ANNUAL REPORT 2004

PKC GROUP

INFORMATION FOR SHAREHOLDERS

GENERAL MEETING OF SHAREHOLDERS

PKC Group Oyj's Annual General Meeting will be held on Tuesday 22 March 2005 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 on 11 March 2005 and confirm his or her attendance before 4.00 p.m. on 17 March 2005.

Notice of the Annual General Meeting was given in the newspapers Helsingin Sanomat and Kaleva on 19 March and as Stock Exchange Release on 18 March 2005.

FINANCIAL REPORTS FOR 2005

PKC Group Oyj will publish its financial reports for 2005 as follows:

- Interim Report 1–3/2005 on Friday 22 April 2005 at 8.15 a.m.
- Interim Report 1–6/2005 on Friday 16 July 2005 at 8.15 a.m.
- Interim Report 1–9/2005 on Friday 22 October 2005 at 8.15 a.m.

The Interim Reports and Stock Exchange Releases 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.

DIVIDEND DISTRIBUTION

The Board of Directors proposes that the distribution of dividends for the financial year 2004 be EUR 0.20 per share. The matching date for dividends is 29 March 2005. The payment date for dividends is 5 April 2005.

CHANGE OF ADDRESS

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

KEY NUMBERS OF THE GROUP	2000	2001	2002	2003	2004
Net sales, MEUR	128.6	125.1	134.3	146.0	177.7
Operating profit, MEUR	9.0	4.1	9.4	18.4	19.4
Profit before extraordinary items, MEUR	8.0	2.6	7.6	18.1	18.2
Return on investment (ROI), %	22.3	9.0	20.6	36.7	27.9
Equity ratio, %	37.3	40.7	46.9	56.9	42.9
Gross investment, MEUR	8.1	3.8	6.4	10.2	13.3
Earnings per share (EPS), EUR	0.34	0.19	0.26	0.73	0.73
Dividend per share, EUR	0.13	0.08	0.15	0.83	0.20*)

*) board's proposal

CONTENTS

PKC GROUP

REVIEW BY THE PRESIDENT AND CEO

The past financial year was successful for PKC Group. In the first part of the year we forecast that the transfers of production to Estonia and Russia at the same time as major product changes were under way would cause a considerable, though temporary, drop in labour productivity. In step with the growth in demand for our main customers' products, our business grew historically fast. This posed further challenges for our organisation. We expanded our human resources by about a thousand new professionals, an increase of about 50%. Gauged against this backdrop, our company turned in an excellent financial year. Net sales were up over 20% and the operating profit level held steady in line with the long-term target of over 10%.

The revamp of our production organisation that was started in 2002 moved ahead according to plan. The objective of the revamp is to centralise our European mass production at our factories in Estonia and Russia, thereby securing a competitive advantage that will ensure the further growth of our operations. During the current year the small factory in the Netherlands will be closed and the proportion of manufacturing in Finland will be scaled back further.

Our Brazilian production company that has served the Latin American market since 1997 is now growing at a good pace: the company's sales almost doubled. The Brazilian economy appears to be balancing, and over the past few years Brazil has become a major manufacturer and exporter of machinery and equipment. The investment decision taken seven years ago has been an excellent move. We are continuing to expand our wiring harness operations to new markets as our resources and opportunities permit. At present, China, India and Russia look like target countries in which demand for heavy vehicles can be forecast to grow in the years ahead and thus offer growth potential for PKC.

During the past year we reorganised our Group structure. This involved separating our electronics business into a subgroup that has production companies in Finland and Russia. The move means that PKC can develop its various businesses as independent entities to correspond better to their divergent business needs.

Our company's cash flow was negative last year. The biggest items were extensive capital expenditures, especially for the factory in Kostomuksha as well as an increase in working capital in line with the growth in operations. The level of capital expenditures in the current year will still remain high, but there is reason to assume that, with the streamlining of our production system, the capital tied up in stocks will diminish relatively. We paid out exceptionally large dividendsfor the 2003 financial year. I believe that the Company's shareholders wish in future to return to our policy of paying, when the situation permits, a dividend averaging about a third of our net profit.

Our company's share continued to attract growing interest amongst investors. Share turnover almost tripled. I am especially happy to see the significant increase in holdings by foreigners. We proved worthy of investors' confidence in us: the Company's share price rose by 35%. Management's shareholdings in the Company increased to 2.6%. The Government's decision to propose abolishment of the wealth tax beginning in 2006 will restore, by and large, an even playing field for both Finnish private shareholders and institutional investors. This is why the crumbling of Finnish private share ownership, which was in the air for a brief time, may slow down in the future. I see this as a significant factor for PKC's operations.

The world economy is now going through a stage of exceptionally robust growth. The trend is being propelled by the so-called new markets, such as China, India, Russia, Brazil and Eastern Europe. The principal threats to the development of PKC's markets are the weakening in the exchange rate of the United States dollar and the high price of oil. I believe that the markets will hold steady at their present level and that PKC's net sales will increase somewhat along with its growing market share. I anticipate that profitability will remain good. Reduced amortisation of goodwill and the lower tax rate will improve our relative net profit.

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


BIG WHEELS KEEP ON TURNING.

PKC's net sales increased by more than 20% due to growth in demand for the products of its main customers.

2004

STRATEGY

THE VISION

PKC Group's vision is to be

A price-competitive, high-quality and effortless partner in co-operation
PKC seeks solutions that will maintain the price competitiveness of its products and services also in the years ahead. Manufacturing process has already been largely moved to countries with a lower cost level. PKC is continuing to devote resources to developing working methods and quality. Operations are organised to bring maximum added value to customers.

The leading European manufacturer of wiring harnesses for the commercial vehicle industry
The PKC Group is striving to attain an even firmer foothold as a global manufacturer of wiring harnesses for the commercial vehicle industry – especially for trucks. A primary aim is close co-operation with commercial vehicle manufacturers who have European roots and employ European technology.

A Nordic electronics contract manufacturer
Within electronics contract manufacturing services, the PKC Group is targeting a position as a local supplier to Nordic, primarily Finnish, customers. Resources will be channelled towards reinforcing our present position, with an emphasis on the energetic development of our price-competitive and high-quality manufacturing facility located in Russia, near the Finnish border.

THE MISSION

PKC Group's mission is to

Offer customers service that exceed their expectations
PKC Group endeavours to be the best potential partner in co-operation for our customers in terms of its technological expertise, the quality of its operations and its price level. PKC values long-term co-operation.

Grow profitably and bring added value for shareholders
The steady and profitable growth of operations generates rising shareholder value and brings high-volume benefits. Growth will be sought among both our existing and new customers. PKC can grow both organically and through acquisitions.

Uphold profit-making ability
PKC strives for good profitability in everything it does. This calls for high quality and efficient production. Profit-making ability is bolstered by results-based management and analytical decision-making.

Advance cost-efficiency
PKC makes use of the geographically most cost-effective manufacturing locations, which makes it globally a price-competitive manufacturing partner. By leveraging high volumes, customers benefit from lower component prices. Development of working methods and quality systems ensure affordable and high-quality products.

Offer personnel improving working environment
As the leading international player in its field, the PKC Group strives to offer its employees a rewarding job. By creating opportunities to develop and advance in job assignments, we ensure the best resources for our growing company.

THE VALUES

PKC Group's values are

Commitment
We keep the promises we make to customers, partners and co-workers. We want to do our best to achieve our company's objectives and vision.

Quality
We recognise our responsibility for the quality of our products and services and we join together to develop even more efficient and flawless operations. We strive to minimise the environmental impacts of our operations.

Profitability
Our operations must be profitable and cost-effective, with efficient employment of capital and attention to maintaining our company's equity ratio at an adequate level.

Co-operation
Co-operation is a strength and resource for us. Transparency, mutual respect and equal treatment are the way we build up co-operation.

PERSONNEL

The feel of strong traditions
In honour of the 35-year jubilee of PKC Group Oyj's wiring harness production for vehicles that was started by Pohjolan Kaapeli, the Group published the historical work Trailblazer in the Finnish subcontracting industry – PKC Group 1969–2004. This 270-page historical account was written by journalist Mika Kulju.

The history describes the part that each period's conditions and thousands of different individuals played in the business's origin and development. The purpose of the book is to bring about the feeling of a strong tradition and the ever-closer ties between the personnel of PKC and its stakeholders.

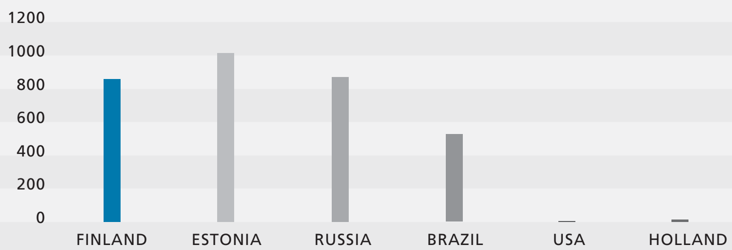
Ethical principles guide operations
The past summer saw the publication of the ethical principles that guide the entire Group's personnel and its operations. These principles are based on both labour legislation and PKC's values: commitment, quality, profitability and co-operation. The ethical principles set out guidelines covering both internal and external operations, and the personnel have familiarised themselves with these principles in meetings at the department and team level.

Information security is an integral part of day-to-day operations
Information security extends to all functions and is an integral part of the company's day-to-day operations, corporate security and risk management. Each employee must know the information security risks involved in their own job and work environment and take protective measures. To make this explicit to the personnel, PKC wrote up its information security policy, complete with related guidelines.

The information security policy creates a framework for responsible operations and provides general goals and guidelines for developing and maintaining information security. The specific guidelines, in turn, contain more detailed practical instructions on the personnel's activities and how they should deal with information.

Personnel development: from strategy to practice
Personnel development is based on the company's vision and strategy. Identifying and defining competence requirements was a major development focus in 2004. The process involved setting out, for each business unit and in different strategic subareas, the

PERSONNEL IN THE END OF THE YEAR



PERSONNEL BY REGION, 31.12.2004

objectives, the critical success factors and competencies in line with the company's vision. By means of the action plans drawn up on the basis of these elements, competence and skills are developed in accordance with the business's needs.

The objectives are brought to the individual level by way of performance assessment discussions. The action plans of the units are turned into plans at the individual level and the coming year's development and training plans are worked out, always taking into account personal wishes and career objectives.

Personnel competence is developed in collaboration with various training organisations. For example, a training programme for key personnel was launched last year. For several years now, PKC has offered the entire personnel the opportunity to study foreign languages.

Job well-being and safety are a common concern

The objective of job well-being projects is to guarantee employees a healthy and productive working environment and an opportunity to experience the joy of work. Preventive occupational safety measures are a special emphasis in co-operation among the occupational health staff, the work safety committee and the line organisation. Personnel are encouraged to pay attention to their own job well-being.

The programme aiming at improving the working environment and preventive occupational safety has been continued actively. An improvement in this index has been achieved by a number of departments in 2004. Moreover, an occupational safety ombudsman and an occupational safety guidance officer make regular assessments of risks at the factory. The results will be evaluated and corrective measures undertaken immediately.

Rewarding personnel

PKC's new strategy-driven reward system supports the entire Group's objectives. Bonuses are determined on the basis of strategic objectives set for each business unit and support operation in line with the company's vision.

