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FINANCIAL STATEMENT BULLETIN BY PKC GROUP OYJ FOR THE YEAR 1999

PKC GROUP'S RESULT IMPROVED DURING THE LAST QUARTER
PROFIT AFTER FINANCIAL ITEMS TOTALLED MEUR 10.7

PKC's position as systems supplier for the telecommunications and electronics sector and the commercial vehicle industry, with responsibility for product development, was significantly reinforced in the period under review. The Group's net sales increased by 36.3% over the previous year. The Group's profit before reserves and taxes amounted to MEUR 10.7 (MEUR 10.1 in the previous year). The Board of Directors proposes that a dividend of 36,0 % of the Group's profit for the financial period be paid, i.e. EUR 0,50 per share. Earnings per share totalled EUR 1.39 (EUR 1.33).

PKC Group employs the principle of partnership, and supplies and develops electrical and data transfer systems for the commercial vehicle industry and products for the telecommunications and electronics industry. The Group's business strategy is based on the principle of long-term co-operation with our customers throughout the whole lifespan of our products. The company's new name, PKC Group, describes the company's values: customer-orientation, know-how, quality products (Products, Know-how, and Customers).

The Group's domestic operations are located in Oulu, Kempele and Raahe, and the subsidiary units abroad are in Brazil and the Netherlands. The Group's business operations are divided into two business areas in accordance with the customer sectors.

As result of long-term successful partnership and strategic arrangements, an agreement was signed in October making PKC Group the sole supplier of electric and data transfer systems for Scania. Correspondingly, also Volvo decided to direct its purchases to only two global suppliers, of which one is PKC Group in accordance with the agreement signed in December.

NET SALES

The Group's net sales increased by 36.3% over the previous year, totalling MEUR 113.9 (MEUR 83.6).

Sales to the commercial vehicle industry amounted to MEUR 47.4, increasing by 3.0% over the previous year (MEUR 46.0). As result of closer co-operation, the Group's market share and added value of products increased for the principal customers of the sector, Scania and Volvo. Volatility of the nation's economy was reflected on the Brazilian car industry and the production of PKC Brazil through decreasing demand. The prices of material imported from Europe increased due to the devaluation and it was difficult to agree on increasing the sales prices accordingly in the unstable situation. Brazilian operations accounted only for 3% of the operations of the entire Group and 7% of the Group's commercial vehicle sector.

Net sales of the telecommunications and electronics sector increased by 77.0%, totalling MEUR 66.5 (MEUR 37.6). It is difficult to compare the period under review with the previous period (1998) because of the significant structural changes implemented in the Group's telecommunications and electronics sector during the period under review: The net sales of the subsidiary acquired at the end of the previous year are not included in the comparison figures for the previous year. Discontinuation of the non-strategic local assembly business in August had a considerable impact on the development of the sector's net sales in the parent company during the final part of the year. The discontinued assembly operations' share of the entire year's net sales amounted to MEUR 16.0.

PROFIT

Consolidated profit before reserves and taxes totalled MEUR 10.7 (MEUR 10.1). The last quarter was so positive that it brought the profit of the entire financial period up to plan. Consolidated operating profit, MEUR 11.4, increased by 6.4% over the previous year (MEUR 10.7), representing 10.0% (12.8%) of net sales. Total depreciation in the Group amounted to MEUR 2.3 more than the previous year. The objective set for consolidated operating profit was met. In order to maintain the current level of profitability as the number of system deliveries grows, effective and cost-conscious material acquisitions and management of supplier networks is required for both sectors of the Group.

The emphasis of operations was in constructing long-term resources in order for the Group to be ready to meet the growing challenges in the business areas. Long-term investments in expanding and increasing the personnel's expertise are evident particularly in the result through the fixed costs. Depreciation of consolidated goodwill from corporate acquisition over the period of eight years and the massive equipment investments by a subsidiary have considerably increased the Group's total amount of depreciation. The total sum of consolidated fixed expenses and total depreciation is almost double in comparison with the previous year. Initial costs incurred from starting the operations of the final assembly plant in the Netherlands account for MEUR 0.2 of the expenses included in the result for the financial period.

The Group's financial expenses totalled MEUR 0.6 (MEUR 0.6), which includes the exchange rate loss, MEUR 0.3 (MEUR 0.3), incurred from the subsidiary in Brazil. Profit before reserves and taxes totalled MEUR 10.7 (MEUR 10.1), which represents 9.45 (12.1%) of net sales. Direct taxes for the financial period amounted to MEUR 3.4 (MEUR 3.2). Extraordinary items of the parent company include an entry of MEUR 3.4 of group contribution received from a subsidiary.

