

Helvar Merca Group



Annual Report 2001



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Group Companies 2002

Helvar Merca Group

Helvar Merca Group is an international conglomerate with approximately 1,350 employees. The Group consists of nine companies. The success of Electrosonic, Fastems and Helvar is based on strong engineering skills and possibilities enhanced by own product development. The distribution and wholesale companies Helvar Merca AS, Mercantile, Örum and Wulff offer their customers solutions that are based on know-how, efficient logistics and automated ordering systems thereby enabling the customers to concentrate on their core business. The Group companies Mercantile KSB and Qualitron specialise in project deliveries and provide custom-engineered complete systems.

The basic values of the Group are

- customer orientation
- continuous improvement and renewal
- agility and flexibility
- development of personnel

The company was founded in 1901. During the company's 100 years of existence the basis of its operations has always been own know-how which is developed together with the customers and implemented to find solutions that give added value to the customers' business.



Electrosonic

Electrosonic is a specialist in electronic image control and media networks. The company's main business is to provide custom-engineered complex audio-visual systems.



Helvar Merca AS

Helvar Merca AS imports and distributes automotive spare parts and accessories, industrial supplies, fire safety products, office supplies and also pumps and valves in Estonia. The company pays special attention to the requirements of the Estonian market.



Örum

Örum specialises in the import and wholesale of automotive spare parts and accessories, which it sells primarily through dealers in the independent spare parts trade. The company's operation is based on effective and reliable product handling and customer-focused working practices.



Fastems

Fastems is an expert in factory automation. The company is Europe's leading supplier of factory automation systems that are designed to improve customers' competitiveness through increased automation and unmanned production.

Helvar

Helvar specialises in ballasts and lighting electronics. The company offers luminaire manufacturers a large selection of magnetic ballasts, standard and controllable electronic ballasts along with analogue and digital lighting control electronics.



Mercantile

Mercantile offers its customers the MercaPartner solution for trouble-free and cost-effective purchase and logistics of industrial supplies. The company also sells fire safety products and machinery and equipment to the packaging industry.

Mercantile KSB

Mercantile KSB offers its customers complete solutions for industrial fluid handling including installation, maintenance and training services. Key customer groups comprise companies in the Finnish energy, paper and pulp, and chemical industries.



Qualitron

Qualitron is an expert and systems integrator of television production, video and audio technology. The company's success is based on its professionalism and on its ability to scan the market for the most suitable products and then to adapt and combine them in a way that complies with the customer's needs, both in price and in quality.

Wulff

Wulff offers its customers a genuinely different APAJA service which helps to find the easiest and most cost-efficient solution for the purchase and logistics of office and computer supplies.

Key Figures

Helvar Merca Group	1997	1998	1999	2000	2001
Turnover, € million	276	290	305	323	322
Change over previous year, %	1.0	4.9	5.4	5.8	-0.4
Operating result, € million	14	13	10	8	27
Profit after financing items, € million	12	11	8	7	26
Shareholders' equity and minority holding, € million	89	87	88	91	103
Balance sheet total, € million	195	189	184	215	211
Capital employed, € million	144	139	127	138	146
Return on investment (ROI), %	10.7	9.5	8.0	6.8	19.7
Return on equity (ROE), %	8.0	7.8	6.3	0.6	19.9
Solidity, %	47	46	50	44	50
Gearing	36	33	25	25	-9
Quick ratio	1.3	1.1	1.0	1.0	1.4
Gross investment, € million	10	8	8	25	7
Staff at 31 December	1,488	1,535	1,513	1,542	1,351

Calculation of key figures

$$\text{Return on investment (ROI), \%} = \frac{\text{Result before extraordinary items, provisions and taxes + interest costs and other financial expenses}}{\text{Balance sheet total - interest-free loans (average during the year)}} \times 100$$

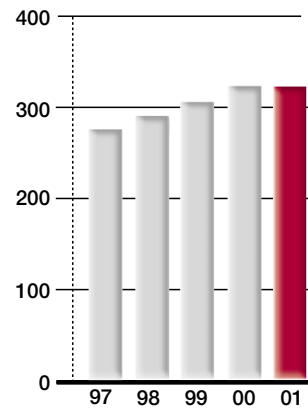
$$\text{Return on equity (ROE), \%} = \frac{\text{Result before extraordinary items, provisions and taxes - taxes for the financial period}}{\text{Capital and reserves + minority holding (average during the year)}} \times 100$$

$$\text{Solidity, \%} = \frac{\text{Capital and reserves + minority holding}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Gearing} = \frac{\text{Loans with interest - cash, bank accounts and financial stock}}{\text{Capital and reserves + minority holding}} \times 100$$

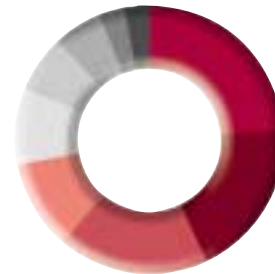
$$\text{Quick ratio} = \frac{\text{Financial assets}}{\text{Current liabilities}}$$

Turnover 1997 - 2001, € million

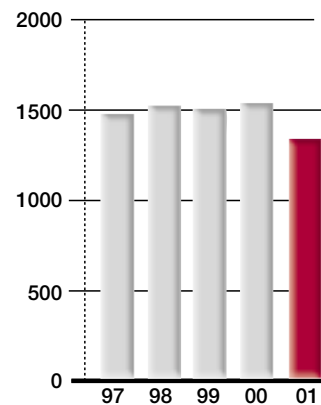


Turnover 2001, %

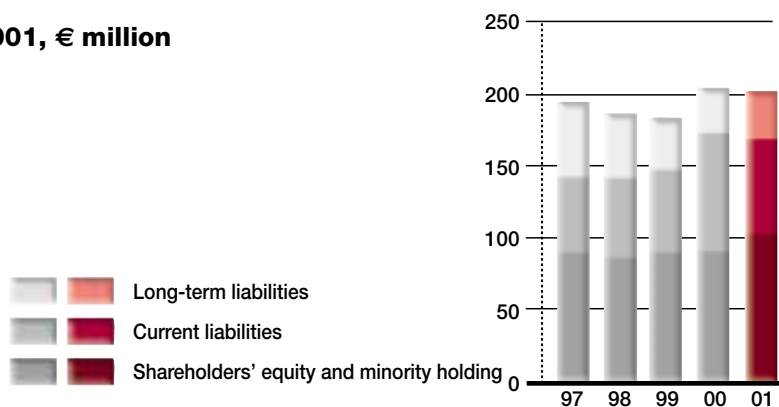
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Electrosonic	19
Fastems	18
Örum	11
Wulff	9
Mercantile	7
Mercantile KSB	6
Qualitron	3
Helvar Merca AS	3



Staff 1997 - 2001



Financial structure 1997 - 2001, € million





The Company was founded by Charles Elmgren (left) in 1901. Soon afterwards he recruited Walter Greuling (right), his brother-in-law to be and together they laid a solid foundation for the company.

The German Finance Ministry in Berlin is an excellent example of the use of VECTOR™ image processing in a meeting room.



Helvar's new super-slim ballast range for T5 fluorescent tubes gives greater flexibility for fitting design than ever before.

Qualitron expanded its product range and began supplying studio and theatrical lighting systems.



The genuinely different APAJA concept of Wulff brings an easy solution for acquiring office tools through the automated MiniBar and WulffNet.