Personnel management challenges in 2005

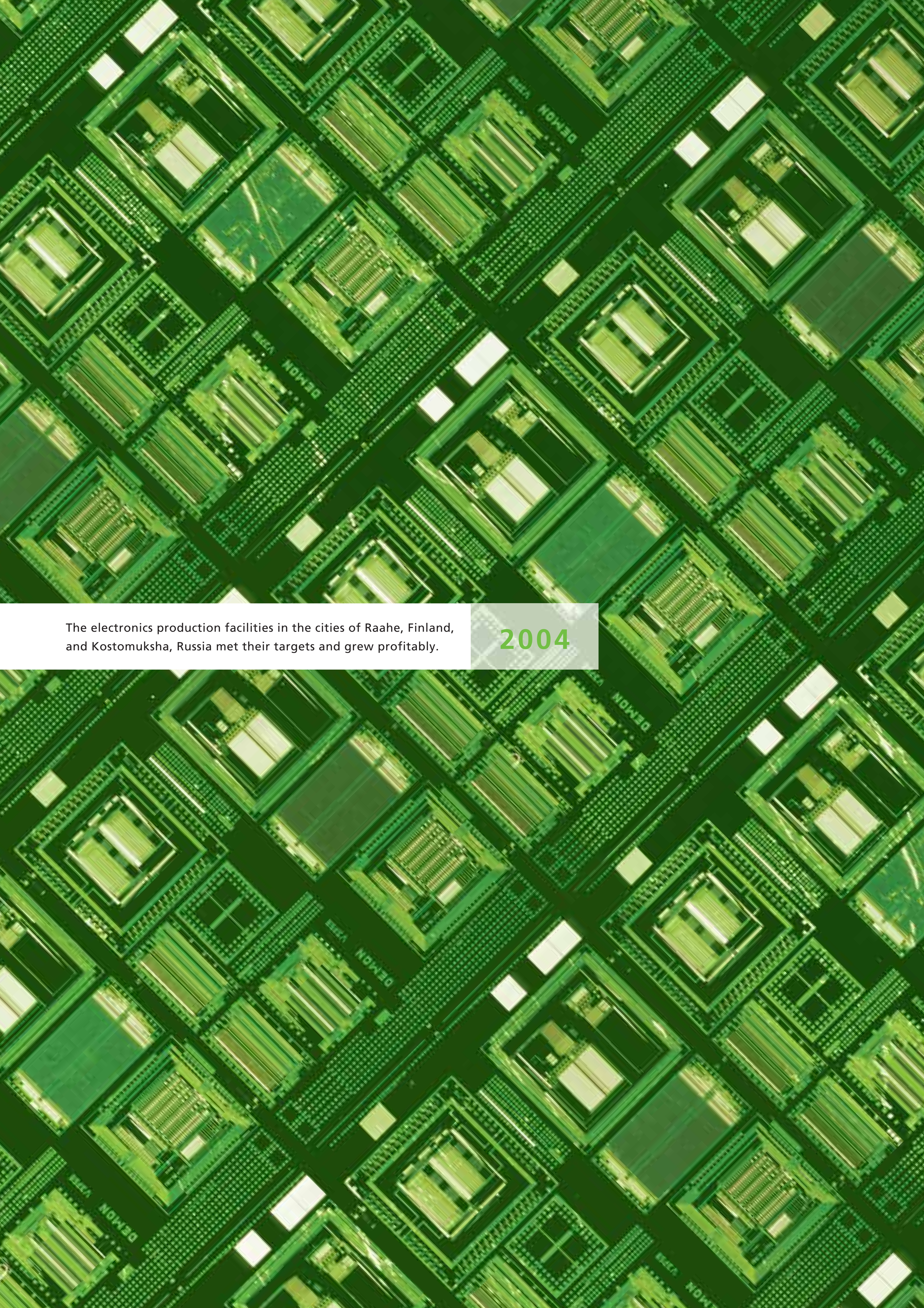
A good physical, emotional and social work environment lays the foundation for personnel's well-being. PKC's next job satisfaction survey will be carried out in spring 2005. The survey will seek to identify the company's strengths and areas for development from the personnel's viewpoint, and it will serve as a blueprint for making development plans.

PKC offers various opportunities for self-development by means of on-the-job learning, training, job rotation and career planning. The development of a well-functioning job rotation model is one of the company's challenges in 2005.

A workplace-specific safety index procedure will be launched at the European units of the PKC Group during the coming year. Among the areas to be monitored are sickness absences, accidents, information security anomalies and improvement of job well-being.

In 2005 the challenges for personnel management centre mainly on improvements to be realised at PKC's units abroad. Successful mobilisation of information security guidelines and the ethical code also calls for further actions.

ACCORDING TO THE TARGETS.



The electronics production facilities in the cities of Raahe, Finland, and Kostomuksha, Russia met their targets and grew profitably.

2004

QUALITY AND THE ENVIRONMENT

Quality management
Quality is one of the PKC Group's values. PKC is committed to developing its business processes, working methods and systems in a spirit of continuous improvement, with an eye to customers' needs and expectations. Developing quality is a long-term process in which the personnel play a central role.

Quality management systems
Quality management systems have long traditions at PKC. Systems have been developed for the long term, taking into account the demands set by the operating environment and internal requirements. Development work has been carried on both within the Group and together with partners. The stringent quality requirements of the automotive industry have served as guidelines for developing the quality management system and business processes.

In 2004 the Group's unit in Kostomuksha, Russia, was granted ISO 9001, ISO 14001 and ISO/TS 16949 certificates. In addition, the quality systems of the units in Kempele, Finland, and Estonia, which have been certified according to QS-9000, were updated and certified under the ISO/TS 16949 system. The units in Europe, which adhere to unified business processes and working methods, have been brought together under one Group-wide certificate. The Group-wide certificate covers the ISO 9001, ISO/TS 16949 and ISO 14001 systems.

Continuous improvement
The Group's global quality benchmarks are monitored regularly and information obtained by means of them is used as an aid for making continuous improvements. Internal assessments are used to track the efficiency and appropriateness of processes and working methods. The results of the assessments are utilised at all levels of the organisation. In addition, personnel are encouraged to come forth with development suggestions to ensure continuous development. Quality assurance measures have been integrated as far as possible into different stages of the manufacturing process. Quality assurance during production

DEVELOPMENT OF PKC'S QUALITY SYSTEM

1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004

- 1987: **KEMPELE** QUALITY MANUAL BASED ON THE ISO 9000 STANDARD
- 1989: **KEMPELE** SAAB-VALMET QUALITY AWARD
- 1991: **KEMPELE** ISO 9003 PROJECT TOGETHER WITH SUPPLIERS
- 1995: **KEMPELE** ISO9002 CERTIFICATE
- 1997: **ESTONIA** ISO14001 CERTIFICATE
- 1999: **KEMPELE** ISO 9001 AND ISO 14001 CERTIFICATES; **VYBORG (PARTNER)** ISO 9002 CERTIFICATE; **MUHOS** ISO 9002 CERTIFICATE
- 2002: **KEMPELE** QS-9000 CERTIFICATE; **ESTONIA** ISO14001 CERTIFICATE
- 2003: **ESTONIA** QS-9000 CERTIFICATE
- 2004: **KEMPELE** ISO/TS 16949 CERTIFICATE; **KOSTOMUKSHA** ISO 9001, ISO 14001 AND ISO/TS 16949 CERTIFICATES; **ESTONIA** ISO/TS 16949 CERTIFICATE; **VYBORG (PARTNER)** ISO14001 CERTIFICATE

is furthered both by employing new technical tools and by developing working and testing methods.

As the subsidiaries take on greater responsibility for manufacturing processes, the coherence, functionality, controllability and efficiency of business processes are becoming more and more pivotal. As a result, process measuring and unified working methods face ever more stringent requirements for spurring continuous improvement, efficient resources allocation and better response times. In the years ahead, the importance of developing competence through continuous training and motivating the personnel will continue to grow.

Environmental responsibility
In accordance with its environmental policy, PKC has given its commitment to reduce the environmental impacts resulting from its operations even further. The care for the environment is an integral part of everyday operations, and it extends to all the Company's functions.

Managing environmental affairs
All PKC Group factories have an environmental system that is certified under ISO 14001. Each factory attends independently to the management of environmental affairs in accordance with its environmental programmes and local legislation. The effectiveness of the environmental programmes is monitored on group level. Key areas for the management of environmental affairs are efficient waste disposal, raising the recycling rate and reducing the use of harmful substances. The main indicators of environmental objectives are measured continuously. The information obtained by monitoring these indicators is utilised in managing environmental affairs and assessing environmental impacts.

Future challenges
Owing to the requirements set by the European Union's RoHS directive (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment), the PKC Group has undertaken a process of systematically mapping out processes and components. The purpose of the process is to replace components containing prohibited substances and lead-based processes by the deadline specified in the directive. For the most part, the shift to materials and processes in accordance with the directive will be made during 2005. In the years ahead, the product design process will pay increasing attention to the environmental aspects.

PKC'S CERTIFICATES AT THE END OF THE YEAR 2004

BUSINESS OPERATIONS

WIRING HARNESS BUSINESS

Year 2004 was a time of reorganisation of PKC's wiring harness production. The units in Estonia and Russia were developed energetically, whilst streamlining and boosting the efficiency of the logistics chains.

The transfer of production of the business unit that will be centralised in Estonia was seen nearly to completion. Estonia's accession to the European Union contributed to facilitating the changeover to direct transports of materials and final products. The expansions of the leased premises that will be completed in Keila and Haapsalu in 2005 enable direct deliveries to customers from Estonia. The production in Waalwijk, the Netherlands, will be closed in spring 2005.

The Carhatec Group's wiring harness production and personnel were transferred to the parent company at the start of the previous year. Carhatest Oy's production of testing counterpieces increased substantially. Most of the growth came from products delivered to the parent company.

In Kostomuksha, Russia, a 8,400 square metre extension to the production facilities was completed at a cost of over 5 million euros. The factory hired more than 400 new employees during the year. The Kostomuksha facility will be expanded further by approx. 9,400 square metres in 2005. Part of the front-end of PKC's production process has been moved to Kostomuksha. Further transfers will be made this year. In future, only final assembly for individual vehicles will be carried out in Finland.

During the year, EUR 7.8 million was invested in machinery and equipment for wiring harness production, mainly for the production units in Estonia and Russia.

Discounts have been negotiated on the purchase prices of components, but this has been offset partly by the strong rise in the prices of copper and oil. Because of transfers of production and the start-up of the manufacture of new products, the volume of operating inventories has increased. The inventory turnover rate will be stepped up during 2005.

The unit in Brazil increased its net sales by 80% during the year and profitability reached a good level. The unit's number of employees grew by nearly 50% over the year. Thanks to Brazil's favourable economic trend, production is expected to grow further this year too. Approximately 3,700 square metres of new production facilities will be placed in use. Additional investments will also be made in production machinery and equipment.

The research and development emphasis for the wiring harness business is on production methods and equipment. Assembly line and final testing solutions that have been developed when starting up new products will speed up learning and the development of capacity. Product development will be related mainly to improving manufacturability and cost-effectiveness. Product design collaboration with PKC's main customers was increased.

During the past year we developed a capability for using bus technology in accordance with the LIN protocol for the electrical systems of commercial vehicles. The first deliveries are expected to begin in 2005.

ELECTRONICS BUSINESS

PKC's Electronics business segment exceeded its net sales target in 2004. Profitability was on an upward trend too. Major capital expenditures in Kostomuksha and the resultant improved price competitiveness helped PKC to forge important new customer relationships and strengthened the company's position as a supplier to its present customers.

PKC has electronics manufacturing operations in Raahe (Finland) and Kostomuksha (Russia). Henceforth, the electronics factory in Raahe will be involved in starting up the manufacture of new products and will be a manufacturing site for products requiring a large degree of flexibility. The factory's competitive advantages are highly skilled employees, good flexibility and a mastery of special production techniques, such as fully automatic lacquering.

The future growth of electronics production will centre round the operation in Kostomuksha, where a modern electronics facility was built in 2004. The factory will be able to serve customers from pre-production phase to final testing of products. At the end of 2004, there were about a 100 people employed in electronics production in Kostomuksha, and strong growth will continue in the years ahead.

In the spring 2004 the subsidiary PKC Group Americas Inc. was established to carry on technical co-operation with customers. The new company facilitates smoother project management and speeds up project through-put times.

The priority within materials management has been to line up new cost-effective suppliers, especially in East Asia, with a further emphasis on stepping up inventory turnover.

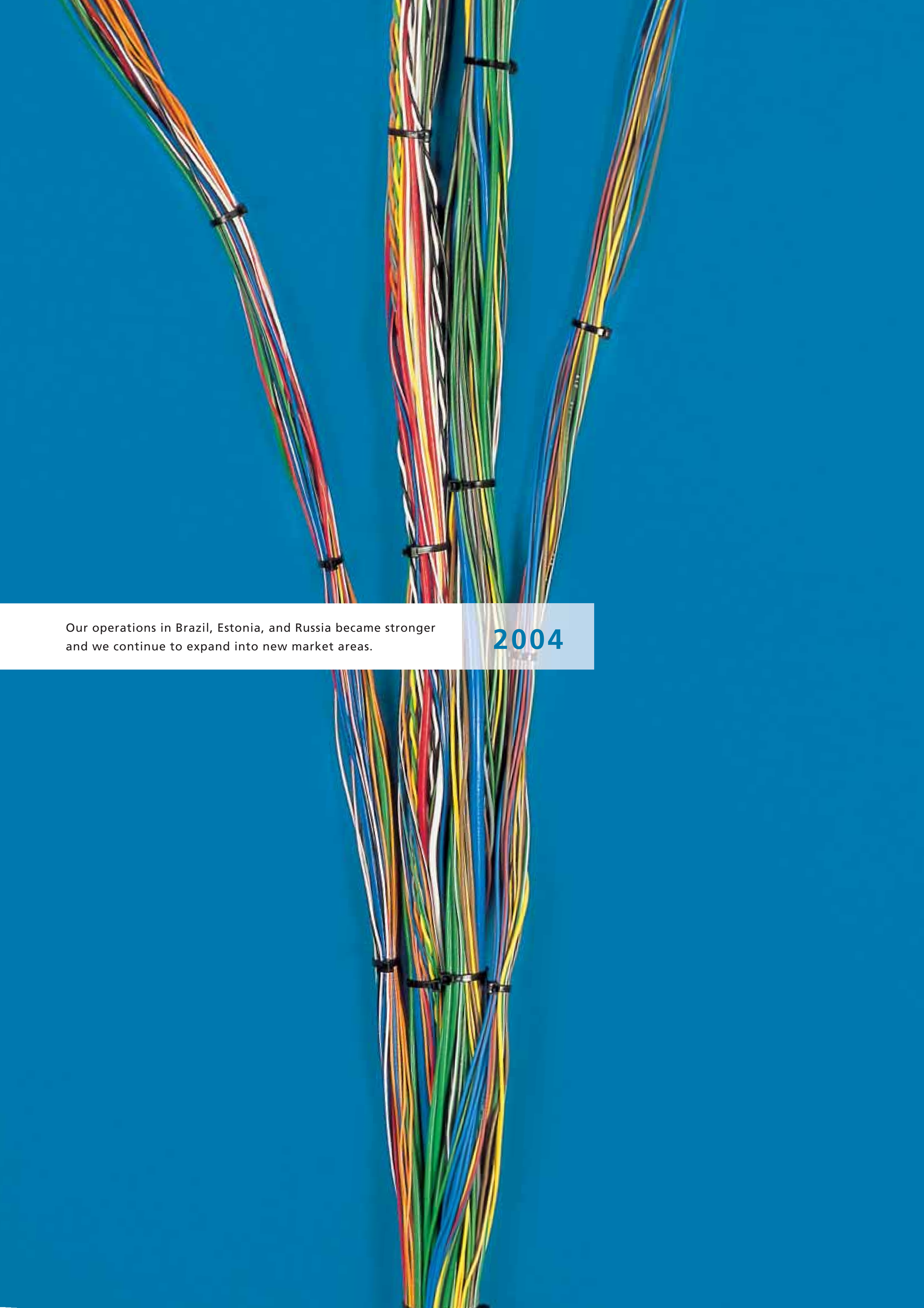
During 2004 part of the production was altered in accordance with the RoHS directive on lead-free products. In addition, we are offering our customers a service in which present products are redesigned in line with the RoHS directive.

