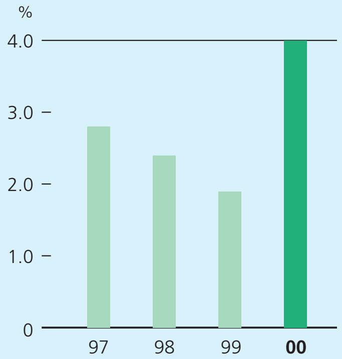
		NO. OF SHARES	PERCENTAGE OF SHARES AND VOTES
1	As Harju Elekter Ltd	541 600	10.27
2	Ravaska Veikko	286 400	5.43
3	Hakalax Tom	221 400	4.20
4	Ojala Leo	184 700	3.50
5	The Local Goverment Pensions Institution of Finland	175 000	3.32
6	Saukkonen Timo	146 350	2.77
7	Federation of Finnish Metal MET	105 300	2.00
8	Finnish National Fund for Research and Development, Sitra	99 300	1.88
9	Merita Bank Ltd. / (administrative register)	88 510	1.68
10	Investment Fund Alfred Berg Finland	85 300	1.62
11	Luostarinen Risto	78 300	1.48
12	Merita Pankki Oyj	76 500	1.45
13	Eestilä Matti Juha	71 400	1.35
14	Pohjola Life Insurance company	64 300	1.22
15	Investment Fund Alfred Berg Portfolio	62 600	1.19
16	Investment Fund Alfred Berg Small Cap	61000	1.16
17	Rahkamaa Hannu	55 550	1.05
18	Sijoitusrahasto Alfred Berg Optimal	54 750	1.04
19	Metsä-Simola Olli	46 700	0.89
20	Investment Fund Gyllenberg Small Firm	44 200	0.84
Total		2 549 160	48.33
Others		2 725 840	51.67
Total		5 275 000	100.00

Share prise 3.4.1997 - 22.2.2001 and monthly trading volume

As distinct from other Financial Statement information, the information on shareholding and share trading on these pages (34 - 35) are shown until 22 February 2001.

Divident per share, EUR

Effective divident yield



Breakdown of share ownership on 22 february, 2001

NUMBER OF SHARES	AMOUNT OF SHAREHOLDERS	%	TOTAL NO. OF SHARES	%
1 – 100	1 633	38.71	137 012	2.60
101 – 500	1 786	42.33	493 060	9.35
501 – 1.000	387	9.17	316 658	6.00
1.001 – 10.000	352	8.34	926 710	17.57
10.001 – 100.000	54	1.28	1 740 810	33.00
100.001 –	7	0.17	1 660 750	31.48
Total	4 219	100.00	5 275 000	100.00

Shares of stock held by the board and management on 22 February 2001

	MANAGEMENT	BOARD
Number of shares	462 430	*) 1 260 600
Proportion of shares, %	8.77	23.90
Proportion of votes	8.77	23.90
Warrants in the 1998 bond loan	76 250	12 000
Warrants in the 2000 bond loan	39 000	

The management has maintained its ownership.
The decrease in the number of shares held by the management
from the previous year is due to changes in the company's operative management.

*) Shares owned or represented by Board members

Shareholder categories on 22 February, 2001

	PERCENTAGE OF SHARES, %	PERCENTAGE OF VOTES, %
Domestic companies	9.61	9.61
Financial institutions and insurance companies	13.22	13.22
Non-corporate public sector	9.21	9.21
Non-profit organisations	6.72	6.72
Households and private investors	48.90	48.90
Foreign investors (including the administrative register)	12.34	12.34
Total	100.0	100.0

THE BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION

The Group's consolidated non-restricted capital is	EUR 23 514 209,
of which distributable funds total	EUR 22 962 933.
The Board of Directors proposes to the General Meeting of Shareholders that	
from the parent company's non-restricted equity of	EUR 28 623 876,
- a dividend of EUR 0.40 per share be paid to shareholders	EUR 2 110 000
- and that the remaining be transferred to the retained earnings account.	EUR 26 513 876.

Kempele, 12 February 2001

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

AUDITOR'S REPORT

To the shareholders of PKC Group Oyj

We have audited the accounts, the financial statements and the corporate governance of PKC Group Oyj for the period 1 January 2000 – 31 December 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit, we submit our opinion on these accounts and on the company's administration.