The impact of events in 2001 – the downturn in the world economy, the September terrorist attacks and the war in Afghanistan – was also felt in Finland. The first indications of a sharp fall-off in demand were evident during the summer. However, in spite of the deteriorating market conditions, turnover increased in several of the Group companies.

Helvar Merca's turnover totalled EUR 322 million. The comparable turnover increased with 5%. Group pre-tax profits were EUR 26.3 million. In line with previous years liquidity remained strong and the equity to assets ratio rose to 50%. At year end the number of employees in the Group was 1,351 compared to 1,542 in 2000. Most of the reduction was attributable to Helvar's decision to outsource electronics production.

The Group continued to focus on its core businesses. In April 2001, the operation of transit services for liquid chemicals, Transkem, was sold to Royal Vopak, a global market leader in chemical and oil logistics and chemical distribution.

The Group companies have responded well to the challenges and opportunities presented by advances in new technology. The upsurge in industrial demand for automation, the need of customers to concentrate on their core business and the individual characteristics of each company's market all offer the chance to specialise and create added value.

Electrosonic extended its VECTOR™ range with products for corporate conference centres and military command and control applications. Strong growth is expected particularly in the corporate sector and Electrosonic has already gained several major customers for its new products. Qualitron is another Group company that uses the latest technology in its custom-designed solutions. The main focus of Qualitron's business in 2001 was the building of digital TV broadcasting systems in Finland. The company also expanded its product range and began supplying studio and theatrical lighting systems.

Fastems' rapid international expansion has continued and the company opened a new cus-

tomers service unit in Italy. Fastems' new products will enable its customers to make even better use of their production resources during all 8,760 hours in a year. Helvar has reorganised its operations and invested in product development. The company's Karkkila factory is the most modern and efficient ballast manufacturing facility in the world.

The Group companies Mercantile and Wulff have continued to develop their MercaPartner and APAJA concepts, which offer customers a trouble-free and cost-efficient solution for the purchase of production materials and office supplies. Örum's result remained excellent and the company retained its strong market position. Mercantile KSB concentrated on developing a maintenance network in order to guarantee the maximum return on investment for its customers. The Estonian based company, Helvar Merca AS has a product range and service that is adjusted to the needs of local customers.

The Group celebrated its 100th anniversary in 2001. The company was founded by Charles Elmgren in Tampere on 7 December 1901. Soon afterwards, Elmgren recruited Walter Greuling, his brother-in-law to be, and together they laid a solid foundation for the company. Since then the company has grown and the scope of business expanded. Elmgren's and Greuling's vision of a broadly based company with international operations has come true.

Prospects for 2002 are uncertain. However, Group turnover is expected to remain on the previous year's level. The companies within the Group are continuously improving their ways of working in order to offer customers a superior full service. I am confident that the positive impact of these measures will become more apparent as market conditions worsen. The Group has paid particular attention to its capital utilisation and the deployment of human resources.

All employees have worked hard to achieve the Group's objectives and shown themselves to be flexible in the face of constant changes. May I take this opportunity to offer everyone my sincere thanks.

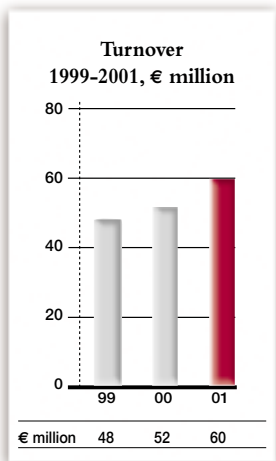
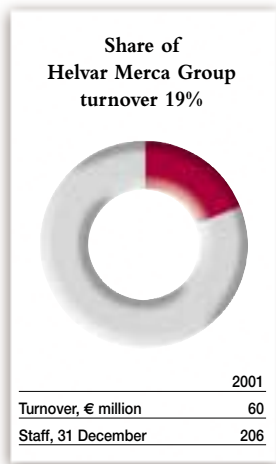


*Christian Westerlund
Chief Executive Officer*

Electrosonic's result was up on the previous year. New market efforts in the corporate and government sectors helped fuel growth, supported by an expanded VECTOR™ product line and enhanced video server offerings. Turnover rose by 14% to EUR 60 million.



*Kyle Carpenter
President*



Electrosonic is a world-class systems integrator for complex audio-visual projects. The company's deep roots in electronic image control, lighting control and show control make it the preferred partner for high-quality AV designers, specifiers, re-sellers and end-users around the world.

The company's main business is to provide custom-engineered systems utilising Electrosonic products and those of other manufacturers, combined with specialty software and programming for seamless solutions to meet the clients' overall control and display requirements. Application engineering, proprietary products and tools, project management skills and the ability to creatively "stretch" available technology to fill a user's need, are keys to differentiating Electrosonic solutions from competitors.

In 2001, the VECTOR™ image processor range was extended with the introduction of the Director package aimed at corporate conference centres and military command and control applications. Its Presenter software makes using the package simple and intuitive, ideal for fast-paced decision-making environments, where multiple sources of video and graphics information must be displayed, moved, scaled and windowed in real-time. With the new VECTOR™ offering, Electrosonic has substantially increased its market share in the corporate and government/military market. New corporate customers include Morgan Stanley, Goldman Sachs, Lucent, Cisco and Citigroup. On the government/military sector the most notable breakthroughs were the deliveries to the US navy and the FBI (Federal Bureau of Investigation). Growth in these new markets provides a healthy counterbalance to Electrosonic's traditionally strong presence in the entertainment and retail markets.

Also in 2001, the company's line of server-

based products expanded to include ESCAN™, a networked control, scheduling and diagnostic tool for multi-site installations. Enhancements to Electrosonic's High Definition Video Server were released including a more cost-effective hardware design, better reliability through Microsoft Windows™ 2000 support and multi-channel synchronisation, which is critical to 3D projection applications.

An emerging opportunity for the company is in media networks. These are typically proprietary networks and used for data-rich content, such as video and graphics, for archiving, retrieval, transmission and simultaneous viewing. Media network opportunities are surfacing in virtually all of Electrosonic's markets. The most recent network installations by Electrosonic include the E*Trade Showroom and the American Museum of Natural History, both in New York City. A new business team was formed in 2001 at the company's California location to lead the company's pursuit of this rapidly emerging opportunity.

The company's focus on developing its after-market service and support capabilities over the past several years has begun to pay off. In 2001 Electrosonic's service business produced 8% of the company's total turnover and over 20% of profit.

Outlook for 2002

The "bubble" of major project exhibition work around the new millennium has subsided and the outlook for the entertainment and retail markets indicates flat or very low growth in 2002. Government and corporate market prospects are encouraging, with 10%-15% growth anticipated. Electrosonic will continue to focus on customer needs and turnover is expected to rise by approximately 10% during 2002.

Electrosonic was the audio-visual supplier for all areas of Thinktank, the new Birmingham Museum of Science and Discovery, which is the main visitor attraction at Millennium Point in Birmingham, England.



The 'Spirit of Texas' historical spectacular at the Texas State History Museum in the USA seamlessly integrates the latest in projection, audio and control. It uses Electrosonic HD Servers and ESCAN™ control.



Electrosonic was responsible for the design, installation and commissioning of the audio visual systems at the new Corporate UK Headquarters for Cisco Systems. As well as the VECTOR™ lobby display, the Executive Briefing Center includes an interactive exhibition, seven presentation rooms and three demonstration laboratories.



The Dickson Cyber Express is a unique retail environment in Hong Kong. Electrosonic provided the design consultancy for the audio-visual, lighting IT and control systems for all the displays on the site.