Further inputs have been made into proprietary product development. PKC has strengthened its position as a strategic design co-operation partner for certain customers. About a third of net sales comes from products which PKC itself has designed.

The strategic priorities for the Electronics business will be to utilise the cost-effective electronics production in Kostomuksha to the fullest within contract manufacturing, and to increase the volume of design activities.

The Electronics business was incorporated on 1 October 2004. PKC Electronics Oy operates as a contract designer and manufacturer for the telecommunications and automation industries. The objective of the arrangement is to streamline the Group structure so that it better meets the needs of the business and facilitates rationalisation and cost-saving measures.

HEADING TOWARDS NEW MARKETS.



Our operations in Brazil, Estonia, and Russia became stronger and we continue to expand into new market areas.

2004

REPORT BY THE BOARD OF DIRECTORS

Operating environment
The volumes of heavy trucks sold grew further in all market areas during the past year. Registrations in PKC's major market area, Western Europe, increased by about 8%. The increase is due in part to economic growth in the East European countries. In future the rise in the price of oil may nevertheless exert a drag on demand.

The globalisation of the wiring harness business continued. With the consolidation of truck manufacturing, the number of suppliers will decrease, whereas volumes and total delivery packages will expand, thereby making it necessary for suppliers to push ahead with their already ongoing process of setting up operations in new markets.

During the past year the outsourcing of manufacturing to EMS suppliers like PKC Electronics continued in the electronics and telecommunications sectors.

Net sales and financial performance
Consolidated net sales in 2004 increased by 21.7% on the previous year to EUR 177.7 million (146.0 million). Net sales generated by Wiring Harnesses totalled EUR 135.7 million (113.4 million), accounting for 76.4% of consolidated net sales (77.7%). Net sales reported by the Electronics segment were EUR 42.0 million (32.6 million), representing 23.6% (22.3%) of consolidated net sales.

Consolidated operating profit totalled EUR 19.4 million (18.4 million), amounting to 10.9% of net sales (12.6%). Depreciations amounted to EUR 6.3 million (5.9 million). Financial items were EUR 1.2 million negative (0.4 million negative). The growth in financial items is due to higher interest expenses and foreign exchange differences resulting from the increase in interest-bearing liabilities. Profit before taxes was EUR 18.2 million (18.1 million). Net profit for the financial year was EUR 12.8 million (EUR 12.0 million). Earnings per share were EUR 0.73 (0.73).

During the report period consolidated net sales developed favourably due to stronger demand for the products of existing customers. Thanks to higher delivery volumes, full-year profitability held up at a good level. In the second and third quarters, relative profitability was weakened by the product changes that were launched and by production start-ups for new products. Owing to volume growth and smooth production start-ups, profitability improved in the last quarter compared with the first part of the year. Relative profitability during the previous financial year was at an exceptionally good level due to well-running production of firmly established products.

Balance sheet and financing
Consolidated total assets at 31 December 2004 stood at EUR 105.1 million (79.6 million). Interest-bearing liabilities totalled EUR 36.0 million at the close of the report period (13.9 million). The Group's equity ratio was 42.9% (56.9%). Net debts totalled EUR 30.9 million and gearing was 68,5% (24.5%). The fall in the equity ratio was attributable to the larger-than-usual dividends paid out during the past financial year and to the investments made in production units abroad.

Inventories amounted to EUR 27.8 million (25.0 million). The growth in inventories was attributable to the increase in business volume as well as the arrangements related to transfers of production to Estonia and Russia and to the start-up of production of new products. The volume of stocks nevertheless decreased by EUR 3.6 million from the highest level in the financial year, which was stated in the September 2004 interim report.

Receivables totalled EUR 47.4 million (33.1 million). The increase in receivables was due mainly to the strong increase in sales. Cash flow after investments was EUR 7.1 million negative (0.5 million positive). Cash in hand and at bank amounted to EUR 5.1 million (2.8 million). In order to ensure financing flexibility, PKC has credit facilities in use.

There are no mortgages given as security for liabilities within off-balance sheet commitments (EUR 14.3 million in the comparison year). The mortgages have been released through the rearrangement of debt financing and collateral.

Capital Expenditures
Consolidated gross capital expenditures totalled EUR 13.3 million (10.2 million), amounting to 7.5% of net sales (7.0%). Capital expenditures went mainly for production facilities at the factory in Russia as well as for machinery and equipment at the factories in Estonia and Russia.

The second phase of the 8,400 square metre expansion of the PKC Group's factory in Kostomuksha went into operation in autumn 2004. Because of increased demand for wiring harnesses for heavy vehicles, the company has decided to expand the factory further.

The new enlargement adds about 9,400 square metres of floor space and is to be completed in autumn 2005.

Research & development

Research and development expenditure totalled EUR 4.0 million (3.2 million), representing 2.3% (2.2%) of consolidated net sales. At the end of the financial year, 55 (51) people were employed in product development.

Personnel

The Group had an average payroll during the financial year of 2,742 employees (1,723). The Group's staff at the end of the year numbered 3,285 employees (2,152), of whom 2,426 (1,354) worked abroad and 859 (798) in Finland.

The strong growth in the number of personnel is due both to the increase in delivery volumes and the drop in labour productivity resulting from start-ups of the manufacture of new products.

Quality and the environment

The quality systems of the factories in Kempele and Estonia were updated and certified in accordance with the ISO/TS 16949 standard for the automotive industry. The ISO/TS 16949 standard supersedes the previously certified QS-9000 standard. Harmonisation of the quality systems for the Group's vehicle manufacturing quality systems was seen to completion during 2004, when the manufacturing facility in Kostomuksha was certified according to the ISO 9001 and ISO/TS 16949 quality system standards as well as the ISO 14001 environmental system standard. At the same time, electronics production in Kostomuksha was certified according to the ISO 9001 and ISO 14001 standards. Following these certifications, the Group's vehicle industry segment operates on the basis of a uniform quality manual and processes.

The Group's environmental policy has been certified in accordance with the ISO 14001 environmental system. The main emphasis in the management of environmental affairs 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 process emissions or effluents.

Preparations were made for meeting the requirements of the EC's RoHS directive (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment) by developing production processes and placing in use components that comply with the directive. At PKC's electronics factories, part of the production lines fulfil the RoHS requirements, and the first products in accordance with the directive were delivered to customers in autumn 2004.

Transition to IFRS accounting standards

The PKC Group will adopt IFRS reporting standards as from 1 January 2005. 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. Prior to the introduction of IFRS, PKC has prepared its consolidated financial statements in accordance with Finnish Accounting Standards (FAS).

As a consequence of the transition to IFRS, consolidated shareholders' equity will increase by a total of EUR 2.7 million in the opening balance sheet at 1 January 2004. The increase in consolidated shareholders' equity is attributable to the capitalisation of fixed production overheads within inventories. Shareholders' equity is furthermore increased by entries for deferred taxes and slightly by entries due to the capitalisation of assets obtained under a finance lease.

The IFRS standards in force at the time of preparation of the financial statements were applied in preparing the opening balance sheet. The opening balance sheet may change further if any standard or its interpretation changes prior to the completion of the IFRS financial statements for the financial year 1 January – 31 December 2005.

The effects of the transition to IFRS reporting on the consolidated opening balance sheet and shareholders' equity are presented in greater detail in the stock exchange release published on 16 December 2004. Quarterly comparative information in accordance with IFRS for 2004 will be presented in the interim reports during 2005.

Corporate governance

The new recommendation on the corporate governance of listed companies that was prepared by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Federation of Finnish Industry and Employers came into force on 1 July 2004. PKC Group Oyj has overhauled the company's corporate governance principles in accordance with the new recommendation. The corporate governance principles can be viewed on the company's website at the address www.pkcgroup.com/english/investor_information/corporate_governance/guidelines.html.

Changes in the organisational structure

The business operations of the subsidiaries Carhatec Oy and TKV-Sarjat Oy were transferred to the parent company PKC Group Oyj on 1 January 2004 in order to lift operational efficiency further. The production operations of the Dutch subsidiary PK Cables Nederland B.V. will be transferred to the Estonian subsidiary's factories in the first half of 2005. The aim is to achieve cost-savings and improve competitiveness.

PKC Group Oyj passed a resolution to turn the business area that provides electronics product development and contract manufacturing services into an independent subgroup, notably because of the dissimilarity of the business areas, the different market situation of the sectors and customer base as well as their divergent business needs. Accordingly, the business that provides the company's electronics product development and contract manufacturing services was transferred on 30 September 2004 to PKC Electronics Oy, a subsidiary that was established for this purpose. The company began operations on 1 October 2004. The spin-off did not result in changes in line operations. About 250 employees of the electronics business transferred to PKC Electronics Oy under their current terms of employment.

PKC Group Americas Inc., the new subsidiary that started operations in the United States in April, was transferred to the ownership of PKC Electronics Oy. PKC Group Americas was established to carry on technical co-operation with customers. At present it has two employees. Measures connected with the subgroup formation have been continued in respect of the units abroad in the last quarter of the year. The wiring harness business and the Group's support functions remained within PKC Group Oyj. At the close of the report period, Eero Veijola, L.Sc. Tech., was appointed managing director of PKC Electronics Oy, effective 1 January 2005. Mr. Veijola has been with the PKC Group since 2000 and was most recently in charge of the electronics business that was transferred to the newly established company.

Management and auditors

The members of the Board of Directors of PKC Group Oyj during the financial year were Tom Hakalax (chairman), Juhani Koskinen, Leo Ojala, Endel Palla, Veikko Ravaska, Risto Suonio and Jyrki Tähtinen.

Harri Suutari has served as the company's President & CEO. Mika Kari was appointed executive vice president and deputy CEO, effective 26 March 2004.

The company's auditor was Ernst & Young Oy, Authorised Public Accounting Firm with Rauno Sipilä, Authorised Public Accountant, acting as the principal auditor.

Events after the close of the financial year

A few changes were made in the Corporate Management Team after the close of the financial year. Following the retirement of Principal trusted representative Leevi Hietala, the new Principal trusted representative, Ari Aho (49), was appointed in his place to Corporate Management Team, effective 1 January 2005.

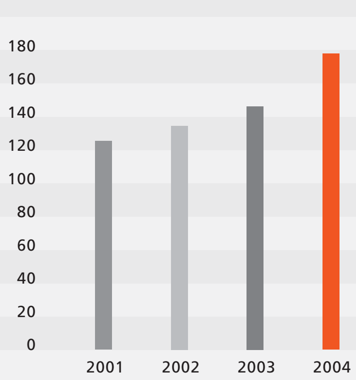
Jyri Kontio, L.Sc. Tech., (30) has been appointed Business Unit Director and a member of the Corporate Management Team as of 1 February 2005. Pekka Korkala, who previously occupied this position, will stay on as a member of the Corporate Management Team as production expert.

Outlook for the future

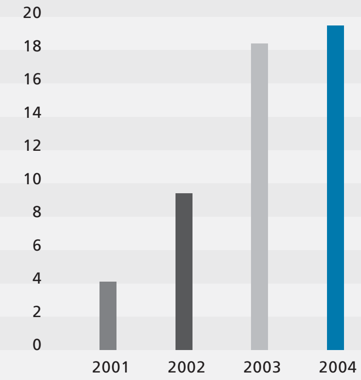
The world economy is going through a lengthy period of stable growth. We believe that the current growth cycle in the commercial vehicle markets will continue also this year and that deliveries to our main customers will grow further. Thanks to the gain in market share, our deliveries to the commercial vehicle industry are set to outpace the overall vehicle market by a slight margin.

We expect that the electronics contract manufacturing market in Finland will remain at the present level. Owing to our improved competitive position, we expect to be able to increase our deliveries of electronics somewhat.

