



Annual Report 2002
PKC Group Oyj

PKC GROUP



CONTENTS

03	INFORMATION FOR SHAREHOLDERS
05	REVIEW BY THE PRESIDENT AND CEO
07	PKC GROUP IN THE YEAR 2002
12	KEY FEATURES
FINANCIAL STATEMENTS	
13	REPORT BY THE BOARD OF DIRECTORS
16	GROUP INCOME STATEMENTS AND BALANCE SHEET
17	GROUP CASH FLOW STATEMENT
18	PARENT COMPANY INCOME STATEMENTS AND BALANCE SHEET
19	PARENT COMPANY CASH FLOW STATEMENT
20	ACCOUNTING PRINCIPLES
22	NOTES TO THE FINANCIAL STATEMENTS
29	GROUP'S FIVE YEAR REVIEW
30	CALCULATION OF KEY RATIOS
31	SHARES AND SHAREHOLDERS
33	THE BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION
33	AUDITOR'S REPORT
34	CORPORATE GOVERNANCE
36	RISK MANAGEMENT
38	BOARD OF DIRECTORS 31.12.2002
39	CORPORATE MANAGEMENT TEAM 31.12.2002



INFORMATION FOR SHAREHOLDERS

General Meeting of Shareholders

PKC Group Oyj's Annual General Meeting will be held on Thursday 13 March 2003 at 4.00 p.m. at the company's offices in Kempele, at the address Vihikari 10.

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 on Monday 3 March 2003 and confirm her or his attendance before 4.00 p.m. on Monday 10 March 2003.

Notice of the Annual General Meeting was given in the newspapers Helsingin Sanomat and Kaleva on Saturday 22 February 2003 and as Stock Exchange Announcement on Friday 21 February 2003.

Dividend Proposal

The Board of Directors proposes that the distribution of dividends for the fiscal year 2002 be EUR 0.45 per share. The matching date for dividends is Tuesday 18 March 2003. The payment date for dividends is Tuesday 25 March 2003.

Financial Reports for 2003

PKC Group Oyj will publish its financial reports for 2003 as follows:

Interim report 1-3 / 2003 on Friday 25 April 2003 at 9.00 a.m.

Interim report 1-6 / 2003 on Friday 1 August 2003 at 9.00 a.m.

Interim report 1-9 / 2003 on Friday 24 October 2003 at 9.00 a.m.

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

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.

Key Figures

	2002	2001	2000	1999	1998
Net sales, EUR million	134.3	125.1	128.6	113.9	83.6
Operating profit, EUR million	9.4	4.1	9.0	11.4	10.7
Profit before extraordinary items, EUR million	7.6	2.6	8.0	10.7	10.0
Return of investment, % (ROI)	20.6	9.0	22.3	34.1	42.5
Equity ratio, %	46.9	40.7	37.3	43.3	36.1
Gross capital expenditure, EUR million	6.4	3.8	8.1	4.9	12.2
Earnings per share, EUR (EPS)	0.78	0.56	1.01	1.39	1.33
Dividend per share, EUR	0.45*	0.25	0.40	0.50	0.54

* Proposal of the Board of Directors



Our objective is to be an increasingly global partner in the design and manufacture of electrotechnical equipment and to grow faster than the industry average.

REVIEW BY THE PRESIDENT AND CEO

I can now look back on my first financial year as CEO. During the past year we focused on strengthening the fundamentals of our business. We organised the company into five separate business units with profit accountability. The criteria for segmenting the operations were customer relationships, technologies and volume of business. The new organisation has demonstrated its effectiveness. Profitability, quality and customer satisfaction have improved.

At the same time, we started to revamp the production structure. The principal idea of the restructuring is to concentrate the manufacturing of products belonging to the same product group at specific factories from start to finish. This enables shorter production throughput times and reduces the amount of uncompleted production. In addition to the positive effect on quality, employment of capital and reducing production costs, also logistics costs decrease.

To achieve set objectives, we decided to acquire our major subcontractors in Estonia and Russia and to undertake intensive measures in developing these factories. We purchased the wiring harness operations of AS Harju Elekter, our Estonian subcontractor of long standing. We signed also Letters of Intent on purchasing the Carhatec Group of Finland and its Russian subsidiaries. PKC Eesti AS and the Carhatec Group employ about 850 people in total.

During the current year we will be investing a total of about seven million euros in these factories abroad. Manufacturing in lower cost countries is important for the competitiveness of contract manufacturers, and its share of our present products will rise from about 60% to nearly 80% over the next two years. Modern, efficient and high-quality production methods will be placed in use at the new PKC Group units.

In order to reinforce our expertise in vehicle electronics technology we started development work on bus system-based electrical systems. This expertise will ensure PKC's competitiveness in future customer projects. It will nevertheless take years before these technologies will generate significant earnings.

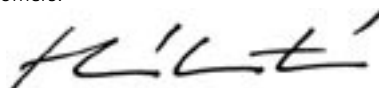
The PKC Group's electronics contract manufacturing maintained a satisfactory level of capacity utilisation throughout the year. We stepped up our competitiveness by making major investments on new production machinery and equipment. Customer satisfaction has remained good through and through. In the current year we will increase electronics manufacturing in Russia. This will improve our competitiveness in the years ahead. An encouraging sign for the future outlook is the winding down of the industry's overcapacity.

Materials make up a significant part of the price of our products. The improvement in the company's earnings is thus partially attributable to greater efficiency in our purchasing activities.

Our quality assurance and environmental protection programmes proceeded with parent company's QS-9000, Brazilian unit's ISO/TS 16949 and Estonian unit's ISO 14001 certifications. This year we are aiming to bring all the wiring harness factories within the scope of the new process-based ISO 9001:2000 quality system.

There are no signs of an upswing in our customer sectors. Global political conflicts are overshadowing the outlook with unusually great uncertainty. Our main customers are forecasting that deliveries will continue on a par with the past year. The current year will be spent on carrying out actions that will lead to growth. The exceptionally low price of capital creates a splendid opportunity for making forward-looking investments. Our objective is to be an increasingly global partner in the design and manufacture of electrotechnical equipment and to grow faster than the industry average.

I wish to thank the personnel of our own units and those of our subcontractors for doing an excellent job. Thanks are due also to our partners and especially to our customers.



Harri Suutari



PKC's success is based not only on technological know-how but also on the ability to act as an efficient and co-operative partner.

PKC GROUP IN THE YEAR 2002



Operations and Objectives

PKC Group Oyj is an electrotechnical systems supplier and a contract manufacturer. The company's main products are wiring harnesses for commercial vehicles and electronics design and contract manufacturing services. The Group comprises production facilities in Finland, Estonia, the Netherlands and Brazil. The production and service network furthermore includes Finnish and foreign subcontractors. The Group employed a total of 1363 people at the end of 2002.

The company's objective is to increase its sales faster than the industry average, but profitably. PKC strives for a high degree of customer satisfaction and a steady increase in shareholder value, whilst offering employees a working environment that keeps developing. The company's customers are internationally operating manufacturers of commercial vehicles, telecommunications equipment and industrial electronics. PKC's success is based not only on technological know-how but also on the ability to act as an efficient and co-operative partner.



Products and Markets

Heavy Trucks and Coaches

The manufacture of wiring harnesses for heavy trucks is the most extensive of PKC's areas of competence. Approximately 600 000 heavy trucks are manufactured annually, some 300 000 of which are produced in PKC's present market areas in Western Europe and South America. More than a third of these are equipped with products manufactured by PKC. The truck market declined by about 10% in Europe in 2002. In South America the drop was about one third. The sharp downturn that has persisted in North America for two years came to an end, with sales settling at the previous year's level. Due to the growth in PKC's market share, the sales increased by a hefty 25%. The Group has three major truck-manufacturing customers.

PKC's competitors are either large international manufacturers of wiring harnesses that also have other types of component business, or else small local players. Other competition comes from local society-supported working communities and potential customers' own production. To the best of our knowledge, there is no international competitor that is specialised solely in the manufacture of wiring harnesses for commercial vehicles. We believe that as our customer base becomes increasingly global, the position of customers' own wiring harness production and local competitors will weaken.

Unlike wiring harnesses for passenger cars, wiring harnesses for commercial vehicles are custom-manufactured for the customer's specific vehicles. The manufacturer must have the ability to combine low-cost mass production with customisation. In practice, wiring harness modules are mass produced in countries with low labour costs and the final assembly is done logistically close to the customer's assembly plant. This calls for a fast and flexible production system.

Industrial Equipment and Diesel Engines

PKC's other strong area of wiring harness expertise is industrial equipment and separate diesel engines. Our international customers manufacture agricultural tractors, construction and forestry equipment as well as diesel engines, especially for boats. The annual production series for these products are smaller than for trucks, and product changes occur more frequently.

Electrotechnical Devices

PKC manufactures wiring harnesses, cabling and busbars for the equipment cabinets of electrotechnical devices. The company's success is based on wide-ranging product development and manufacturing co-operation with customers. Products go to the telecommunications industry, for industrial devices and for hospital electronics applications. Operational efficiency was improved by measures such as consolidating high-volume busbar production at the Group's factories in Estonia.



We aim to profile ourselves as a skilled partner that is able to offer product development and testing know-how as an important part of manufacturing services.

Other Small-Volume Wiring Harness Manufacturing

In addition to the above-mentioned customer relationships, PKC has a number of other important, though small-volume, wiring harness customers in the international telecommunications, passenger car and recreational vehicle industries.

Electronics Contract Manufacturing

PKC is a major Finnish provider of electronics design and contract manufacturing services. These products are manufactured at our facility in Raahe, Finland, and on a smaller scale also in Kostamuksha in Russia. Our experiences in Russia are encouraging.

Contract manufacturers have been competing fiercely to win over customers in recent years. A number of factories in the industry have been wound down, bringing supply and demand into closer balance. PKC has succeeded in maintaining its position thanks to excellent quality, speed, flexibility and customer service. Together with our main customers, we have developed products, production and testing for the benefit of both parties. Scarcely any customers have been lost. Despite the downswing and tougher price competition, the net sales of electronics production in 2002 remained at expected level. Our own product development was increased systematically – now 25% of the unit's net sales come from PKC-designed products. In coming years product development will play an increasingly important role.

PKC wants to strengthen its position as a supplier to the electronics and telecommunications industry. Our objective is to profile ourselves as a skilled partner that is able to offer product development and testing know-how as an important part of manufacturing services. Vacon Oyj chose PKC as its Supplier of the Year in 2002. The electronics unit also won the Federation of Finnish Metal, Engineering and Electrotechnical Industries' "MET Haastamme" working environment competition in its own category. The characteristics judged in the competition were productivity, safety and workplace satisfaction.