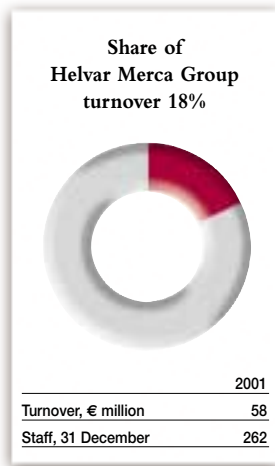


The Space and Naval Warfare (SPAWAR) Systems Center in South Carolina, USA, has chosen a combination of VECTOR™ image processing and LCD cubes for important applications of colour large screen display on board ship.

Fastems' rapid international expansion continued and the company enjoyed a strong position in its core markets. In spite of the instability in the world economy, demand for automation is continuously increasing. At the moment, however, the investment decisions are being delayed. Fastems' turnover increased by 8% to EUR 58 million.

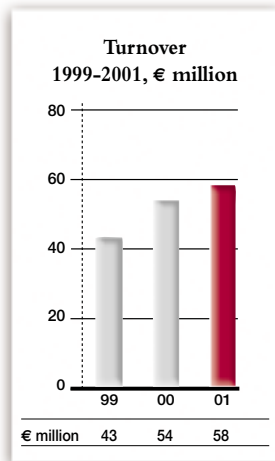


Jarmo Hyvönen
President



Fastems is an expert on factory automation. The company builds automation systems that are designed to meet customers' specific requirements and enable them to make full use of their production resources during all 8,760 hours in a year. The company has two divisions. The Automation Division sells Flexible Manufacturing Systems (FMS), which are designed and manufactured by Fastems, and systems based on Fanuc robotic modules. The Machinery Division supplies the engineering industry with machinery and equipment, developed by Fastems itself or manufactured by its business partners or both.

The highlight of the year was the EMO 2001 fair in Hanover in September. Fastems launched the Flexible Pallet Container (FPC), which is a result of in-house product development. FPC is designed as a versatile, expandable alternative to the pallet pool at an equivalent cost. The container can be taken into operation in one day. Also on display were Flexible Manufacturing Systems, of which 250 have already been sold to customers in Europe, and Fanuc robotic modules. Fanuc Ltd. is the world's leading manufacturer of fully electric robots and injection moulding machines. Fastems also launched its new TWIN-MILL twin-spindle machining centre.



During 2001 the company continued to expand its international activities opening a fifth local customer service centre in Milan in Italy. Fastems already has sales and service centres in Germany, Sweden, the UK and France, as a local presence is critical to maintaining high standards of customer care.

Fastems is the market leader in Finland as a supplier of cutting machine tools with a market share of 25%. Fastems' most important agencies are with the world's leading supplier of precision-engineered machine tools, Deckel Maho Gildemeister Vertriebs und Service GmbH (DMG) and Daewoo Heavy Industries Ltd. Fastems has delivered already over 200 Daewoo NC machine tools to Finland.

In addition to establishing a network of local customer service centres, Fastems has sharpened its customer-focused approach throughout all of its activities. The quality of the company's business operations is evaluated according to the ISO 9001/2000 standard. The main elements of the quality system are the fulfilment of contractual obligations, customer satisfaction, respect for business partners and employees, the level of profitability as a guarantee for continuity and a commitment to products of high quality. The customer satisfaction surveys in 2001 showed that the approach chosen by Fastems is justified.

In line with its quality policy Fastems values its employees and places a high priority on human resource development. Its employees are committed, enthusiastic and educated to a high standard. In spite of the low average age of the company's employees, the tenure with the company is long.

Outlook for 2002

The company's earnings potential and prospects for 2002 are good. Although the market situation has deteriorated, turnover is expected to remain unchanged. Fastems' objectives are increased market share and further international expansion. Customer-focused business practices remain a priority. Fastems is - and wants to be - close to its customers.



Fastems has launched a new Twin-Mill Pallet Booster which combines a Flexible Pallet Container (FPC) with a Twin-Mill machining centre.



Fanuc injection moulding machine and robotized palletizing system.



Fastems delivered a flexible manufacturing system (FMS) to the Viasystems Coventry factory in the UK for the production of telecommunication components.

Fastems combines the Fanuc robotic modules to create a solution that matches the customer's specific requirements. Pictured is the factory of MK-Tresmer Oy in Helsinki.



Fastems had its own, 330-square metre display area at the EMO 2001 Fair in Hanover.

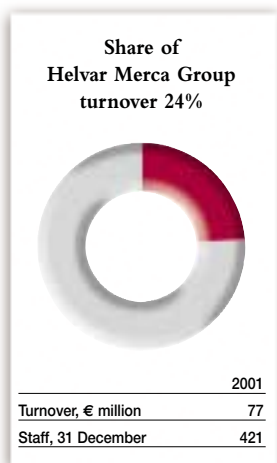


The FMS system of Fastems increases the productivity of the pump factory of the German Werner Rietschle GmbH + Co. KG remarkably.

The uncertainty in the European luminaire market continued. Demand fell sharply in the summer of 2001. Helvar concentrated on restructuring its organisation and updating its product range. Turnover increased by 5% to EUR 77 million.



*Kari Lounasmeri
President*

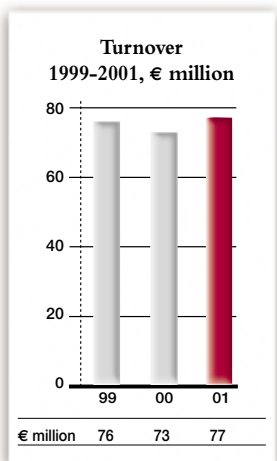


Helvar specialises in ballasts and lighting electronics. The company supplies magnetic and electronic ballasts to the lighting industry. In addition it manufactures lighting control components in Dartford, England. The company's core market is Western Europe but it aims to build market share also in Russia and Eastern Europe.

Magnetic ballasts are manufactured at the company's Karkkila factory. The plant was rebuilt following a fire on New Year's Eve in 1999 and by 2001 output had already recovered to the pre-fire level. All seven production lines were rebuilt and the factory is now the most modern and efficient ballast manufacturing plant in the world.

As a result of an EU directive on ballast energy efficiency, class D magnetic ballasts for fluorescent tubes are to be prohibited in EU countries from May 2002. Class C ballasts are to be discontinued in November 2005. Helvar has responded by launching new class B2 ballasts to replace the models that are being withdrawn.

In 2001 Helvar launched a new range of super-slim high tech ballasts for T5 lamps. With its multiple standard mounting possibilities and slimness, the new ballast range provides greater flexibility for fitting design than ever before. Helvar's extensive product family of high-density (HID) ballasts has been further augmented with the addition of 1000W ballasts for high pressure sodium and metal halide lamps. The EUROHID production line which was destroyed in the Karkkila fire has also been rebuilt.



The most notable lighting control projects in 2001 included:

- Telenor's new offices in Oslo, Norway
- Queens Gallery, Buckingham Palace, London
- Stubbs Road Apartments, Hong Kong
- IMAX cinema centre, Nürnberg, Germany
- Walker Art Gallery, Liverpool
- Darwin Centre, Natural History Museum, London
- Hotel Leelaventure, Mumbai, India
- Microsoft's office building, Dubai, United Arab Emirates

During 2001 Helvar streamlined its business operations. The organisation was completely restructured and part of the electronic ballast manufacturing operation was outsourced.