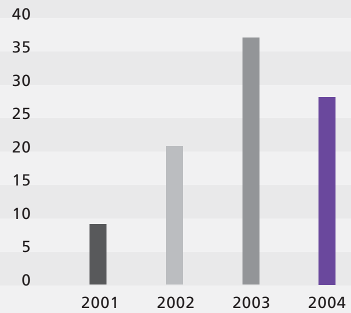
Consolidated full-year net sales are expected to grow and profitability should remain at a good level. Because of fluctuations in volumes and pricing factors, relative profitability in the first part of the year is usually weaker than in the latter part.



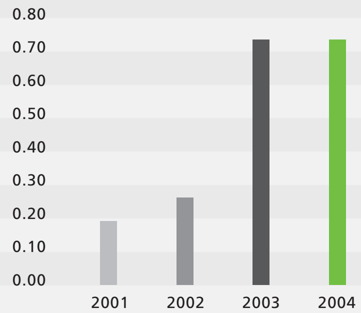
NET SALES, MEUR



OPERATING PROFIT, MEUR

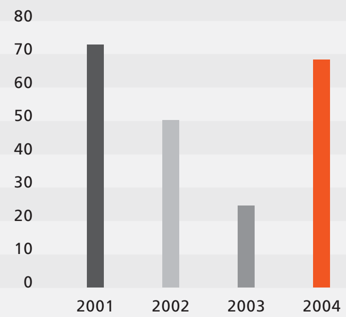


RETURN ON INVESTMENT (ROI), %



EARNINGS PER SHARE (EPS), EUR

EQUITY RATIO, %



GEARING, %

1,000 EUR	Note	1.1.–31.12.2004	1.1.–31.12.2003
NET SALES	1	**177,697**	**146,048**
Increase (+) / decrease (-) in stocks of finished goods and work in progress		-1,255	2,706
Production for own use		517	
Other operating income	2	535	576
Raw materials and services	3	91,897	78,180
Staff expenses	4	42,269	32,557
Depreciation and value adjustments	5	6,306	5,852
Other operating charges	6	17,597	14,314
OPERATING PROFIT		**19,427**	**18,428**
Financial income and expenses	7	-1,233	-358
PROFIT BEFORE TAXES		**18,194**	**18,070**
Income taxes	8	-5,382	-6,028
Minority interest		-49	-16
PROFIT FOR THE FINANCIAL YEAR		**12,762**	**12,026**

1,000 EUR	Note	31.12.2004	31.12.2003
ASSETS			
NON-CURRENT ASSETS	9		
Intangible assets		2,235	3,653
Tangible assets		22,389	14,649
Investments		239	331
Non-current assets total		**24,863**	**18,633**
CURRENT ASSETS			
Stocks	12	27,828	25,017
Non-current receivables	13	265	100
Current receivables	13	47,101	33,026
Cash in hand and at banks		5,076	2,797
Current assets total		**80,270**	**60,940**
Assets total		**105,133**	**79,573**
LIABILITIES			
SHAREHOLDERS' EQUITY	14,15		
Share capital		5,875	1,934
Proceeds from issuance of share capital		28	6
Share premium account		3,327	5,806
Reserve fund		170	168
Retained earnings		22,683	25,118
Profit for the financial year		12,762	12,026
Shareholders' equity total		**44,845**	**45,058**
MINORITY INTEREST		**284**	**258**
CREDITORS			
Non-current	16,17	25,042	10,228
Current	17	34,962	24,029
Creditors total		**60,004**	**34,257**
Liabilities total		**105,133**	**79,573**

1,000 EUR	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	165,952	143,473
Cash receipts from other operating incomes	544	723
Cash paid to suppliers and employees	-153,682	-128,242
Cash flow from operations before financial income and expenses and taxes	12,815	15,954
Interest paid	-1,196	-1,053
Interest received and other financial income	87	886
Income taxes paid	-5,628	-6,440
Net cash from operating activities (A)	**6,077**	**9,347**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-13,247	-6,430
Proceeds from sale of tangible and intangible assets	40	80
Investments	-6	0
Proceeds from sale of investments	14	15
Loans granted	-35	-100
Amortisation of loan receivables	39	17
Acquisition of subsidiaries	0	-2,407
Dividends received	7	2
Net cash used in investing activities (B)	**-13,190**	**-8,823**
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	1,484	5,172
Drawing of current creditors	5,000	56
Amortisation of current creditors	-56	0
Drawing of non-current creditors	20,316	1,488
Amortisation of non-current creditors	-2,883	-3,077
Dividends paid	-14,469	-2,423
Net cash used in financing activities (C)	**9,391**	**1,216**
Net increase (+) or decrease (-) in cash and equivalents (A+B+C)	**2,279**	**1,740**
Cash and cash equivalents at beginning of period	**2,797**	**1,057**
Cash and cash equivalents at end of period	**5,076**	**2,797**
Change	**2,279**	**1,740**

1,000 EUR	Note	1.1.–31.12.2004	1.1.–31.12.2003
NET SALES	1	**146,893**	**138,398**
Increase (+) / decrease (-) in stocks of finished goods and work in progress		-1,211	2,025
Other operating income	2	1,269	614
Raw materials and services	3	88,578	83,622
Staff expenses	4	28,445	24,308
Depreciation and value adjustments	5	3,957	5,209
Other operating charges	6	12,104	10,798
OPERATING PROFIT		**13,866**	**17,099**
Financial income and expences	7	-1,004	-382
PROFIT BEFORE TAXES		**12,862**	**16,717**
Income taxes	8	-4,281	-5,625
PROFIT FOR THE FINANCIAL YEAR		**8,581**	**11,092**

1,000 EUR	Note	31.12.2004	31.12.2003
ASSETS			
NON-CURRENT ASSETS	10		
Intangible assets		858	2 828
Tangible assets		4,982	6,265
Investments	11		
Shares in group companies		15,871	8,989
Other investments		235	326
Non-current assets total		**21,945**	**18,408**
CURRENT ASSETS			
Stocks	12	16,820	21,138
Non-current receivables	13	14,876	4,050
Current receivables	13	40,406	34,682
Cash in hand and at banks		404	1,017
Current assets total		72,507	60,887
Assets total		**94,452**	**79,295**
LIABILITIES			
SHAREHOLDERS' EQUITY	14,15		
Share capital		5,875	1,934
Proceeds from issuance of share capital		28	6
Share premium account		3,327	5,806
Reserve fund		166	166
Retained earnings		23,867	27,219
Profit for the financial year		8,581	11,092
Shareholders' equity total		**41,844**	**46,224**
CREDITORS			
Deferred tax liability			
Non-current	17	24,942	10,218
Current	17	27,667	22,853
Creditors total		**52,609**	**33,071**
Liabilities total		**94,452**	**79,295**

1,000 EUR	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	141,405	133,755
Cash receipts from other operating incomes	710	681
Cash paid to suppliers and employees	-134,201	-120,465
Cash flow from operations before financial income and expenses and taxes	**7,913**	**13,970**
Interest paid	-781	-895
Interest received and other financial income	105	1,237
Income taxes paid	-5,196	-5,794
Net cash from operating activities (A)	**2,041**	**8,518**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-4,212	-2,135
Proceeds from sale of tangible and intangible assets	1,518	1,604
Investments	-6	0
Proceeds from sale of investments	10	2
Loans granted	-8,078	-4,050
Amortisation of loan receivables	630	117
Acquisition of subsidiaries	-1,948	-4,586
Dividends received	6	2
Net cash used in investing activities (B)	**-12 080**	**-9 046**
CASH FLOW FROM FINANCING ACTIVITIES		
Share issue	1,484	5,172
Drawing of current creditors	5,000	56
Amortisation of current creditors	-56	0
Drawing of non-current creditors	20,327	1,488
Amortisation of non-current creditors	-2,883	-3,077
Dividends paid	-14,445	-2,423
Net cash used in financing activities (C)	**9,427**	**1,216**
Net increase (+) or decrease (-) in cash and equivalents (A+B+C)	**-613**	**687**
Cash and cash equivalents at beginning of period	**1,017**	**329**
Cash and cash equivalents at end of period	**404**	**1,017**
Change	**-613**	**687**

The Extent of the 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 per cent of voting rights at the end of the financial period.

Internal Shareholding
The consolidated income statements have been prepared in accordance with purchase method.

Internal Business Transactions and Balances
Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and creditors, and the internal profit distribution, have been eliminated.

Minority Interests
Minority interests have been separated from consolidated shareholders' equity and net profit 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 rates, 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 period by 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 estimated service duration are as follows

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

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 valuations have 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 included.

Rent for Leased Assets
The rent for leased assets was entered as a cost in the income statement.

Pension Costs
The retirements 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.

1,000 EUR	Group 2004	Group 2003	Parent company 2004	Parent company 2003
1. NET SALES BY BUSINESS SEGMENTS AND MARKET AREAS				
Net sales by business segments				
Wiring harnesses	135,704	113,424	116,100	105,774
Electronics	41,994	32,624	30,793	32,624
Total	**177,697**	**146,048**	**146,893**	**138,398**
Net sales by market areas				
Finland	45,303	43,491	37,065	42,306
Other Nordic Countries	82,825	70,922	82,784	70,922
Rest of Europe	21,480	18,507	20,388	18,507
Others	28,090	13,128	6,656	6,664
Total	**177,697**	**146,048**	**146,893**	**138,398**
2. OTHER OPERATING INCOME				
Other income	535	576	1,269	614
Total	**535**	**576**	**1,269**	**614**
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial period	93,966	76,528	74,873	70,812
Increase (+) or decrease (-) in stocks	-3,981	-3,037	-3,873	-1,652
Outsourced services	1,911	4,689	17,579	14,462
Total	**91,897**	**78,180**	**88,578**	**83,622**
4. STAFF EXPENSES				
Wages and salaries	33,160	25,704	22,901	19,610
Pension expenses	4,319	3,341	3,624	2,953
Other social security expenses	4,790	3,512	1,921	1,746
Total	**42,269**	**32,557**	**28,445**	**24,308**
Salaries and fees to Management				
Salaries and fees to the Board members	85	57	85	57
Salaries and fees to the Managing Directors	361	316	156	102
Total	**446**	**373**	**241**	**159**
Average number of personnel				
Clerical employees	494	355	162	191
Employees	2,248	1,368	435	520
Total	**2,742**	**1,723**	**597**	**711**
5. DEPRECIATION AND VALUE ADJUSTMENTS				
Depreciation according to plan	6,306	5,852	3,957	5,209
Total	**6,306**	**5,852**	**3,957**	**5,209**

1,000 EUR	Group 2004	Group 2003	Parent company 2004	Parent company 2003
6. OTHER OPERATING EXPENSES				
Other operating expenses	17,597	14,314	12,104	10,798
Total	**17,597**	**14,314**	**12,104**	**10,798**
7. FINANCIAL INCOME AND EXPENSES				
Dividend yields				
From others	2	1	2	1
Total	**2**	**1**	**2**	**1**
Income from other investments held as fixed assets				
From others	4	2	4	2
Total	**4**	**2**	**4**	**2**
Other interests and financial income				
From Group companies	0	0	199	99
From others	92	1,027	14	385
Total	**92**	**1,027**	**213**	**484**
Value adjustments from investments				
Value adjustments from non-current assets	-84	0	-84	0
Total	**-84**	**0**	**-84**	**0**
Interests and other financial expenses				
From others	-1,247	-1,387	-1,139	-869
Total	**-1,247**	**-1,387**	**-1,139**	**-869**
Financial income and expenses total	**-1,233**	**-358**	**-1,004**	**-382**
Financial income and expenses total includes net exchange rate differences	**-55**	**252**	**-323**	**-14**
8. INCOME TAXES				
Income taxes from actual operations	-5,544	-6,019	-4,281	-5,625
Change in deferred tax liabilities and receivables	162	-9	0	0
Total	**-5,382**	**-6,028**	**-4,281**	**-5,625**

9. NON-CURRENT ASSETS

GROUP

Intangible assets

1,000 EUR	Intangible rights	Goodwill	Consolidated goodwill	Other long-term expenditures	Advance payments	Total
Acquisition cost 1.1.2004	**1,434**	**5,077**	**1,957**	**1,966**	**0**	**10,434**
+ Increases	411	0	0	124	21	556
- Decreases	0	0	0	-1	0	-1
Acquisition cost 31.12.2004	**1,845**	**5,077**	**1,957**	**2,089**	**21**	**10,989**
Acc. depreciation and value 1.1.2004	-498	-3,868	-536	-1,878	0	-6,780
- Depreciation for the financial period	-324	-1,209	-391	-49	0	-1,973
Accumulated depreciation 31.12.2004	**-822**	**-5,077**	**-928**	**-1,927**	**0**	**-8,754**
Book value 31.12.2004	**1,023**	**0**	**1,029**	**162**	**21**	**2,235**
Book value 31.12.2003	**936**	**1,209**	**1,420**	**88**	**0**	**3,653**