We have conducted the audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to verify that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Finnish Companies' Act.

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

Oulu, 13 February 2001

Tilintarkastajien Oy – Ernst & Young Authorised Public Accounting Firm	Rauno Sipilä Authorised Public Accountant

PKC Group Oyj's Corporate Governance complies with the recommendations issued by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers regarding the management of public companies. The company has introduced the insider guidelines prepared by the HEX Helsinki Exchanges, the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers into its operations.

Annual General Meeting

The company's supreme power of decision is vested in the Annual General Meeting, which normally convenes once a year. The shareholders exercise their power of decision at this meeting. Each shareholder is entitled to participate in the Annual General Meeting and exercise the right to speak and to vote, with each share entitling the shareholder to one vote. The Annual General Meeting is held, after completion of the financial statements, on the day specified by the Board of Directors, no later than by the end of June each year. In 2000, the Annual General Meeting was held, as usual, in March.

The Board of Directors and the Managing Director

The Board of Directors is responsible for company administration and the appropriate organisation of company operations. The Annual General Meeting elects 3–7 members for the Board of Directors, who hold their office until the end of the next Annual General Meeting. The members of the Board of Directors do not have actual turns to resign, because the company aims to ensure the committed, long-term work of its Board members. The Board elects the Chairman and Vice Chairman from among its members. The duties and responsibilities of the Board members and the Chairman of the Board have not been specifically divided. The members of the Board, who are presented on page 38 of the Annual Report, represent expertise from both outside and inside the company, as well as the opinions of the company's shareholders. The Board of Directors convenes 8–10 times per year, and whenever necessary.

The Board of Directors appoints the company's Managing Director and defines the conditions of the Managing Director's employment in writing. Mr Tom Hakalax has been Managing Director of the company since 23 November 2000. For more on Mr. Hakalax, please see page 38.

Other executives and management of the company

The Managing Director appoints the Group's executive team, whose task is to handle matters essential for the company's operations, and to communicate information between the various levels of operation within the company. The Managing Director acts as chairman of the Corporate management team (CMT), which convenes at least once a month. The CMT consists of the Group's management and employee representatives. The executive teams formed in accordance with the company's customer sectors convene at least once a month, and consist of key account managers involved with sales, production and financial management operations.

Subsidiaries

PKC's foreign subsidiaries are PK Cables do Brasil Indùstria e Comèrcio Ltda, and the parent company of the Dutch sub-group, PKC Netherlands Holding B.V. The company's domestic subsidiaries are PKC Electroplast Oy and Engi Oy. The subsidiaries' Boards of Directors consist mainly of members of PKC's and the subsidiary companies' management. The executive teams of the subsidiaries include the operative management of the subsidiary companies. The Managing Directors of the subsidiary companies act as the chairpersons of these executive teams.

Salaries and remuneration

Board members who form part of the company's management do not receive financial compensation for Board meetings. In 2000, PKC Group Oyj Board members and Managing Directors were paid a total of EUR 392 922 in salaries and remuneration. The option warrants reserved for outside members of the Board entitle them to a subscription of 16 000 company shares in total. Members of the Board who are company executives do not hold any warrants.

Members of the company's management hold option warrants entitling them to subscribe to a total of 76 250 shares. Members of the Group's business units' and subsidiaries' executive teams management do not receive financial compensation for meetings. The company pays no other fees to the members of the Board of Directors, the Managing Director or other company executives, nor does it grant them any personal loans or collateral.

Insider issues

The company adheres to the PKC Group Oyj guidelines on insider issues, which have been approved by the Board of Directors. The company's insiders, as prescribed by law, include the members of the company's Board of Directors, Managing Director and accountant. The company's specified insiders include the members of the Corporate management team and all persons who regularly handle unpublished information that could affect the valuation of the company's shares.

Supervision

The Board of Directors is responsible for internal supervision, whereas the Managing Director is responsible for the practical arrangement of such supervision. The Managing Director provides the Board meetings with reviews on the Group's development, based on monthly reports on business unit developments presented to the Corporate management team.