Helvar leads the way when it comes to exploiting the advantages of the Internet for materials purchasing. The company has developed an automatic Web-based Call-Off System for materials and components it requires. The system has a number of benefits: it is automatic and paperless, the information it provides is in real-time and it gives suppliers more flexibility.

Outlook for 2002

Helvar is confident about the forthcoming year given the efficiency of its production processes. However, the uncertain prospects for the lighting industry make forecasting difficult. Although Helvar aims to increase its market share, turnover is expected to remain unchanged. The company has high-quality products, well-trained staff and a business model that is focused on the needs of its customers.



Helvar installs together with its Norwegian partner Vanpee Norge the largest digital lighting control system in Europe to the new office of Telenor in Fornebu.



Helvar's digital sensor that belongs to the DIGIDIM® product family.

Helvar delivers HID ballasts to the UK company Trac Lighting which specialises in lighting for industrial sites, streets and ships.



Helvar's Karkkila factory is the most modern and automated ballast facility in the world. Pictured is the rebuilt EUROHID production line.



As part of the renovation work at the Queens Gallery in Buckingham Palace, a Helvar Imagine lighting control system was installed.

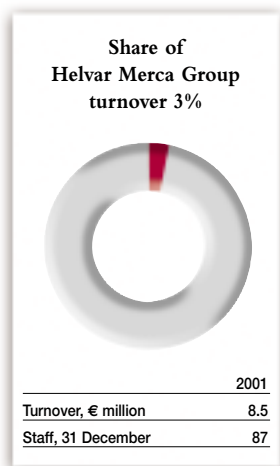
The new super-slim ballast range for T5 fluorescent tubes gives greater flexibility to fitting design than ever before.



Helvar Merca AS

Helvar Merca AS is based in Estonia where economic growth remained strong in 2001. However, fluctuations in the money markets and unsound competitive practices cast a shadow over the market. Helvar Merca AS has a strong position in the market and the company's turnover increased by 9% to EUR 8.5 million.

Andres Palk
President



Helvar Merca AS imports and distributes automotive spare parts and accessories, industrial supplies, fire safety products, office supplies and also pumps and valves. The company also has a retail sales operation and a repair shop. It started out as a distributor in Estonia for the Finland-based companies within the Group, but since then business has undergone significant expansion. Helvar Merca AS has several own agencies and its comprehensive product range is based on the requirements of local customers.

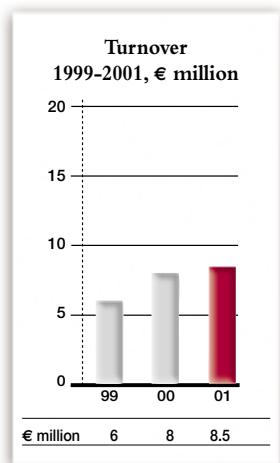
Approximately 63% of turnover is attributable to automotive products, 15% to industrial supplies, 13% to office supplies and 9% to pumps and valves. Helvar Merca AS came into being at the beginning of 1999 when the three Group companies based in Estonia – MG-Auto, Mammut and Mercantile Eesti – each of which specialised in a different market segment, were merged into a single company. The company moved into new premises in 2000. The premises were built to comply fully with EU environmental standards. The company's senior management and its employees have experienced a number of changes over the past few years. Today Helvar Merca AS is clearly one company with a uniform way of working.

The Estonian market is relatively small. Typically import and wholesale operations, and often retail sales as well, are combined. Direct sales are also very common whereby the importer sells direct to the end-user. In response to the market conditions Helvar Merca AS has begun building its own chain of retail outlets. The first stores have already been opened and the chain will be expanded over the coming years. Retail sales currently account for approximately 18% of turnover.

In order to provide customers with a full service the company has also extended its product range. For example, since 2000, Helvar Merca AS has been selling Bridgestone tyres for passenger cars and in 2001 it added tyres for heavy vehicles to the range. Helvar Merca AS also purchases spare parts for heavy vehicles direct from Europe. This enables it to offer customers a comprehensive range of products. In response to customer requirements, the company also extended its range to include SKF industrial bearings and sells tools to industrial customers, focusing in particular on specialists within the construction industry such as electricians and HVAC installers.

Outlook for 2002

Competition within the Estonian market has intensified considerably. The rapid market growth has now slowed and the market is saturated. Price competition is tough and this has also contributed to some unsound competitive practices. Helvar Merca AS' objective is to significantly increase its market share. The company will concentrate on building its chain of retail outlets, expanding its range of industrial supplies and developing customer relations. Business growth is expected to be noticeably stronger than the growth in the market as a whole.





Helvar Merca AS moved to its new premises in Laagri, Tallinn in 2000.

The efficient warehouse is the basis for good customer service. In 2001 the product range was complemented with tyres for heavy vehicles.



Own repair shop is essential for satisfying the needs of local customers.



Helvar Merca AS has a broad-based service portfolio. In response to market conditions the company has moved into retail sales.



In response to customer requirements the company also extended its range to include SKF industrial bearings.

The prevailing uncertainty in the global economy affected Finnish industry and the demand for industrial supplies weakened in the latter half of the year. Mercantile concentrated on developing its MercaPartner concept and building a service portfolio that was even more sharply focused on the needs of customers. Turnover fell by 13% to EUR 22.5 million.

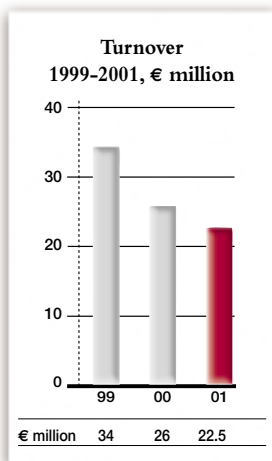
Jyrki Sairo
President



Mercantile offers customers a solution for the trouble-free and cost-effective purchase and logistics of industrial supplies. The company's product range includes fastening equipment, pneumatic and hydraulic components, vacuum technology and power transmission components as well as customised special products. In addition to industrial supplies Mercantile also sells fire safety products and machinery and equipment for the packaging industry. Key customer groups include companies in the Finnish engineering, metal products, electronics, electro-mechanical and packaging industries and dealers in these business sectors.

own sales company in Finland in 2001. Other additions to the product range included vacuum technology components from the German company J. Schmalz GmbH and power transmission components from SITI Spa of Italy.

Demand for fire safety products remained strong and sales of Gloria fire extinguishers reached record levels. In collaboration with the Gloria Safety Center chain Mercantile has developed a concept whereby the customers can select the level of service appropriate to their needs. In November 2001 a total of 21 Gloria Safety Centers were certified to ISO9002 quality standard. The Gloria outlets are the first in the industry to receive certification.



In 2001 Mercantile developed its MercaPartner concept further to respond more effectively to customers' individual requirements. The three levels: MercaOnline, MercaStandard, MercaEasy and their combinations offer customers a solution that matches their specific needs. Now it is possible to find the simplest and most economical solution for the purchase and logistics of industrial supplies, stock control and interruption-free production for each individual customer. The aim is to reduce customers' purchasing costs and to give them the opportunity to concentrate on their core business. During 2001 Mercantile organised training in the MercaPartner concept for both staff and customers.

The product range for the packaging industry includes BASF flexo and letterpress printing plates and BHS flexo printing machines. The company also sells D.W. Renzmann GmbH's solvent distillation units and industrial washing machines, which significantly reduce the impact on the environment. With a closed cycle detergents can be re-used. The waste produced is in solid form and can be processed by a waste disposal plant.