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 1.1.2004	**26**	**3,343**	**23,323**	**664**	**3,176**	**30,531**
+ Increases	0	493	9,089	650	2,747	12,979
- Decreases	0	-6	-1,080	-49	0	-1,135
+/- Transfers between items	0	4,409	0	-1,056	-4,546	-1,193
Acquisition cost 31.12.2004	**26**	**8,239**	**31,332**	**209**	**1,376**	**41,183**
Acc. depreciation and value adjustments 1.1.2004	0	-824	-14,895	-162	0	-15,882
Accumulated depreciation of decreases and transfers	0	0	1,202	218	0	1,420
- Depreciation for the financial period	0	-190	-3,947	-196	0	-4,332
Accumulated depreciation 31.12.2004	**0**	**-1,014**	**-17,640**	**-140**	**0**	**-18,794**
Book value 31.12.2004	**26**	**7,225**	**13,691**	**70**	**1,376**	**22,389**
Book value 31.12.2003	**26**	**2,518**	**8,427**	**501**	**3,176**	**14,649**

Investments 1,000 EUR	Other investments and shares	Other receivables	Total
Acquisition cost 1.1.2004	**275**	**56**	**331**
+ Increases	4	2	6
- Decreases	-89	-10	-99
Book value 31.12.2004	**191**	**48**	**239**
Book value 31.12.2003	**275**	**56**	**331**

10. NON-CURRENT ASSETS

PARENT COMPANY

Intangible assets

1,000 EUR	Intangible rights	Goodwill	Other long-term expenditures	Advance payments	Total
Acquisition cost 1.1.2004	**1,423**	**7,459**	**1,334**	**0**	**10,215**
+ Increases	150	0	36	21	208
- Decreases	0	-7 459	0	0	-7,459
Acquisition cost 31.12.2004	**1,573**	**0**	**1,370**	**21**	**2,964**
Acc. depreciation and value 1.1.2004	-507	-5,546	-1,334	0	-7,387
- Accumulated depreciation of decreases and transfers	39	6,981	0	0	7,019
- Depreciation for the financial period	-300	-1,434	-5	0	-1,739
Accumulated depreciation 31.12.2004	**-768**	**0**	**-1,339**	**0**	**-2,107**
Book value 31.12.2004	**805**	**0**	**31**	**21**	**858**
Book value 31.12.2003	**916**	**1,912**	**0**	**0**	**2,828**

Tangible assets

1,000 EUR	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1.1.2004	**1,494**	**17,784**	**215**	**19**	**19,512**
+ Increases	58	2,537	0	395	2,991
- Decreases	0	-6,712	-6	0	-6,718
+/- Transfers between items	0	137	0	-137	0
Acquisition cost 31.12.2004	**1 552**	**13 746**	**209**	**278**	**15 785**
Acc. depreciation and value adjustments 1.1.2004	-588	-12,552	-108	0	-13,247
- Accumulated depreciation of decreases and transfers	0	4,642	0	0	4,642
- Depreciation for the financial period	-73	-2,094	-32	0	-2,199
Accumulated depreciation 31.12.2004	**-660**	**-10,003**	**-140**	**0**	**-10,804**
Book value 31.12.2004	**892**	**3,743**	**70**	**278**	**4,982**
Book value 31.12.2003	**906**	**5,232**	**107**	**19**	**6,265**

Investments **1,000 EUR**	**Holdings in Group companies**	**Other shares and similar rights of ownership**	**Other receivables**	**Total**
Acquisition cost 1.1.2004	**8,989**	**270**	**56**	**9,314**
+ Increases	6,882	2	2	6,886
- Decreases	0	-84	-10	-94
Book value 31.12.2004	**15,871**	**188**	**48**	**16,106**
Book value 31.12.2003	**8,989**	**270**	**56**	**9,314**

11. 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 Comercio 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
PKC Group Americas Inc.	100	0
PKC Electronics Oy	100	0

1,000 EUR	Group 2004	Group 2003	Parent company 2004	Parent company 2003
12. STOCKS				
Raw materials and supplies	17,546	13,565	10,063	11,154
Work in progress	5,289	6,057	2,397	4,946
Finished goods	4,811	5,298	3,820	5,038
Advance payments	182	97	0	0
Total	**27,828**	**25,017**	**16,280**	**21,138**
13. RECEIVABLES				
Non-current receivables				
Receivables from Group companies				
Loan receivables	0	0	14,776	3,950
Total	**0**	**0**	**14,776**	**3,950**
Others				
Loan receivables	100	100	100	100
Deferred tax receivables	165	0	0	0
Total	**265**	**100**	**100**	**100**
Total non-current receivables	**265**	**100**	**14,876**	**4,050**
Current receivables				
Receivables from Group companies				
Trade receivables	0	0	4,294	4,045
Loan receivables	0	0	1,557	50
Prepayments and accrued income	0	0	134	177
Total	**0**	**0**	**5,985**	**4,272**
Others				
Trade receivables	42,528	30,489	32,234	28,905
Loan receivables	6	10	6	10
Other shares	3,010	1,211	1,602	1,143
Shares not paid	0	3	0	0
Prepayments and accrued income	1,556	1,314	579	353
Total	**47,101**	**33,026**	**34,421**	**30,410**
Total current receivables	**47,101**	**33,026**	**40,406**	**34,682**
Prepayments and accrued income				
From Group companies				
Financial items	0	0	103	0
Others	0	0	31	177
Total	**0**	**0**	**134**	**177**
Others				
Staff expenses	220	421	128	265
Financial items	3	1	3	1
Taxes	453	607	266	0
Others	880	285	181	87
Total	**1,556**	**1,314**	**579**	**353**

1,000 EUR	Group 2004	Group 2003	Parent company 2004	Parent company 2003
14. SHAREHOLDERS' EQUITY				
Share capital 1.1.	1,940	1,812	1,940	1,812
Change	18	122	18	122
Bonus issue	3,916	0	3,916	0
Share capital 31.12.	**5,875**	**1,934**	**5,875**	**1,934**
Share issue	28	6	28	6
Share premium account 1.1.	5,806	763	5,806	763
Change	-2,478	5,043	-2,478	5,043
Share premium account 31.12.	**3,327**	**5,806**	**3,327**	**5,806**
Other accounts 1.1	168	166	166	166
Change	2	2	0	0
Other accounts 31.12.	**170**	**168**	**166**	**166**
Retained earnings 1.1.	37,144	27,543	38,311	29,643
Dividend distribution	-14,469	-2,423	-14,445	-2,423
Other adjustments	8	-2	0	0
Retained earnings 31.12.	**22,683**	**25,118**	**23,867**	**27,219**
Profit for the financial year	**12,762**	**12,026**	**8,581**	**11,092**
Total shareholders' equity	**44,845**	**45,058**	**41,844**	**46,224**
15. CALCULATION OF DISTRIBUTABLE FUNDS 31.12.				
Retained earnings	22,683	25,118	23,867	27,219
Profit or loss for the financial year	12,762	12,026	8,581	11,092
Share of accumulated depreciation reserve entered under shareholders' equity	-21	-24	0	0
Total	**35,425**	**37,120**	**32,447**	**38,311**
16. DEFERRED TAX ASSETS AND LIABILITIES				
Deferred tax receivables	165	0		
Total	**165**	0		
Deferred tax liabilities from appropriations	7	10		
Total	**7**	**10**		

Deferred tax asset of 164,500 euros have been entered in the closing of the books 2004 based on losses confirmed in taxation of Brasilian subsidiary in years 1997–2002 in accordance with the prudence principle and general instructions issued by Finnish Accounting Board on 1999.

1,000 EUR	Group 2004	Group 2003	Parent company 2004	Parent company 2003
17. CREDITORS				
Non-current liabilities				
Debts to others				
Loans from financial institutions	24,735	9,829	24,735	9,829
Pension loans	186	114	186	114
Advances received	93	0	0	0
Other liabilities	21	275	21	275
Total	**25,034**	**10,218**	**24,942**	**10,218**
Total non-current liabilities	**25,034**	**10,218**	**24,942**	**10,218**
Current liabilities				
Amounts owed to the Group companies				
Accounts payable	0	0	1,715	790
Accruals and deferred income	0	0	137	898
Total	**0**	**0**	**1,852**	**1,688**
Debts to others				
Loans from financial institutions	10,794	2,972	10,794	2,972
Pension loans	14	437	14	437
Advances received	22	0	22	0
Accounts payable	13,123	11,090	8,803	10,490
Other liabilities	2,684	2,468	1,367	1,641
Accruals and deferred income	8,326	7,062	4,816	5,625
Total	**34,962**	**24,029**	**25,816**	**21,165**
Total current liabilities	**34,962**	**24,029**	**27,667**	**22,853**
Accruals				
To others				
Staff expenses	6,634	5,714	4,330	4,747
Financial items	457	200	457	72
Taxes	938	898	26	648
Others	297	251	141	158
Total	**8,326**	**7,062**	**4,953**	**5,625**
Loans falling due later than five years from now				
Pension loans	139	149	139	149
Total	**139**	**149**	**139**	**149**

Bond loans with option warrants

The bond loan with option warrants issued to personnel in 1998 has been wholly paid back on 24.4.2001. The share subscription period has ended on 31.3.2004. The Option scheme comprised a total of 400,000 option rights, of which 69,125 has remained undistributed in Company's possession. A total of 328,375 shares have been subscribed for with the warrants during the subscription period (total book equivalent counter value EUR 110,481.68).

The bond loan with option warrants issued to key personnel in 2000 has been wholly paid back on 20.5.2003. The share subscription period is from 2003 to 2006. The share subscription price is EUR 7.13 until the next matching date for the dividend distribution, after which the subscription price will diminish by the amount of dividends to be paid out. A total of 325,000 shares can be subscribed for with the option rights (total book equivalent counter value EUR 109,346.16).

18. LIABILITIES INVOLVING MORTGAGES AS SECURITY				
Loans from financial institutions	0	9,451	0	9,451
Mortgages given	0	14,297	0	14,297
Mortgages total	**0**	**23,747**	**0**	**23,747**
Pledges given on behalf of Group companies	**133**	**133**	**133**	**133**
19. COMMITMENTS AND OTHER LIABILITIES				
Amounts to be paid for leasing commitments				
For the current financial period	136	430	104	386
Falling due at a later date	80	219	76	154
Total	**215**	**649**	**180**	**540**
Contingent liabilities				
For the current financial period	1,502	1,712	1,502	1,609
Falling due at a later date	7,165	10,193	7,165	10,190
Total	**8,667**	**11,906**	**8,667**	**11,799**
Liabilities for currency derivates				
Liabilities for currency derivates, nominal value	6,449	895	6,449	895

Currency derivatives are used only in hedging currency risks.

CONSOLIDATED FINANCIAL KEY INDICATORS	2004	2003	2002	2001	2000
Net sales, 1,000 EUR	177,697	146,048	134,306	125,122	128,648
Change in net sales, %	21.7	8.8	7.3	-2.7	13.0
Operating profit, 1,000 EUR	19,427	18,428	9,365	4,131	8,955
% of net sales	10.9	12.6	7.0	3.3	7.0
Profit before extraordinary items, 1,000 EUR	18,194	18,070	7,624	2,628	7,976
Profit before taxes, 1,000 EUR	18,194	18,070	8,113	2,628	8,703
Net profit, 1,000 EUR	12,762	12,026	4,526	2,945	5,834
% of net sales	7.2	8.2	3.4	2.4	4.5
Return on equity (ROE), %	28.3	31.9	14.8	11.4	22.3
Return on investment (ROI), %	27.9	36.7	20.6	9.0	22.3
Gearing, %	68.5	24.5	50.2	73.0	85.6
Equity ratio, %	42.9	56.9	46.9	40.7	37.3
Quick ratio	1.5	1.5	1.4	1.1	1.0
Current ratio	2.3	2.5	2.2	2.1	2.1
Gross capital expanditure, 1,000 EUR	13,321	10,210	6,406	3,767	8,097
% of net sales	7.5	7.0	4.8	3.0	6.3
R&D expenses, 1,000 EUR	4,034	3,230	3,044	3,451	3,476
% of net sales	2.3	2.2	2.3	2.8	2.7
Personnel, average	2,742	1,723	1,146	1,052	932

CONSOLIDATED KEY INDICATORS FOR SHARES	2004	2003	2002	2001	2000
Earnings per share (EPS), EUR	0.73	0.73	0.26	0.19	0.34
Earnings per share (EPS), diluted, EUR	0.73	**	-	-	-
Shareholders' equity per share, EUR	2.57	2.61	1.90	1.67	1.61
Dividend per share, EUR *	0.20	0.83	0.15	0.08	0.13
Dividend per earnings, % *	27.3	113.5	57.7	44.8	36.6
Effective dividend yield, % *	2.0	11.7	6.3	4.3	4.0
Price / earnings ratio (P/E), EUR	14.0	7.69	9.1	10.4	9.9
Share price at the end of the year, EUR	10.25	7.07	2.37	1.93	3.33
Lowest share price during the year, EUR	7.06	2.25	1.93	1.34	3.09
Highest share price during the year, EUR	10.67	7.77	2.70	3.83	9.95
Average share issue-adjusted number of shares, 1,000 shares	17,417	16,385	15,990	15,825	15,825
Share issue-adjusted number of shares at the end of the financial year, 1,000 shares	17,461	17,245	16,154	15,825	15,825
Market capitalisation, 1,000 EUR	178,970	121,862	38,232	30,595	52,750
Dividend, 1,000 EUR *	3,509	14,469	2,433	1,319	2,110

CONSOLIDATED PROFIT AND LOSS ACCOUNT, 1,000 EUR	2004	2003	2002	2001	2000
Net sales	177,697	146,048	134,306	125,122	128,648
Operating profit	19,427	18,428	9,365	4,131	8,955
Profit before taxes	18,194	18,070	8,113	2,628	8,703
Profit for the financial year	12,762	12,026	4,526	2,945	5,834

CONSOLIDATED BALANCE SHEET, 1,000 EUR					
ASSETS					
Non-current assets	24,863	18,633	14,992	16,275	17,987
Current assets	80,270	60,940	49,592	48,372	50,415
Total assets	105,133	79,573	64,583	64,647	68,402
LIABILITIES					
Shareholders' equity	44,845	45,058	30,284	26,286	25,455
Minority interest	284	258	0	26	7
Non-current creditors	25,042	10,228	12,056	14,833	19,254
Current creditors	34,962	24,029	22,243	23,529	23,668
Total liabilities	105,133	79,573	64,583	64,647	68,402

* The figure for 2004 is Board of Directors´proposal and the 2003 figure includes, in addition to the dividend decided by the annual general meeting, also the extra dividend.

