PKC GROUP

Annual Report 2003

PKC GROUP

Contents

Information for Shareholders

General Meeting of Shareholders

PKC Group Oyj's Annual General Meeting will be held on Friday 12 March 2004 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 Tuesday 2 March 2004 and confirm his or her attendance before 4.00 p.m. on Tuesday 9 March 2004.

Notice of the Annual General Meeting was given in the newspapers Helsingin Sanomat and Kaleva on Saturday 21 February 2004 and as Stock Exchange Announcement on Friday 20 February 2004.

Dividend Distribution

The Board of Directors proposes that the distribution of dividends for the financial year 2003 be EUR 2.00 per share. The matching date for dividends is Wednesday 17 March 2004. The payment date for dividends is Wednesday 24 March 2004.

Financial Reports for 2004

PKC Group Oyj will publish its financial reports for 2004 as follows:

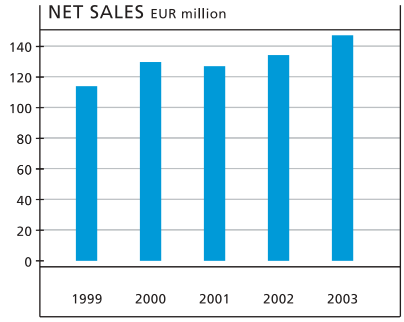
- Interim Report 1-3 / 2004
  on Friday 23 April 2004 at 8.00 a.m.
- Interim Report 1-6 / 2004
  on Friday 16 July 2004 at 8.00 a.m.
- Interim Report 1-9 / 2004
  on Friday 22 October 2004 at 8.00 a.m.

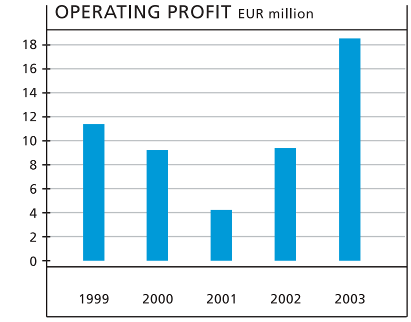
The Interim Reports and Stock Exchange Bulletins will be published in Finnish and English on the company's website at www.pkcgroup.com. The company's annual reports and interim reports will also be available in pdf format on the company's website.

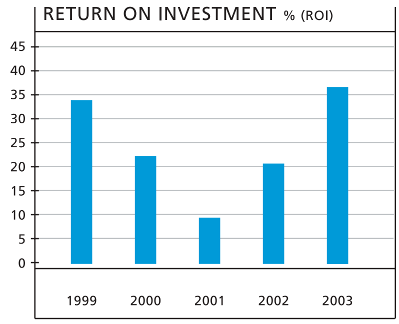
Change of Address

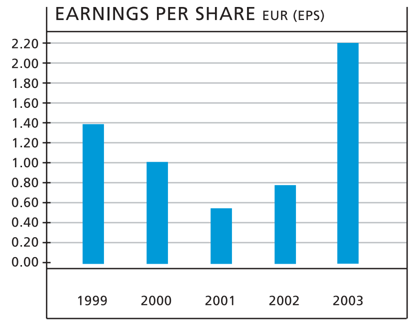
Shareholders are kindly requested to notify the book-entry register where their book-entries are kept of any changes in their contact information.

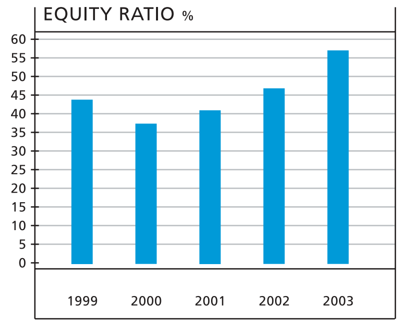
The Year 2003 in Brief

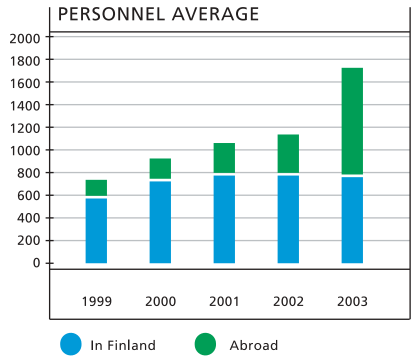












GROUP KEY FIGURES	2003	2002	2001	2000	1999
Net sales, EUR million	146.0	134.3	125.1	128.6	113.9
Operating profit, EUR million	18.4	9.4	4.1	9.0	11.4
Profit before extraordinary items, EUR million	18.1	7.6	2.6	8.0	10.7
Return on investment, % (ROI)	36.7	20.6	9.0	22.3	34.1
Equity ratio, %	56.9	46.9	40.7	37.3	43.3
Gross capital expenditure, EUR million	10.2	5.2	3.8	8.1	4.9
Earnings per share, EUR	2.20	0.78	0.56	1.01	1.39
Dividend per share, EUR	2.00 *	0.45	0.25	0.40	0.50

*) Proposal of the Board of Directors

Review by the President and CEO

PKC's strategy has proved successful. Our position has strengthened, we've landed new customers and concluded new agreements. The most significant of the agreements guarantees organic growth all the way up to the end of the decade. Our position as a global manufacturing partner of the truck industry is now substantially better than it was a year ago.

The Group's earnings trend was positive. In step with the rise in the value of the PKC Group share, the company's market capitalisation tripled. Foreign ownership doubled to over 20%. The share's valuation as a ratio of net profit (p/e) is still at a level of about ten at the time of writing this.

During the past financial year, the new business area-based organisational model proved its excellent functionality. By internal accounting means, we focused on the development needs of each unit. Allocation of profit accountability boosted profitability. The manufacturing processes for the product groups of five separate business units were separated. The concentration of manufacture of specific product groups at selected factories began, and this process is continuing. We have set the objective of halving the throughput time from the 2002 level by the end of 2005. This will have a major impact on the efficient use of capital.

PKC Eesti AS's operations developed strongly. The number of personnel grew in step with the new production facilities that were completed in Keila. Integration of the Carhatec Group succeeded according to plans. At our factory located in Kostomuksha, Russia, new production facilities will be completed in spring 2004, bringing a substantial increase in manufacturing capacity. Our manufacturing unit in Brazil doubled its sales during the past year and the manufacture of wiring harnesses for DaimlerChrysler trucks was started at the factory. Our small unit in the Netherlands managed to almost double its productivity thanks to new production methods. Production volume at the Finnish units remained at the previous year's level. During the past year the number of the Group's personnel grew by 58%. The growth was particularly strong at the foreign units. Efficiency-boosting measures within component and materials purchasing brought significant savings. The assembly work that was previously carried out at the factory in Muhos was moved to Kempele at the beginning of 2004.

Electronics contract manufacturing continued at the 2002 level. Small-scale labour-intensive electronics production was started in Russia. The first assembly line for surface-mounted devices came on stream in Kostomuksha at the beginning of 2004. With the expansion of production facilities, capacity will grow further during the latter part of the year.

Strong inputs continued to be made into production methods and new units. Our capital expenditures were almost twice the amount of depreciation. In the current year, the amount of capital expenditures will remain at roughly the same level. Thereafter, the volume of investments will approach the level of depreciation.

Based on the views expressed by our customers, we believe that the demand for trucks and industrial equipment will grow slightly in the current year. Demand for electronics products and telecommunications equipment is also set to grow.

I believe that the company's net sales will grow further and that our profitability will remain good.

I wish to thank the Group's personnel for the excellent job they have done. A big vote of thanks also goes to our partners in co-operation and especially to our customers.

Harri Suutari
President and CEO

PKC Group

Mission

The PKC Group's mission is to offer customers service that goes beyond their expectations. High-quality services and products together with good delivery reliability ensure customer satisfaction and long-term customer relationships. The faster-than-average, profitable growth of the business sectors produces economic value added for shareholders. Our objective is continuously to achieve a return on investment of over 20%. By growing in a controlled manner, we shall retain and develop our efficiency and increase shareholder value without jeopardising long-term profitability. A growing, profitable and international company offers its employees a rewarding job in which they can develop and advance in their careers.

Vision and Strategy

The PKC Group's vision is to be a price-competitive, first rate and effortless partner in co-operation. We improve our efficiency and the quality level of our products and services through continuous development of working methods and systems. We make use of regions with a low cost level as well as efficient component purchasing operations.

We are seeking to become a leading European supplier of wiring harnesses to the vehicle industry and a Nordic electronics contract manufacturer. Our wiring harness production serves Europe's largest commercial vehicle manufacturers globally and guarantees services that meet our customers' needs. Our electronics contract manufacturing centres on small and medium-sized series in which it serves Nordic customers. We are expanding our electronics production in Kostomuksha, leveraging the years-long manufacturing and development know-how of our unit in Raahe. This will enable us to maintain a price-competitive production chain that nevertheless is able to operate flexibly – close to our customers and with a dedication to good service.

We are growing and developing our units in Estonia, Russia and Brazil further in order to maintain competitiveness. By simplifying our production chains, we shorten production throughput times, cut down the amount of capital tied up in operations and increase our ability and flexibility to respond to customers' changing needs. The skilled personnel at our facilities in Kempele and Raahe are concentrating more and more on developing and designing support functions, products and production start-ups, whereas the mass production is moving increasingly to the factories in Estonia and Russia.

Values

Our core values guide our company's way of working and its business principles.

PKC Group's values are:

Commitment
We are bound by our promises to our customers, partners and fellow workers. We want to do our best so that we can achieve the company's objectives and vision.

Quality
We recognise our responsibility for the quality of our products and services. Our mutual goal is to develop even more efficient and flawless operations. We strive to minimise the effects our operations cause to the environment.

Profitability
Our operations shall be profitable and cost-effective, use of capital is efficient and company's solvency will be kept at sufficient level.

Co-operation
Co-operation is both our strength and our resource. Transparency, mutual respect and equal treatment are how we establish the conditions necessary for proper co-operation.

Personnel

Defining the competence requirement based on the company's strategy and developing it systematically is one of the most important challenges for the human resources function. The Group has invested in developing competence at the individual level through performance assessment discussions and, at the unit and functional level, by means of competence surveys and related plans.

Operational efficiency has been improved by centralising production as well as by streamlining and enhancing the production process.

Job well-being has been improved in an integrated co-operation amongst occupational healthcare, the occupational safety organisation, human resources administration and the business units and functions. The emphasis within developing occupational safety last year was on improving working methods and conditions.

Staff training was organised on the basis of the needs identified in the competence survey. Otherwise, the main training emphasis was on information systems.

At the units abroad, the human resources function has centred on effective recruitment and developing the co-operation model between the parent company and the subsidiaries.