Changes in the Operating Environment



An ever more global business environment offers PKC growth opportunities but also poses threats. The expansion of present customers' operations spurs growth. On the other hand, internationalisation means additional business risks. As a consequence of certain competitors' bankruptcies and the phasing out of factories, margins are beginning to return to tolerable levels. Consequently competitive situation is clearing up somewhat thanks to a scaling down of overall manufacturing capacity. PKC has succeeded in meeting customers' needs and retaining its position as an important partner. Amongst our biggest customers this has meant an increase in PKC's market share.

Because it is a labour-intensive field, wiring harness production, especially in large volumes, seeks out locations – as does vehicle component manufacture in general – in countries that have relatively low labour costs. In spring 2002, PKC purchased the wiring harness production of its Estonian subcontractor of long standing, As Harju Elekter, in Keila and Haapsalu. For the same reasons, the company reached an agreement in November 2002 on acquiring its Finnish subcontractor the Carhatec Group and its Russian subsidiaries. Correctly timed deliveries to customers will be ensured through skilfully deployed logistics.

Product and Method Development



PKC's product development work is driven by customers' needs and is implemented in co-operation with them. Right from the design stage, the product's manufacturing and testing requirements are taken into account, along with factors that affect maintainability. The Group's know-how complements customers' own product development expertise and thus brings flexibility to the partners' core processes. The cornerstones of PKC's engineering expertise are knowledge of production and testing technologies coupled with expertise related to components and materials.

PKC's Technical Department both supports the operations of the business units and keeps track of technical developments in the automotive industry and wiring harness manufacture. The function comprises product development for vehicle electronics and wiring harnesses, system development, maintenance and method development. The last-mentioned also includes testing systems.

An implementation project connected with LIN technology (Local Interconnect Network) was also started



Co-operation, development, commitment and quality are central themes of the jointly agreed values.

during the past year. The purpose of the project is to assimilate this standardised bus system technology, with the aim of offering our customers solutions based on it. Given that the electrical functions of commercial vehicles will inevitably increase, the use of LIN technology will facilitate the high-reliability application of often complex solutions whilst also saving on materials.

Quality and the Environment



Unconditional conformity with specifications has always been the cornerstone of PKC's production. The importance of product quality stands out in particular when comprehensive assemblies are delivered. In many cases a flawed product leads to changes in the customer's manufacturing sequence and causes delays in the production timetable.

In addition to product quality, in recent years PKC has made an especial commitment to the quality of its operations. Certified quality and environmental systems (ISO 9001 and ISO 14001) and a quality system that has been developed for the special needs of the automotive industry (QS-9000) also lay the foundation for developing the quality of operations. The quality system is being developed further in accordance with the process model-based ISO 9001:2000 standard. Concurrently, the quality system of all the wiring harness production units will be updated so that they fulfil the requirements of the QS-9000 standard. These quality systems will be certified during 2003. By means of these projects aiming at harmonising modes of operation, the organisation is being developed to produce – efficiently – high-quality products and services for our customers.

Environmental considerations are an important part of everyday operations. Reducing harmful substances and increasing the recyclability of components are the greatest challenges for the automotive and electronics industries. The environmental objectives set for 2002 were achieved. The Group's employees were given environmental training. The harmful effects of chemicals were minimised through training as well as by making the necessary information more readily available. The volume of land fill waste from wiring harness production was reduced by 40% compared with the previous year's level. The sorting and processing of waste was improved in other ways too across the Group's units. A survey was made of our suppliers' environmental awareness and it was observed to be good. Materials containing harmful substances were replaced with alternative solutions. In the spring, PKC Eesti AS received an ISO 14001 environmental certificate.

Personnel



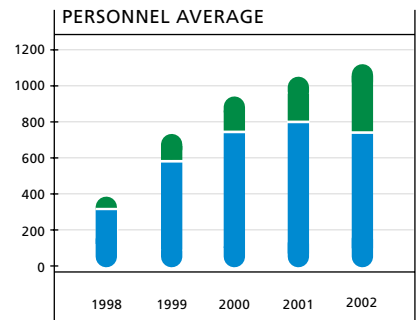
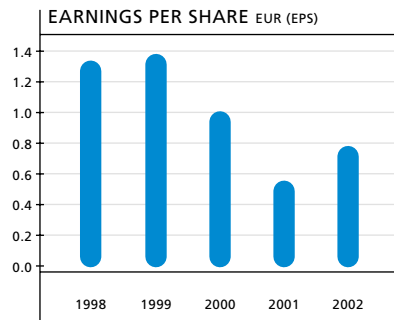
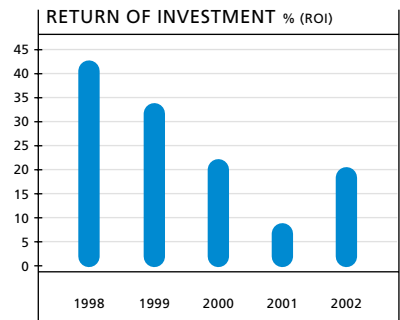
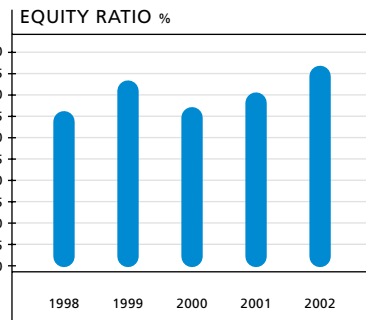
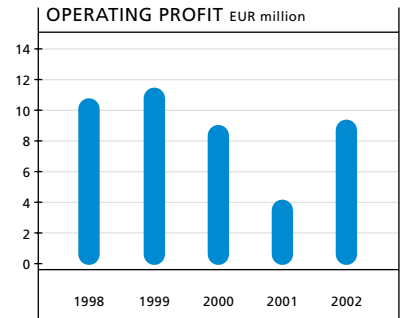
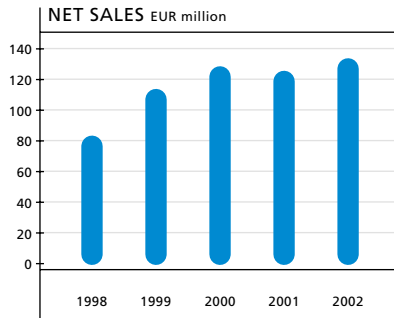
The primary objective of PKC's human resources strategy is an efficient, competent and thriving work environment. In order to achieve this objective, purposeful development work was carried out during the past year too. The central themes of jointly agreed values, which form the basis for the Group's human resources policy, are co-operation, development, commitment and quality. A personal assessment of how the values are put into action has been made an important part of the annual development discussions.

The personnel's importance for the company's development and competitiveness is crucial. The company's success depends on personnel's efficiency, competence, motivation and commitment. Clear-cut objectives and benchmarks have been set for the different factors that affect job well being. The development working group has been given the task of making the well-being aspect a part of the company's overall development. Occupational healthcare, labour protection activities and the line organisation each have a central role in this co-operation.

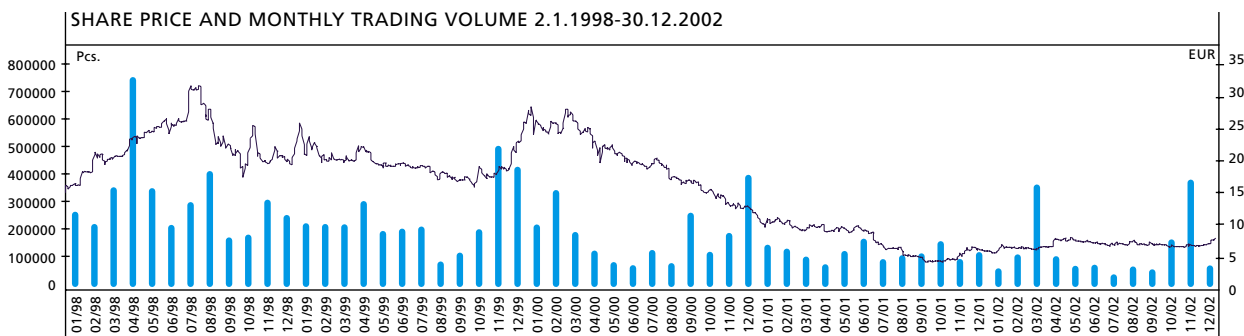
The company's Labour Protection and Safety Programme was updated during the year. Training connected with workplace development was arranged on the basis of the identified needs, and otherwise the emphasis of training was on placing in use an Enterprise Resource Planning (ERP) system. Especially when studying job skills, learning on the job with its concrete situations often offers a more effective way of learning and understanding new things than does taking part in a course.

Defining the competence requirements in line with strategy and developing it systematically is one of the most important tasks for us in coming years. Developing the operations of PKC's new units in accordance with the Group's objectives will also bring challenges.

KEY FEATURES



● In Finland ● Abroad



REPORT BY THE BOARD OF DIRECTORS

Operations

Sales of heavy trucks fell by about 10% in Europe compared with the previous year. PKC nevertheless succeeded in increasing its deliveries of wiring harnesses to present customers in accordance with previously made agreements. Sales of wiring harnesses for vehicles were up 25% on the figure a year earlier. Deliveries to the telecommunications industry fell short of the previous year's volumes, but sales of electronics contract manufacturing services reached the level of 2001. The capacity utilisation rate of the electronics factory was about 70%.

PKC Group Oyj sold the entire shares outstanding in Engi Oy, a supplier of development services for software and embedded systems. The company had net sales in 2001 of EUR 1.6 million and an average staff of 18 employees. The deal supports PKC's strategy of focusing on its core areas of expertise.

PKC Group comprises two business segments, wiring harnesses and electronics. During the past year these business segments were organised into five business units with profit accountability. The profit centres were defined on the basis of customer relationships, technology and business volume. Two of the business units produce wiring harnesses for trucks and one produces them for industrial equipment. The fourth business unit provides solutions for the cabling of electronic devices and the fifth provides electronics product development and contract manufacturing services.

PKC Group Oyj purchased the entire shares outstanding in PKC Eesti AS of Estonia (former AS AJT Harju Elekter) from AS Harju Elekter in July 2002. The seller has manufactured wiring harness modules for commercial vehicles and telecommunications equipment as PKC's subcontractor for over ten years now. PKC Eesti AS employs a total of 425 people in Keila and Haapsalu. Of the EUR 2.07 million purchase price, EUR 1.27 million was paid in cash and the remainder with 109 739 PKC shares.