**Diluted EPS for 2003 is not presented because it would be better than undiluted EPS.

Return on equity (ROE), %	100 x	$\frac{\text{Profit before extraordinary items - taxes}}{\text{Shareholders equity + minority interest (average)}}$
Return on investments (ROI), %	100 x	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - interest free liabilities (average)}}$
Gearing, %	100 x	$\frac{\text{Interest-bearing liabilities - cash in hand and at banks and investments}}{\text{Shareholders equity + minority interest}}$
Equity ratio, %	100 x	$\frac{\text{Shareholders equity + minority interest}}{\text{Balance sheet total - advance payments received}}$
Quick ratio		$\frac{\text{Receivables and cash in hand and at banks}}{\text{Current creditors - advance payments received}}$
Current ratio		$\frac{\text{Receivables and cash in hand and at banks + stocks}}{\text{Current creditors}}$
Earnings per share (EPS), EUR		$\frac{\text{Profit before extraordinary items - income taxes +/- minority interest}}{\text{Average share issue-adjusted number of shares}}$
Shareholders' equity per share, EUR		$\frac{\text{Shareholders equity}}{\text{Share issue-adjusted number of shares on the date of the financial statement}}$
Dividend per share, EUR		$\frac{\text{Dividend paid for financial year}}{\text{Share issue-adjusted number of shares on the date of the financial statement}}$
Dividend per earnings, %	100 x	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %	100 x	$\frac{\text{Share issue-adjusted dividend per share}}{\text{Share issue-adjusted average share price at the closing date}}$
Price per earnings (P/E)		$\frac{\text{Share issue-adjusted average share price at the closing date}}{\text{Earnings per share}}$
Market capitalisation		Number of shares at the end of the financial year x the last trading price of the financial year

Share and share capital
PKC Group Oyj has only one series of shares and each share is entitled to one vote at the general meetings of shareholders. The company's shares are listed in a book-entry securities system maintained by the Finnish Central Securities Depository Ltd. In order to be entitled to participate in a general meeting and to vote, the shareholder must be listed in the company's shareholders' register maintained by Finnish Central Securitier Depository.

PKC Group Oyj's share capital was increased during the financial year as follows:

Through the exercise of year 1998 options
- by EUR 6,426.19 for 19,100 shares subscribed for from 24 November to 31 December 2003. The increase was entered in the Trade Register on 15 January 2004, after which the company's registered share capital was EUR 1,940,401.04 and was divided into 5,767,284 shares.
- by EUR 16,449.03 for 48,890 shares subscribed for from 1 January to 31 March 2004. The increase was entered in the Trade Register on 14 April 2004, after which the company's registered share capital was EUR 1,956,850.07 and was divided into 5,816,174 shares.

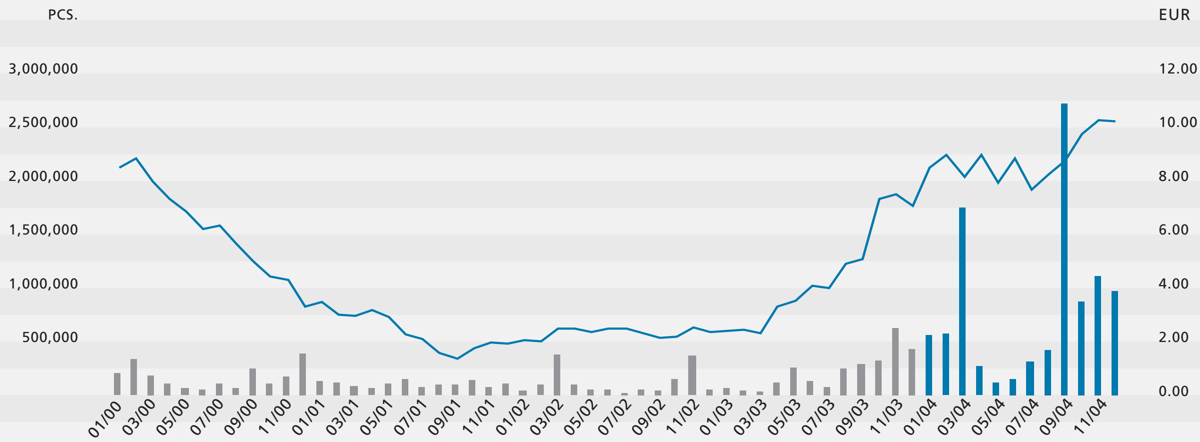
Through the exercise of year 2000 options
- by EUR 1,345.80 for 4,000 shares subscribed for in July 2004. The increase was entered in the Trade Register on 6 August 2004, after which the company's registered share capital was EUR 1,958,195.87 and was divided into 5,820,174 shares.

Through a bonus issue subject to a resolution passed by an extraordinary general meeting on 20 September 2004
- by EUR 3,916,391.74. The bonus issue was carried out by transferring an amount corresponding to the increase from the share premium fund to the share capital, whereby a shareholder received, free of charge, two new shares for one existing share. The increase was entered in the Trade Register on 23 September 2004, after which the company's registered share capital was EUR 5,874,587.61 and was divided into 17,460,522 shares.

At the close of the financial year, the company's share capital entered in the Trade Register was EUR 5,874,587.61 and it was divided into 17,460,522 shares. The book equivalent value of the share is about EUR 0.34.

After the close of the financial year, the share capital was increased through the exercise of year 2000 options by a further EUR 28,110.37 for 83,550 shares that were subscribed for in December 2004. The increase was entered in the Trade Register on 12 January 2005, after which the company's registered share capital is EUR 5,902,697.98 and is divided into 17,544,072 shares.

SHARE PRICE AND MONTHLY TRADING VOLUME 2003-2004



By a resolution of the extraordinary General Meeting on 20 September 2004, Article 3 (Minimum and maximum share capital) of the company's Articles of Association was amended. According to the Articles of Association in force, the minimum share capital is EUR 1,000,000 and the maximum share capital EUR 10,000,000, 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 40,000,000.

Authorisations of the Board of Directors

The Board of Directors' authorisation to increase the share capital by a maximum of 5 per cent, or 269,236 shares, through one or more share issues in order to finance an acquisition, inter-company co-operation or a similar arrangement expired on 30 June 2004.

At the end of 2004 the Board of Directors did not have unexercised authorisations to decide on the issue of new shares, convertible bonds or the granting of stock options or acquiring company's own shares.

Share turnover and shareholders

PKC Group Oyj's share turnover on the Helsinki Stock Exchange during the financial year was 22,999,320 shares (7,912,512 shares), representing 132.0% of the total number of shares (42.3%). Shares were traded to a total value of EUR 176.8 million (44.7 million).

The low during the financial year was EUR 7.06 (2.25) and the high was EUR 10.67 (7.77). The closing price on the last trading day of the financial year was EUR 10.25 (7.07) and the average price during the period was EUR 7.65 (4.04). The company's market capitalisation at 31 December 2004 was EUR 179.0 million (121.9 million).

PKC Group Oyj had 4,713 shareholders (4,053) at the end of the period. The proportion of shares held by foreigners and by way of nominee registrations at 31 December 2004 was 24.9% of the shares outstanding (21.3%).

Shares held or represented by the Board members accounted for 16.6% (21.4%) of the total number of shares at the end of the financial year. Operational management held 2.6% (1.1%) of the Group's share capital.

During the financial year two notifications were made under the Securities Market Act, Chapter 2, Section 9, according to which the shareholding of a party has reached or exceeded the statutory limit or fallen below it. The first notification stated that the holding of J.P. Morgan Fleming Asset Management (U.K.) Limited of PKC Group Oyj's votes and share capital had exceeded the one twentieth limit on 19 February 2004. The second notification stated that the holding of J.P. Morgan Fleming Asset Management (U.K.)

MAJOR SHAREHOLDERS ON 31.12.2004	**Pcs.**	**Percentage of shares and votes, %**
1. AS Harju Elekter	1,860,003	10.7
2. Eestilä Matti	700,800	4.0
3. Ravaska Veikko	625,200	3.6
4. Suutari Harri	450,000	2.6
5. FIM Fenno Investment Fund	306,900	1.8
6. Karo Vesa	251,300	1.4
7. Investment Fund OP-Suomi Kasvu	245,400	1.4
8. FIM Forte Investment Fund	241,500	1.4
9. Laakkonen Mikko	240,000	1.4
10. Investment Fund Gyllenberg Finlandia	235,000	1.3
11. Luostarinen Risto	225,900	1.3
12. Investment Fund Sampo Suomi Osake	204,200	1.2
13. Investment Fund Alfred Berg Finland	197,650	1.1
14. Royal Skandia Life Assurance Ltd.	186,640	1.1
15. Investment Fund Sampo Suomi Osake	184,250	1.0
15 major holders total	**6,154,743**	**35.3**
Nominee registered	2,179,275	12.5
Others	9,126,504	52.2
Total	**17,460,522**	**100.0**

SHARES AND OPTIONS HELD BY THE BOARD AND MANAGEMENT ON 31.12.2004	**Management[1)]**	**Board of Directors[2)]**
Number of shares, Pcs.	456,930	2,905,003
Percentage of shares, %	2.6	16.6
Percentage of votes, %	2.6	16.6
Option rights of the 2000 bond loan	42,000	0

[1)] Corporate Management Team
[2)] Includes shares owned or represented by Board members

DISTRIBUTION OF SHARE OWNERSHIP BY OWNER CATEGORIES ON 31.12.2004	**Percentage of shares and votes, %**
Households and private investors	47.1
Non-corporate public sector	2.4
Non-profit organisations	6.2
Financial institutions and insurance companies	12.9
Domestic companies	6.5
Foreign investors (including nominee registered shares)	24.9
Total	100.0

DISTRIBUTION OF SHARE OWNERSHIP BY SIZE OF SHAREHOLDING ON 31.12.2004

Shares per shareholder	**Shareholders**		**Shares**		**Votes**	
	Pcs.	**%**	**Pcs.**	**%**	**Pcs.**	**%**
1–100	281	6.0	20,896	0.1	20,896	0.1
101–500	1,773	37.6	525,596	3.0	525,596	3.0
501–1,000	1,254	26.6	888,898	5.1	888,898	5.1
1,001–10,000	1,266	26.9	3,434,859	19.7	3,434,859	19.7
10,001–100,000	113	2.4	3,160,155	18.1	3,160,155	18.1
100,001–	26	0.5	9,430,118	54.0	9,430,118	54.0
Total	**4,713**	**100.0**	**17,460,522**	**100.0**	**17,460,522**	**100.0**
of which nominee registered	6		2,179,275	12.5		

Limited of PKC Group Oyj's votes and share capital had fallen below the one twentieth limit on 22 July 2004.

The company does not hold its own shares.

Taxation Value of the Shares
For the year 2004 the value of PKC Group shares is EUR 7.20 for the purposes of Finnish taxation.

Stock option schemes initiated in 1998 and 2000
PKC Group Oyj had in effect during the financial year two stock option schemes aiming to strengthen the commitment of the company's personnel and key employees and to encourage them to long term work in order to increase the company's shareholder value.

The subscription period for the shares under the 1998 bond loan with warrants targeted at the personnel ended on 31 March 2004. The stock option scheme comprised a total of 400,000 option rights, of which 69,125 remained undistributed in the company's possession. During the financial year, a total of 48,890 shares were subscribed for with the options, and a total of 328,375 shares were subscribed for during the entire subscription period.