Quality

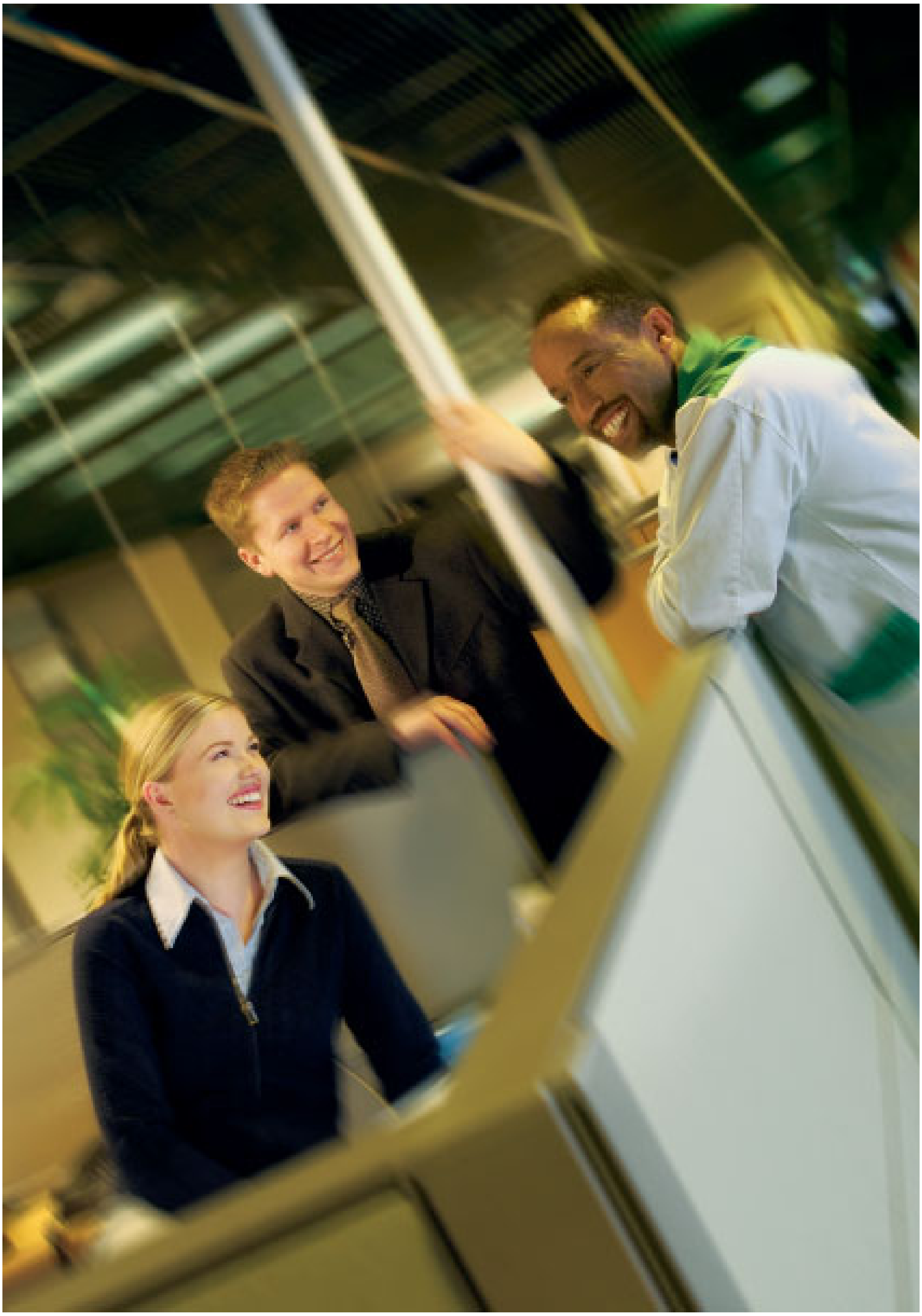
In order to continually improve the quality level of our products and services and to enable us to meet ever-developing customer and system requirements, we at the PKC Group carry out constant development work on quality and operating systems. During 2003 we updated the quality systems in accordance with the new process-based ISO9001:2000 standard. All the certifications are now in accordance with ISO9001:2000 and, additionally, the factories in Kempele, Estonia and Brazil comply with the additional requirements of the vehicle industry under QS9000 or ISO/TS16949. The quality systems of wiring harness manufacturing complying with QS-9000 will be updated and certified in accordance with the ISO/TS 16949 standard in 2004. The structure and guidelines of the quality and environmental systems for PKC Eesti AS, which became a part of the Group a year earlier, were harmonised with the parent company's systems. At the Kostomuksha factory, which was added to the PKC Group in July, inputs into development work on quality systems were stepped up with the aim of obtaining quality and environmental system certificates for the factory during 2004.

Quality assurance officers in charge of product quality and the continual improvement and development of processes were appointed for each business unit. In this way, the responsibility for the quality of products and services becomes integrated more closely into the production process and is taken into account in the work of each employee in the spirit of the Group's quality policy. The visibility of quality issues and awareness of them were enhanced by introducing so-called quality bulletin boards that prominently display the quality situation, statistics, timely matters and important pointers for each business unit and department.

Environment

The main emphasis of the PKC Group's environmental systems is on minimising detrimental effects on the environment and our personnel. Above all, this means the safe handling of chemicals, reducing the amount of wastes produced and raising the efficiency of sorting and recycling. The amount of harmful chemicals that are used in the production process and operations is relatively small, and operations do not cause harmful emissions. During 2003, waste recycling points were improved further, guidelines were illustrated more effectively and staff were trained in the processing and handling of wastes. For example, by sorting wastes efficiently the unit in Raahe achieved a 35% reduction in the volume of mixed waste.

In order to comply with the requirements of the RoHS directive that will come into force for the electronics industry, PKC is carrying out continuous co-operation with customers and suppliers in order to minimise harmful substances and replace them in the components it uses and in end-products. Taking environmental matters into account is an essential part of the product design projects that PKC carries out for customers – in the selection of components to be used, for example.



Product and Method Development

The cornerstones of PKC's engineering expertise are a knowledge of production and testing technologies coupled with expertise related to components and materials. Product development is carried out in co-operation with customers. The Group's know-how complements our customers' product development expertise and thus brings flexibility to the partners' core processes.

PKC's Technical Department tracks technical developments in the automotive industry and wiring harness manufacture. The Methods and Factory Design Group supports the business units' process design. By means of global systems, the group's know-how, just like that of the Maintenance Department, can be utilised across all of PKC's production facilities. The Testing Group builds, maintains and updates testing systems for production use.

The bulk of the product development that goes into vehicle electronics and wiring harnesses consists of customer-specific product and testing-system design. As one part of this product development, PKC elaborates bus-based solutions for the electrical systems of vehicles.

Products and Markets

PKC Group Oyj is a contract manufacturer of electrotechnical products. The company offers design and contract manufacturing services of wiring harnesses, cabling and electronics for commercial vehicle, telecommunications and electronics industries. The Group comprises production facilities in Finland, Estonia, Russia, the Netherlands and Brazil. The production network furthermore includes a Vyborg based subcontractor. At the end of 2003 the Group employed a total of 2,152 people, of which 798 in Finland and 1,345 abroad.

The component manufacturing for vehicles is increasingly concentrating to countries with more advantageous cost level. In order to maintain competitiveness also the large volume manufacturing of wiring harness products, due to its labour-intensivity, has to be concentrated to low cost locations. As a continuation to the acquisition of the Estonian unit a year earlier PKC Group purchased in 2003 the Carhatec Group, which has significant part of its production in Russia. The Carhatec Group became part of PKC Group Oyj on 1 July 2003. Increasing production in Estonia and Russia will continue to be company's central development objectives in the future.

Wiring Harnesses for 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 wiring harnesses manufactured by PKC. The truck market remained at previous year's level in 2003. The Group has three major truck-manufacturing customers.

PKC's competitors are either large international manufacturers of wiring harnesses whose main markets are large volume passenger cars, 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 which offers new possibilities for PKC.

Unlike wiring harnesses for passenger cars, wiring harnesses for commercial vehicles are custom-manufactured for the customer's specific vehicles. The manufacturer must therefore have the ability to combine low-cost mass production with customisation. This calls for a fast and flexible production system. PKC manufactures wiring harnesses for heavy truck and coaches, besides the European factories, also in Brazil.

Other Wiring Harnesses

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. The annual production series for these products are smaller than for trucks, and product changes occur more frequently. Wiring harness

manufacturing for industrial equipment and diesel engines is mainly done in Russia.

PKC manufactures wiring harnesses, cabling and busbars for electrotechnical devices and telecommunications equipments. Company's success is based on extensive product development and manufacturing cooperation with the customers. Products go to telecommunications industry, for industrial devices and for hospital electronics applications. Products for electrotechnical devices are manufactured in factories in Estonia, Russia and Finland.

In addition to the above-mentioned customers, PKC has a number of other important, though small-volume wiring harness customers in the international telecommunications, passenger car and recreational vehicle industries. Small-volume wiring harness manufacturing is mainly done in Russia and Finland.

Electronics Contract Manufacturing
PKC is a well-known Finnish provider of electronics design and contract manufacturing services. These products are manufactured mainly in Finland, but also increasingly in Russia.

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. The electronics production in 2003 remained at expected level.

Report by the Board of Directors for the 2003 Financial Year

Operations

Sales of wiring harnesses were up 9.2% on the figure a year earlier. Sales of electronics contract manufacturing services grew by about 7.3%. Deliveries to the telecommunications industry accounted for about 14% of the entire company's net sales.

The Group has two business segments: Wiring Harnesses and Electronics. Two of the five separate business units produce wiring harnesses for trucks and one produces them for professional machinery. The fourth business unit provides solutions for the cabling of electronic devices and the fifth provides electronics product development and contract manufacturing services.

Carhatec Oy was acquired by PKC Group Oyj on 1 July 2003. The purchase price paid was EUR 3.05 million in cash and 103,060 PKC Group shares by way of a directed share issue. The Group, which comprises the parent company Carhatec Oy as well as the Finnish companies TKV-sarjat Oy (wholly-owned subsidiary) and Carhatest Oy (an 80%-owned subsidiary) as well as OOO Karhakos and OOO AEK which operate in Kostomuksha, Russia (both wholly-owned), have been included in PKC's consolidated financial statements as from 1 July 2003.

Net Sales and Financial Performance

The PKC Group's net sales in 2003 were EUR 146.0 million and were up 8.7% (134.3 million in 2002). Sales by the Wiring Harnesses segment during the financial year totalled EUR 113.4 million (103.9 million), accounting for 77.7% of the entire Group's net sales for the period (77.4%). Net sales reported by the Electronics segment were EUR 32.6 million (30.4 million), representing 22.3% (22.6%) of consolidated net sales.