PKC Eesti AS's production operations will concentrate on the products of specific customers. The objective is to transfer the Finland-based work phases of the manufacturing chains for said products to Estonia during 2003. Shorter production through put time enables smaller inventories and faster customer service. In future it will be possible to deliver products to customers directly from the factories in Estonia.

At the end of the year PKC signed a Letter of Intent on purchasing the entire shares outstanding in its subcontractor Carhatec Oy, which is located in Muhos. Carhatec Oy has been PKC's subcontractor for over 10 years now. The Carhatec Group had net sales in 2002 of about EUR 6.6 million, consisting primarily of wiring harness manufacturing for PKC. The Carhatec Group furthermore comprises the Finnish companies TKV-sarjat Oy (a wholly-owned subsidiary) and Carhatest Oy (80%-held subsidiary) as well as the Russian companies OOO Karhakos and OOO AEK (both 51%-held subsidiaries). In addition, PKC signed with the minority shareholders of the Russian subsidiaries a Letter of Intent on purchasing their shareholdings. The companies which are to be acquired have a total of about 400 employees. The actual agreements are to be signed by 31 March 2003.

The purchase price for the Carhatec Group's companies is estimated to be about EUR 3.9 million, of which about EUR 2.8 million is the net asset value, with the remainder of about EUR 1.1 million consisting of goodwill. Part of the purchase price will be paid with 103 060 PKC Group Oyj shares.

The above-described purchase of the subcontracting network is part of the ongoing business unit based reorganisation of production. The objective is to transfer to Russia certain Finland-based work phases of the manufacturing chain.

Net Sales

The PKC Group's net sales in 2002 were EUR 134.3 million (125.1 million in 2001). Sales of wiring harnesses during the financial year amounted to EUR 103.9 million (91.8 million), representing 77.4% of the Group's full-year consolidated net sales (73.4%). Net sales reported by the Electronics segment were EUR 30.4 million (33.3 million), representing 22.6% (26.6%) of consolidated net sales.

Financial Performance

Consolidated operating profit for the financial year was EUR 9.4 million (4.1 million), or 7.0 % of net sales (3.3%). The total amount of depreciation was EUR 5.9 million (5.5 million), of which EUR 4.5 million was on fixed assets and EUR 1.4 million was amortisation of goodwill. Profit before extraordinary items was EUR 7.6 million (2.6 million). The total affect of the results-based bonus to be paid for the year 2002 is EUR 1.0 million, which has been taken into account in the financial statement.

Financial Position

The amount of interest-bearing loans was EUR 15.7 million (22.2 million). Cash in hand and at bank amounted to EUR 1.1 million (3.0 million). The Group's net financial expenses totalled EUR 1.7 million (1.5 million). The Group's equity ratio improved during the financial year and was 46.9 % on the balance sheet date (40.7%). Net gearing diminished and was 0.5 at the end of the financial year (0.7). Cash flow after investments was EUR 5.0 million positive (4.8 million).

Capital Expenditures

The Group's gross capital expenditures on fixed assets totalled EUR 6.4 million (3.8 million), amounting to 4.8% of net sales. Apart from purchasing the shares in PKC Eesti AS, investments were made in production machinery and equipment.

Research & Development

Research and development expenditure totalled EUR 3.0 million (3.5 million), representing 2.3% of consolidated net sales. At the end of the year, 30 people (43) were employed in product development. The bulk of the product development consists of customer-specific design work for products manufactured by PKC. The company also has its own design engineers at the plants of its principals. Development of vehicle bus systems was started as a new project.

Personnel

The Group had an average payroll during the report period of 1 146 employees (1 052). The Group's staff at the end of the year numbered 1 363 employees (938), 674 of whom worked abroad (212), with a total of 689 people at the parent company's Finnish facilities (726).

Quality and the Environment

The Kempele production facility was granted a QS-9000 certificate meeting the special requirements of the automotive industry. The factory in Brazil was granted an ISO/TS1 6949 quality certificate that is in line with the quality system requirements of the future. One of the main customers granted the plant in Brazil a self-auditing authorisation. This kind of an operational model has been in use for some time with main customers in Europe. At present the quality systems are being updated to conform to ISO 9001:2000. Certification according to QS-9000 will be obtained for all the Group's wiring harness production facilities during 2003.

The PKC Group prepares an annual programme for managing environmental affairs. The objectives set for 2002 were achieved. In the spring PKC Eesti AS received the ISO 14001 environmental certificate. Development of the environmental system is continuing ahead. The objective is to implement environmental systems for all the Group's sites and manufacturing partners, and to get them certified under one environmental certificate during the first quarter of 2004.

Corporate Governance and Auditors

The Annual General Meeting of PKC Group Oyj, held in Kempele on 13 March 2002, confirmed the number of the members of the Board of Directors at 7. The members of the Board of Directors are Tom Hakalax (chairman), Juhani Koskinen, Leo Ojala, Endel Palla, Veikko Ravaska, Risto Suonio and Jyrki Tähtinen.

The Annual General Meeting elected as the company's auditor Ernst & Young Oy, Authorised Public Accounting Firm, with Rauno Sipilä, Authorised Public Accountant, acting as responsible accountant.

During the financial year managing directors were paid salaries totalling EUR 0.4 million, no bonuses were paid. Salaries and other compensation for the Board members totalled EUR 0.4 million.

Shares and Shareholders

Turnover in PKC Group Oyj's share on Helsinki Exchanges during the financial year was EUR 9.6 million. During the period, 25.9% of the shares changed owners. The last closing price of the PKC 1V share of the year was EUR 7.10. The high for the year was EUR 8.10 and the low was EUR 5.80. PKC Group's market capitalisation at the balance sheet date was EUR 38.2 million.

In accordance with a resolution passed by an extraordinary general meeting of PKC Group Oyj's shareholders on 25 June 2002, the company's share capital was increased by 109 739 shares. As a consequence of the increase, the company's share capital rose by EUR 37 311.26 to EUR 1 811 694 (1 774 383). The number of shares after the increase is 5 384 739 (5 275 000).

The subscription period for A warrants based on the bond with equity warrants, issued for personnel in 1998, began in April 2001. The subscription price of the shares that can be subscribed for with the warrants is higher than the current market price. Accordingly, the realisation of the option rights and the subsequent changes in share capital will be deferred to a later date. The period for exercising the 1998 warrants will continue up to the end of March 2004.

Shares held or represented by the Board members accounted for 24.85% of the total number of shares at the end of the report period. Operational management held 8.9% of the Group's share capital. PKC Group Oyj had a total of 4 076 shareholders at the end of the period.

The Board of Directors has a valid authorisation to increase the share capital by a maximum of 5% through one or more rights issues in order to finance an acquisition, inter-company co-operation or a similar arrangement. The authorisation will be in force up to 25 June 2003.

Future

The net sales for the heavy vehicle industry are estimated to maintain its previous year's level. Within the telecommunications industry, third-generation network investments are not expected to take off any earlier than towards the end of the current year. Consequently, it is not believed that the PKC Group's sales to the telecommunications industry will grow in 2003. Deliveries to other customers in the electronics and automation industry will probably show steady growth in the current year.

Based on available information, the Group's aggregate net sales and profitability are forecast to remain at the previous year's level.

Events After the Close of the Financial Year

The Annual General Meeting of PKC Group Oyj will be held on Thursday, 13 March 2003, beginning at 4.00 p.m. at the parent company's head office in Kempele at the address Vihikari 10. The interim reports for 2003 will be published as follows: Interim Report for January-March 2003 on Friday 25 April 2003 at 9.00 a.m.; Interim Report for January-June 2003 on Friday 1 August 2003 at 9.00 a.m.; Interim Report for January-September 2003 on Friday 24 October 2003 at 9.00 a.m.

Board of Directors' Proposal for Profit Disposal

The Group's shareholders' equity, EUR 30.3 million (26.3 million), includes the share capital as well as a share premium fund of EUR 0.8 million, a reserve fund of EUR 0.2 million, retained earnings of EUR 23.0 million and the net profit for the financial year of EUR 4.5 million, for a total consolidated non-restricted equity of EUR 27.5 million. The Board of Directors is proposing that from the distributable shareholders' funds, dividends totalling EUR 2.4 million be paid to shareholders. Accordingly, a dividend of EUR 0.45 per share will be paid out.

GROUP INCOME STATEMENTS AND BALANCE SHEET

GROUP INCOME STATEMENTS

1 000 EUR	Notes	1.1.-31.12.2002	1.1.-31.12.2001
NET SALES	1	134 306.1	125 121.8
Stocks of finished and unfinished goods, increase (+) or decrease (-)		-2 476.1	-3 075.1
Other operating income	2	314.5	420.3
Materials and services	3	76 554.2	75 334.7
Personnel costs	4	27 729.9	25 583.4
Depreciation and value adjustments	5	5 898.1	5 501.6
Other operating expenses	6	12 597.0	11 915.9
OPERATING PROFIT		9 365.2	4 131.4
Financial income and expenses	7	-1 740.9	-1 503.0
PROFIT BEFORE EXTRAORDINARY ITEMS		7 624.3	2 628.4
Extraordinary income	8	488.7	0.0
PROFIT BEFORE TAXES		8 113.1	2 628.4
Income taxes	10	-3 587.5	327.2
Minority shares		0.0	-11.0
PROFIT FOR THE FINANCIAL YEAR		4 525.5	2 944.7

GROUP BALANCE SHEET

1 000 EUR	Notes	31.12.2002	31.12.2001
ASSETS			
FIXED ASSETS	11		
Intangible assets		4 890.9	5 223.4
Tangible assets		9 772.9	10 723.9
Investments		327.8	327.9
Fixed assets total		14 991.7	16 275.2
CURRENT ASSETS			
Inventories	14	19 246.0	21 333.2
Deferred tax asset	19	0.0	260.8
Short-term receivables	15	29 288.3	23 803.6
Cash at bank and in hand		1 057.2	2 974.4
Current assets total		49 591.6	48 372.1
Assets total		64 583.2	64 647.3
LIABILITIES			
SHAREHOLDERS' EQUITY	16, 17		
Share capital		1 811.7	1 774.4
Share premium account		762.7	0.0
Reserve fund		166.1	166.1
Retained earnings		23 017.5	21 400.5
Profit for the financial year		4 525.5	2 944.7
Shareholders' equity total		30 283.5	26 285.6
CREDITORS			
Long-term liabilities	20	12 056.4	14 833.1
Short-term liabilities	20	22 243.3	23 528.7
Creditors total		34 299.7	38 361.7
Liabilities total		64 583.2	64 647.3