The stock option scheme from 2000, directed to the company's key personnel, consists of a total of 111,000 option rights. The subscription period for the A warrants commenced on 1 April 2004 and for the B warrants it will commence on 1 April 2005 and end for all the warrants on 30 April 2006. As a consequence of the bonus issue according to the resolution passed by the extraordinary General Meeting held on 20 September 2004, the subscription ratio and price of the shares that can be subscribed for with the options issued in 2000 was changed in accordance with the terms and conditions of the bond loan with options. Thus after the matching date for the bonus issue, each option will entitle its holder to subscribe for three shares instead of the previous one share. As a consequence of subscriptions to be made with the unexercised option rights, the company's share capital can be increased further by a maximum of 237,450 shares and EUR 79,889.98. The share subscription price for the year 2000 options is EUR 7.13 until the next matching date for the dividend distribution, after which the subscription price will diminish by the amount of dividends to be paid out.

Dividends for the 2003 financial year
The Annual General Meeting resolved to pay a dividend of EUR 2.00 per share for the 2003 financial year, or a total of EUR 11,534,568. The dividend was paid out on 24 March 2004.

The extraordinary general meeting held on 20 September 2004 resolved, in accordance with the Board of Directors' proposal, to pay a extra dividend of EUR 0.50 per share for the 2003 financial year, or a total of EUR 2,910,087 on 5,820,174 shares. The dividend was paid out on 30 September 2004.

Investor Relations
The annual reports, interim reports and stock exchange releases will be published in Finnish and English on the company's Internet site at www.pkcgroup.com. On the Internet pages will be found also other investor and shareholding information such as the latest financial indicators, shareholding structure, insiders and other matters to be reported or commented on according to the Corporate Governance Recommendation.

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 Investment Bank AB, Finland Branch
Miikka Kinnunen, Tel. +358 9 6187 1241,
e-mail miikin@carnegie.fi

FIM Securities
Paavo Ahonen, Tel. +358 9 6134 6376,
e-mail paavo.ahonen@fim.com

Kaupthing Bank Oyj
Mika Metsälä, Tel. +358 9 4784 0241,
e-mail mika.metsala@kaupthing.fi

Mandatum Stockbrokers
Erkki Vesola, Tel. +358 10 236 4712,
e-mail erkki.vesola@mandatum.fi

Opstock
Antti Karessuo, Tel. +358 10 252 2973,
e-mail antti.karessuo@oko.fi

The Group's distributable funds are EUR 35,425,107. The parent company's distributable funds are EUR 32,447,330, of which the net profit for the financial year is EUR 8,580,563.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be disposed as follows:

- pay a dividend of EUR 0.20 per share totalling	EUR 3,508,814
- transfer to shareholders' equity	EUR 28,938,516
in total	EUR 32,447,330.

The matching date for the dividend distribution is 29 March 2005. The dividend will be paid out on 5 April 2005.

Kempele, 3 February 2005

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

TO THE SHAREHOLDERS OF PKC GROUP OYJ

We have audited the accounting, the financial statements and the corporate governance of PKC Group Oyj for the period 1.1.2004–31.12.2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statement, 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 corporate governance is to examine that the members of the Board of Directors and the President and CEO of the parent company have legally complied with the rules of the Companies´ Act.

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

Oulu, 3 February 2005

ERNST & YOUNG OY
Authorised Public Accountants

Rauno Sipilä
Authorised Public Accountant

CORPORATE GOVERNANCE

PKC Group Oyj complies with the recommendations issued by Hex Oyj, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The key sections of the Company's Corporate Governance Guidelines ratified by the Board of Directors are described 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.

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. In order to realise interaction between shareholders and the company's governing bodies, as well as the right of shareholders to ask questions, the president, vice president, chairman of the Board of Directors, and a sufficient number of Board members shall be present at the General Meeting, along with, if necessary, the auditor and such persons as have been proposed for Board membership for the first time. 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 2004 the Annual General Meeting was held on 12 March 2004 and Extraordinary General Meeting on 30 September 2004.

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 the management. The Board of Directors has drafted a written charter for its operations. It defines the key tasks and operating principles of the Board of Directors. The charter is published in its entirety on the company's Internet site and its key content is described herein.

The Annual General Meeting elects 5–7 members to the Board for a term ending at the next Annual General Meeting. PKC elects to its Board of Directors persons who are competent for the task. Board members are elected such that they represent both a wide range of expertise and the viewpoint of shareholders. The majority of the Board members must be independent of the company and at least two of said majority must be independent of the company's significant shareholders. The Board of Directors evaluates the independence of its members annually and the independence is reported in the Annual Report and on company's Internet site under the Board members' presentation.

In 2004 The Annual General Meeting elected seven Board members, who are presented in the Annual Report. The Board elects from amongst its members a Chairman, who according to the Articles of Association cannot be the company's President. In 2004 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, and no working groups or committees have been established.

The Board meets normally 8–10 times a year and whenever necessary. In 2004 the Board held 13 meetings, of which 4 were telephone meetings. The average attendance of Board members at the meetings was 97%.

Each year, the Board independently evaluates the effectiveness of its performance and working methods with an eye on development opportunities. The evaluation has been conducted, for the first time, for year 2004.

PRESIDENT

The company's President since13 March 2002 has been Harri Suutari. 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 statutory. President's service contract has provision for 6 months notice period without separate severance payment.

OTHER MANAGEMENT

The task of PKC Group Oyj's Corporate Management Team 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 the business units and support operations 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 in the Annual Report.

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 operations within their areas of responsibility, and they report regularly to the Corporate Management Team and the President.

The Presidents and Boards of Directors of the subsidiaries decide on operational policy lines and strategies within the framework approved by PKC Group Oyj's Board of Directors. The Boards of Directors of the subsidiaries consist mainly of representatives of the management of both the parent company and the subsidiary in question.

SALARIES AND REMUNERATION

Board of Directors

The Annual General Meeting confirms the remuneration to the Board of Directors. In 2004 it was decided to pay the Chairman EUR 18,000/term and other members EUR 12,000/term. For the financial year 2004 the fees paid to parent company's Board members totalled EUR 84,750 on accrual basis.

In accordance with the already ended year 1998 Stock Option Scheme the Board members, excluding executive members, were granted annually during 1999–2002 at the most 1,000 options each. Options from 2000 Stock Option Scheme have not been granted to the Board members. At the end of the financial year the Board members did not hold option rights. The company has not granted Board members shares in compensation nor does it grant them loans or give guarantees on their behalf.

President

The Board of Directors confirms the President's salary and other benefits. In 2004 the President was paid salaries and other benefits totalling EUR 156,240. The President has not been granted shares or share-related rights in compensation nor does the company grant him loans or give guarantees on his behalf.

Other Management

The President decides on the salaries and benefits of the Corporate Management Team and other senior management (including vice president and the subsidiaries' managing directors and other management) in accordance with the general principles approved by the Board of Directors.

For year 2004 the vice president and the managing directors of the subsidiaries were paid salaries and other benefits totalling EUR 285,914. Meeting fees are not paid to the Corporate Management Team or to the Board of Directors of the subsidiaries.

In line with the principles approved by the Board of Directors, the Group has adopted company, business unit and operation specific bonuses that depend on the achievement of the set objectives. For year 2004 President, vice president and other management were paid bonuses totalling EUR 169,192.

The members of the Corporate Management Team were included in the already ended year 1998 Stock Option Scheme and are included in the year 2000 Stock Option Scheme. At the end of the financial year the Corporate Management Team held a total of 42,000 options. The option arrangements are presented in greater detail under "Share and Shareholders" and the options of each director under their presentation. The company has not granted members of the Corporate Management Team shares in compensation nor does it grant them loans or give guarantees on their behalf.

Auditor

For year 2004 the auditor was paid fees totalling EUR 179,130, of which fees for non-audit services were EUR 67,662.

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, vice 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 30-day period prior to the publication of an interim report and financial statement bulletin of the company.

INTERNAL SUPERVISION AND AUDIT

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 in the Annual Report.

RISKS AND RISK MANAGEMENT

The Board of Directors has confirmed the principles of the Company's risk management as part of the Corporate Governance guidelines. Risk management is part of the Company's strategic planning and management. The objective of the PKC Group's risk management is to strengthen all stakeholders' confidence in the Company and to provide a firm basis for achieving business objectives and safeguarding the continuity of operations.

Risk management

The business units are responsible for hedging the risks involved in their operations. The emphasis is on assessing and controlling operative risks. Group administration co-ordinates and advises in risk management matters as well as decides on the Group's common or major risk management issues, such as Group-wide insurance programmes. The task of the parent company's Financing function is to manage the Group's financial risks in accordance with the Financial risk management policy as approved by the Board of Directors. The PKC Group's risk management is developed together with experts in different fields and with insurance companies.

BUSINESS RISKS

Business cycles in the world economy and client industries

Business cycles in the world economy affect demand for the products of PKC's customers and thus also, to some extent, demand for the products manufactured by PKC and they influence its financial position in the short term. The long-term effects are evened out by the wide geographical spread of the operations of PKC's customers, the ability to operate in different customer industries and long-term co-operation with our main customers.

The Group's operations are affected by trends in the market for heavy trucks and other commercial vehicles as well as the electronics and telecommunications industry. Wiring harnesses and cabling delivered for commercial vehicles, electrotechnical devices and telecommunications equipment account for about three quarters of consolidated net sales. Similarly, electronics design and contract manufacturing services make up about a quarter of consolidated net sales.

PKC reduces the risk related to the business cycles by focusing on its core areas of expertise and by continually stepping up the efficiency of its own operations.

Markets and competitive situation

The Group's operations depend significantly on agreements concluded with a few internationally operating customers and on the development of their businesses. In order to reduce the risk resulting from a narrow customer base, PKC focuses on its core areas of expertise and on developing its skills and know-how. This enables PKC to maintain and deepen its present customer relationships. In addition, the Group seeks to expand the clientele of its present business areas. Typically, the industry is subject to continuous pressure to lower prices. Cost-effectiveness is improved by means of unflagging product development, the rationalisation of operations, seeking out more effective ways of working, inviting competitive bids from suppliers of materials and moving production to countries with lower labour costs.

PKC's objective is to stand apart from its competitors in terms of cost-effectiveness, high quality and delivery reliability, customer service and through its inputs into research and development. The competitiveness of products and services is strengthened by means of the R&D effort, by continually developing production methods and through technical co-operation with customers.

In the Company's estimation, there is no immediate danger of losing the present key customers.

Materials

Materials account for an important share in the overall costs of end products. In order to lower materials costs, purchasing prices are negotiated on a centralised basis, suppliers are asked to submit competitive bids and alternative suppliers are sought continually, whilst also developing the purchasing function further. PKC endeavours primarily to use suppliers who have proved dependable. If necessary, suppliers are audited in accordance with the procedure described in the quality system.

PKC Group buys the components needed in the manufacture of its products from outside suppliers. Alternative suppliers cannot be found quickly for all components. Disturbances in deliveries of raw materials can also be detrimental to PKC's customer relationships and business operations.

The trend in the world economy may affect the prices and availability of raw materials. Risks related to copper prices can be hedged through purchasing agreements and by means of raw materials futures and options. No single raw material has a significant effect on the entire Group's earnings. Similarly, changes in the prices of oil and metals can indirectly hamper the Group's operations if price fluctuations lead to a drop in demand for customers' products. Price fluctuations of electric energy do not have an essential effect on the Group's result.

Rapid changes in forecasts submitted by customers, short order times and suppliers' fairly long delivery times as well as the short life cycles of products pose challenges for inventory management. To minimise risks, materials procurement has been centralised within the parent company. The control of materials is handled via an operations control system covering the entire production network.

Political, economic and legislative changes in emerging countries

Apart from Finland, PKC has manufacturing operations in Estonia, Russia and Brazil. Production at the plant in the Netherlands will be moved to Estonia in spring 2005. Our customers' business is likewise spread out over a wide geographical area. Unfavourable political, economic and legislative changes can impair PKC's cost-effectiveness and/or be detrimental to its operations in some countries. Estonia became a member of the European Union in spring 2004. In particular, abrupt changes that take place in Russia can have a major impact on PKC's operations. The risk connected with emerging countries is reduced through good relations with the authorities, by complying very diligently with the legislation in effect in each country, by means of continuity plans and by decentralising production across different countries.

Property and liability risks

The PKC Group has prepared for property, business interruption, transport and liability risks (incl. product liability, operational liability and management liability) by means of insurance programmes covering the entire Group and through local policies supplementing them.

It is possible that the PKC Group may face demands arising from the defectiveness of products. The Group seeks to limit the liabilities arising from these factors by means of agreements and by taking out comprehensive insurance coverage. In addition, product-related liability risks are warded off in advance by applying the procedures described in the quality system.

Quality and the environment

The high quality of products and operations is one of the most important competitive advantages. Quality risks affecting the customer's operations can be eliminated by means of continuous inputs into developing the quality of products and operations. In moving production to the manufacturing units in Russia and Estonia and in starting up new products, particular attention is paid to quality assurance. Operational processes are described and implemented on the basis of pre-defined and tried-and-true methods.

The environmental impacts of the Group's operations are minor and the Group endeavours to reduce them further in accordance with the principles of continuous improvement.

Quality and environmental policies are defined by the Corporate Management Team, and the entire personnel are committed to working in accordance with them. The Corporate Management Team inspects the quality and environmental policy and its implementation twice a year. Quality and environmental requirements cover the entire supply chain and they are monitored continuously.