Outlook for 2002

The prospects for growth in the global economy have receded and this will have an impact on the export sales of Mercantile's customers. The challenges for the company in 2002 involve the continuous upgrading of its product range in response to customer needs and the development of its logistics operation. In spite of the fall-off in technical trade turnover is forecast to remain unchanged.

In order to ensure that customers receive a comprehensive service, Mercantile secured three new agency agreements during the year. The company now purchases pneumatic components from ASCO/JOUCOMATIC. This arrangement replaces the long-term contract that Mercantile had with IMI Norgren Limited which established its



In November 2001 a total of 21 Gloria Safety Centers were certified to ISO9002 quality standard. The Gloria outlets are the first in the industry to receive certification.

MercaOnline controls stocks of fastening equipment automatically. The easy and flexible system guarantees trouble-free production for the customer.



Mercantile guarantees that there is always the right amount of industrial supplies in the customer's production. The supplies are delivered straight to the production lines.

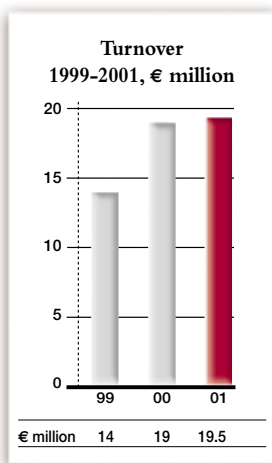
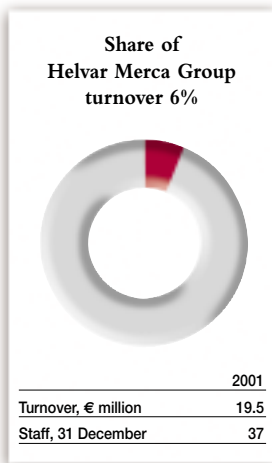
With the MercaStandard solution orders are placed using a bar code detector.



The SKM industrial washing machine of G.W. Renzmann significantly reduces the impact on the environment. With a closed cycle detergents are reused and only solid waste is produced.

Investments by Finnish industry slowed in 2001. The rapid consolidation within Mercantile KSB's business environment continued. The company continued to focus on maintenance services and complete solutions for fluid handling. Mercantile KSB's turnover rose by 4% to EUR 19.5 million.

Jarmo Piippo
President



Mercantile KSB offers its customers complete solutions for fluid handling, including installation, maintenance and training services. The overall objective is to guarantee customers the maximum return on their investment. Key customer groups comprise companies in the Finnish energy, paper and pulp, and chemical industries. The company's core markets are Finland and the Baltic countries. Mercantile KSB also makes export deliveries in co-operation with its Finnish customers.

In 2001, consolidation in Mercantile KSB's business continued as a result of the merger of several suppliers. Customers are centralising their operations and entering into agreements at Group level. As Mercantile KSB is 25% owned by KSB AG of Germany the company has access to broad-based global agreements with international companies.

The most notable projects in 2001 included sizeable valve deliveries for Stora Enso's Kaukopää factory, Metsä Botnia's Joutseno Pulp plant and M-real's Joutseno BCTMP mill. A large quantity of manual and actuator valves were exported to Italy for Metso Paper's Burgo project and Kemira Arab Potash Company Ltd took delivery of special valves for a facility under construction in Jordan. Major orders for machinery were supplied to Aalborg Industries Oy for its boiler deliveries. YIT Corporation was supplied with a large number of pumps and valves to various projects.

Industrial use of automatic and computerised systems continues to grow. In response to the growing need for automation, KSB Amri, the company that manufactures valves in the KSB Group,

launched a new fieldbus based solution for valve actuators under the name Smartronic PC. The product can be connected to a PC or a handheld computer (PDA). Smartronic makes it possible to programme and monitor the valve operation, and thus improves the reliability of the production process. Another new product range to be introduced was the MIL control valves which are used by power plants and industry for applications involving steam and liquids. The MIL valves can also be fitted with electronic actuators.

In 2001 Mercantile KSB focused efforts on developing its service and maintenance network. In order to guarantee the maximum return on investment for its industrial customers throughout Finland the company has developed a concept for local maintenance services. In line with this the company opened its first service centres at the end of 2001.

The company has also started to build an electronic contact network to support its services. The network enables maintenance specialists, customers and suppliers to share maintenance data. In 2001, the company also secured a number of new maintenance contracts.

Outlook for 2002

The outlook for the world economy and the events at the end of the year will have a negative impact on growth. Prospects for Finnish industry have deteriorated and major investments are being held back. Mercantile KSB will concentrate on developing a local service network. By stepping up maintenance services the company expects to increase its turnover and improve the result.

Mercantile KSB also makes export deliveries in co-operation with its Finnish customers. Pictured the packing of an export delivery of valves in Hakkila.



Smarttronic PC, the new fieldbus based solution for valve actuators, can be connected to a PC or a hand-held computer (PDA).



The yearly maintenance of the Amacan pump in Hakkila. The pump is used for the water ride at the Linnanmäki amusement park in Helsinki.



In order to better serve its customers throughout Finland, Mercantile KSB has developed a concept for local maintenance service. Pictured is an HGC feed water pump at the Vattenfall power plant in Myllykoski.

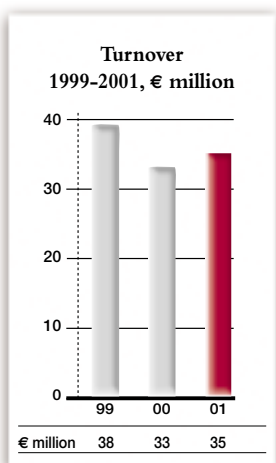
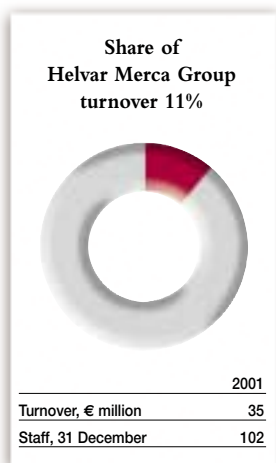


The client version of the KSB Offert program makes planning easy.

The market for automotive spare parts in Finland continued to decline. However, exports to Finland's near neighbours showed a positive trend. Örum's efforts to improve the efficiency of its operations led to a rise in its market share. Company turnover increased by 7% to EUR 35 million.



Heimo Arovaara
President



Örum specialises in the import and wholesale of automotive spare parts and accessories which it sells and markets primarily through dealers in the independent spare parts trade. Another key customer group is Finnish manufacturers of trailers and semi-trailers. Throughout its business activities the company emphasises the importance of efficient and reliable material handling and customer-focused working practices.

Örum's main suppliers are major international suppliers of parts and components to the automotive industry. The best-known brands carried by the company are Bosal exhausts and tow bars, Hella vehicle lighting, electronics and air-conditioning, Mann filters for vehicles and industrial applications, Sachs shock absorbers and clutches, DanBlock and Brembo brake parts, Wabco brake systems and Raufoss air brake connectors. Örum also handles the distribution of products from SKF, Shell and Sika within the independent spare parts trade.

There was little change in the company's operating environment during 2001. The Finnish spare parts market continued to decline. However, the number of used cars replaced by new cars fell short of predictions. Consequently, the number of cars in the 5-15 year age bracket, which is important for the independent spare parts trade, declined less than expected. A total of 109,428 new passenger cars were registered in Finland in 2001.