Consolidated operating profit for the financial year doubled and was EUR 18.4 million (9.4 million), or 12.6% of net sales (7.0%). The total amount of depreciation was EUR 5.9 million (5.9 million), of which EUR 4.3 million was on fixed assets and EUR 1.6 million was amortisation of goodwill. Profit before extraordinary items was EUR 18.0 million (7.6 million).

Thanks to the good market situation and successful development measures, the Group's business has developed favourably during the financial year. The main factor driving the good earnings trend is well-established products. This has made possible exceptionally smooth-running and virtually disturbance-free production operations.

Balance Sheet and Financing

The amount of interest-bearing loans was EUR 13.9 million (15.7 million). Cash in hand and at bank amounted to EUR 2.8 million (1.1 million). The Group's net financial expenses totalled EUR 0.4 million (1.7 million). The fall in financial expenses was due mainly to the decrease in exchange rate differences. The trend in the exchange rate of the Brazilian real against the euro was significantly more stable than it was in the comparison year.

Stocks amounted to EUR 25.0 million (19.2 million). The growth in inventories was attributable to the increase in business volume as well as the arrangements resulting from transfers of production to Estonia and Russia. Receivables totalled EUR 33.1 million (29.3 million). The increase in receivables was due in particular to sales growth that was weighted towards the last quarter.

The Group's equity ratio improved during the financial year and was 56.9% on the balance sheet date (46.9%). Gearing diminished and was 24.5% (50.2%) at the end of the financial year. Cash flow after investments was EUR 0.5 million (5.0 million).

Capital Expenditures

The Group's gross capital expenditures totalled EUR 10.2 million (6.4 million), amounting to 7.0% of net sales. The Group's capital expenditures focused mainly for production machinery and equipment as well as for an approximately 8,400 m² extension to the production facility in Kostomuksha. The work on the factory extension is still in progress and the new facilities will be taken in production use during the summer and autumn of the current year.

Research & Development

Research and development expenditure totalled EUR 3.2 million (3.0 million), representing 2.2% (2.3%) of consolidated net sales. At the end of the year, 51 people were employed in product development. The majority of product development consists of customer-specific product and testing-system design. During the financial year development work on vehicle bus systems was continued.

Personnel

The Group had an average payroll during the report period of 1,723 employees (1,146). The Group's staff at the end of the year numbered 2,152 employees (1,363), of whom 1,354 (674) worked abroad, with a total of 798 (689) people in Finland. The increase in the number of employees was due primarily to the acquisition of Carhatec Oy and its subsidiaries as well as to the growth of the Brazilian unit.

Quality and Environment

The quality systems in place at the Kempele and Raahe factories were updated and certified in accordance with the process-based ISO 9001:2000 standard. PKC Eesti's quality and environmental systems were harmonised with the parent company's systems. The Carhatec Group's quality systems in Muhos were updated and certified in accordance with ISO 9001:2000 as part of the parent company's quality system. It is planned to obtain quality and environmental certificates for Kostomuksha during 2004.

The Group's environmental policy complies with the certified environmental system ISO 14001. The main emphasis is on minimising detrimental effects on the environment and the personnel. The total amount of harmful chemicals and substances that are used in the production process and operations is relatively small, and operations do not cause harmful emissions. In future the company's operations will face additional challenges when the RoHS directive covering the electronics industry comes into force. Preparations to comply with the directive have been made by carrying out research and development work on a lead-free soldering process.

Transition to IFRS Accounting Standards

PKC Group Oyj will prepare its first interim report in accordance with IFRS standards for the first quarter of 2005 and its first IFRS financial statements for the 2005 financial year. PKC Group Oyj has surveyed which standards will cause the most changes to the Group's accounting systems and which standards will probably cause changes to the accounting policies applied in preparing the financial statements. A project aiming at introducing IFRS standards was started during 2003. Part of the changes to the accounting system and reporting procedures have been carried out and the remainder will be completed during 2004. The introduction of IFRS standards is estimated to affect, in particular, the valuation of stocks and segmental reporting.

Board of Directors and Auditors

The Annual General Meeting of PKC Group Oyj, held in Kempele on 13 March 2003, confirmed the number of the members of the Board of Directors at seven. 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 the authorised Public Accounting Firm Ernst & Young Oy, with Rauno Sipilä, Authorised Public Accountant, acting as responsible auditor.

Future Prospects

We forecast that the heavy vehicle industry market will remain at the previous year's level or grow slightly. Deliveries to the vehicle industry are clearly poised for growth. Deliveries to customers in the electronics and automation industry will probably show steady growth in the current year. Sales to the telecommunications industry are not likely to grow significantly during 2004.

In the light of information available at the present, the entire Group's net sales are expected to grow and its profitability is forecast to remain at a good level. A significant product change that is scheduled for the second half of the year may cause extra ramp-up expenses.

Events After the Close of the Financial Year

The business operations of Carhatec Oy and TKV-sarjat Oy were transferred to PKC Group Oyj on 1 January 2004. The objective of the transfer is to simplify the Group's operations, production and logistics processes and to boost operating efficiency.

As part of the relocation of production to Estonia, co-operation negotiations with the personnel of the Dutch subsidiary PK Cables Nederland B.V. were started in January 2004. Negotiations concern the shutdown of unit's operations by the beginning of 2005. The objective of the relocation is to achieve cost savings and improve competitiveness.

Consolidated Profit and Loss Account

1,000 EUR	Note	2003	2002
NET SALES	1	**146,048**	**134,306**
Increase (+) / decrease (-) in stocks of finished goods and work in progress		2,706	-2,476
Other operating income	2	576	315
Raw materials and services	3	78,180	76,554
Staff expenses	4	32,557	27,730
Depreciation and value adjustments	5	5,852	5,898
Other operating charges	6	14,314	12,597
OPERATING PROFIT		**18,428**	**9,365**
Financial income and expenses	7	-358	-1,741
PROFIT BEFORE EXTRAORDINARY ITEMS		**18,070**	**7,624**
Extraordinary items	8	0	489
PROFIT BEFORE TAXES		**18,070**	**8,113**
Income taxes	10	-6,028	-3,588
Minority interest		-16	0
PROFIT FOR THE FINANCIAL YEAR		**12,026**	**4,526**

Consolidated Balance Sheet

1,000 EUR	Note	31 Dec. 2003	31 Dec. 2002
ASSETS			
NON-CURRENT ASSETS	11		
Intangible assets		3,653	4,891
Tangible assets		14,649	9,773
Investments		331	328
Non-current assets total		**18,633**	**14,992**
CURRENT ASSETS			
Stocks	14	25,017	19,246
Non-current receivables	15	100	0
Current receivables	15	33,026	29,288
Cash in hand and at banks		2,797	1,057
Current assets total		**60,940**	**49,592**
Assets total		**79,573**	**64,583**
LIABILITIES			
SHAREHOLDERS' EQUITY	16, 17		
Share capital		1,934	1,812
Proceeds from issuance of share capital		6	0
Share premium account		5,806	763
Reserve fund		168	166
Retained earnings		25,118	23,017
Profit for the financial year		12,026	4,526
Shareholders' equity total		**45,058**	**30,284**
MINORITY INTEREST		258	0
CREDITORS			
Deferred tax liability	19	10	0
Non-current	20	10,218	12,056
Current	20	24,029	22,243
Creditors total		**34,257**	**34,300**
Liabilities total		**79,573**	**64,583**

Consolidated Cash Flow Statement

1,000 EUR	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	143,473	128,894
Cash receipts from other operating incomes	723	34
Cash paid to suppliers and employees	128,242	116,535
Cash flows from operations before financial income and expenses and taxes	**15,954**	**12,394**
Interest paid	1,053	1,158
Interest received and other financial income	886	354
Income taxes paid	6,440	1,973
Net cash from operating activities (A)	**9,347**	**9,617**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	6,430	5,410
Proceeds from sale of tangible and intangible assets	80	2,177
Proceeds from sale of investments	15	0
Loans granted	100	0
Amortisation of loan receivables	17	6
Acquisition of subsidiaries	2,407	1,691
Proceeds from sale of subsidiaries	0	292
Dividends received	2	2
Net cash used in investing activities (B)	**-8,823**	**-4,623**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue	5,172	800
Drawing of current creditors	56	0
Amortisation of current creditors	0	3,709
Drawing of non-current creditors	1,488	3,293
Amortisation of non-current creditors	3,077	5,977
Dividends paid	2,423	1,319
Net cash used in financing activities (C)	**1,216**	**-6,912**
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	**1,740**	**-1,917**
Cash and cash equivalents at beginning of period	**1,057**	**2,974**
Cash and cash equivalents at end of period	**2,797**	**1,057**
Change	**1,740**	**-1,917**

Parent Company Profit and Loss Account

1,000 EUR	Note	2003	2002
NET SALES	1	**138,398**	**128,583**
Increase (+) / decrease (-) in stocks of finished goods and work in progress		2,025	-2,208
Other operating income	2	614	566
Raw materials and services	3	83,622	77,653
Staff expenses	4	24,308	23,981
Depreciation and value adjustments	5	5,209	5,734
Other operating charges	6	10,798	10,405
OPERATING PROFIT		**17,099**	**9,168**
Financial income and expenses	7	-382	-200
PROFIT BEFORE EXTRAORDINARY ITEMS		**16,717**	**8,968**
Extraordinary items	8	0	717
PROFIT BEFORE TAXES		**16,717**	**9,684**
Income taxes	9	0	78
Minority interest	10	-5,625	-3,356
PROFIT FOR THE FINANCIAL YEAR		**11,092**	**6,406**

Parent Company Balance Sheet

1,000 EUR	Note	31 Dec. 2003	31 Dec. 2002
ASSETS			
NON-CURRENT ASSETS	12		
Intangible assets		2,828	4,612
Tangible assets		6,265	7,950
Investments			
Shares in group companies		8,989	3,735
Receivables from group companies		0	667
Other investments		326	328
Non-current assets total		**18,408**	**17,293**
CURRENT ASSETS			
Stocks	14	21,138	17,484
Non-current receivables	15	4,050	0
Current receivables	15	34,682	31,144
Cash in hand and at banks		1,017	329
Current assets total		**60,887**	**48,957**
Assets total		**79,295**	**66,250**
LIABILITIES			
SHAREHOLDERS' EQUITY	16, 17		
Share capital		1,934	1,812
Proceeds from issuance of share capital		6	0
Share premium account		5,806	763
Reserve fund		166	166
Retained earnings		27,219	23,237
Profit for the financial year		11,092	6,406
Shareholders' equity total		**46,224**	**32,383**
CREDITORS			
Non-current	20	10,218	12,056
Current	20	22,853	21,811
Creditors total		**33,071**	**33,867**
Liabilities total		**79,295**	**66,250**