FINANCIAL POSITION AND BALANCE SHEET

The Group's financial position remained solid. The liquidity was good, as is evident in the amount of cashflow financing, MEUR 15.0 (MEUR 12.0) and current ratio, 1.7 (1.8). Interest-bearing debts at the end of the period under review amounted to MEUR 11.2 (MEUR 15.3). The equity ratio, 43.3% (36.1%), and debt-equity ratio, 1.3 (1.8), improved due to repayment of loans resulting from a corporate acquisition. Dividends paid for the year 1998 totalled MEUR 2.8. Liquid assets at the end of the period under review totalled MEUR 3.1 (MEUR 9.1). The consolidated balance sheet total was MEUR 51.4 (MEUR 49.3).

CAPITAL EXPENDITURE

Investments in production facilities, equipment and information systems totalled MEUR 4.9 (MEUR 4.7) for the Group. The largest individual investment was modernisation of production lines at PKC Electronics Oy. The final acquisition price of Oy Raahen TH Elektroniikka Ab (PKC Electronics Oy), acquired by the parent company at the end of the year 1998, was MEUR 11.6.

RESEARCH AND DEVELOPMENT

The R&D resources of PKC Group were considerably reinforced during the year 1999. The subsidiaries' product development unit became part of the Group as result of corporate acquisition at the end of the previous year. Investments in new technologies and areas of expertise continued in the period under review. The Group spent MEUR 3.4 on research and development, which represents 3.0% of net sales (MEUR 1.3 and 1.6%). The relative share of R&D expenses will continue to grow. At the end of the financial period, a total of 52 PKC Group employees were engaged in research and development.

The share of R&D of the Group's service concept for the telecommunications and electronics industry is significant. The partnership agreements signed during the period with Scania and Volvo, the Group's main customers in the commercial vehicle sector, will increase the Group's responsibility for research and development in this sector, too. The know-how and new production technology of PKC Electronics Oy have a key role in the expanding product development and production of electronics for heavy vehicles. The opportunities provided by technology within the Group's both lines of business are taken into consideration in research and development for the benefit of customer sectors and the entire group.

PERSONNEL

During the period under review, the Group employed an average of 730 (390) personnel. Employees of PKC Electronics, who became part of the Group's personnel due to the corporate acquisition, account for the majority of the increase in the total number of personnel. The remainder of the increase in the entire group consisted mainly of office personnel in the period under review. The launch of operations at the Netherlands plant was initiated by recruiting office personnel. Company management was strengthened by appointing Mr Sakari Kauppinen (D.Sc.Tech.) Technology Director and Mr Ville Jaakkola (M.Sc.Tech.) Logistics Director.

The Group's total personnel costs, MEUR 18.8 (MEUR 10.9), include MEUR 0.8 (MEUR 0.9) of result-based bonus payable to the personnel of the parent company. The amount of this bonus per person was the average salary of one month.

SHARE AND SHAREHOLDERS

On the closing day of the financial period, the company had 4,526 (4,028) registered shareholders. The number of shares is 5,275,000. PKC Group's management owned 18.5% (18.5%) of the shares. The shares owned or represented by the members of the Board of Directors accounted for a share of 24.6% (24.7%).

In 1998, PKC Group Oyj issued a bond loan with warrants to the personnel entitling to gradual subscription of a total of 400,000 company shares between the years 2001 and 2004 (7.1% of the capital stock). The subscription price of a share acquired through the warrants is EUR 20.5 (FIM 122.0), decreased by the amount of dividend distributed prior to the subscription of shares and after 1 May 1998. At the end of the financial period, 119,500 warrants were held by Group management and 16,000 by members of the Board of Directors. A total of 35,250 undistributed warrants were held by the Group.

The price of shares varied in the period under review between EUR 15.6 and 28.5. The last quotation of the year was EUR 26.7. The liquidity of the shares remained good, as they were traded on a daily basis and 52.0% (69,0%) of the company's shares were exchanged in the period under review. Total market value of the capital stock was MEUR 140.8 (MEUR 119.8) at the end of the year.

EURO AND THE YEAR 2000

Euro became PKC Group's accounting currency in the beginning of 1999. The company's first interim report prepared in accordance with euro-based accounting was published for the first quarter of the 1999 financial period.