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

Jyrki Tähtinen (b.1961)
Chairman of the Board of Directors from November 2000
Attorney at Law
Borenius & Kemppinen, Attorneys at Law
Option to subscribe for 3 000 PKC shares
Member of the Board of Directors from 1999

Risto Suonio (b.1942)
Vice-Chairman of the Board of Directors
Engineer
Director, Nokia Oyj until 1 January 2001
Option to subscribe for 3 000 PKC shares
Member of the Board of Directors from 1994

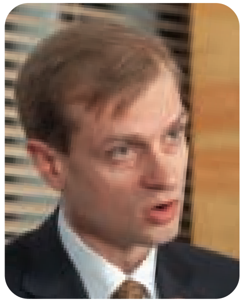
Endel Palla (b.1941)
Engineer
Chairman of the Advisory Board,
As Harju Elekter Ltd.
26 500 PKC shares
Represents 541 600 PKC shares owned by As Harju Elekter Ltd
Option to subscribe for 3 000 PKC shares
Member of the Board of Directors from 1994

Tom Hakalax (b.1946)
President and CEO, PKC Group Oyj
Engineer, Commercial College Graduate
Founding member of PKC Group Oyj
221 400 PKC shares
Member of the Board of Directors from 1994

Veikko Ravaska (b.1951)
Engineer
Founding member of PKC Group Oyj,
previously the Group's Logistics Director
286 400 PKC shares
Member of the Board of Directors from 1995

Jorma Terentjeff (b. 1949)
M.Sc.(Tech)
Chairman of the Board of Directors, Avanti Management Oy
and Hiihtokeskus Iso-Syöte Oy
Option to subscribe for 1 000 PKC shares
Member of the Board of Directors from 2000

Leo Ojala (b. 1950)
Commercial College Graduate
CFO, PKC Group Oyj
Founding member of PKC Group Oyj
184 700 PKC shares
Member of the Board of Directors in 1994 and from 1997



Jyrki Tähtinen

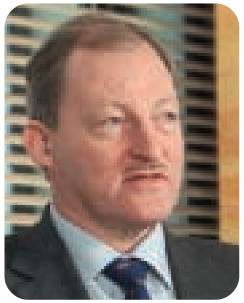
Risto Suonio

Endel Palla

Tom Hakalax

Veikko Ravaska

Jorma Terentjeff



Leo Ojala

PRESIDENT & CEO

Tom Hakalax (b.1946)
Engineer, Commercial College Graduate
President and CEO of PKC Group Oyj from 23 November 2000
Founding member of the company in 1994 and President and CEO until 31 May 1998. Chairman of the Board of Directors 1 June 1998 – 23 November 2000. With the company from 1971

FINANCE

Leo Ojala (b.1950)
Commercial College Graduate
CFO from 1996
Founding member of the company in 1994
With the company from 1973

MARKETING AND SALES

Martti Särkelä (b.1953)
M.Sc.(Tech), eMBA
Marketing Director from 1 January 2001
With the company from 1999

PRODUCTION

Eero Veijola (b.1959)
L.Sc.(Tech)
Production Director from 1 November 2000

TECHNOLOGY

Sakari Kauppinen (b.1949)
D.Sc.(Tech)
Technology Director from 1 September 1999

BUSINESS DEVELOPMENT

Mika Kari (b.1969)
M.Sc.(Tech)
Business Development Director from 1 January 2001
With the company from 1996

LOGISTICS

Ville Jaakkola (b.1964)
M.Sc.(Tech)
Logistics Director from 1 November 1999

PERSONNEL

Matti Niemelä (b.1960)
B.Sc.(Admin)
Personnel Director from 1 January 2001
With the company from 2000

Leevi Hietala (b.1940)
PKC Group Oyj's principal trusted representative
With the company from 1970

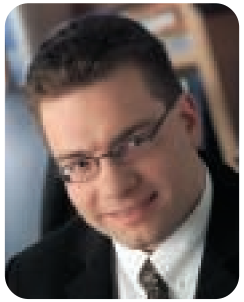
Tom Hakalax

Leo Ojala

Martti Särkelä

Eero Veijola

Sakari Kauppinen



Mika Kari

Ville Jaakkola

Matti Niemelä

Leevi Hietala

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