Parent Company Cash Flow Statement

1,000 EUR	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	133,755	121,956
Cash receipts from other operating incomes	681	7
Cash paid to suppliers and employees	120,465	110,537
Cash flows from operations before financial income and expenses and taxes	**13,970**	**11,426**
Interest paid	895	1,169
Interest received and other financial income	1,237	278
Income taxes paid	5,794	1,547
Net cash from operating activities (A)	**8,518**	**8,988**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	2,135	4,027
Proceeds from sale of tangible and intangible assets	1,604	1,690
Proceeds from sale of investments	2	0
Loans granted	4,050	0
Amortisation of loan receivables	117	214
Acquisition of subsidiaries	4,586	2,070
Proceeds from sale of subsidiaries	0	791
Dividends received	2	509
Net cash used in investing activities (B)	**-9,046**	**-2,894**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue	5,172	800
Drawing of current creditors	56	0
Amortisation of current creditors	0	3,709
Drawing of non-current creditors	1,488	3,209
Amortisation of non-current creaditors	3,077	5,977
Dividends paid	2,423	1,319
Net cash used in financing activities (C)	**1,216**	**-6,996**
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	**687**	**-902**
Cash and cash equivalents at beginning of period	**329**	**1,231**
Cash and cash equivalents at end of period	**1,017**	**329**
Change	**687**	**-902**

Accounting Principles

The Extent of Consolidated Accounts

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.

Internal Shareholding

The consolidated financial statements have been prepared in accordance with purchase method.

Internal Business Transactions and Balances

Intra-Group transactions, unrealised margins of internal deliveries, internal receivables and creditors, and the internal profit distribution, have been eliminated.

Minority Interests

Minority interests have been separated out from consolidated shareholders' equity and profits, and presented as separate items.

Foreign Subsidiaries

Brazilian and Russian subsidiaries have been classified as units that are integrally connected with the parent company's operations. Based on the classification, their profit and loss account items have been translated using the average monthly exchange rate, except for the currency translation of depreciation and stocks, which have been translated applying the exchange rates on the date of the transactions. Cash, receivables and creditors 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 profit and loss account under financial income and expenses.

Foreign Currency Items

Business transactions in foreign currencies have been entered during the financial year 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 have been stated in the profit and loss account.

Non-current Assets

Non-current assets have been stated at their acquisition costs. Depreciation on fixed assets is calculated according to predefined depreciation plan. The depreciation periods based on the economic life 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

Stocks

Stocks have been valued on the basis of the variable costs arising through purchase and production, or on the basis of a lower likely selling price. Acquisition cost has been based on the average price method.

Net Sales

Net sales have been calculated from the Group's total revenue obtained from products 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 has been entered as a cost in the income statement.

Pension Costs

The retirement plans for employees are provided by external insurance companies. Pension insurance payments have been entered in the financial statements on accrual basis corresponding with salaries.

Direct Taxes

Direct taxes for the financial period have been entered in the profit and loss account on accrual basis.

Notes to the Accounts

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
1. NET SALES BY BUSINESS SEGMENTS AND MARKET AREAS				
Net sales by business segments				
Wiring harnesses	113,424	103,890	105,774	98,993
Electronics	32,624	30,416	32 624	29,590
Total	**146,048**	**134,306**	**138,398**	**128,583**
Net sales by market areas				
Finland	43,491	38,287	42,306	37,455
Other Nordic countries	70,922	63,050	70,922	63,050
Rest of Europe	18,507	21,940	18,507	21,940
Others	13,128	11,029	6,664	6,137
Total	**146,048**	**134,306**	**138,398**	**128,583**
2. OTHER OPERATING INCOME				
Other income	576	315	614	566
Total	**576**	**315**	**614**	**566**
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial period	76,528	67,637	70,812	65,223
Increase (-) or decrease (+) in stocks	-3,037	-212	-1,652	-379
Outsourced services	4,689	9,129	14,462	12,810
Total	**78,180**	**76,554**	**83,622**	**77,653**
4. STAFF EXPENSES				
Wages and salaries	25,704	21,307	19,610	18,843
Pension expenses	3,341	4,051	2,953	3,651
Other social security expenses	3,512	2,372	1,746	1,487
Total	**32,557**	**27,730**	**24,308**	**23,981**
Salaries and fees to Management				
Salaries and fees to the Board members	57	38	57	38
Salaries and fees to the Managing Directors	316	353	102	135
Total	**373**	**391**	**159**	**173**
Average number of personnel				
Clerical employees	355	255	191	174
Employees	1,368	891	520	515
Total	**1,723**	**1,146**	**711**	**689**
5. DEPRECIATION AND VALUE ADJUSTMENTS				
Depreciation according to plan	5,852	5,898	5,209	5,734
Total	**5,852**	**5,898**	**5,209**	**5,734**
6. OTHER OPERATING EXPENSES				
Other operating expenses	14,314	12,597	10,798	10,405
Total	**14,314**	**12,597**	**10,798**	**10,405**

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
7. FINANCIAL INCOME AND EXPENSES				
Dividend yields				
From Group companies	0	0	0	507
From others	1	0	1	1
Total	**1**	**0**	**1**	**508**
Income from other investments held as fixed assets				
From others	2	1	2	1
Total	**2**	**1**	**2**	**1**
Other interests and financial income				
From Group companies	0	0	99	96
From others	1,027	301	385	277
Total	**1,027**	**301**	**484**	**373**
Interest and other financial expenses				
From Group companies	0	0	0	-183
From others	-1,387	-2,043	-869	-899
Total	**-1,387**	**-2,043**	**-869**	**-1,082**
Financial income and expenses total	**-358**	**-1,741**	**-382**	**-200**
Financial income and expenses total includes net exchange rate differences	**252**	**115**	**-14**	**52**
8. EXTRAORDINARY ITEMS				
Extraordinary income				
Sale of subsidiary	0	489	0	717
Total	**0**	**489**	**0**	**717**
9. APPROPRIATIONS				
Increase (-) or decrease (+) in depreciation reserve	0	0	0	78
10. INCOME TAXES				
Income taxes from actual operations	-6,018	-3,327	-5,625	-3,356
Change in deferred tax liabilities and receivables	-10	-261	0	0
Total	**-6,028**	**-3,588**	**-5,625**	**-3,356**

11. NON-CURRENT ASSETS
GROUP
Intangible assets

1,000 EUR	Intangible rights	Goodwill	Consolidated goodwill	Other long-term expenditures	Advance payments	Total
Acquisition cost 1.1.2003	**1,008**	**5,077**	**1,703**	**1,902**	**22**	**9,712**
+ Increases	411	0	253	57	0	721
- Decreases	0	0	0	7	0	7
+/- Transfers between items	15	0	0	0	-22	-7
Acquisition cost 31.12.2003	**1,434**	**5,077**	**1,957**	**1,966**	**0**	**10,434**
Acc. depreciation and value adjustments 1.1.2003	-336	-2,659	-170	-1,656	0	-4,821
- Depreciation for the financial period	-163	-1,209	-366	-222	0	-1,960
Accumulated depreciation 31.12.2003	**-498**	**-3,868**	**-536**	**-1,878**	**0**	**-6,780**
Book value 31.12.2003	**936**	**1,209**	**1,420**	**88**	**0**	**3,653**
Book value 31.12.2002	**673**	**2,418**	**1,533**	**246**	**22**	**4,891**

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 1.1.2003	**537**	**1,634**	**19,816**	**266**	**9**	**22,261**
+ Increases	20	1,509	5,210	402	3,398	10,538
- Decreases	-530	-13	-1,709	-13	0	-2,264
+/- Transfers between items	0	213	5	9	-231	-4
Acquisition cost 31.12.2003	**26**	**3,343**	**23,323**	**664**	**3,176**	**30,531**
Acc. depreciation and value adjustments 1.1.2003	0	-581	-11,816	-92	0	-12,488
- Accumulated depreciation of decreases and transfers	0	-84	581	2	0	499
- Depreciation for the financial period	0	-160	-3,661	-73	0	-3,893
Accumulated depreciation 31.12.2003	**0**	**-824**	**-14,895**	**-162**	**0**	**-15,882**
Book value 31.12.2003	**26**	**2,518**	**8,427**	**501**	**3,176**	**14,649**
Book value 31.12.2002	**537**	**1,053**	**8,000**	**174**	**9**	**9,773**

Investments

1,000 EUR	Other investments and shares	Other receivables	Total
Acquisition cost 1.1.2003	**270**	**58**	**328**
+ Increases	18	0	18
- Decreases	-13	-2	-15
Acquisition cost 31.12.2003	**275**	**56**	**331**
Book value 31.12.2003	**275**	**56**	**331**
Book value 31.12.2002	**270**	**58**	**328**

12. NON-CURRENT ASSETS
PARENT COMPANY
Intangible assets

1,000 EUR	Intangible rights	Goodwill	Other long-term expenditures	Advanced payments	Total
Acquisition cost 1.1.2003	**1,002**	**7,459**	**1,334**	**22**	**9,816**
+ Increases	399	0	0	0	399
+/- Transfers between items	22	0	0	-22	0
Acquisition cost 31.12.2003	**1,423**	**7,459**	**1,334**	**0**	**10,215**
Acc. depreciation and value adjustments 1.1.2003	-339	-3,634	-1,231	0	-5,204
- Depreciation for the financial period	-168	-1,912	-103	0	-2,184
Accumulated depreciation 31.12.2003	**-507**	**-5,546**	**-1,334**	**0**	**-7,387**
Book value 31.12.2003	**916**	**1,912**	**0**	**0**	**2,828**
Book value 31.12.2002	**663**	**3,825**	**103**	**22**	**4,612**

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 1.1.2003	**537**	**1,494**	**16,686**	**132**	**5**	**18,854**
+ Increases	0	0	2,577	91	15	2,683
- Decreases	-537	0	-1,480	-8	0	-2,024
Acquisition cost 31.12.2003	**0**	**1,494**	**17,784**	**215**	**19**	**19,512**
Acc. depreciation and value adjustments 1.1.2003	0	-510	-10,315	-79	0	-10,904
- Accumulated depreciation of decreases and transfers	0	0	671	1	0	673
- Depreciation for the financial period	0	-78	-2,908	-31	0	-3,016
Accumulated depreciation 31.12.2003	**0**	**-588**	**-12,552**	**-108**	**0**	**-13,247**
Book value 31.12.2003	**0**	**906**	**5,232**	**107**	**19**	**6,265**
Book value 31.12.2002	**537**	**984**	**6,372**	**53**	**5**	**7,950**

