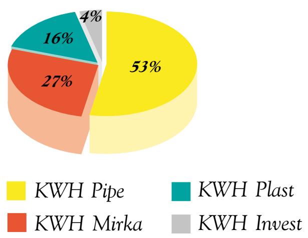
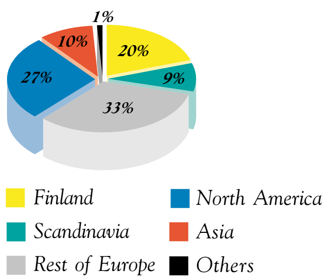
Annual report of the Board of Directors

Turnover, FIM mill.

	1998	**1999**	Ch. %
Pipe			
Finland	226	**225**	- 1
Exports/foreign	659	**717**	9
Total	885	**942**	6
Mirka			
Finland	43	**44**	3
Exports/foreign	398	**442**	11
Total	441	**486**	10
Plast			
Finland	31	**31**	1
Exports/foreign	244	**251**	3
Total	275	**282**	3
Invest			
Finland	34	**58**	74
Exports		**24**	
Total	34	**82**	146
Group			
Finland	333	**355**	7
Exports	547	**619**	13
Foreign oper.	754	**819**	9
./. int. turnover	- 0	**- 3**	
Group Turnover	1,634	**1,789**	10



Share of Group Turnover



Turnover by geographical market

The KWH Group produces plastics and abrasives on three continents and exports goods made in Finland to many countries. During the year under review, economic trends were favourable in most of the market areas of importance for the Group.

In North America, which accounts for nearly 30% of Consolidated turnover, the US economy continued with its record upward trend and, despite all misgivings, growth tended to speed up rather than fall off towards the end of the year. The effect of this favourable trend in the US is tangible in the world economy. Recovery continued in the Asian and South American economies after their recent crises and the situation also improved in Russia. However, economic growth in Japan remained slow. The growth rate increased in the major economies within the EU, strengthening the position of Europe as a whole. Inflation and nominal interest rates remained low on most markets, despite expanding economic activity. GDP growth was about 2.8% in the OECD, while consumer prices are estimated to have gone up by about 2%.

In Finland the rapid GDP growth continued, for the sixth year running, at an estimated 3.5% or so. The growth rate picked up towards the end of the year, thanks to favourable export trends during the autumn. All key economic indicators were favourable, as they have been during the past few years. Inflation was reasonable, unemployment continued to fall, government income and spending were balanced, the trade balance and the current account showed a surplus, the price competitiveness of industrial sector continued to be good and the disposable income of households grew steadily.

Unchanged Group structure

In 1999, Group operations continued with the same structure as before, i.e. within four divisions. KWH Pipe produces plastic pipes and pipe systems and sells production technology. KWH Mirka manufactures flexible abrasives and KWH Plast makes plastic sheeting. KWH Invest runs a commercial cold storage facility (KWH Freeze) and is, as of the beginning of the year under review, the majority shareholder in Oy Prevex Ab, which manufactures injection-moulded plastic products.

Pipe maintained its position as the biggest division, with a 53% share of consolidated turnover, while the share of the next biggest division, Mirka, was 27%.

In the later half of the year, Pipe decided to discontinue its pipe production company and other operations in India. Work on closing down these operations will continue into 2000.

Turnover up nearly by 10%

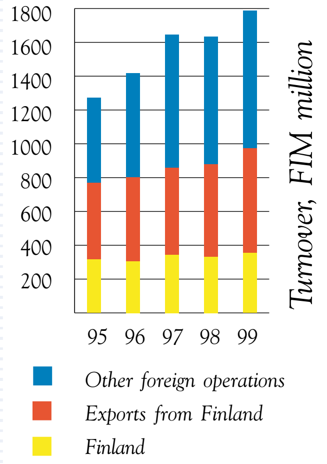
Consolidated turnover came to FIM 1,789 million in 1999, compared with FIM 1,634 million the previous year. This represents an increase of nearly 10%. Exchange rate fluctuation in some of the company's main currencies, e.g. the US dollar and the British pound, again influences the comparison. If the turnover of foreign subsidiaries is calculated at unchanged exchange rates, the growth in consolidated turnover would be about 8%.

Exports from Finland rose by 13%, reaching FIM 619 (547) million. Turnover on the domestic market came to FIM 355 (333) million, an increase of 7%. This is the equivalent of Prevex's turnover on the domestic market and Prevex was in fact consolidated for the first time in 1999. The value of operations abroad grew by 8%. The ratio of total turnover deriving from exports and operations abroad remained unchanged at 80%.