The Group's quality and environmental systems have been built with the aim of achieving the objectives set and to serve as a tool for developing the quality and efficiency of processes, products and services. The Group has certified quality and environmental systems ISO 9001:2000 and ISO 14001 as well as the quality system ISO/TS 16949:2002 that has been developed for the specific needs of the automotive industry.

Personnel

The personnel's importance for the company's development and competitiveness is crucial. In accordance with the Company's personnel strategy, the main focuses are competence, commitment, and learning on the job. Job well-being is part of human resources management. It is developed in co-operation with the occupational healthcare unit, the Occupational Safety Committee, personnel administration as well as the business units and support functions. Employees are offered competitive fringe benefits and they are encouraged to develop their own professional skills. The development requirement is assessed each year in personal development discussions with each employee. The implementation of the Company's overall human resources strategy and areas for further development are monitored continuously.

The Company's know-how is not dependent on individual employees, but instead the Company has set up competence centres for different functions. These guarantee that if any employee is prevented from working or if their employment comes to an end, this will not cause gaps in the Company's overall competence or interruptions in its operations.

The units abroad devote considerable resources to a well-functioning recruitment process in order to ensure the timely availability of the necessary resources.

Labour protection and safety

Comprehensive management of safety issues is a natural part of the Company's management process. PKC has drafted a Group-level labour protection and occupational safety programme. Effective labour protection is systematic and based on the assessment of workplace dangers, jointly formulated plans and practices that are observed by the entire personnel. Working conditions and the level of both labour protection and safety are monitored continuously.

The safety activities defined in the safety plans at each business location aim to achieve operating conditions in which the Company's safety risks are minimal and accidents and damage are prevented in an effective manner. The labour protection organisation seeks to prevent accidents and, should an accident occur, to prevent or limit and alleviate harm to people and assets as well as ensure the continuity of operations. The safety plans set out operational models for different types of exceptional and disturbance situations and the means of limiting such risks.

Information systems, telecommunications and information security

Effective information systems and telecommunications are a fundamental element of PKC's operations. The way the automotive industry operates, especially the requirement of short delivery times, places special demands on telecommunications solutions. Most of the customers' orders and forecasts come in electronically. Electronic and real-time information transfer between customers, suppliers and PKC's various manufacturing units is an absolute must for PKC's smoothly running production operation. Contacts with customers and suppliers are generally handled by means of EDI. PKC is going over to the use of an integrated operations control system covering the entire production network. Management of the internal network makes possible more efficient information transfer and operations control. Connections to external networks are facilitated by means of an interface that supports different e-commerce standards.

Disturbances in telecommunications and deficient capacity are a major risk for efficient business operations. PKC aims to minimise this risk by means of doubled connections. New alternatives for communications links are surveyed continuously with different partners in co-operation. PKC has taken steps to implement alternative solutions when and if necessary.

The operations control system is being developed to correspond better to the special features required by the vehicle-manufacturing industry. PKC seeks to minimise the risk deriving from a tailor-made application solution by ensuring it has the requisite systems expertise internally and by operating in close co-operation with the systems supplier.

So far, PKC has succeeded in responding to the mounting risk of spam, viruses, worms and rogue programs. By means of continuous monitoring as well as surveying more effective solutions that provide greater data security, the Group endeavours to ensure that the data security of applications remains at an acceptable level. A recovery plan is in place to ensure that systems are got up and running quickly following a failure or interruption of operations.

The Group has begun mobilising a comprehensive information security policy. The information security policy defines the principles, objectives and guidelines for implementing and developing information security Group-wide. More detailed practical information security guidelines contain working instructions and procedures for all employees with a view to ensuring and maintaining information security.

Legal affairs

The business units and departments are responsible for legal issues connected with business operations and different functions, and they are assisted by the Group's general counsel. Written agreements have been drawn up with all major customers, suppliers and partners in co-operation. The Company keeps an electronic register of its agreements.

There are no pending litigation, arbitration, tax or other administrative proceedings against the company, which might cause the Company to incur material financial obligations, nor, to the best of Company's knowledge, are its operations threatened by proceedings of the above-mentioned kind.

FINANCIAL RISKS

The Company's Board of Directors has confirmed the Group's financial risks management policy. The objective of financial risk management is to protect the Group against unfavourable changes occurring in the financial markets, thus contributing to and ensuring the Group's good earnings trend, shareholders' equity and liquidity. The Group's finances and the management of financial risks are handled on a centralised basis via the parent company's Financing function. The aim of this centralisation is effective risk management, cost savings and optimisation of cash flows.

The credit risk relating to money market investments is minimised by making agreements with an adequate number of leading and financially solid banks, financial institutions and other parties. The credit risk of sales receivables is managed by granting customers only customary payment times. Loans are not granted to parties outside the Group, nor are collateral, contingent liabilities or other obligations assumed as security for their liabilities. The same applies to companies' inner circle.

Liquidity risk means the risk of obtaining financing at any given time. The parent company's financing function is responsible for the Group's liquidity and the adequacy of financing. Sufficient liquidity is maintained by means of efficient cash management.

Interest risk relates primarily to interest-bearing liabilities in the balance sheet. Financing function monitors the interest rate risk of the loan portfolio and, if necessary, changes the interest rate maturity by means of forward rate agreements, options and interest rate swaps. The counterparty risk connected with loans is minimised by entering into loan agreements with at least 2–3 approved counterparties.

A Group operating in international markets is vulnerable to foreign exchange risk due to fluctuations in currency exchange rates. Sales and purchases denominated in foreign currency as well as balance sheet items (transaction risk) and investments in and loans to foreign subsidiaries (valuation risk) constitute a foreign currency risk. In hedging foreign currency risks, the Group makes use of internal netting out, foreign currency loans, forward exchange contracts and foreign currency options. Foreign currency options can, however, be used no more than in half of the derivative hedging contracts. Derivatives are used solely for hedging. Foreign currency risks are also hedged by means of foreign currency clauses written into sales agreements. The bulk of product sales and purchases of raw materials is made in euros.

BOARD OF DIRECTORS ON 31 DECEMBER 2004

TOM HAKALAX JUHANI KOSKINEN LEO OJALA ENDEL PALLA VEIKKO RAVASKA RISTO SUONIO JYRKI TÄHTINEN

TOM HAKALAX, b.1946
Chairman, member of the Board of Directors since 1994. Industrial Counsellor, B.Sc. (Eng.), Commercial College Graduate. Previously PKC Group Oyj's president and CEO. Founding member of PKC Group Oyj with 30 years experience at the company. Honorary Consul of Denmark, Board member of Technology Industries of Finland. Director is not independent of the company, because he held a position in the company during the last three years prior to the inception of the board membership. Owns 150,300 PKC Group Oyj's shares.

JUHANI KOSKINEN, b.1946
Member of the Board of Directors since 2002. M.Sc. (Eng.). Previously Vice President of Supplier Management at Valmet Automotive Oy. 30 years experience in vehicle industry's management at several companies. Chairman of ANI community, Chairman of AEL-INSKO's Logistics Expert Body. Director is independent of the company and of its significant shareholders. Owns 3,000 PKC Group Oyj's shares.

LEO OJALA, b. 1950
Member of the Board of Directors 1994–1995 and since 1997. Commercial College Graduate. LO-Invest Oy's Chairman of the Board of Directors. Member of Waratah OM Oy's and Outokummun Metalli Oy's Board of Directors. Previously CFO at PKC Group Oyj. Founding member of PKC Group Oyj with 30 years experience in financial administration at the company. Director is not independent of the company, because he held a position in the company during the last three years prior to the inception of the board membership. Owns 154,500 PKC Group Oyj's shares.

ENDEL PALLA, b.1941
Member of the Board of Directors since 1994. B.Sc. (Eng.). Chairman of the Supervisory Board and Development Director at AS Harju Elekter. 36 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, AS Saajos Balti and AS Glamox and Vice Chairman of the Supervisory Board of AS Keila Kaabel. Director is not independent of the company, because he is the Chairman of the Supervisory Board and Development Director in AS Harju Elekter that is a lessor of PKC's subsidiary and significant shareholder. Owns 109,000 PKC Group Oyj's shares.

VEIKKO RAVASKA, b.1951
Member of the Board of Directors since 1995. B.Sc. (Eng.). Previously Logistics Director at PKC Group Oyj. Founding member of PKC Group Oyj. 20 years experience in production and logistics management at the company. Member of Muoviura Oy's Board of Directors. Director is independent of the company and of its significant shareholders. Owns 625,200 PKC Group Oyj's shares.

RISTO SUONIO, b.1942
Member of the Board of Directors since 1994. M.Sc. (Eng.). Previously Director of Cable and Mechanical Industry Group at Oy Nokia AB. 40 years experience at Oy Nokia AB. Director is independent of the company and of its significant shareholders. Owns 3,000 PKC Oyj's shares.

JYRKI TÄHTINEN, b.1961
Vice Chairman, member of the Board of Directors since 1999. LL.M, MBA, Attorney at Law. President and CEO of Attorneys at Law Borenius & Kemppinen Ltd. 15 years experience in practising law. Member of the Board of Directors at Muoviura Oy, JSH Capital Oy, Spiceboys Oy and Girasole Oy. Director is independent of the company and of its significant shareholders. Does not own PKC Group Oyj's shares.

CORPORATE MANAGEMENT TEAM ON DECEMBER 31, 2004

HARRI SUUTARI JUKKA FEIRING TAPIO FRANTTI LEEVI HIETALA VILLE JAAKKOLA MIKA KARI

HARRI SUUTARI, b.1959
President and CEO. B.Sc. (Eng.). With the company since 2002. Ponsse Oyj's president and CEO 1994–2000. Kajaani Automatiikka Oy's president and CEO 1984–1996. Owns 450,000 PKC Group Oyj's shares. Does not own options.

JUKKA FEIRING, b. 1949
Business Unit Director. With the company since 1979 in production development, sales and management. Owns 5,000 PKC Group Oyj's options. Does not own shares.

TAPIO FRANTTI, b. 1967
Technical Director. M.Sc. (Eng.). With the company since 2002. ADC Telecommunication Inc.'s Product Development Manager 1999–2002. Rautaruukki Oyj's Design and Development Engineer 1996-1999. Etteplan Oy's Areal Manager 1994–1996. Owns 2,500 PKC Group Oyj's options. Does not own shares.

LEEVI HIETALA, b.1940
Principal trusted representative. With the company since 1970 in production and representative duties. Typpi Oy's Process Attendant 1962–1970. Owns 230 PKC Group Oyj's shares. Does not own options. Membership ended on 31 December 2004 due to retirement.*

* Mr. Ari Aho, the new principal trusted representative, has been appointed to Corporate Management Team to replace Mr. Hietala from 1 January 2005.

VILLE JAAKKOLA, b.1964
Logistics Director. M.Sc. (Eng.). With the company since 1999. 10 years experience in materials purchasing, logistics and quality at Valmet Group. Owns 2,100 PKC Group Oyj's shares and 9,000 options.

MIKA KARI, b.1969
Vice President since 26 March 2004. M.Sc. (Eng.). With the company since 1999 in quality and business development. Owns 1,000 PKC Group Oyj's shares and 3,750 options.

MARKO KARPPINEN PEKKA KORKALA JANNE LAMPELA MATTI NIEMELÄ MIKA RYTKY VEIJO SIMONEN EERO VEIJOLA

MARKO KARPPINEN, b.1971
CFO. M.Sc. (Econ.) With the company since 2003. Finnforest Oyj 2002–2003, latest as Chief Business Controller. Ponsse Oyj 1994–2001, latest as CFO. Owns 3,000 PKC Group Oyj's shares and 3,750 options.

PEKKA KORKALA, b.1969
Business Unit Director. M.Sc. (Eng.). With the company since 1998 in business controlling and production management. Rannikon Konetekniikka Oy's Production Manager 1995–1998. Owns 2,500 PKC Group Oyj's options. Does not own shares.

JANNE LAMPELA, b.1971
Business Unit Director. B.Sc. (Eng.). With the company since 1999 in sales and management. Outside of the company in product development and export duties 1995-1998. Owns 2,500 PKC Group Oyj's options. Does not own shares.

MATTI NIEMELÄ, b.1960
Personnel Director. B.Sc. (Admin.). With the company since 2000. 10 years experience in financial and administration management as well as consulting at several companies. Owns 2,500 PKC Group Oyj's options. Does not own shares.

MIKA RYTKY, b.1971
Business Development Director. M.Sc. (Eng.). With the company since 2000 in sales. Pohto Oy's consultant 1995–1999. Owns 4,000 PKC Group Oyj's options. Does not own shares.

VEIJO SIMONEN, b.1952
Business Unit Director. B.Sc. (Eng.). With the company since 1999. 20 years experience in vehicle industry's management and development at several companies. Owns 1,500 PKC Group Oyj's options. Does not own shares.

EERO VEIJOLA, b.1959
Business Unit Director. Lic.Sc. (Tech.). With the company since 2000. 20 years experience in research, development and management at several companies. Owns 600 PKC Group Oyj's shares and 5,000 options.

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