Investments 1,000 EUR	Holdings in Group companies	Receivables from Group companies	Other shares and similar rights of ownership	Other receivables	Total
Acquisition cost 1.1.2003	**3,735**	**667**	**270**	**58**	**4,731**
+ Increases	5,254	0	0	0	5,254
- Decreases	0	-667	0	-2	-670
Acquisition cost 31.12.2003	**8,989**	**0**	**270**	**56**	**9,314**
Book value 31.12.2003	**8,989**	**0**	**270**	**56**	**9,314**
Book value 31.12.2002	**3,735**	**667**	**270**	**58**	**4,731**

13. SHARES AND SIMILAR RIGHTS OF OWNERSHIP

Group companies	Group's ownership, %	Parent Company's ownership, %
PKC Eesti AS	100	100
PK Cables do Brasil Industria e Commercio Ltda.	97	97
PK Cables Nederland B.V.	100	0
PKC Europe B.V.	100	0
PKC Netherlands Holding B.V.	100	100
Carhatec Oy	100	100
TKV-sarjat Oy	100	0
Carhatest Oy	80	0
OOO Karhakos	100	0
OOO AEK	100	0

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
14. STOCKS				
Raw materials and supplies	13,565	10,688	11,154	9,502
Works in progress	6,057	3,916	4,946	3,560
Finished goods	5,298	4,546	5,038	4,399
Advance payments	97	96	0	23
Total	**25,017**	**19,246**	**21,138**	**17,484**
15. RECEIVABLES				
Non-current receivables				
Receivables from Group companies				
Trade receivables				
Loan receivables	0	0	3 950	0
Total	**0**	**0**	**3 950**	**0**
Others				
Loan receivables	100	0	100	0
Total	**100**	**0**	**100**	**0**
Total non-current receivables	**100**	**0**	**4,050**	**0**
Current receivables				
Receivables from Group companies				
Trade receivables	0	0	4,045	1,918
Loan receivables	0	0	50	807
Prepayments and accrued income	0	0	177	96
Total	**0**	**0**	**4,272**	**2,821**
Others				
Trade receivables	30,489	27,584	28,905	26,840
Loan receivables	10	26	10	26
Other receivables	1,214	1,057	1,143	1,002
Prepayments and accrued income	1,314	622	353	455
Total	**33,026**	**29,288**	**30,410**	**28,323**
Total current receivables	**33,026**	**29,288**	**34,682**	**31,144**
Prepayments and accrued income				
From Group companies				
Others	0	0	177	96
Total	**0**	**0**	**177**	**96**
Others				
Staff expenses	421	261	265	254
Financial items	1	0	1	0
Taxes	607	274	0	161
Others	285	86	87	40
Total	**1,314**	**622**	**353**	**455**

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
16. SHAREHOLDERS' EQUITY				
Share capital 1.1.	1,812	1,774	1,812	1,774
Change	122	37	122	37
Share capital 31.12.	**1,934**	**1,812**	**1,934**	**1,812**
Share issue	6	0	6	0
Share premium account 1.1.	763	763	763	763
Change	5,043	0	5,043	0
Share premium account 31.12.	**5,806**	**763**	**5,806**	**763**
Other accounts 1.1.	166	166	166	166
Change	2	0	0	0
Other accounts 31.12.	**168**	**166**	**166**	**166**
Retained earnings 1.1.	27,543	24,345	29,643	24,555
Dividend distribution	-2,423	-1,319	-2,423	-1,319
Other adjustments	0	-9	0	0
Retained earnings 31.12.	**25,118**	**23,017**	**27,219**	**23,237**
Profit for the financial year	**12,026**	**4,526**	**11,092**	**6,406**
Total shareholders' equity	**45,058**	**30,284**	**46,224**	**32,383**
17. CALCULATION OF DISTRIBUTABLE FUNDS 31.12.				
Retained earnings	25,118	23,017	27,219	23,237
Profit or loss for the financial year	12,026	4,526	11,092	6,406
Share of accumulated depreciation reserve entered under shareholders' equity	-24	0	0	0
Total	**37,120**	**27,543**	**38,311**	**29,643**
18. ACCUMULATED APPROPRIATIONS				
Depreciation reserve	0	0	0	78
19. DEFERRED TAX ASSETS AND LIABILITIES				
Deferred tax liabilities from appropriations	10	0	0	0
Total	**10**	**0**	**0**	**0**

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
20. CREDITORS				
Non-current liabilities				
To others				
Bonds	0	12	0	12
Loans from financial institutions	9,829	10,820	9,829	10,820
Pension loans	114	551	114	551
Other liabilities	275	674	275	674
Total	**10,218**	**12,056**	**10,218**	**12,056**
Total non-current liabilities	**10,218**	**12,056**	**10,218**	**12,056**
Current liabilities				
Amounts owed to Group companies				
Trade payables	0	0	790	383
Accruals and deferred income	0	0	898	159
Total	**0**	**0**	**1,688**	**542**
To others				
Loans from financial institutions	2,972	3,107	2,972	3,107
Pension loans	437	437	437	437
Accounts payable	11,090	10,938	10,490	10,598
Other liabilities	2,468	1,445	1,641	1,165
Accruals and deferred income	7,062	6,317	5,625	5,963
Total	**24,029**	**22,243**	**21,165**	**21,269**
Total current liabilities	**24,029**	**22,243**	**22,853**	**21,811**
Accruals to others				
Personnel expenses	5,714	5,105	4,747	4,920
Financial items	200	58	72	58
Taxes	898	1,115	648	960
Others	251	39	158	25
Total	**7,062**	**6,317**	**5,625**	**5,963**
Loans falling due later than five years from now				
Pension loans	149	149	149	149
Total	**149**	**149**	**149**	**149**

1,000 EUR	Group 2003	Group 2002	Parent Company 2003	Parent Company 2002
21. PLEDGES GIVEN				
Liabilities involving mortgages as security				
Loans from financial institutions	9,451	13,210	9,451	13,210
Mortgages given	14,297	13,960	14,297	13,960
Pension loans	0	84	0	84
Mortgages given	0	505	0	505
Mortgages total	**14,297**	**14,465**	**14,297**	**14,465**
Pledges given on behalf of Group companies	**133**	**133**	**133**	**133**
Pledges given on behalf of others	**0**	**841**	**0**	**841**
22. COMMITMENTS AND OTHER LIABILITIES				
Amounts to be paid for leasing commitments				
For the current financial period	430	620	386	585
Falling due at a later date	219	452	154	401
Total	**649**	**1,072**	**540**	**987**
Contingent liabilities				
For the current financial period	1,712	1,708	1,609	1,554
Falling due at a later date	10,193	11,235	10,190	11,129
Total	**11,906**	**12,942**	**11,799**	**12,683**
Liabilities for currency derivates				
Forward agreements, nominal value	895	1,700	895	1,700

Currency derivatives are used only in hedging currency risks.

Five Year Review

FINANCIAL KEY INDICATORS	2003	2002	2001	2000	1999
Net sales, 1,000 EUR	146,048	134,306	125.122	128,648	113,889
Change in net sales, %	8.8	7.3	-2.7	13.0	36.3
Operating profit, 1,000 EUR	18,428	9,365	4,131	8,955	11,357
% of net sales	12.6	7.0	3.3	7.0	10.0
Profit before extraordinary items, 1,000 EUR	18,070	7,624	2,628	7,976	10,725
Profit before taxes, 1,000 EUR	18,070	8,113	2,628	8,703	10,725
Net profit, 1,000 EUR	12,026	4,526	2,945	5,834	7,330
% of net sales	8.2	3.4	2.4	4.5	6.4
Return on equity, % (ROE)	31.9	14.8	11.4	22.3	36.5
Return on investment, % (ROI)	36.7	20.6	9.0	22.3	34.1
Gearing, %	24.5	50.2	73.0	85.6	36.8
Equity ratio, %	56.9	46.9	40.7	37.3	43.3
Quick ratio	1.5	1.4	1.1	1.0	1.0
Current ratio	2.5	2.2	2.1	2.1	1.7
Gross capital expenditure, 1,000 EUR	10,210	6,406	3,767	8,097	4,860
% of net sales	7.0	4.8	3.0	6.3	4.3
R&D expenses, 1,000 EUR	3,230	3,044	3,451	3,476	3,400
% of net sales	2.2	2.3	2.8	2.7	3.0
Personnel, average	1,723	1,146	1,052	932	730

KEY INDICATORS FOR SHARES	2003	2002	2001	2000	1999
Earnings per share (EPS), EUR	2.20	0.78	0.56	1.01	1.39
Shareholders' equity per share, EUR	7.84	5.68	4.99	4.83	4.24
Dividend per share, EUR	2.00 *	0.45	0.25	0.40	0.50
Dividend per earnings, %	90.8 *	57.7	44.8	39.6	36.0
Effective dividend yield, %	9.4 *	6.3	4.3	4.0	1.9
Price/earnings ratio (P/E)	7.7	9.1	10.4	9.9	19.2
Share price at the end of the year, EUR	21.20	7.10	5.80	10.00	26.70
Lowest share price during the year, EUR	6.75	5.80	4.01	9.26	15.60
Highest share price during the year, EUR	23.30	8.10	11.49	29.85	28.50
Average share issue-adjusted number of shares, 1,000 shares	5,462	5,330	5,275	5,275	5,275
Share issue-adjusted number of shares at the end of the financial year, 1,000 shares	5,748	5,385	5,275	5,275	5,275
Market capitalisation, 1,000 EUR	121,862	38,232	30,595	52,750	140,843
Dividend, 1,000 EUR	11,535 *	2,423	1,319	2,110	2,638

*) Board of Directors' proposal

CONSOLIDATED PROFIT AND LOSS ACCOUNT, 1,000 EUR	2003	2002	2001	2000	1999
Net sales	146,048	134,306	125,122	128,648	113,889
Operating profit	18,428	9,365	4,131	8,955	11,357
Profit before taxes	18,070	8,113	2,628	8,703	10,725
Profit for the financial year	12,026	4,526	2,945	5,834	7,330

CONSOLIDATED BALANCE SHEET, 1,000 EUR	2003	2002	2001	2000	1999
ASSETS					
Non-current assets	18,633	14,992	16,275	17,987	17,396
Current assets	60,940	49,592	48,372	50,415	34,033
Total assets	79,573	64,583	64,647	68,402	51,429
LIABILITIES					
Shareholders' equity	45,058	30,284	26,286	25,455	22,258
Minority interest	258	0	26	7	126
Non-current creditors	10,228	12,056	14,833	19,254	9,032
Current creditors	24,029	22,243	23,529	23,668	20,138
Total liabilities	79,573	64,583	64,647	68,402	51,429