Exports to Finland's near neighbours account for more than 10% of company turnover. Due to its geographical location and efficient infrastructure, Finland is an ideal base for exports to areas such as St. Petersburg. Örum is mainly involved in so-called cash-and-carry exports whereby customers collect the goods from Örum's warehouse.

2001 also saw the launch of Örum's web site which is constantly updated. The company has been investigating the opportunities presented by e-commerce and has begun compiling an electronic product catalogue. Due to the extensive product range, the extranet solutions will be introduced product group by product group at the end of 2002.

The company renewed its agreement of 1998 with the nationwide AD spare part chain covering the distribution of Bosal exhausts. The three-year agreement applies to all stores in the chain.

Örum is continuously developing its product range in response to the needs of its customers. Although there were no major product launches in 2001 the product portfolio is being constantly upgraded. For example, maintenance and spare parts for air-conditioning units were added to the Hella range. The new-generation xenon auxiliary and work lights made a market breakthrough in 2001. The Bosal range of exhausts was expanded. Also, the company's product catalogues were effectively renewed.

Kai-Petteri Purhonen was appointed the company's new President. He will start as Örum's Vice President with effect from 1 February 2002 and as President from 1 July 2002.

Outlook for 2002

The flat growth experienced by the industry is expected to continue in 2002. Although prospects for exports to Finland's near neighbours are uncertain Örum expects a positive trend. The company will continue to develop e-commerce applications with the aim of building market share and sustaining profitability.



Hella's new range of maintenance and spare parts for air-conditioning units has been very well received in Finland.



The product range of vehicle lights has been extensively completed, e.g. with xenon lights.



Sachs supplies clutches for light and heavy vehicles, but also for F1 cars.



The customer-oriented business of Örum includes yearly maintenance of the customer's warehouses. Pictured is the Bosch exhaust stock at a customer belonging to the AD chain.

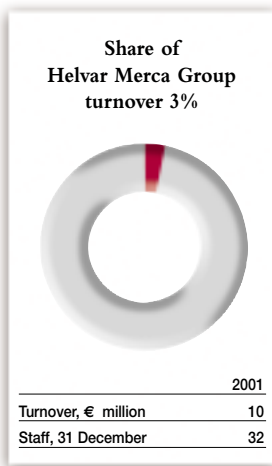


The recently refurbished product exhibition room of Örum is a perfect location for client negotiations and training.

In August 2001, the first digital television broadcasts were transmitted in Finland. Installations of digital broadcasting technology were made throughout the year and Qualitron was involved in most of these projects in Finland. Deliveries to CIS countries were completed as planned. Turnover in 2001 rose by 12% to EUR 10 million.



*Tapani Karjalainen
President*



Qualitron specialises in television production, video and audio technology. It assembles customised solutions from products available on the market ensuring that the price and quality match the customer's needs. The success of the business depends on the professionalism of the company's staff and their ability to scan the market for the most suitable products and to adapt and combine them in the right way. The company's core markets are Finland together with Russia and the other CIS countries.

In 2001 the company concentrated its efforts on installing digital TV broadcasting systems in Finland. The first official digital broadcasts in Finland were transmitted in August 2001. All broadcast licence holders in Finland invested heavily in digital technology. For example, the Finnish Broadcasting Company YLE launched three new digital channels.

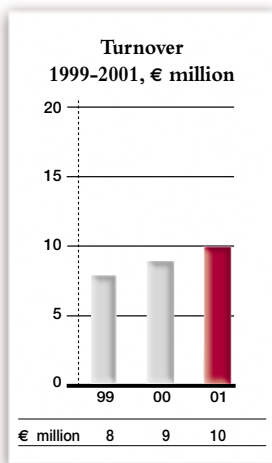
Customers in the CIS countries still take a long time to reach investment decisions. However, Qualitron made several deliveries including an outside broadcast van which was supplied to Ufa, the capital of the Bashkir Republic in June 2001.

In July 2001 Qualitron established a separate lighting department. The department not only enables the company to improve the service to its existing customers but also to expand into theatrical lighting. Business has got off to a promising start and currently the department carries the products of around 15 companies including dimmer-packs and Flame virtual effects from Electron S.A. of Greece, traditional theatre luminaires and special-effect luminaires from F.A.L. Srl of Italy as well as IFF and Manfrotto suspension equipment and systems. Qualitron also represents Radium Lampenwerk GmbH of Germany, a manufacturer of theatre and studio lamps.

The other additions to the product range in 2001 were mainly related to digital technology. Qualitron continuously upgrades its product range in line with its own expertise as well as in response to the needs of its customers. As a result it is able to offer every customer the optimal solution for their individual requirements. The pace of change in video and audio production technology and also in the field of television production is faster than ever and this presents the company with a number of challenges. As in previous years Qualitron has focused on developing and strengthening the professional skills of its staff.

Outlook for 2002

In recent years the digitalisation has led to substantial investment in television technology in Finland. Current indications are that 2002 will be a quiet year in Finland. The investments are deferred due to the general economic situation and the running-in period for new digital technology. In Russia and the other CIS countries forecasting is difficult as customers are slow to make decisions and cautious when it comes to investing. The newly established lighting department is expected to account for most of Qualitron's business growth in the Finnish market.



The company expanded its product range and began supplying studio and theatrical lighting systems. Pictured a Three Sixty Laser which is used for laser effects.



Qualitron was involved in most digital broadcasting technology projects in Finland. Pictured the Finnish Broadcasting Company YLE's digital unit following the completion of phase II.



The pre-installations for projects are often done at Qualitron's own premises.

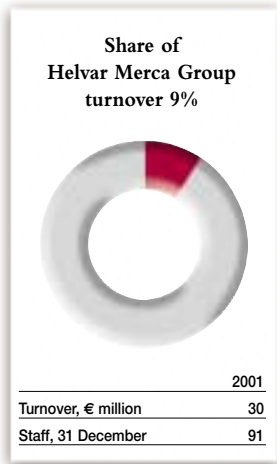


A fully digital outside broadcasting van with four cameras was supplied to Ufa, the capital of the Bashkir Republic, in June 2001.

Demand in the Finnish market for office supplies remained unchanged. In line with previous years, sales of computer supplies rose by around 15%-20%. Wulff's turnover increased by 4% to EUR 30 million.



Paavo Feirikki
President



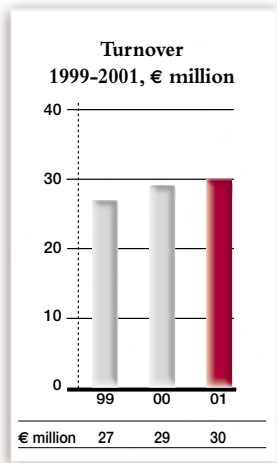
Wulff sells office and computer supplies to customers in Finland. Its APAJA concept for large and medium-sized businesses offers a genuinely different service for acquiring office tools through fully automated MiniBar and WulffNet. The APAJA concept helps to find the simplest and most cost-efficient solution for each customer and it is continuously developed in close cooperation with customers. Long-term customer and supplier relationships play a key role in Wulff's business operations.

The Wulff Stores in Helsinki and Turku and the Lahti-based subsidiary Torkkelin Paperi serve the needs of small and medium-sized businesses. Torkkelin Paperi is also involved in direct selling and has a strong market position in the Lahti area. Wulff is currently developing a regional concept with the aim of standardising operations outside the Helsinki area. The new business model will be adopted in the spring of 2002.