GROUP CASH FLOW STATEMENT

1 000 EUR	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	128 894.0	125 470.5
Cash receipts from other operating incomes	34.2	444.2
Cash paid to suppliers and employees	116 534.7	115 218.3
Cash flows from operations before financial income and expenses and taxes	12 393.6	10 696.4
Interest paid	1 157.6	1 511.1
Interest received and other financial income	354.1	192.2
Income taxes paid	1 972.7	628.0
Net cash from operating activities (A)	9 617.4	8 749.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	5 409.6	5 650.1
Proceeds from sale of tangible and intangible assets	2 177.5	1 811.0
Purchase of investments	0.0	141.0
Proceeds from sale of investments	0.1	15.1
Loans granted	0.0	20.7
Proceeds from payments of loans	6.2	24.6
Acquisition of subsidiaries	1 691.1	0.0
Proceeds from sale of subsidiaries	292.4	25.8
Dividends received	1.8	8.3
Net cash used in investing activities (B)	-4 622.7	-3 926.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	800.0	0.0
Proceeds from short-term borrowings	0.0	3 500.0
Repayment of short-term borrowings	3 708.7	3 948.1
Proceeds from long-term borrowings	3 292.8	0.0
Repayment of long-term borrowings	5 977.2	1 120.0
Dividends paid	1 318.8	2 110.0
Net cash used in financing activities (C)	-6 911.9	-3 678.1
Net increase/decrease in cash and cash equivalents (A+B+C)	-1 917.2	1 144.4
Cash and cash equivalents at beginning of period	2 974.4	1 830.1
Cash and cash equivalents at end of period	1 057.2	2 974.4
Change	-1 917.2	1 144.4

PARENT COMPANY INCOME STATEMENTS AND BALANCE SHEET

PARENT COMPANY INCOME STATEMENTS				
1 000 EUR		Notes	1.1.-31.12.2002	1.1.-31.12.2001
NET SALES	1		128 582.9	114 521.9
Stocks of finished and unfinished goods, increase (+) or decrease (-)			-2 208.0	-3 211.5
Other operating income	2		566.4	496.6
Material and services	3		77 653.3	71 693.0
Personnel costs	4		23 981.2	21 084.4
Depreciation and value adjustments	5		5 733.8	5 198.0
Other operating expenses	6		10 404.8	15 387.1
OPERATING PROFIT			9 168.2	-1 555.5
Financial income and expenses	7		-200.4	-1 117.2
PROFIT BEFORE EXTRAORDINARY ITEMS			8 967.8	-2 672.7
Extraordinary income	8		716.6	0.0
PROFIT BEFORE APPROPRIATIONS AND TAXES			9 684.4	-2 672.7
Appropriations	9		77.5	685.0
Income taxes	10		-3 356.0	29.3
PROFIT FOR THE FINANCIAL YEAR			6 405.9	-1 958.4
<hr/>				
PARENT COMPANY BALANCE SHEET				
1 000 EUR		Notes	31.12.2002	31.12.2001
ASSETS				
FIXED ASSETS	12			
Intangible assets			4 612.3	7 063.5
Tangible assets			7 950.1	9 444.8
Investments				
Shares in group companies			3 735.3	1 739.2
Receivables from group companies			667.5	737.5
Other investments			327.8	327.9
Fixed assets total			17 293.0	19 313.0
CURRENT ASSETS				
Inventories	14		17 483.9	19 297.7
Short-term receivables	15		31 144.4	24 422.7
Cash at bank and in hand			329.2	1 231.0
Current assets total			48 957.4	44 951.5
Assets total			66 250.4	64 264.4
LIABILITIES				
SHAREHOLDERS' EQUITY	16, 17			
Share capital			1 811.7	1 774.4
Share premium account			762.7	166.1
Reserve fund			166.1	0.0
Retained earnings			23 236.7	26 513.9
Profit for the financial year			6 405.9	-1 958.4
Shareholders' equity total			32 383.1	26 495.9
ACCUMULATED APPROPRIATIONS	18		0.0	77.5
CREDITORS				
Long-term liabilities	20		12 056.4	14 833.1
Short-term liabilities	20		21 811.0	22 857.9
Creditors total			33 867.3	37 691.0
Liabilities total			66 250.4	64 264.4

PARENT COMPANY CASH FLOW STATEMENT

1 000 EUR	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	121 956.0	120 169.5
Cash receipts from other operating incomes	6.6	496.6
Cash paid to suppliers and employees	110 536.9	110 537.3
Cash flows from operations before financial income and expenses and taxes	11 425.7	10 128.9
Interest paid	1 168.7	1 583.9
Interest received and other financial income	278.4	390.5
Income taxes paid	1 547.4	572.3
Net cash from operating activities (A)	8 988.0	8 363.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	4 027.5	5 182.1
Proceeds from sale of tangible and intangible assets	1 689.8	1 616.0
Purchase of investments	0.0	141.0
Proceeds from sale of investments	0.1	3.9
Loans granted	0.0	228.8
Proceeds from payments of loans	214.3	24.6
Acquisition of subsidiaries	2 070.0	0.0
Proceeds from sale of subsidiaries	790.5	98.3
Dividends received	508.9	8.2
Net cash used in investing activities (B)	-2 893.9	-3 800.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	800.0	0.0
Proceeds from short-term borrowings	0.0	3 500.0
Repayment of short-term borrowings	3 708.7	3 948.1
Proceeds from long-term borrowings	3 208.7	0.0
Repayment of long-term borrowings	5 977.2	1 120.0
Dividends paid	1 318.8	2 110.0
Net cash used in financing activities (C)	-6 996.0	-3 678.1
Net increase (+) /decrease (-) in cash and cash equivalents (A+B+C)	-901.9	884.1
Cash and cash equivalents at the beginning of period	1 231.0	346.9
Cash and cash equivalents at the end of period	329.2	1 231.0
Change	-901.9	884.1

ACCOUNTING PRINCIPLES

The Scope of the Financial Statements

The consolidated financial statements include, in addition to PKC Group Oyj, the companies in which the company holds, directly or indirectly, over 50% of voting rights at the end of the financial period. The consolidated income statement includes the income statements of the subsidiaries divested during the financial year up to the time of sale. Subsidiaries are no longer included in the consolidated balance sheet after the time of sale.

Stock Ownership

The Group's financial statements have been prepared using the acquisition cost method. The goodwill arising on the acquisition of PKC Electronics Oy, which was merged into the parent company in 2000, will be amortised in the consolidated financial statements in the end of year 2004. The depreciation period was shortened from the original eight-year period when the views of the customer industry changed strongly.

Internal Business Transactions and Margins

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities, as well as the internal distribution of the profits, have been eliminated.

Minority Interests

Minority interests have been separated out from consolidated shareholders' equity and net profit, and stated as separate items.

Foreign Subsidiaries

The Brazilian subsidiary is classified as a unit that is integrally connected with the parent companies operations. Based on the classification, its income statement items have been translated using the average monthly exchange rate, except for the currency translation of depreciation and inventory items, which have been translated applying the exchange rates on the date of the transactions. Financial assets, receivables and liabilities in the balance sheet have been translated at the exchange rates on the balance sheet date, and other balance sheet items at the rates on the transaction dates of said items. 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 acquisition costs. Depreciation on fixed assets is calculated according to plan. The amortisation period for goodwill arising on the merger of a subsidiary ends in the parent company's accounts at the same time as the original goodwill depreciation period resulting from the acquisition of said subsidiary. The depreciation period based on estimated service duration are as follows

Intangible rights	4 – 5	years
Goodwill	5 – 8	years
Other long-term expenditures	3 – 10	years
Buildings and constructions	5 – 20	years
Machinery and equipment	3 – 10	years
Other tangible assets	5 – 10	years

Current Assets

Current assets are valued on the basis of the variable expenses arising through purchase 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 calculated from the Group's total revenue obtained from goods produced, from which discounts and VAT have been deducted.

Research and Development Costs

Research and development costs have been 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 income statement.

Pension Costs

The retirement plans for employees are provided by external insurance companies. Pension insurance payments are periodised to correspond to the performance-based salaries in the financial statement. The retirement age of some of the senior executives have been lowered to 58 years.

Direct Taxes

Direct taxes for the financial period have been periodised and entered in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
1. NET SALES BY BUSINESS UNITS AND MARKET AREAS				
Net sales by business units				
Wiring harnesses	103 890.0	91 858.7	98 992.9	82 848.9
Electronics	30 416.1	33 263.1	29 590.0	31 672.9
Total	134 306.1	125 121.8	128 582.9	114 521.9
Net sales by market areas				
Finland	38 287.1	43 985.5	37 454.9	40 834.3
Other Nordic countries	63 050.2	41 983.8	63 050.2	41 175.7
Rest of Western Europe	21 940.3	29 575.6	21 940.3	29 571.8
Others	11 028.5	9 577.0	6 137.5	2 940.1
Total	134 306.1	125 121.8	128 582.9	114 521.9
2. OTHER OPERATING INCOME				
Sales income	0.0	135.7	0.0	135.7
Other income	314.5	284.7	566.4	361.0
Total	314.5	420.3	566.4	496.6
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial period	67 636.8	65 673.4	65 222.7	59 990.8
Increase (-) or decrease (+) in inventories	-212.1	1 169.3	-379.0	1 031.3
Outsourced services	9 129.5	8 492.0	12 809.6	10 671.0
Total	76 554.2	75 334.7	77 653.3	71 693.0
4. PERSONNEL COSTS				
Wages and salaries	21 306.6	20 210.7	18 842.8	17 064.0
Pension expenses	4 051.1	2 663.8	3 651.0	2 393.9
Other social security expenses	2 372.3	2 708.9	1 487.4	1 626.5
Total	27 729.9	25 583.4	23 981.2	21 084.4
Salaries and fees to Management				
Salaries and fees to the Board members	38.1	21.0	38.1	21.0
Salaries and fees to the Managing Directors	353.2	248.1	134.9	135.1
Total	391.3	269.1	173.0	156.1
Average number of personnel				
Clerical employees	255	255	174	189
Employees	891	797	515	551
Total	1 146	1 052	689	740
5. DEPRECIATION AND VALUE ADJUSTMENT				
Planned depreciation	5 898.1	5 501.6	5 733.8	5 198.0
6. OTHER OPERATING EXPENSES				
Writedowns from assets *	0.0	16.2	-102.8	5 233.4
Other operating expenses	12 597.0	11 899.7	10 507.6	10 153.7
Total	12 597.0	11 915.9	10 404.8	15 387.1

*) Parent Company's writedowns from assets year 2001 include writedown of EUR 5.217 million from Brazilian subsidiary's sales receivables.