Calculation of Indicators

Return on equity-% (ROE)	100 X	Profit before extraordinary items – taxes / Shareholders equity + minority interest (average)
Return on investments-% (ROI)	100 X	Profit before extraordinary items + interest and other financial expenses / Balance sheet total – interest free liabilities (average)
Gearing		Interest-bearing liabilities - cash in hand and at banks and investments / Shareholders equity + minority interest
Equity ratio, %	100 X	Shareholders equity + minority interest / Balance sheet total - advance payments received
Quick ratio		Receivables and cash in hand and at banks / Current creditors – advance payments received
Current ratio		Receivables and cash in hand and at banks + stocks / Current creditors
Earnings per share (EPS), EUR		Profit before extraordinary items – income taxes +/- miniority interest / Avarage share issue-adjusted number of shares
Shareholders' equity per share, EUR		Shareholders equity / Share issue-adjusted number of shares on the date of the financial statement
Dividend per share, EUR		Dividend paid for financial year / Share issue-adjusted number of shares on the date of the financial statement
Dividend per earnings, %	100 X	Dividend per share / Earnings per share
Effective dividend yield, %	100 X	Dividend per share / Share issue-adjusted average share price at the closing date
Price per earnings (P/E)		Share issue-adjusted average share price at the closing date / Earnings per share
Market capitalisation		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 entered into the book-entry securities system maintained by the Finnish Central Securities Depository. In order to be entitled to participate in the shareholders' meeting, the shareholder must be registered in the shareholders' register maintained by the Central Securities Depository.

PKC Group Oyj's share capital was increased twice during the financial year: by EUR 34,674.51 (registered on 10 July 2003) through a share issue directed to the owners of Carhatec Oy, pursuant to the Extraordinary General Meeting's decision on 30 June 2003; and by EUR 87,606.46 (registered on 27 November 2003) resulting from the share subscriptions with Warrants attached to a Bond Loan directed to the Group's personnel, pursuant to the General Meeting's decision on 5 March 1998. At the end of the financial year the Company's registered share capital was EUR 1,933,974.85 (EUR 1,811,693.88 at the end of 2002), divided into 5,748,184 (5,384,739) shares with a book equivalent value of about EUR 0.34 per share. After the end of the financial year the share capital has been increased pursuant to the share subscriptions made before the end of the financial year with 1998 warrants, after which the Company's registered share capital is EUR 1,940,401.04, divided into 5,767,284 shares (registered on 15 January 2004).

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 increased or decreased 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 granted by the Extraordinary General Meeting (June 30, 2003) to increase the share capital by a maximum of 5.0% (269,236 shares) through one or more share issues in order to finance an acquisition, inter-company co-operation or a similar arrangement. 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. During 2003 the Board did not increase the share capital based on this authorisation. The authorisation will be in force up to 30 June 2004.

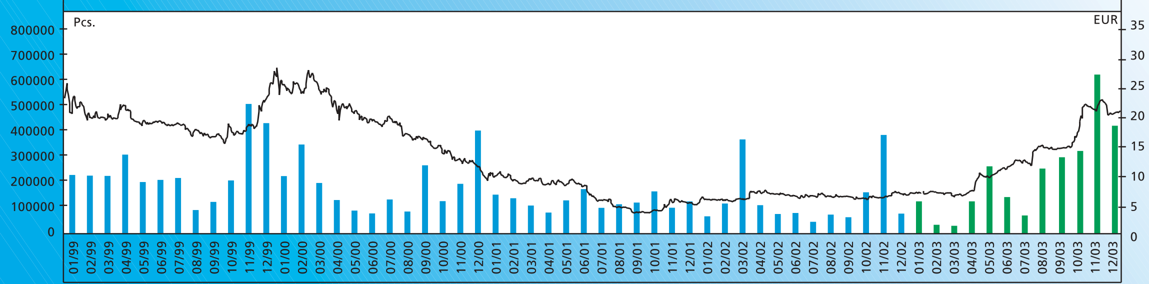
At the end of 2003 the Board did not have any other unused authorisations to issue shares, convertible bonds, warrants or stock options, or authorisation to acquire company's own shares.

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).

Turnover of PKC Group Oyj's share during the financial year was EUR 44.7 million. A total of 2,637,504 shares were traded, equalling 48.3% of the entire share capital. The last trading price of the year was EUR 21.20. The high for the year was EUR 23.30 and

SHARE PRICE AND MONTHLY TRADING VOLUME 4 JANUARY 1999 - 30 DECEMBER 2003



the low was EUR 6.75. The market capitalisation value of the company's share at the end of the financial year was EUR 121.9 million.

Taxation Value of the Shares

For the year 2003 the taxation value of PKC Group shares is EUR 14.70 for the purposes of Finnish taxation.

Shareholders

At the end of the financial year PKC Group had 4,053 registered shareholders. The shares held or represented by the Board of Directors accounted for 21.4% of the total number of shares and votes at the end of the financial year. The shareholdings of the operational management accounted for 1.1%. Nominee-registered and foreing-owned shares totalled 1,226,695 accounting for 21.3%.

The shareholdings of President Harri Suutari and Veikko Ravaska decreased below the limit of one twentieth after the increase in the share capital was entered into the Trade Register on 27 November 2003.

The company does not hold its own shares.

MAJOR SHAREHOLDERS ON 31 DECEMBER 2003

	Number of shares	Percentage of shares and votes
1 AS Harju Elekter	606,339	10.5
2 Ravaska Veikko	278,400	4.8
3 The Local Government Pension Institution of Finland	175,000	3.0
4 Hakalax Tom	171,400	3.0
5 Eestilä Matti	161,200	2.8
6 Karo Vesa	157,000	2.7
7 Saukkonen Timo	146,350	2.5
8 Ojala Leo	141,500	2.5
9 Laakkonen Mikko	100,000	1.7
10 FIM Fenno Mutual Fund	96,900	1.7
11 Luostarinen Risto	78,300	1.4
12 FIM Forte Mutual Fund	73,600	1.3
13 Investment Fund OP-Suomi Kasvu	58,500	1.0
14 Investment Fund Alfred Berg Finland	57,200	1.0
15 Suutari Harri	56,500	1.0
Major shareholders total	**2,358,189**	**40.9**
Nominee-registered	569,656	9.9
Others	2,820,339	49.2
Total	**5,748,184**	**100.0**

SHARES AND OPTION RIGHTS HELD BY THE BOARD AND MANAGEMENT ON 31 DECEMBER 2003

	Management[1]	Board of Directors[2]
Number of shares	60,900	1,232,639
Proportion of shares, %	1.1	21.4
Proportion of votes, %	1.1	21.4
Option warrants of the 1998 bond loan	2,500	5,000
Option warrants of the 2000 bond loan	55,000	0

1) Corporate Management Team
2) including shares owned or represented by Board members

DISTRIBUTION OF SHARE OWNERSHIP BY OWNER CATEGORY ON 31 DECEMBER 2003

	Percentage of shares and votes
Households and private investors	50.9
Non-corporate public sector	6.0
Non-profit organisations	7.3
Financial institutions and insurance companies	8.4
Domestic companies	6.0
Foreign investors (including nominee-registered shares)	21.3
Total	**100.0**

DISTRIBUTION OF SHARE OWNERSHIP BY SIZE OF SHAREHOLDING ON 31 DECEMBER 2003

Shares per shareholder	Shareholders		Shares		Votes	
	Pcs.	%	Pcs.	%	Pcs.	%
1 - 100	1,521	37.5	127,512	2.2	127,512	2.2
101 - 500	1,735	42.8	485,570	8.4	485,570	8.4
501 -1 000	377	9.3	307,002	5.3	307,002	5.3
1 001 - 10 000	367	9.1	958,319	16.7	958,319	16.7
10 001 - 100 000	43	1.1	1,479,290	25.7	1,479,290	25.7
100 001 -	9	0.2	2,390,491	41.6	2,390,491	41.6
Total	**4,052**	**100.0**	**5,748,184**	**100.0**	**5,748,184**	**100.0**

Stock Option Schemes Initiated in 1998 and 2000

PKC Group Oyj 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. Each option warrant of the option schemes entitles its holder to subscribe for one PKC Group Oyj's share. Shares subscribed for with the option warrants shall entitle to dividend for the financial period in which the subscription takes place. Other shareholder rights shall commence when the increase of the share capital has been entered into the trade register.

The subscription period for the shares under the bond loan issued to the personnel in 1998 has commenced gradually in 2001 and 2003 and it ends on 31 March 2004 for all option warrants. The share subscription price with the 1998 warrants is EUR 18.38 until the next matching date for the dividend distribution, after which it will be lowered by the amount of the dividends paid. The Option Scheme comprises a total of 400,000 option rights, of which 69,125 remain undistributed in Company's possession. A total of 279,485 PKC Group Oyj's shares have been subscribed for during the financial year. As a result of the exercise of the remaining outstanding option rights the Company's share capital can increase by a maximum of 51,390 shares i.e. EUR 17,290.15.

The subscription period for the shares under the bond loan directed at the company 's key employees in 2000 is from 2003 to 2006. The share subscription price is EUR 23.90 until the next matching date for the dividend distribution, after which it will be lowered by the amount of the dividends paid. The Option Scheme comprises a total of 111,000 option rights, of which 1,500 remain undistributed in Company's possession. At the end of the financial year no option rights were exercised to subscribe for shares.

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. On the Internet pages will be found also other investor information such as the latest financial indicators, shareholding structure, insider issues and other important information relevant to shareholding.

According to the information received by PKC Group Oyj the following analysts follow company's development. List may be incomplete. The company does not assume responsibility on analysts' evaluations.

Carnegie
Miikka Kinnunen
Tel. +358 9 6187 1241
E-mail miikka.kinnunen@carnegie.fi

FIM Securities
Hannu Rauhala
Tel. +358 9 613 46 310
E-mail hannu.rauhala@fim.com

Kaupthing Sofi
Mika Metsälä
Tel. +358 9 4784 0241
E-mail mika.metsala@kaupthing.fi

Mandatum Stockbrokers
Esa Hirvonen
Tel. +358 10 236 4852
E-mail esa.hirvonen@mandatum.fi

Opstock
Jarkko Nikkanen
Tel. +358 9 404 4392
E-mail jarkko.nikkanen@oko.fi

The Board's Proposal for Profit Distribution

The Group's shareholders' equity, EUR 45.1 million, includes the share capital as well as a share premium fund of EUR 5.8 million, a reserve fund of EUR 0.2 million, retained earnings of EUR 25.1 million and the profit for the financial year of EUR 12.0 million, for a total consolidated non-restricted equity of EUR 37.1 million.