There was little change in the company's operating environment during 2001. The leading companies in Finland have reduced the number of staff which will affect demand for office supplies. The competitive situation on the Finnish market remained unchanged but competition is expected to intensify. Therefore, Wulff is working to ensure that its APAJA service is as customer-focused and efficient as possible.

Wulff is also committed to raising standards of environmental care. In February 2002 the company signed the ICC Business Charter for Sustainable Development. This means that environmental considerations underpin the company's business activities. For example, Wulff chooses suppliers who respect the environment, and supports and trains its own staff in environmentally friendly working practices. The environmental measures taken by the company also include waste recycling and disposal in the warehouse and increased care in property maintenance procedures.

Wulff also offers its customers an easy and effective solution for recycling computer and office supplies.



Outlook for 2002

Fluctuations in demand for office and computer supplies follow economic trends. Faced with an economic downturn corporate customers are focusing their attention on the overall cost of office and computer supplies and on the efficiency of their distribution. Wulff's APAJA concept is designed to meet customer requirements and facilitate steady growth. Wulff will continue to develop its business operations and is expected to show a marked improvement in its result in 2002.



The MiniBar shelves include basic material that is easily available for the staff. The shelves are always in perfect shape and orders are easily placed with a bar code detector.



WipWulff provides stationery with your own corporate identity.

Wulff offers its customers a genuinely different APAJA-concept. The concept provides an easy and cost-efficient solution for acquiring office tools - all that you need from one place. From the WulffNet order system it is easy to find what you need.



WulffApu has the answer to all your questions on office and computer supplies and APAJA service.

The Wulff Stores in Helsinki and Turku and the Lahti-based subsidiary Törkelin Paperi serve the needs of small and medium-sized businesses.

Board of Directors' Report

Results

In 2001, 100 years had passed since the parent company of the Helvar Merca Group, Helvar Merca Oy Ab, was founded under the name O.Y. Mercantile A.B.

The turnover of the Helvar Merca Group totalled EUR 321.5 million in 2001. The comparable turnover increased by 5% over the previous year. The business units Electrosonic, Fastems and Helvar showed the largest increases in turnover. Group net profit was EUR 18.7 million compared to EUR 9.6 million in 2000.

No major investments were made during the year.

The operations of Transkem Oy Ab were sold to Vopak Chemical Logistics Finland Oy. The Group's cooperation partner for many years, KSB AG, used its contractual option right and increased its share in Mercantile KSB from 20% to 25 %.

At Helvar, measures were taken to increase cost-efficiency. The production of electronic ballasts and lighting electronics was partially outsourced. In this connection, the factory in Maidstone was closed down and the number of employees in the factory in Helsinki decreased from 293 to 184.

Board of Directors

At the Ordinary Shareholders' Meeting in 2001, Mr Gerhard Wendt was elected Chairman of the Board. The other Board members are Mr Philip Aminoff, Deputy Chairman, Mr Dieter Aminoff, Mr Edward Andersson, Mr Stig Gustavson, Mr Olli Riikkala and Mr Christian Westerlund. Mr Thomas Aminoff is a deputy member.

Personnel

The number of Group personnel decreased, mainly due to the changes at Helvar. The Group employed 1,542 staff at the beginning of 2001 and 1,351 at year end.

The Group transferred contributions totalling EUR 2 million to its pension fund to fully cover the liabilities.

Prospects

The outlook in the company's main markets is uncertain. The Helvar Merca Group will adapt its operations to the changing market situation. Turnover is expected to remain on the previous year's level.

Proposal for allocation of profit

The net profit of Helvar Merca Oy Ab for the year is EUR 18,711,738.26. The Board of Directors proposes that a dividend of EUR 900 per share shall be distributed, i.e. a total of EUR 7,217,000 and that the remaining profit shall be transferred to the Company's retained earnings account.



*Helvar Merca Oy Ab's Board of Directors, from left
Thomas Aminoff, Edward Andersson, Stig Gustavson,
Philip Aminoff, Gerhard Wendt (Chairman),
Christian Westerlund, Dieter Aminoff and Olli Riikkala.*

Consolidated Profit and Loss Account

(€ 1 000)		1.1.-31.12.2001	1.1.-31.12.2000
NET TURNOVER	(1)	321 521	322 799
Variation in stocks of finished goods and work in progress		2 321	-49
Other operating income	(2)	18 558	8 728
Raw materials and services	(3)	-200 589	-200 041
Staff expenses	(4)	-67 594	-70 833
Depreciation and reduction in value		-9 752	-11 169
Other operating charges		-37 931	-41 353
OPERATING PROFIT		26 534	8 081
Financial income and expenses	(6)	-261	-1 011
PROFIT BEFORE EXTRAORDINARY ITEMS		26 273	7 070
Extraordinary income and charges	(7)	0	9 243
PROFIT BEFORE APPROPRIATIONS AND TAXES		26 273	16 313
Income taxes	(8)	-6 922	-6 559
Minority interests		-639	-169
PROFIT FOR THE FINANCIAL YEAR		18 712	9 586

Consolidated Funds Statement

(€ 1 000)	2001	2000
SOURCE OF FUNDS		
Internal financing		
Profit for the period	18 712	9 586
Depreciation and reduction in value	9 752	11 169
Changes in provisions	211	-283
Total internal financing	28 675	20 472
Changes in non-current assets	12 676	11 216
	41 351	31 688
APPLICATION OF FUNDS		
Changes in long-term receivables	-93	76
Investments in fixed assets	9 469	30 787
Change in calculated tax debt	852	-2 342
Change in long-term financing	-1 708	-235
Translation adjustment in shareholders' equity	57	-55
Change in minority holding	-592	-26
Distributed dividends	7 217	6 743
	15 202	34 948
Change in working capital	26 149	-3 260
	41 351	31 688
CHANGE IN WORKING CAPITAL		
Cash and bank accounts	28 953	4 795
Current receivables	-15 720	16 795
Inventories	-3 885	848
Current liabilities	16 801	-25 698
	26 149	-3 260
Working capital on 1 January	40 119	43 379
Working capital on 31 December	66 268	40 119

Consolidated Balance Sheet

(€ 1 000)	31.12.2001		31.12.2000	
Assets				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	350		517	
Other capitalised long-term expenses	5 517	5 867	5 464	5 981
Tangible assets				
Land and waters	7 641		7 639	
Buildings	30 571		40 613	
Machinery and equipment	21 649		21 096	
Other tangible assets	906		2 296	
Advance payments and construction in progress	97	60 864	1 636	73 280
Investments				
Other bonds and shares		12 358		12 788
NON-CURRENT ASSETS TOTAL		79 089		92 049
CURRENT ASSETS				
Stocks				
Raw materials and consumables	4 049		7 920	
Work in progress	3 875		5 185	
Finished products/Goods	31 771		29 863	
Advance payments	414	40 109	1 026	43 994
Long-term receivables				
Loan receivables		89		182
Short-term receivables				
Trade receivables	42 983		52 048	
Other receivables	2 004		4 005	
Prepayments and accrued income	3 455	48 442	8 109	64 161
Receivables total		48 531		64 343
Cash in hand and at banks		43 514		14 561
CURRENT ASSETS TOTAL		132 154		122 898
ASSETS TOTAL		211 243		214 948
Liabilities				
CAPITAL AND RESERVES (10)				
Subscribed capital		20 000		20 000
Retained earnings	62 774		60 462	
Profit for the financial year	18 712	81 486	9 586	70 048
CAPITAL AND RESERVES TOTAL		101 486		90 048
MINORITY HOLDING				
		1 836		1 245
PROVISIONS (11)				
		1 443		1 232
CREDITORS				
Deferred taxes		6 885		7 737
Non-current	(12)			
Loans from credit institutions	2 020		2 273	
Pension loans	31 535		29 528	
Other non-current liabilities	242	33 797	289	32 089
Current				
Loans from credit institutions	350		5 333	
Advances received	5 847		8 689	
Trade payables	17 612		24 629	
Other current liabilities	14 867		18 187	
Accruals and deferred income	27 120	65 796	25 759	82 597
CREDITORS TOTAL		106 478		122 423
LIABILITIES TOTAL		211 243		214 948

Notes to the Financial Statements

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

Accounting principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with the acquisition cost method. The consolidated financial statements include the Parent Company, Helvar Merca Oy Ab, and those companies in which Helvar Merca Oy Ab directly or indirectly holds more than 50% of the voting rights of all the shares. The financial statements of Group companies operating outside Finland have been converted and grouped according to the Finnish Accounting Act. The translation of the Balance Sheet into Euro has been effected according to the Bank of Finland's average rates on the date of the closing of the accounts and the financial statements according to the average rates for the year.