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
7. FINANCIAL INCOME AND EXPENSES				
Dividend yields				
From Group companies	0.0	0.0	507.0	0.0
From others	0.5	6.2	0.5	6.2
Total	0.5	6.2	507.5	6.2
Income from other investments held as fixed assets				
From others	1.4	2.2	1.4	2.0
Other interests and financial income				
From Group companies			96.2	202.9
From others	300.7	209.4	277.0	187.6
Total	300.7	209.4	373.2	390.5
Interest and other financial expenses				
From Group companies			-183.1	
From others	-2 043.4	-1 720.7	-899.3	-1 515.9
Total	-2 043.4	-1 720.7	-1 082.4	-1 515.9
Financial income and expenses total	-1 740.9	-1 503.0	-200.4	-1 117.2
Financial income and expenses total includes net exchange rate differences	115.0	-144.3	52.5	130.7
8. EXTRAORDINARY ITEMS				
Extraordinary income				
Sales income	488.7	0.0	716.6	0.0
9. APPROPRIATIONS				
Increase (-) or decrease (+) in depreciation reserves	0.0	0.0	77.5	685.0
10. INCOME TAXES				
Income taxes from actual operations	-3 326.7	-158.8	-3 355.8	29.3
Income taxes from extraordinary items	0.0	0.0	-0.2	0.0
Change in deferred tax liabilities and receivables	-260.8	486.0	0.0	0.0
Total	-3 587.5	327.2	-3 356.0	29.3

11. FIXED ASSETS GROUP

Intangible assets 1 000 EUR	Intangible rights	Goodwill	Consolidated goodwill	Other long-term expenditures	Advance payment	Total
Acquisition cost 1.1.2002	487.2	5 077.1	0.0	1 894.7	827.9	8 286.8
+ Increases	73.4	0.0	1 703.2	7.2	656.7	2 440.5
- Decreases	-9.1	0.0	0.0	0.0	-1 006.4	-1 015.5
+/- Transfers between items	456.7	0.0	0.0	0.0	-456.7	0.0
Acquisition cost 31.12.2002	1 008.2	5 077.1	1 703.2	1 901.9	21.5	9 711.8
Acc. depreciation and value adjustments 1.1.2002	-210.4	-1 450.2	0.0	-1 402.8	0.0	-3 063.4
- Depreciation for the financial period	-125.2	-1 209.0	-170.3	-253.0	0.0	-1 757.5
Accumulated depreciation 31.12.2002	-335.6	-2 659.1	-170.3	-1 655.8	0.0	-4 820.9
Book value 31.12.2002	672.6	2 417.9	1 532.8	246.1	21.5	4 890.9
Book value 31.12.2001	276.8	3 626.9	0.0	491.9	827.9	5 223.4

Tangible assets

1 000 EUR	Land areas	Buildings and constructions	Machinery and equipments	Other tangible assets	Advanced payments and acquisitions in progress	Total
Acquisition cost 1.1.2002	536.7	193.0	18 039.9	1 550.3	188.4	20 508.1
+ Increases	0.0	6.0	3 595.6	150.1	211.8	3 963.4
- Decreases	0.0	0.0	-2 211.0	0.0	0.0	-2 211.0
+/- Transfers between items	0.0	1 434.7	391.2	-1 434.7	-391.2	0.0
Acquisition cost 31.12.2002	536.7	1 633.7	19 815.7	265.7	8.9	22 260.5
Acc. depreciation and value adjustments 1.1.2002	0.0	-45.0	-9 262.0	-496.1	0.0	-9 803.0
- Accumulated depreciation of deductions and transfers	0.0	-430.6	-47.9	420.6	0.0	-57.9
- Depreciation for the financial period	0.0	-104.9	-2 505.8	-16.1	0.0	-2 626.8
Accumulated depreciation 31.12.2002	0.0	-580.5	-11 815.6	-91.6	0.0	-12 487.7
Book value 31.12.2002	536.7	1 053.2	8 000.1	174.1	8.9	9 772.9
Book value 31.12.2001	536.7	148.0	8 796.7	1 054.2	188.4	10 723.9

Investments

1 000 EUR	Other investments and shares	Other receivables	Total
Acquisition cost 1.1.2002	269.9	58.0	327.9
- Decreases	-0.1	0.0	0.0
Acquisition cost 31.12.2002	269.8	58.0	327.8
Book value 31.12.2002	269.8	58.0	327.8
Book value 31.12.2001	269.9	58.0	327.9

**12. FIXED ASSETS
PARENT COMPANY**

Intangible assets 1 000 EUR	Intangible rights	Goodwill	Other long-term expenditures	Advanced payments	Total
Acquisition cost 1.1.2002	471.6	7 458.7	1 334.0	827.9	10 092.1
+ Increases	73.4	0.0	0.0	656.7	730.2
- Decreases	0.0	0.0	0.0	-1 006.4	-1 006.4
+/- Transfers between items	456.7	0.0	0.0	-456.7	0.0
Acquisition cost 31.12.2002	1 001.7	7 458.7	1 334.0	21.5	9 815.9
Acc. depreciation and value adjustments 1.1.2002	-215.3	-1 721.2	-1 092.0	0.0	-3 028.6
- Depreciation for the financial period	-123.2	-1 912.5	-139.3	0.0	-2 175.0
Accumulated depreciation 31.12.2002	-338.5	-3 633.7	-1 231.3	0.0	-5 203.5
Book value 31.12.2002	663.1	3 825.0	102.8	21.5	4 612.3
Book value 31.12.2001	256.2	5 737.4	242.0	827.9	7 063.5

Tangible assets

1 000 EUR	Land areas	Buildings and constructions	Machinery and equipments	Other tangible assets	Advanced payments and acquisitions in progress	Total
Acquisition cost 1.1.2002	536.7	59.2	15 911.5	1 550.3	188.4	18 246.0
+ Increases	0.0	0.0	2 597.0	16.3	207.6	2 820.9
- Decreases	0.0	0.0	-2 213.3	0.0	0.0	-2 213.3
+/- Transfers between items	0.0	1 434.7	391.2	-1 434.7	-391.2	0.0
Acquisition cost 31.12.2002	536.7	1 493.9	16 686.4	131.8	4.8	18 853.6
Acc. depreciation and value adjustments 1.1.2002	0.0	-1.9	-8 303.2	-496.1	0.0	-8 801.2
- Accumulated depreciation of deductions and transfers	0.0	-430.4	0.0	430.4	0.0	0.0
- Depreciation for the financial period	0.0	-77.7	-2 011.6	-13.0	0.0	-2 102.3
Accumulated depreciation 31.12.2002	0.0	-510.0	-10 314.8	-78.7	0.0	-10 903.5
Book value 31.12.2002	536.7	983.9	6 371.6	53.2	4.8	7 950.1
Book value 31.12.2001	536.7	57.3	7 608.3	1 054.2	188.4	9 444.8

Investments

1 000 EUR	Holdings in Group companies	Receivables from Group companies	Other shares and similar rights of ownership	Other receivables	Total
Acquisition cost 1.1.2002	1 739.2	737.5	269.9	58.0	2 804.6
+ Increases	2 070.0	0.0	0.0	0.0	2 070.0
- Decreases	-73.9	-70.1	-0.1	0.0	-144.0
Acquisition cost 31.12.2002	3 735.3	667.5	269.8	58.0	4 730.6
Book value 31.12.2002	3 735.3	667.5	269.8	58.0	4 730.6
Book value 31.12.2001	1 739.2	737.5	269.9	58.0	2 804.6

13. INVESTMENTS AND SHARES**Group companies**

	Group's ownership, %	Parent ownership, %
Engi Oy (until 30.6.2002)	0	0
PKC Eesti AS	100	100
PK Cables do Brasil		
Industria e Commercio Ltda. Curitiba	90	90
PK Cables Nederland B.V.	100	0
PKC Europe B.V.	100	0
PKC Holding Nederland B.V.	100	100

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
14. INVENTORIES				
Raw materials and supplies	10 687.7	10 344.6	9 502.0	9 123.0
Works in progress	3 916.4	6 077.9	3 560.0	5 449.0
Finished goods	4 546.1	4 860.7	4 399.0	4 718.0
Advance payments	95.9	50.0	22.9	7.7
Total	19 246.0	21 333.2	17 483.9	19 297.7

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
15. RECEIVABLES				
SHORT-TERM RECEIVABLES				
Receivables from Group companies				
Trade receivables	0.0	0.0	1 918.0	401.3
Loan receivables	0.0	0.0	807.1	958.2
Prepayments and accrued income	0.0	0.0	96.2	128.7
Total	0.0	0.0	2 821.3	1 488.3
Others				
Trade receivables	27 584.4	21 172.4	26 839.7	20 381.7
Loan receivables	26.1	20.7	26.1	20.7
Other receivables	1 053.6	762.1	1 001.8	722.8
Unpaid subscribed capital	2.6	4.6	0.0	0.0
Prepayments and accrued income	621.6	1 843.9	455.4	1 809.3
Total	29 288.3	23 803.6	28 323.0	22 934.4
Total short-term receivables	29 288.3	23 803.6	31 144.4	24 422.7
Prepayments and accrued income				
From Group companies				
Others	0.0	0.0	96.2	128.7
Total	0.0	0.0	96.2	128.7
Others				
Personnel expenses	260.9	490.4	254.1	489.3
Financial items	0.2	3.6	0.0	0.0
Taxes	274.2	1 147.1	161.1	1 147.1
Others	86.2	202.8	40.3	172.8
Total	621.6	1 843.9	455.4	1 809.3
16. SHAREHOLDERS' EQUITY				
Share capital 1.1.2002	1 774.4	1 774.4	1 774.4	1 774.4
Share issue	37.3	0.0	37.3	0.0
Share capital 31.12.2002	1 811.7	1 774.4	1 811.7	1 774.4
Share premium account 1.1.2002	0.0	0.0	0.0	0.0
Share premium account 31.12.2002	762.7	0.0	762.7	0.0
Other accounts 1.1.2002	166.1	166.1	166.1	166.1
Other accounts 31.12.2002	166.1	166.1	166.1	166.1
Retained earnings 1.1.2002	24 345.1	23 514.2	24 555.5	28 623.9
Dividend distribution	-1 318.8	-2 110.0	-1 318.7	-2 110.0
Other adjustments	-8.9	-3.7	0.0	0.0
Retained earnings 31.12.2002	23 017.0	21 400.5	23 236.7	26 513.9
Profit for the financial year	4 525.5	2 944.7	6 405.9	-1 958.4
Total shareholders' equity	30 283.5	26 285.6	32 383.1	26 495.9