PKC Group's Year 2000 project focused on securing critical systems such as the operations management system, the data network, EDI links and supplier chains. The measures required were completed according to schedule. The company prepared for the turn of the year by temporarily increasing stock in the most critical materials. The turn of the millennium passed without any problems.

QUALITY AND ENVIRONMENT

The quality of operations and products is one of the most important guidelines of PKC Group's business operations. In the course of the period under review, 1999, progress was made in quality development particularly due to system developments towards an expanding supplier network. All of the Finnish and foreign companies engaged in co-operation with PKC Group are covered by the ISO 9002 Quality System. As planned, PKC Group was awarded the ISO 14001 environmental certificate at the end of March 1999. As both customers and interest groups become more and more aware of environmental issues, the demands must be taken forward into the supplier chain. The subcontractors will begin developing their environmental systems in line with the example set by PKC Group.

PKC was awarded the ISO 9001 Quality Certificate at the end of June. The certified quality system expanded to cover also product development and design operations, which due to the more extensive responsibility form a significant part of the comprehensive service offered to customers.

Development of quality is an ongoing process. The development of PKC's quality system in accordance with the automotive industry's

QS-9000 certification got off to a good start during the year. The current year will be spent on developing operations to meet the requirements of the certification, which is set to be the objective for the beginning of the year 2001.

THE FUTURE

The outlook for the main customers in the commercial vehicle sector's electronics and data transfer systems is extremely positive. PKC's new status as the systems supplier with responsibility for product development selected by the principal customers will spur the PKC Group to significant growth in the coming years. It is estimated that the net sales of this line of business will double in three years as a result of the new agreements.

The telecommunications and electronics industry will continue developing its service concept in the rapidly growing business sector by offering contract manufacturing and product development services through “Partnership Equipment Manufacturing” (=PEM) covering the entire lifecycle of the product. Significant growth of the PKC Group's telecommunications and electronics industry in the coming years will guarantee the company a solid position in the international market which is growing fast. The growth objective set for this business area is to double the net sales during the period of three years.

Acting as global supplier for two international lines of business is a strategic choice by the company, involving the potential risks linked to the trends in global economy that are restricted in terms of time and place. The growth of business operations and continuously expanding responsibility require continuous investments in expertise and production technology. Fast exploitation of new technology and cost-effective management of logistics have been defined as critical success factors for the entire group.

Corporate acquisitions supporting this strategy will be used as means of implementing part of the growth. The extraordinary company meeting authorised PKC Group Oyj's Board of Directors on 30 December 1999 to decide on acquisition of the company's own shares and assigning them to finance possible business acquisitions, co-operation between companies or other similar arrangements. The shares acquired can account for the maximum of 5% of voting rights and the share capital of the company. The authorisation is valid for one year from the decision of the company meeting.

PKC Electronics Oy will be merged with the parent company in order to intensify operational efficiency of the Group's two lines of business and rationalise co-operation between them. Operating as a single legal entity will help the Group unify its corporate culture and enhance the personnel's commitment to the shared objectives of the Group. The merger will also help to establish the independent business areas, formed in early 1999, more firmly. The extraordinary company meeting approved the merger plan on 30 December 1999. Execution of the merger is scheduled for entry in the Register of Companies on 30 June 2000.

EVENTS AFTER THE PERIOD UNDER REVIEW

In the beginning of the current financial period, division of the Group's business into two business areas was asserted and productive operation of the business areas was enhanced by appointing Directors with profit responsibility for each line of business: Mr Martti Särkelä (M.Sc.Tech. eMBA) for the commercial vehicle industry, and Mr Pekka Päkkilä (M.Sc.Tech. eMBA) for the telecommunications and electronics industry. PKC Group's executive group formed in the beginning of the current financial period is responsible for the Group's operative business in line with company strategy. The executive group consists of executives of the business areas and subsidiaries, and management of Group operations.

In order to intensify the Group's operations and promote a uniform corporate culture, the Group has decided to rent new premises from Technopolis Oulu Oyj. The facilities for production and logistics management will be completed in July 2000. The office premises to be completed by the end of the year will facilitate the location of the Group's growing product development resources under the same roof. After relocation of operations, the company's existing premises will be sold in accordance with the contract already signed.

The launch of the final assembly plant in the Netherlands is proceeding according to plan. The plant will begin volume production in April 2000.