The Board of Directors is proposing that from the distributable shareholders' funds, dividends totalling EUR 11,534,568.00 be paid to shareholders. Accordingly, a dividend of EUR 2.00 per share will be paid out.

Kempele 5 February 2004

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	Harri Suutari President and CEO

Auditor's Report

We have audited the accounts, the financial statement and the corporate governance of PKC Group Oyj for the period 1 January 2003 - 31 December 2003. 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 5 February 2004

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 on 10 February 1997. The key sections of the Company's Corporate Governance Guidelines ratified by the Board of Directors are included in the Annual Report. The guidelines are published in their entirety on the company's website. The Board of Directors has committed itself to developing corporate governance further and the aim is to introduce new guidelines, complying with the recommendations issued in December 2003, before 1 July 2004.

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 2003 the Annual General Meeting was held, as usual, in March and Extraordinary General Meeting on 30 June 2003.

Board of Directors

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 Annual General Meeting elects 3–7 members to the Board for a term ending at the next Annual General Meeting. The elected majority of the Board members shall comprise persons who are neither members of the company's management nor in its employ. In 2003 the general meeting confirmed the number of Board members to seven. The Board members, who are presented on page 46–47, represent expertise from both outside and inside the company as well as the viewpoint of shareholders. The Board elects from amongst its members a Chairman, who according to the Articles of Association cannot be the company 's President. In 2003 Tom Hakalax was appointed as the Chairman of the Board and Jyrki Tähtinen as Vice-Chairman. The duties and responsibilities of the Board members and the chairman are not designated specifically.

The Board meets normally 8–10 times a year and whenever necessary. In 2003 the Board held 12 meetings, of which three were telephone meetings. The average attendance of Board members at the meetings was 97.6%.

President

The company's President since 13 March 2002 has been Harri Suutari, whose profile is on page 48. 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 Board appoints the company's President and specifies his service terms and conditions in writing. The service contract of Harri Suutari is valid indefinitely. The President's retirement age is the statutory 65 years. President's service contract has provision for 6 months notice period without separate severance payment.

Other Management

PKC Group Oyj has a Corporate Management Team whose task is to deal with matters of vital importance for the company's operations and to communicate information between the different functions. The Corporate Management Team meets on average once a month and the President acts as its chairman. The Corporate Management Team consists of the directors of functions under the President's direct supervision and other persons appointed by the President. The Board of Directors confirms the selection of directors who serve directly under the President. The profile of the Corporate Management Team is presented on page 48–49.

The Group's operations are divided into two business segments corresponding to its core competence areas: wiring harnesses and electronics. The organisation is divided into five business units on the basis of customer relationships. The units are responsible for R&D, production and marketing in their own customer segments. The remainder of the organisation supporting the business units and serving the whole Group is divided operationally. The company's directors and managers are responsible, to the extent agreed, for supervising and directing the functions within their areas of responsibility, and they report regularly to the Corporate Management Team and the President.

Subsidiaries

In addition to the Finnish company Carhatec Oy, PKC Group Oyj's subsidiaries are the foreign companies PKC Eesti AS (Estonia), PK Cables do Brasil Indùstria e Comèrcio Ltda (Brazil) and PKC Netherlands Holding B.V. (the Netherlands). Of these subsidiaries, Carhatec Oy and PKC Netherlands Holding B.V. are parent companies of subgroups. The Carhatec Group includes the Finnish companies Carhatest Oy and TKV-sarjat Oy and the Russian companies OOO AEK and OOO Karhakos. In addition to the parent company, the Dutch subgroup includes PK Cables Nederland B.V. and PKC Europe 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 Directors of the subsidiaries consist mainly of representatives of the management of both PKC and the subsidiary in question.

Salaries and Remuneration

Board of Directors
The remuneration paid to the Board of Directors is confirmed by the Annual General Meeting. In 2003 the Chairman was paid EUR 1,500/meeting and other members, excluding executive members, EUR 1,000/meeting. During 2003 the parent company's Board members were paid fees totalling EUR 56,750.

In accordance with the 1998 Stock Option Scheme the Board members, excluding executive members, were granted annually during 1999-2002 at the most 1,000 warrants each. Warrants from 2000 Stock Option Scheme have not been granted to the Board members. At the end of the financial year the Board members held a total of 5,000 option warrants. The option arrangements are presented in greater detail on page 39 and the option warrants of each Board member on pages 46-47.

President
The Board of Directors confirms the President's salary and other benefits. In 2003 the President was paid salaries and other compensation totalling EUR 102,120. The President has not been granted shares or share-related rights in compensation.

Other Management
The President decides on the salaries and benefits of other management in accordance with the general principles approved by the Board of Directors. Meeting fees are not paid to Corporate Management Team.

The Corporate Management Team is included in the 1998 and 2000 Stock Option Schemes. At the end of the financial year the Corporate Management Team held a total of 57,500 option warrants. The option arrangements are presented in greater detail on page 39 and the option warrants of each director on page 48–49.

Voluntary insurance premiums didn't generate expenses in 2003. New voluntary pension insurance policies will not be taken out in accordance with the Board's decision.

The Board of Directors annually confirms the bonus to be paid to the whole personnel. In addition, the Board has authorised the President to decide on results-based bonus system for the units and functions. For year 2003 bonuses together with employer contributions amount to EUR 1.2 million for the parent company and EUR 1.4 million for the Group.

The company doesn't grant shares in compensation for Board members, President or other management. 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.

Subsidiaries
Remunerations weren't paid to the Board members of the subsidiaries in 2003. The Presidents of the subsidiaries were paid salaries and other compensation totalling EUR 213,763.

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 persons who regularly handle, during the performance of their duties, unpublished information that may affect share value. The company's statutory and specified insiders are presented in their entirety on the company's website. When major projects are ongoing, project-specific insider registers are used.

The company recommends that the insiders acquire securities issued by the company as long term investments and don't participate in active trading. It is also recommended to schedule the trading right after the publishment of the result information, taking, however, into account the restrictions that possible project-specific insider information imposes. The insiders may not trade in Company's shares or share-related rights within the 14-day period prior to the publication of an interim report and financial statement bulletin of the company.

Supervision

The Board of Directors is responsible for internal supervision, whereas the President is responsible for the practical arrangement of supervision.

Internal supervision methods include internal guidelines, reporting and various technical systems related to operations. Because the company does not have a separate internal audit organisation, special attention has been paid to the organisation of functions, operating instructions, the professional skill of employees and reporting.

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 is part of company's control system and the criteria according to which the risk management is organised is presented as an independent subject matter on pages 44–45.

Risk Management

Board of Directors has ratified company's risk management principles as part of Corporate Governance Guidelines. Risk management is part of the company's strategic planning and management. A well-implemented risk management system comprises part of the company's day-to-day functions that increase safety and bolster the confidence of all interest groups as well as help to achieve the set objectives. The Annual Report contains key sections of these principles; the remainder can be viewed on the company's website.

Market Conditions

The company's operations are significantly dependent on agreements made with a few globally operating customers and the development of their businesses. In order to decrease the risk associated with the narrow clientele, the company is focusing increasingly on its core competencies and the development of its know-how, and in so doing ensuring the continuation and deepening of its current customer relationships. The company is also seeking to expand its customer base within its current areas of business. The constant downward pressure on prices that is characteristic for the business field result in continuous upgrading of efficiency of company's operations in order to remain competitive and in the market. Cost-effectiveness is being increased by continuously developing products, rationalising production, seeking out new and more flexible ways of working, making material suppliers compete harder for the company's business and moving production to countries where labour costs are lower.

It is estimated that the long-terms business risk associated with current customers is relatively small, and presently there is no immediate danger of losing key customers.

Purchasing

Materials account for approximately half of the total costs of end products. In order to reduce material prices, purchase prices are negotiated on a centralised basis and purchasing functions are being developed further by means such as inviting a greater amount of competitive bids from suppliers. When selecting suppliers, the company still seeks to primarily use suppliers that it has had good experiences of, and, when necessary, suppliers are audited in the manner described in the quality system.

Rapid changes in the forecasts provided by customers, short customer order times, somewhat long delivery times from suppliers and the short life cycles of products impose their own challenges for material control. To minimise risks, material procurements have been centralised within the company's own units and material control is handled via operations control system encompassing the entire production network.

Materials used in manufacturing Group's products involve price risks. Price risks of copper used by the Group can be hedged by purchase contracts and by using commodity futures and options. However, no single material has a significant effect on the company's overall earnings.

Financial

The objective of financing risk management is to protect the Group against unfavourable changes in the financial markets and thus, for its part, secure Group's earnings, shareholders' equity and solvency. Group's financing and financing risk management has been centralised within the parent company's financing function. The aims of centralising are effective risk management, cost savings and optimisation of cash flow.

Risks involved in investments in the financial markets are being minimised by making contracts with sufficiently many leading and solvent banks, financial institutions and other parties. Credit risk involved in sales receivables is being managed by granting customers only customary payment periods.

Liquidity risk means risk involved in the availability of funding in any given time. Parent company's financing function is responsible for Group's liquidity and sufficiency of funding. Adequate liquidity is maintained by efficient cash management.

Interest risk is involved mainly in interest-bearing liabilities in the balance sheet. Financing function monitors the interest risk of loan portfolio and, when need be, changes the interest rate period by using forward rate agreements and options or interest rate swap agreements. Counterpart risk involved in loans is minimised by making loan agreements with at least 2–3 accepted parties.

As the Group operates in the international markets it is exposed to currency risks caused by exchange rate fluctuations. Purchase, sale and balance sheet items in foreign currencies (transaction risk) as well as investments in and loans to foreign subsidiaries (valuation risk) create currency risk. Currency risks are being hedged by using intra-company set offs, foreign currency credits, forward agreements and currency options. However, currency options may be used at the most in half of the derivative agreements. Derivatives are used only in hedging purpose. Currency risks are also hedged by the currency clauses of sales agreements. The majority of sale of products and purchase of materials are conducted in Euros.

Company's Board of Directors has ratified new financial risk management policy at the end of 2003.

Quality and Environment

Commitment to the quality of products and operations is a vital foundation of the company's operations, with uncompromising quality being one of the most important factors and values guiding the company's operations. In addition to product quality, the company has striven to promote operational quality over the entire production process.

Even though the environmental impacts of the company's business are slight, PKC strives to minimise such effects further in co-operation with customers, suppliers and subcontractors in accordance with the principle of continuous improvement.