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
17. CALCULATION OF DISTRIBUTABLE FUNDS 31.12.2002				
Retained earnings 31.12.2002	23 017.0	21 400.5	23 236.7	26 513.9
Profit or loss for the financial year	4 525.5	2 944.7	6 405.9	-1 958.4
Share of accumulated depreciation reserves entered under shareholders' equity	0.0	-54.8	0.0	0.0
Total	27 543.0	24 290.4	29 642.6	24 555.5
18. ACCUMULATED APPROPRIATIONS				
Depreciation reserves	0.0	0.0	0.0	77.5
19. DEFERRED TAX ASSETS AND LIABILITIES				
From appropriations	0.0	-22.4		
From parent company's loss in 2001	0.0	283.2		
Total	0.0	260.8		
20. CREDITORS				
Long-term liabilities				
To others				
Bonds	11.9	17.0	11.9	17.0
Loans from financial institutions	8 972.4	9 136.2	8 972.4	9 136.2
Pension loans	551.1	985.0	551.1	985.0
Other liabilities	2 521.0	4 694.9	2 521.0	4 694.9
Total	12 056.4	14 833.1	12 056.4	14 833.1
Total long-term liabilities	12 056.4	14 833.1	12 056.4	14 833.1
Short-term liabilities				
Amounts owed to Group companies				
Trade payables	0.0	0.0	383.1	174.8
Accruals and deferred income	0.0	0.0	158.8	0.0
Total	0.0	0.0	541.9	174.8
To others				
Loans from financial institutions	3 107.0	6 815.7	3 107.0	6 815.7
Pension loans	436.6	524.7	436.6	524.7
Advances received	0.0	5.0	0.0	5.0
Trade payables	10 938.2	10 764.5	10 597.8	10 599.0
Other liabilities	1 444.6	1 404.0	1 165.0	1 059.5
Accruals and deferred income	6 316.8	4 014.8	5 962.5	3 679.4
Total	22 243.3	23 528.7	21 269.0	22 683.2
Total short-term liabilities	22 243.3	23 528.7	21 811.0	22 857.9
Accruals and deferred income				
Amounts owed to Group companies				
Others	0.0	0.0	158.8	0.0
Total	0.0	0.0	158.8	0.0
To others				
Personnel expenses	5 171.2	3 416.7	4 967.6	3 275.8
Financial items	57.9	144.2	57.9	144.2
Taxes	1 095.9	156.7	959.5	10.3
Others	38.9	297.3	24.5	249.1
Total	6 363.8	4 014.8	6 009.5	3 679.4

Bond with Warrants

The bond loan with warrants issued to personnel in 1998 has been wholly paid back on 24 April 2001. Group has in its possession 68 625 undistributed option warrants. The share subscription period is from 2001 to 2004. Subscription price is EUR 20.5 per share, decreased by the amount of dividends distributed prior to the subscription of shares. As a consequence of subscriptions, the share capital can increase by a maximum of 400 000 new shares (total accounting countervalue EUR 136 000) .

Of the bond loan with warrants issued to personnel in 2000, a total of EUR 11 941 has not been paid back. Group has in its possession 40 000 unsubscribed option warrants. The share subscription period is from 2003 to 2006. Subscription price is EUR 25 per share, decreased by the amount of dividends distributed after 1 March 2000, and prior to the subscription of shares. As a consequence of subscriptions, the share capital can increase by a maximum of 111 000 new shares (total accounting countervalue EUR 37 740).

1 000 EUR	Group		Parent company	
	2002	2001	2002	2001
Loans falling due later than five years from now				
Pension loans	149.4	160.6	149.4	160.6
Total	149.4	160.6	149.4	160.6
21. PLEDGES GIVEN				
Liabilities involving mortgages as security				
Loans from financial institutions	13 210.0	1 105.3	13 210.0	1 105.3
Mortgages given	13 960.3	3 195.6	13 960.3	3 195.6
Pension loans	84.1	252.3	84.1	252.3
Mortgages given	504.6	504.6	504.6	504.6
Mortgages total	14 464.9	3 700.1	14 464.9	3 700.1
Pledges given on behalf of Group companies	132.7	132.7	132.7	132.7
Pledges given on behalf of others	840.9	840.9	840.9	840.9
22. COMMITMENTS AND OTHER LIABILITIES				
Amounts to be paid for leasing commitments				
For the current financial period	619.6	553.1	585.4	512.9
Falling due at a later date	452.4	864.7	401.2	773.6
Total	1 072.0	1 417.8	986.7	1 286.6
Contingent liabilities				
Liabilities for currency derivatives				
Forward agreements, net	1 700.0	0.0	1 700.0	0.0
Rent for current facilities				
For the current financial period	1 707.6	1 527.6	1 554.4	1 527.6
Falling due at a later date	11 234.6	12 948.3	11 128.5	12 948.3
Total	12 942.2	14 475.9	12 682.8	14 475.9
Total contingent liabilities	31 152.8	20 567.5	30 808.1	20 436.2

GROUP'S FIVE YEAR REVIEW

INDICATORS OF FINANCIAL DEVELOPMENT	2002	2001	2000	1999	1998
Net sales, 1 000 EUR	134 306	125 122	128 648	113 889	83 565
Change in net sales, %	7.3	-2.7	13.0	36.3	27.5
Operating profit, 1 000 EUR	9 365	4 131	8 955	11 357	10 676
% of net sales	7.0	3.3	10.0	12.8	12.2
Profit before extraordinary items, 1 000 EUR	7 624	2 628	7 976	10 725	10 071
Profit before taxes, 1 000 EUR	8 113	2 628	8 703	10 725	10 071
Net profit, 1 000 EUR	4 526	2 945	5 834	7 330	7 000
% of net sales	3.4	2.4	4.5	6.4	8.4
Return on equity, % (ROE)	14.8	11.4	22.3	36.5	44.5
Return on investment, % (ROI)	20.6	9.0	22.3	34.1	42.5
Gearing	0.5	0.7	0.9	0.4	0.4
Equity ratio	46.9	40.7	37.3	43.3	36.1
Quick ratio	1.4	1.1	1.0	1.0	1.2
Current ratio	2.2	2.1	2.1	1.7	1.8
Gross investments, 1 000 EUR	6 406	3 767	8 097	4 860	12 200
% of net sales	4.8	3.0	6.3	4.3	14.6
R&D expenses, 1 000 EUR	3 044	3 451	3 476	3 400	1 300
% of net sales	2.3	2.8	2.7	3.0	1.6
Order backlog, 1 000 EUR	36 300	33 099	46 776	29 201	26 271
Personnel, average	1 146	1 052	932	730	390

KEY SHARE RATIOS	2002	2001	2000	1999	1998
Earnings per share (EPS), EUR	0.78	0.56	1.01	1.39	1.33
Shareholders' equity per share, EUR	5.68	4.99	4.83	4.24	3.38
Dividend per share, EUR	0.45*	0.25	0.40	0.50	0.54
Dividend per earnings, %	57.7*	44.8	39.7	36.0	40.6
Effective dividend yield, %	6.3*	4.3	4.0	1.9	2.4
Price/earnings ratio (P/E)	9.10	10.4	9.9	19.2	17.1
Share price at the end of the year, EUR	7.10	5.80	10.00	26.70	22.70
Lowest share price during the year, EUR	5.80	4.01	9.26	15.60	14.80
Highest share price during the year, EUR	8.10	11.49	29.85	28.50	32.50
Average share issue-adjusted number of shares, 1 000 shares	5 330	5 275	5 275	5 275	5 275
Share issue-adjusted number of shares at the end of the financial year, 1 000 shares	5 385	5 275	5 275	5 275	5 275
Market value of shares, 1 000 EUR	38 232	30 595	52 750	140 843	119 743
Dividend, 1 000 EUR	24 23*	1 319	2 110	2 638	2 849

*) Board of Directors' proposal

PROFIT AND LOSS ACCOUNTS, 1 000 EUR	2002	2001	2000	1999	1998
Net sales	134 306	125 122	128 648	113 889	83 565
Operating profit	9 365	4 131	8 955	11 357	10 676
Profit before taxes	8 113	2 628	8 703	10 725	10 071
Net profit	4 526	2 945	5 834	7 330	7 000

BALANCE SHEET, 1 000 EUR	2002	2001	2000	1999	1998
ASSETS					
Fixed assets	14 992	16 275	17 987	17 396	16 246
Current assets	49 592	48 372	50 415	34 033	33 103
Total assets	64 583	64 647	68 402	51 429	49 350
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	30 284	26 286	25 455	22 258	17 809
Minority share	0.0	26	7	126	0.0
Long-term liabilities	12 056	14 833	19 254	9 032	13 071
Short-term liabilities	22 243	23 529	23 668	20 138	18 463
Total liabilities	64 583	64 647	68 402	51 429	49 350

CALCULATION OF KEY RATIOS

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

SHARES AND SHAREHOLDERS

Shares and Share Capital

PKC Group Oyj has only one series of shares and each share is entitled to one vote in the shareholders' meeting. The company's shares are listed in a book-entry securities system maintained by the Finnish Central Securities Depository. 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.

In accordance with a resolution passed by the Extraordinary General Meeting on 25 June 2002, the company's share capital was increased by 109 739 shares. At the end of the financial year the company's share capital entered in the Trade Register was EUR 1 811 693 (1 744 383) and the company had 5 384 739 shares (5 275 000) out-standing with an accounting counter-value of EUR 0.34. According to the Articles of Association, the minimum share capital is EUR 1 000 000 and the maximum share capital EUR 5 000 000, within which limits the share capital can be raised or lowered without amending the Articles of Association. According to the Articles of Association, the minimum number of shares is 5 000 000 and the maximum number 20 000 000.

Authorisations to the Board of Directors

The Board of Directors has a valid authorisation to increase the share capital by a maximum of 5% through one or more rights issues in order to finance an acquisition, inter-company co-operation or a similar arrangement in accordance with a resolution passed by the Extraordinary General Meeting on 25 June 2002. The share issue can be made by way of deviating from the shareholders' pre-emptive subscription right and the payment of subscription of shares can be made in kind or otherwise under special terms and conditions. The authorisation will be in force up to 25 June 2003.