CONSOLIDATED PROFIT AND LOSS (1000 eur)	1999	% / net sales	1998	% / net sales	change %
NET SALES	113889		83565		36,3
Operating expenses	-98859	86,8	-71526	85,6	38,2

OPERATING MARGIN	15030	13,2	12039	14,4	24,8
Depreciation according to plan	-3674	3,2	-1362	1,6	169,8
OPERATING PROFIT	11357	10,0	10677	12,8	6,4
Financial items	-632	0,6	-605	0,7	4,5
PROFIT BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	10725	9,4	10072	12,1	6,4
PROFIT BEFORE RESERVES AND TAXES	10725	9,4	10072	12,1	6,5
Direct taxes	-3402	3,0	-3190	3,8	6,6
NET PROFIT	7323	6,4	6882	8,2	6,4
MINORITY INTEREST	7		120		-94,2
CONSOLIDATED NET PROFIT	7330	6,4	7002	8,4	4,7

CONSOLIDATED BALANCE SHEET
(1000 eur)

ASSETS	1999	1998
NON-CURRENT ASSETS	17396	16246
CURRENT ASSETS	34033	33104
Inventories	14485	11519
Receivables	16443	12481
Cash in hand and at bank	3105	9104
TOTAL	51429	49350

LIABILITIES AND SHAREHOLDERS` EQUITY

SHAREHOLDERS´EQUITY	22258	17809
Share capital	1774	1774
Other equity	20484	16035
MINORITY INTEREST		7
LIABILITIES	29171	31534
Non-current liabilities	9032	12896
Current liabilities	20139	18638
TOTAL	51429	49350

KEY RATIOS

Return on investment, %	34,1	42,5
Return on equity, %	36,5	44,5
Gearing, %	36,5	34,9
Equity ratio, %	43,3	36,1
Current ratio	1,7	1,8
Personnel average	730	390
Order backlog (1000 eur)	29201	26272
Capital expenditures on fixed assets	4900	4680
% of net sales	4,3	5,6

KEY RATIOS / SHARE

Earnings, eur	1,39	1,33
Equity, eur	4,22	3,38
Dividend, eur *	0,50	0,54
Dividend/earnings, %	36,0	40,5
Effective dividend yield, %	1,87	2,38
Share price 31.12.1999, eur	26,70	22,70
Price/Earnings	19,21	17,10
Shares, 1000	5 275	5 275

- dividend proposal of the Board of Directors

CONTINGENT LIABILITIES (1000 eur)

For liabilities	6556	7486
For other own commitments		409
Leasing	328	322
Currency derivatives forward contracts		991
TOTAL	6884	9208

PARENT COMPANY (1000 eur)	1999	% / net sales	1998	% / net sales	
NET SALES	75858		82905		-8,5
Operating expenses	-65349	78,8	-70097	84,6	-6,8

OPERATING MARGIN	10509	12,7	12808	15,4	-17,9
Depreciation according to plan	-1616	1,9	-1162	1,4	39,1
OPERATING PROFIT	8893	10,7	11646	14,0	-23,6
Financial income and expenses	3997	4,8	-278	0,3	1537,8
PROFIT BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	12890	15,5	11368	13,7	13,4
Extraordinary items	3364				
PROFIT BEFORE RESERVES AND TAXES	16254	19,6	11368	13,7	43,0
Change in accelerated depr.	-55	0,1	-175	0,2	-68,6
Direct taxes	-4575	5,5	-3141	3,8	45,7
NET PROFIT	11734	14,2	8052	9,7	45,7

PARENT COMPANY
BALANCE SHEET (1000 eur)

	1999	1998
ASSETS		
NON-CURRENT ASSETS	21416	20351
CURRENT ASSETS	30534	24180
INVENTORIES	10743	6974
RECEIVABLES	18374	12718
CASH IN HAND AND AT BANK	1417	4488
TOTAL	51950	44531
VASTATTAVAA		
SHAREHOLDERS´EQUITY	27936	19041
Share capital	1774	1774
Other equity	26162	17267
RESERVES		
Accumulated accelerated depr.	568	623
LIABILITIES	23446	24867
Non-current	8461	12325
Current	14985	12542
TOTAL	51950	44531

Figures are auditted.

The annual shareholders` meeting will be held on Thursday, March 30, 2000. The annual report 1999 will be available in week 12. PK Cables will publish the following interim reports in 2000:Interim report 1-3/2000 April 26, 2000, Interim report 1-6/2000 August 4, 2000 and Interim report 1-9/2000 October 25, 2000.

PKC Group Oyj
The Board of Directors

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