The quality and environmental policies are specified by the company's Corporate Management Team and all employees are committed to operating in line with them. Company's management reviews and assesses the quality and environmental policy and its implementation during biannual management reviews. Quality and environmental requirements also extend to suppliers and subcontractors, and their performance is continuously assessed during co-operation.

Quality and environmental systems have been established to achieve the set goals and to serve as a tool for developing the quality and efficiency of processes, products and services. The Group, excluding the factory in Kostomuksha, has certified quality and environmental systems ISO 9001: 2000 and ISO 14001, as well as the quality system QS-9000 that was developed for the special needs of the vehicle industry. Systems are continuously improved. The objective is to obtain quality and environmental certificates for Kostomuksha during 2004.

Personnel

Employees play a decisive role in the company's development and competitiveness. According to the company's personnel strategy, the primary areas of focus are competence, commitment, well being at work and on-the-job learning. Well-being is not a separate issue but part of personnel management and it is improved in co-operation with the health care organisation, occupational safety organisation, human resources management as well as with business units and functions. PKC offers competitive employment benefits and encourages its employees to develop their professional skills. The need for personnel development is assessed annually by means of personal development discussions with each employee. The implementation of the Group's entire personnel strategy and the areas that need further development are monitored constantly.

The company's know-how is not dependent on individual employees. The competence centres formed within each function ensure that even if an individual is unable to fulfil his duties, or his employment contract is terminated, no gaps materialise in the company's know-how or operations.

Foreign units aim to functionalise the recruitment process in order to get as good resources as possible at the right time.

Labour Protection and Safety

Corporate safety means comprehensive management of the company's safety issues, and attending to safety issues is a natural aspect of the company's management. The company has drafted a corporate-level labour protection and occupational safety programme. Efficient labour protection is systematic and is based on the assessment of workplace dangers and co-operatively drawn up plans and procedures that are followed by all employees. Working conditions and the level of both labour protection and safety are monitored continuously.

The safety activities defined in the company's business location-specific safety plans aim to achieve operational conditions in which the company's safety risks are minimal and accidents and damage are prevented efficiently. The company's protection organisation seeks to prevent accidents and, should an accident occur, to prevent or limit and alleviate damage to people and assets as well as ensure the continuity of operations. The safety plans describe operating models for different types of exceptional and contingency situations and means of limiting such risks.

Information Systems and Security

Operational control and supervision are carried out using information systems. Data security has been secured by internal instructions and technical data security solutions.

The confidentiality of business secrets have been safeguarded by contracts made with employees, customers, suppliers and partners. The handling and safekeeping of information is regulated by internal instructions and diligence is exercised in all use of information.

In autumn 2003 commenced a project with the objective to formulate group-wide information security policy and to develop information security further.

Legal

The business units and departments are responsible for legal issues related to business operations and different functions. The legal counsel assists the business units and functions with dealing with these legal issues. Written agreements have been made with all major customers, suppliers and co-operation partners. An extensive electronic register is kept of the company's agreements.

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 December 2003

Tom Hakalax (b. 1946)

Chairman of the Board of Directors
Member of the Board of Directors from 1994
171,400 PKC Group Oyj's shares

Industrial Counsellor, Engineer, Commercial College Graduate
Previously PKC Group Oyj's President and CEO
Founding member of PKC Group Oyj
30 years experience at PKC Group Oyj and companies preceding it
Honorary Consul of Denmark, Board member of Technology Industries of Finland, Vice Chairman of Varma's Entrepreneurs and Employers Advisory Board

Juhani Koskinen (b. 1946)

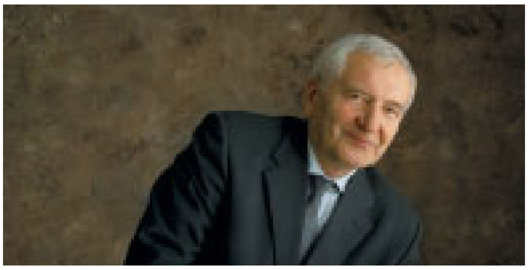
Member of the Board of Directors from 2002
1,000 PKC Group Oyj's shares

M.Sc. (Tech.)
Consultant
Previously Valmet Automotive Oy's Vice President of Supplier Management
30 years experience from vehicle industry's management duties at several companies
Member of Technology Industries of Finland's Materials Management Group, Chairman of ANI Community, Chairman of AEL-INSKO's Logistics Expert Body, Chairman of Turku Polytechnic's Logistics Advisory Board

Leo Ojala (b. 1950)

Member of the Board of Directors 1994-1995 and from 1997
141,500 PKC Group Oyj's shares

Commercial College Graduate
LO-Invest Oy's owner and Chairman of the Board of Directors
Previously PKC Group Oyj's CFO
Founding member of PKC Group Oyj
30 years experience in financial administration at PKC Group Oyj and companies preceding it



Endel Palla (b. 1941)

Member of the Board of Directors from 1994
33,000 PKC Group Oyj's shares

Electronics Engineer
As Harju Elekter Ltd's Chairman of the Supervisory Board and Development Director
30 years experience in management at AS Harju Elekter
Chairman of the Board of Directors of Satmatic Oy, Board member of UAB RIFAS, Chairman of the Supervisory Board of AS Eltek, Board member of AS Harju KEK, AS Kelmo and AS Saajos Balti, Member of the Supervisory Board of AS Glamox, Vice Chairman of the Supervisory Board of AS Keila Kaabel

Veikko Ravaska (b. 1951)

Member of the Board of Directors from 1995
278,400 PKC Group Oyj's shares

Engineer
Previously PKC Group Oyj's Logistics Director
Founding member of PKC Group Oyj
20 years experience in production and logistics management at PKC Group Oyj and companies preceding it

Risto Suonio (b. 1942)

Member of the Board of Directors from 1994
1,000 PKC Group Oyj's shares

M.Sc. (Tech.)
Independent Investor
Previously Oy Nokia Ab's Cable and Mechanical Industry Group's Director
40 years experience at Oy Nokia Ab

Jyrki Tähtinen (b. 1961)

Vice-Chairman of the Board of Directors
Member of the Board of Directors from 1999
5,000 PKC Group Oyj's options

LL.M, MBA, Attorney at Law
Attorneys at Law Borenius & Kemppinen Ltd's President and CEO
15 years experience in practising law
Member of the Board of Directors at Muoviura Oy, JSH Capital Oy and Girasole Oy

Corporate Management Team 31 December 2003

Harri Suutari (b. 1959)

President and CEO
56,500 PKC Group Oyj's shares

Engineer
With the company from 2002
Ponsse Oyj's President and CEO (1994-2000)
Kajaani Automatiikka Oy's President and CEO (1984-1996)

Pekka Korkala (b. 1969)

Business Unit Director
5,000 PKC Group Oyj's options

M.Sc. (Tech.)
With the company from 1998 as Brazilian Unit's Business Controller and in production management
Rannikon Konetekniikka Oy's Production Manager (1995-1998)

Janne Lampela (b. 1971)

Business Unit Director
5,000 PKC Group Oyj's options

Engineer
With the company from 1999 in sales and management
Outside of the company in
product development and import (1995-1999)

Veijo Simonen (b. 1952)

Business Unit Director
1,000 PKC Group Oyj's shares

Engineer
With the company from 1999
20 years experience in vehicle industry's management and development at several companies

Jukka Feiring (b. 1949)

Business Unit Director
5,000 PKC Group Oyj's options

Undergraduate of philosophy
With the company from 1979 in production development, sales and management

Eero Veijola (b. 1959)

Business Unit Director
200 PKC Group Oyj's shares
5,000 PKC Group Oyj's options

L.Sc. (Tech.)
With the company from 2000
20 years experience in research, development and management at several companies

Marko Karppinen (b. 1971)

CFO
1,000 PKC Group Oyj's shares
7,500 PKC Group Oyj's options

M.Sc. (Econ.)
With the company from 2003
Finnforest Oyj (2002-2003), latest as Chief Business Controller
Ponsse Oyj (1994-2001), latest as CFO

Mika Kari (b. 1969)

Business Development Director
700 PKC Group Oyj's shares
7,500 PKC Group Oyj's options

M.Sc. (Tech.)
With the company from 1996 in quality and business development

Ville Jaakkola (b. 1964)

Logistics Director
1,500 PKC Group Oyj's shares
12,500 PKC Group Oyj's options

M.Sc. (Tech.)
With the company from 1999
10 years experience in material purchasing, logistics and quality at companies belonging to Valmet Group

Tapio Frantti (b. 1967)

Technical Director
5,000 PKC Group Oyj's options

M.Sc. (Tech.)
With the company from 2002
ADC Telecommunication Inc.'s Product Development Manager (1999-2002)
Rautaruukki Oyj's Design/Development Engineer (1996-1999)
Etteplan Oy's Areal Manager (1994-1996)

Leevi Hietala (b. 1940)

Principal trusted representative

With the company from 1970 in production and representative duties
Typpi Oy's Prosess Attendant (1962-1970)

Matti Niemelä (b. 1960)

Personnel Director
5,000 PKC Group Oyj's options

B.Sc. (Admin.)
With the company from 2000
10 years experience in financial and administrative management as well as consulting at several companies

PKC Group's Contact Information

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 20 175 2111
Fax +358 20 175 2211

Electronics factory
PKC Group Oyj
Pajuniityntie 43
92120 Raahe, FINLAND
Tel. +358 8 210 3111
Fax +358 8 210 3201

Carhatest Oy
Tehtaantie 11
91500 Muhos, FINLAND
Tel. +358 8 533 4859
Fax +358 8 533 4869

ESTONIA

PKC EESTI AS

PKC Eesti AS
Paldiski mnt. 31
76606 Keila, ESTONIA
Tel. +372 674 7435
Fax +372 674 7432

PKC Eesti AS
Tööstuse 9
90506 Haapsalu, ESTONIA
Tel. +372 473 4774
Fax +372 472 0880

RUSSIA

OOO AEK
OOO KARHAKOS

OOO AEK
Shosse Gornjakov, 34
186930, Kostomuksha
Karelia, RUSSIA
Tel. + 7 814 59 42 354

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

THE NETHERLANDS

PKC NETHERLANDS HOLDING B.V.
PK CABLES NEDERLAND B.V.
PKC EUROPE B.V.

PK Cables Nederland B.V.
Zomerdijkweg 5
5145 PK Waalwijk, THE NETHERLANDS
Tel. +31 41 656 8111
Fax +31 41 656 8110

www.pkcgroup.com

LAYOUT: Mari Storhammar, PKC Group Oyj

PICTURES: Reijo Koirikivi, Studio P.S.V., Oulu

PKC GROUP OYJ
P.O. Box 174
FIN-90401 Oulu

Tel. +358 20 175 2111
Fax +358 20 175 2211
www.pkcgroup.com