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. (Reuters code PKC1V.HE, Bloomberg code PKC1V.FH). During the financial year 2002, a total of 1 382 835 shares were traded, equalling 25.9% of the entire share capital. The share price ranged from EUR 5.8 to EUR 8.1 during the financial year. The last trading price of the year was EUR 7.1. The market capitalisation value of the company's share capital on 31 December 2002 was EUR 38.2 million. The market capitalisation value has been calculated by multiplying PKC's entire share amount by the last trading price of the year 2002. The share-specific indicators and trading information are displayed together with the other key features on page 12.

Stock Option Schemes Initiated in 1998 and 2000

PKC Group has two stock option schemes aiming to strengthen the commitment of the company's personnel and key employees and to encourage them to long term work in order to increase the company's shareholder value.

The bond loan issued in 1998 consisted of options to the personnel, entitling them to a gradual subscription of company shares between the years 2001-2004. The subscription period for Option Warrant A commenced on 1 April 2001. The subscription price of a share acquired through the warrants is EUR 20.5, decreased by the amount of dividends distributed prior to the subscription of shares and after 1 May 1998 (the subscription price at the end of the financial year was EUR 19.4). At the end of the financial year, option rights were not exercised to subscribe for shares because the subscription price of the shares, which can be subscribed for with the option warrants, is higher than the present market price. The exercise of option rights and the subsequent changes in the share capital will thus not take place for the time being. As a consequence of subscriptions, the share capital can increase by a maximum of 400 000 new shares. At the end of the financial year the members of the company's Board of Directors and the Corporate Management Team held 64 500 warrants. There were 68 625 undistributed option warrants.

The subscription period for the shares under the bond loan directed at the company's key employees in 2000 is from 2003 to 2006 and the arrangement consists of rights to subscribe for a total of 111 000 shares. The subscription price of a share is EUR 25, decreased by the amount of dividends distributed prior to the subscription of shares. At the end of the financial year the Corporate Management Team held 25 000 Option Warrants and the company had in its possession 40 000 undistributed warrants.

Taxation Value of the Shares

For purposes of Finnish taxation for the year 2002, the taxation value of PKC Group shares is EUR 5.0.

Shareholders

At the end of the financial year PKC Group had 4 076 registered shareholders. Foreign investors and administrative registers held 699 069 shares, equalling 13% of the share capital. The shareholding excluding the shares owned or represented by Board members or Corporate Management Team, i.e. free float, was 66.3% at the end of the financial year. The breakdown of shareholders is shown in greater detail on page 32. The shareholdings of the Board of Directors and the Corporate Management Team are presented on pages 38.

Investor Relations

The annual reports, interim reports and stock exchange bulletins will be published in Finnish and English on the company's website at www.pkcgroup.com. Since interim reports will no longer be issued in printed form, the annual reports and interim reports are available on the company's website in pdf form.

MAJOR SHAREHOLDERS ON 30.12.2002	Number of shares	Percentage of shares and votes, %
1 As Harju Elekter	637 339	11.8
2 Suutari Harri	307 100	5.7
3 Ravaska Veikko	281 400	5.2
4 Hakalax Tom	221 400	4.1
5 Eestilä Matti	207 200	3.8
6 The Local Government Pension Institution of Finland	175 000	3.2
7 Ojala Leo	166 500	3.1
8 Karo Vesa	157 000	2.9
9 Saukkonen Timo	146 350	2.7
10 Luostarinen Risto	78 300	1.5
11 Laakkonen Mikko	70 000	1.3
12 Rahkamaa Hannu	55 550	1.0
13 Metsä-Simola Olli	46 700	0.9
14 Investment Fund Alfred Berg Finland	45 700	0.8
15 Nordea Bank Suomi Oyj	45 610	0.8
16 Mutual Insurance Company Suomi	38 800	0.7
17 Ålands Landskapsstyrelse Pensionfond	37 600	0.7
18 Investment Fund Alfred Berg Portfolio	33 500	0.6
19 Investment Fund Alfred Berg Optimal	31 350	0.6
20 Palla Endel	30 500	0.6
Total	2 812 899	52.0
Others	2 571 840	48.0
Total	5 384 739	100.0

SHARES OF STOCK HELD BY THE BOARD AND MANAGEMENT ON 30.12.2002

	Management Team	Board of Directors*
Number of shares	477 260	1 338 139
Proportion of shares, %	8.86	24.85
Proportion of votes	8.86	24.85
Equity warrants of the 1998 bond loan	45 500	19 000
Equity warrants of the 2000 bond loan	25 000	
* shares owned or represented by Board members		

SHAREHOLDER CATEGORIES ON 30.12.2002

	Percentage of shares, %	Percentage of votes, %
Households and private investors	43.8	43.8
PKC's Management and Board	18.8	18.8
Non-corporate public sector	7.1	7.1
Non-profit organisations	4.0	4.0
Financial institutions and insurance companies	6.9	6.9
Domestic companies	6.5	6.5
Foreign investors (including administrative register)	13.0	13.0
Total	100.0	100.0

BREAKDOWN OF SHARE OWNERSHIP ON 30.12.2002

Number of shares	Amount of shareholders	Percentage of shareholders, %	Total number of shares	Percentage of votes, %
1 - 100	1 487	36.48	128 385	2.29
101 - 500	1 699	41.68	472 776	8.78
501 - 1 000	427	10.48	343 897	6.39
1 001 - 10 000	412	10.11	1 076 101	19.98
10 001 - 100 000	42	1.03	1 069 291	19.86
100 001 -	9	0.22	2 299 289	42.70
Total	4 076	100.00	5 384 739	100.00

THE BOARD'S PROPOSAL FOR PROFIT DISTRIBUTION

The Group's consolidated non-restricted capital is EUR 30 283 506, of which distributable funds total EUR 27 543 037.

The Board of Directors proposes to the General Meeting of Shareholders that from the parent company's non-restricted equity of EUR 29 642 590, a dividend of EUR 0.45 per share be paid to shareholders (a total of EUR 2 423 133), and that the remaining EUR 27 219 457 be transferred to the retained earnings account.

Kempele 6 February 2003

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

AUDITOR'S REPORT

To the Shareholders of PKC Group Oyj

We have audited the accounts, the financial statement and the corporate governance of PKC Group Oyj for the period 1 January 2002 - 31 December 2002. 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 distributable funds is in compliance with the Finnish Companies Act.

Oulu 6 February 2003

Ernst & Young Oy
Authorised Public Accounting Firm

Rauno Sipilä
Authorised Public Accountant

CORPORATE GOVERNANCE

PKC Group Oyj complies with the recommendations issued by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers concerning the administration of public companies.

General Meeting

The highest power of decision is vested in the General Meeting, which is normally held once a year. Each shareholder is entitled to participate in the General Meeting and to exercise the right to speak and to vote, with each share carrying one vote. The Annual General meeting is held, upon completion of the financial statements, on the day specified by the Board of Directors, no later than by the end of June. In 2002 the Annual General Meeting was held, as usual, in March and Extraordinary General Meeting on 25 June 2002.

Board of Directors and the President

The Board of Directors is responsible for the company's administration and the due organisation of operations. The Board's liabilities include the duties appointed to it in the Companies Act and in the Articles of Association. The Board's main duties include confirming strategy and budget, deciding on financing agreements and purchase and sale of major asset items. The Board monitors the company's financial performance by means of management's monthly reports and other information supplied by management. The Board meets 8-10 times a year and whenever necessary. In 2002 the Board met 9 times.

The Annual General Meeting elects 3-7 members to the Board for a term ending at the next Annual General Meeting. The Board members do not have set resignation turns because the company aims to ensure the long-term contribution of its Board members. The Board elects from amongst its members a chairman, who according to the Articles of Association cannot be the company's President. The duties and responsibilities of the members and the chairman are not designated specifically. The Board members, who are presented on page 38 of the Annual Report, represent expertise from both outside and inside the company, as well as the viewpoint of shareholders.

The Board appoints the company's President and defines his terms and conditions of employment in writing. The President's duties include operational management, informing the Board, presenting matters over which the Board has the power of decision, implementing the decisions of the Board, ensuring the legality of business operations, as well as investor relations. The company's President since 13 March 2002 has been Harri Suutari, whose profile is on page 39.

Organisation of Operations

PKC Group has a Corporate Management Team whose task is to deal with matters of essential importance for the company's operations and to communicate information between the different functions. The Corporate Management Team meets at least once a month and the President acts as its Chairman. The Corporate Management Team consists of the Directors appointed by the President, and of employee representative. The profile of the Corporate Management Team is presented on pages 39. Company's directors and managers are responsible, to the extent agreed, for supervising and directing the functions within their area of responsibility, and they report regularly to the Corporate Management Team and to the President.

The Group comprises two business segments, wiring harnesses and electronics. These segments are organised on the basis of customer relationships, technology and business volume into five business units with profit accountability. Rest of the functionally defined organisation supports business units and serves the whole group.

In addition to the parent company, the Group comprises the foreign subsidiaries PKC Eesti AS, PK Cables do Brasil Indústria e Comércio Ltda and the parent company of the Dutch subgroup PK Cables Nederland B.V. The Presidents and Boards of Directors of the subsidiaries decide on operational policy lines and strategies within the framework approved by PKC's Board of Directors. The Boards of the subsidiaries consist mainly of representatives of both PKC and the subsidiary in question.

Salaries and Remuneration

The Board of Directors confirms the President's salary and other benefits. The President in accordance with the principles approved by the Board decides the salaries and benefits of other directors. The Annual General Meeting confirms the Board's meeting fees. In 2002 the chairman was paid EUR 1 400/meeting and other members, excluding executive members, EUR 900/meeting. Meeting fees are not paid to Corporate Management Team. During 2002 the Group's Board members and Presidents were paid salaries and other compensation totalling EUR 391 286.

Voluntary insurance premiums, including premiums for pension agreements of ex-employees, amounted to a total of EUR 226 665 during 2002. The amount of pension premiums will diminish in coming years. Company's CFO Leo Ojala is entitled to early retirement at the age of 58. New voluntary pension insurance policies will not be taken out in accordance with the Board's decision.

Each year the Board confirms a possible results-based bonus to be paid to the management and other personnel. For the year 2002 the Board has decided to pay bonuses totalling EUR 785 917.

Board members and Corporate Management Team hold a total of 89 500 option warrants. The option arrangements are presented in greater detail on page 31 and the option warrants of Board members and Corporate Management Team on page 38.

The company does not pay the Board members, the President or other management bonuses on any other basis, nor does it grant them loans or give guarantees on their behalf.

Insider Issues

The company has, by Board's decision, introduced the Insider Guidelines prepared by Helsinki Exchanges, the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers into its operations. Company's statutory insiders include the President, Board members and the auditor. Company's specified insiders include Corporate Management Team and employees who regularly handle unpublished information that may affect share value.