Foreign currency-denominated items

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

Inventories

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

Depreciation principles

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

Depreciation periods according to plan are:

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

Provisions

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

(€ 1 000)	2001	2000
NOTES TO PROFIT AND LOSS ACCOUNT		
1 SALES BY BUSINESS AND MARKET AREA		
SALES BY BUSINESS AREA		
Production	161 288	148 927
Trading	132 118	131 529
Service	28 115	42 343
Total	321 521	322 799
SALES BY MARKET AREA		
Finland	151 283	146 622
Other EU countries	96 064	91 499
Other countries	74 174	84 678
Total	321 521	322 799
2 OTHER OPERATING INCOME		
Rental income	1 535	1 319
Sales revenue from fixed assets	2 356	2 139
Compensations paid by insurance company	-	4 736
Other income	14 667	534
Total	18 558	8 728
3 RAW MATERIALS AND SERVICES		
Purchases during the financial year	191 199	187 175
Variation in stock	4 368	-1 735
External services	5 022	14 601
Total	200 589	200 041
4 STAFF EXPENSES		
Wages and salaries	54 263	59 568
Pension expenses	7 837	5 729
Other social security and staff expenses	5 494	5 537
Total	67 594	70 834
5 STAFF AND MANAGEMENT		
Amount of staff in average	1 476	1 570
Finland	1 063	1 112
Other EU countries	231	283
Other countries	182	175
Total	1 476	1 570
Salaries paid to Presidents and Boards of Directors	3 142	2 957
6 FINANCIAL INCOME AND EXPENSES		
Dividend income	6	63
Interest income from long-term investments	16	25
Other interest and financial income	1 107	797
Exchange differences	295	-22
Interest and other financial expenses	-1 685	-1 874
Total	-261	-1 011

(€ 1 000)

2001

2000

7 EXTRAORDINARY ITEMS

Extraordinary income

Compensations paid by insurance company

-

9 243

8 INCOME TAXES

Income tax for actual operation

Change in calculational tax debt

Total

7 775

4 344

-853

2 214

6 922

6 559

9 BREAKDOWN OF PORTFOLIO

Group companies

Subsidiaries

	Share % Parent Company	Share % Group	Book value of shares 1 000 €	Ownership of equity 1 000 €	Profit/loss in latest financial statements 1 000 €
FI Helvar Oy Ab	100	100	5 644	25 323	274
FI Puistolän Ruuvituonti Oy	100	100	10 501	21 374	10 816
FI Wulff Oy Ab	100	100	1 166	4 542	750
FI Örum Oy Ab	100	100	7 844	11 570	2 766
FI Kiinteistö Oy Keskuojankatu 12	100	100	84	84	0
FI Kiinteistö Oy Ahertajankatu 6	100	100	342	121	23
FI Mercantile KSB Oy Ab	75	75	757	1 444	501
FI Qualitron Oy Ab	6	55	31	641	90
FI Mercantile Oy Ab	100	100	2 186	7 761	1 630
FI Fastems Oy Ab	100	100	1 177	8 231	627
FI Oy Merca Trading Ab	100	100	3	3	-
EE Helvar Merca AS	100	100	83	443	108
EE Helvar Merca Kinnisvara AS	100	100	157	273	65
RU Helvar Merca OOO	100	100	16	14	-1
			29 991		

Indirectly owned subsidiaries

FI Helvar Oy Ab					
DE Helvar Merca GmbH		100	1 122	1 317	134
SE Helvarmerca AB		100	504	85	-125
IT Helvar Merca S.r.l.		100	267	1 447	554
NL Dartford Invest B.V.		100	6 330	10 617	797
GB Helvar Merca Ltd.		100	14 070	2 842	-2 388
GB Helvar Ltd.		100	411	639	-
GB Helvar Lighting Control Ltd.		100	1 643	-4 341	-
GB Electrosonic Holdings Ltd.		96	2 876	9 966	-
US Electrosonic Systems, Inc.		100	2 627	-1 287	-207
GB Electrosonic Ltd.		100	10 377	10 189	2 697
FI Wulff Oy Ab					
FI Torckelin Paperi Oy		100	245	555	162

Parent Company's other shares

FI Kiinteistö Oy Luna			11 609		
FI Nordgolf Oy			22		
FI Vakuutus Oy Garantia			84		
FI As. Oy Pohjoisranta 10			524		
			12 239		

(€ 1 000)

2001

2000

NOTES TO THE BALANCE SHEET

10 CAPITAL AND RESERVES

Subscribed capital 1 January	20 000	20 000
Subscribed capital 31 December	20 000	20 000
Retained earnings 1 January	70 048	67 150
Dividends distributed	-7 217	-6 743
Translation adjustment in shareholders' equity	-57	55
Retained earnings 31 December	62 774	60 462
Profit for the financial year	18 712	9 586
Capital and reserves total	101 486	90 048
Retained earnings 31 December	62 774	60 462
Profit for the period	18 712	9 586
Transferred from depreciation difference reserve	-15 938	-17 824
Distributable reserves 31 December	65 548	52 224

11 PROVISIONS

Provisions for pensions	267	264
Provisions for guarantees	1 176	968
Total	1 443	1 232

12 NON-CURRENT CREDITORS, OVER 5 YEARS

Pension loans	31 535	29 015
---------------	--------	--------

13 CONTINGENT LIABILITIES

Loans with real estate mortgage		
Pension loans	30 843	29 015
Mortgages	7 266	7 289
Other collaterals		
Book value of pledged shares	92	92
Leasing liabilities		
For the year 2002	530	536
To be paid later	658	767
Total	1 188	1 303
Other contingent liabilities		
Guarantees on behalf of own liabilities	3 612	2 886
Guarantees on behalf of other liabilities	-	133

N.B.

The Financial Information contains only the consolidated accounts.
The complete Closing of Accounts (in Swedish) can be ordered by
e-mail at info@helvarmerca.com or by telephone +358 9 5654 9210 (Seppäläinen).

Auditors' Report

To the shareholders of Helvar Merca Oy Ab

I have audited the accounting, the financial statements and the corporate governance of Helvar Merca Oy Ab for the period 1.1. - 31.12.2001. 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 President. Based on my audit I express an opinion on these financial statements and on corporate governance.

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

ment presentation. The purpose of my audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies Act.

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

Helsinki, 15 March 2002

Jan Holmberg
Authorised Public Accountant

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