Supervision

The Board of Directors is responsible for internal supervision, whereas the President is responsible for the practical arrangement of supervision. The President presents to Board reviews on the Group's development based on the monthly reports presented to the Corporate Management Team.

The Authorised Public Accounting Firm Ernst & Young Oy, with Rauno Sipilä, Authorised Public Accountant, acting as responsible auditor, carries out the company's audit. In defining the extent and content of the audit, it is taken into account that the company does not have its own internal audit organisation.

RISK MANAGEMENT

Carefully implemented risk management is part of PKC Group Oyj's day-to-day operations. It increases safety and customer satisfaction, as well as helps to achieve set objectives.

Market Conditions

Company's operations depend on contracts with a few globally operating customers and the development of their businesses. It is estimated that the long-term business risk associated with current customers is comparatively small, and presently there is no direct danger of losing key customers. PKC is concentrating increasingly on its core competencies and continuous development of its know-how in order to ensure the continuation and deepening of its current customer relationships. PKC is also seeking to expand its customer base within its current areas of business.

Cost-efficiency is being increased by rationalising production, seeking out new and more flexible ways of working, making materials suppliers compete harder for our business, and moving production to locations where labour costs are lower. This acts as a counter-measure for the downward pressure on prices that is typical for PKC's line of business.

Purchasing

Materials account for more than half of the total costs of end products. The prices of materials are negotiated in a centralised way and materials suppliers are made to compete harder. Ever-quickening changes in the customers' forecasts, relatively long delivery times of PKC's suppliers, and shorter product life cycles have led to a greater risk of obsolete materials. In order to minimise risks, purchasing has been centralised within PKC's own units and materials management is placed within a production network-wide operations control system. However, no single material has a significant effect on the company's overall earnings. The company's current view is that a component shortage is unlikely.

Financial

PKC's Board of Directors approves company's budget and financial programme. The Board also confirms Group's financial risk management policy that is based on realistic planning and preventive measures. Efficient reporting, competent financial management and steadfast budgeting decrease company's liquidity risk.

The majority of invoice and purchase transactions are conducted in Euros. Since approximately 20% of PKC's purchasing is carried out in US dollars and Swedish krona, fluctuation in the exchange rates for these currencies can affect the company's result. As some 5% of the company's business takes place in Brazil, changes in the value of the Brazilian real may have a significant impact on the company's earnings. PKC's Board of Directors has confirmed company's foreign currency strategy. Exchange rate risks are reduced by including specific currency clauses in both purchase and sales agreements and by using hedging instruments.

PKC does not finance its customers otherwise than by granting customary payment periods. Approximately 60% of the company's liabilities are short-term. The cost of borrowed capital is not expected to change to a significant extent during the current year.

Quality and Environment

Unconditional quality has always been one of the primary factors and values of company's operations. Even though the environmental impact of PKC's business is insignificant, PKC strives to minimise the effects in co-operation with customers, suppliers and subcontractors in accordance with the continuous development policy.

Company's Corporate Management Team has defined the Quality and Environmental policies. All employees are committed to following these policies and acting in accordance with them. Quality and environmental requirements extend also to suppliers and subcontractors, and their performance is being continuously assessed during co-operation. The company has certified quality and environmental systems ISO 9001 and ISO 14001, as well as the quality system QS-9000 that was developed for the special needs of the vehicle industry.

Personnel

According to Company's personnel strategy the primary areas of focus are competence, commitment, job satisfaction and continuous learning. Recruiting capable employees has not been a problem for PKC. In order to ascertain successful recruiting and personnel's commitment PKC offers competitive employment benefits. The objective of suggestion scheme, bonuses, and option systems, which are in use in PKC's domestic units, is to encourage and activate the employees to participate in the development of operations and competitiveness.

The company encourages its employees to continuously develop their competence. Development discussions are one method for evaluating the need for training. The implementation of Group's personnel strategy and the areas that need further development are monitored constantly. The company's know-how and competence are not dependent on individual employees. The competence centres formed in each function ensure that even though an individual is unable to fulfil his duties or his employment contract is terminated no gaps occur in company's know-how or operations.

Labour Protection and Safety

Corporate security is accomplished by incorporating safety issues comprehensively into company's day-to-day management. The company has introduced a Labour Protection and Safety Programme that covers both physical and psychosocial working environment into its operations. The applicable parts of the Programme will be introduced into group-wide operations. The objective is to prevent accidents from happening, and after accidents have occurred to restrict and minimise personal injuries and property damages and to secure continuity of operations. Labour protection and safety activities are systematic and are based on evaluation of workplace's safety hazards, commonly made plans and practises followed by entire personnel.

Information Security and Information Systems

The confidentiality of business secrets have been safeguarded by contracts made with employees, customers, suppliers and partners. Company has also informed its employees that its position as a public company imposes special requirements on safeguarding confidential information. The handling and safekeeping of documents are regulated by internal instructions and certain documents are kept in fire and burglar protected safes. Access to company's premises is restricted and requires personal key card. Outsiders cannot enter company's premises without the company of PKC's employee.

Operational control, optimisation and supervision are carried out using information systems. Data security has been secured by internal instructions and technical data security solutions. Employees have access only to databases and information systems that they need for carrying out their duties.

Legal

Company's financial department together with company's lawyer administers both the company- and group-wide legal matters. Company's lawyer assists business units and different functions in handling legal matters and drafts or revises significant contracts. Internal instructions have been drafted in order to manage legal matters related to different functions.

There are no pending litigation, arbitration, tax or other administrative process against the company nor, to the best of company's knowledge, are its operations threatened by processes of the above mentioned kind.

BOARD OF DIRECTORS 31.12.2002



Tom Hakalax (b. 1946)

Chairman of the Board of Directors
Engineer, Commercial College Graduate
Founding member of PKC Group Oyj
Previously PKC Group Oyj's President and CEO
Member of the Board of Directors from 1994



Juhani Koskinen (b. 1946)

M.Sc.(Tech)
Vice President Supplier Management
Valmet Automotive Oy
Member of the Board of Directors
from 2002



Leo Ojala (b. 1950)

Commercial College Graduate
CFO, PKC Group Oyj
Founding member of PKC Group Oyj
Member of the Board of Directors
from 1994 and 1997



Endel Palla (b. 1941)

Engineer
Chairman of the Advisory Board,
As Harju Elekter Ltd.
Member of the Board of Directors
from 1994



Veikko Ravaska (b. 1951)

Engineer
Founding member of PKC Group Oyj
Previously PKC Group Oyj's Logistics
Director
Member of the Board of Directors
from 1995



Risto Suonio (b. 1942)

M.Sc.(Tech)
Previously Nokia Oy's Director
Member of the Board of Directors
from 1994



Jyrki Tähtinen (b. 1961)

Vice-Chairman of the Board of
Directors
Attorney at Law
President and CEO, Borenius &
Kempinen Oy, Attorneys at Law
Member of the Board of Directors
from 1999

OWNERSHIP OF BOARD OF DIRECTORS AND CORPORATE MANAGEMENT TEAM

	Shares	Options 1998	Options 2002
Hakalax	221 400	1 000	0
Koskinen	0	1 000	0
Ojala	166 500	0	0
Palla	30 500*	5 000	0
Ravaska	281 400	2 000	0
Suonio	1 000	5 000	0
Tähtinen	0	5 000	0
Total	700 800	19 000	0
* shares represented by Board members	637 339		0
Board of Directors total	1 338 139		
Suutari	307 100	0	0
Rest of the Corporate Management Team	170 160*	45 500	25 000
Corporate Management Team total	477 260	45 500	25 000
* includes shares owned by Ojala			
Total	1 648 899	64 500	25 000

CORPORATE MANAGEMENT TEAM 31.12.2002



Harri Suutari (b. 1959)
Engineer
President and CEO of PKC Group Oyj
from 13.3.2002
Member of Corporate Management
Team from 1.1.2002



Jukka Feiring (b. 1949)
Business Unit Director from 1.6.2002
With the company from 1979



Tapio Frantti (b. 1967)
M.Sc.(Tech)
Technical Director from 4.11.2002



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



Ville Jaakkola (b. 1964)
M.Sc.(Tech)
Logistics Director from 1.11.1999



Mika Kari (b. 1969)
M.Sc.(Tech)
Business Development Director from
1.1.2001
With the company from 1996



Pekka Korkala (b. 1969)
M.Sc.(Tech)
Business Unit Director from
1.6.2002
With the company from 1998



Janne Lampela (b. 1971)
Engineer
Business Unit Director from
1.6.2002
With the company from 1999



Matti Niemelä (b. 1960)
B.Sc.(Admin)
Personnel Director form 1.1.2001
With the company from 2000



Leo Ojala (b. 1950)
Commercial College Graduate
CFO from 1.11.1996
Founding member of PKC Group Oyj
With the company from 1973



Veijo Simonen (b. 1952)
Engineer
Business Unit Director from
1.6.2002
With the company from 1999



Eero Veijola (b. 1959)
L.Sc.(Tech)
Business Unit Director from
1.6.2002
With the company from 2000

FINLAND

PKC GROUP OYJ

Head office and wiring harness factory

Visiting address:

PKC Group Oyj

Vihikari 10

90440 Kempele, FINLAND

Postal address:

PKC Group Oyj

P.O. Box 174

90401 Oulu, FINLAND

Tel. +358 20 1752 111

Fax +358 20 1752 211

Electronics factory

PKC Group Oyj

Pajunilintie 43

92120 Raahe, FINLAND

Tel. +358 8 2103 111

Fax +358 8 2103 201

ESTONIA

PKC EESTI AS

Kella factory

PKC Eesti AS

Paldiski mnt. 31

76606 Kella, ESTONIA

Tel. +372 6747 435

Fax +372 6747 432

Haapsalu factory

PKC Eesti AS

Tõöstuse 9

90506 Haapsalu, ESTONIA

Tel. +372 47 34 774

Fax +372 47 20 880

THE NETHERLANDS

PKC NETHERLAND HOLDING B.V.

PK CABLES NEDERLAND B.V.

PKC EUROPE B.V.

Wiring harness factory

PK Cables Nederland B.V.

Zomerdijkweg 5

5145 PK Waalwijk, THE NETHERLANDS

Tel. +31 41 656 8111

Fax +31 41 656 8110

BRAZIL

PK CABLES DO BRASIL LTDA

PK Cables Do Brasil Ltda

Rua Estrada da Graciosa,

803 - Atuba

82840 - 360 - Curitiba - PR - BRAZIL

Tel. +55 41 367 9778

Fax +55 41 367 6067

www.pkcgroup.com