Delivery volumes went up by about 6% in Mirka and Plast and 3% in Pipe. Mirka showed the biggest increase in turnover, denominated in FIM, going up to

FIM 486 (441) million, a 10% rise. Pipe's turnover came to FIM 942 (885) million, up by 6%, while Plast showed only a moderate increase.

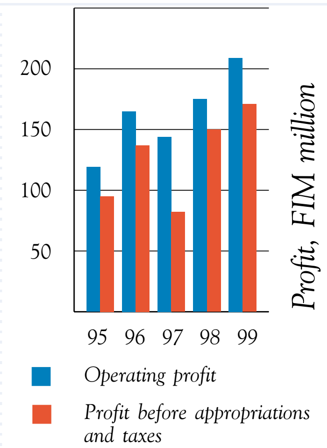
The distribution of turnover among the various market areas was almost completely unchanged, with Europe accounting for 62%, while North American operations accounted for 27% and Asian operations for 10%.



Very good performance

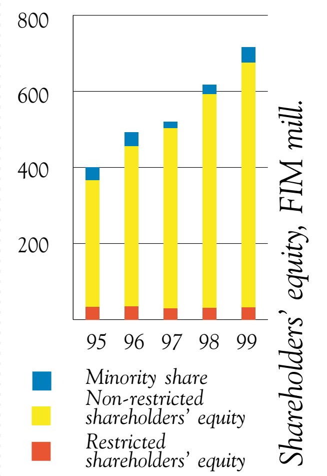
Group performance improved further on 1998, when it was described as the best ever. Operating profit went up from FIM 175 million to 209 million, corresponding to 11.7% of turnover. Net profit before taxes rose to FIM 171 (150) million. Extraordinary expenses of FIM 12 million, a reserve for calculated structuring costs in coming years, were entered against profits. After taxes for the year of FIM 52 (41) million net profit for the financial year, including minority interest, came to FIM 120 (109) million.

The improvement in operating income is due to higher turnover and improved gross margins. More favourable exchange rates for exports from Finland contributed to the latter. Financial expenditure continued to drop and accounted for 1.4% of turnover in 1999. As before, all exchange rate differences incurred have been entered in the profit and loss account under financial income and expenses, irrespective of whether they are realized or unrealized. The income statement for 1999 shows net exchange rate gains of FIM 1 million compared with net exchange rate losses of FIM 4 million the previous year. These exchange rate differences derive from both trade receivables, trade debts and financing denominated in foreign currencies.



The parent company functions almost exclusively as a holding company, with a staff which includes the Group Management. It also includes certain real estate holdings which operate under the Invest division. The parent company's other operating income in the income statement consist mainly of fees for Group services and, to a lesser extent, income from rents and leases and sales profit on fixed assets. The item 'financial income and expenses' comprises dividend income of nearly FIM 38 million from consolidated Group companies and associated companies.

Operating profit for 1999 corresponds to a return on capital employed of 20.6% compared with 18.4% the year before. According to the Group's own way of rating its performance, the grade goes up from good to very good. According to this internal rating system the return on capital employed in Plast and Invest is good, while Mirka receives an excellent grade. Pipe's performance is poor due to its operating losses and the high costs of closing down the Indian subsidiary.



Considerably higher shareholders' equity

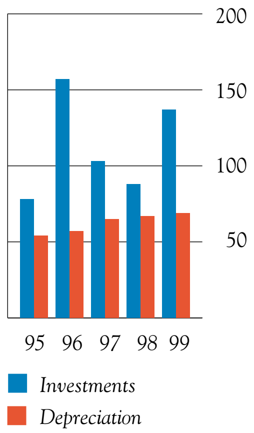
The consolidated balance sheet total increased considerably during the year, reaching FIM 1,617 (1,405 million). Close to FIM 80 million of this increase derived from changes in exchange rates during the year.

The consolidated balance sheet shows that shareholders' equity increased by FIM 99 million, including the minority share, and amounted to FIM 717 (618) million at year end. As a consequence of the rapid rise in the balance sheet total, the proportion accounted for by shareholders' equity rose only one percentage point, to 45%. However, progress towards the Group's solvency target of 50% continues. Of the total shareholders' equity, FIM 358 million derives almost as such from the parent company.

Investments, FIM mill.

	1998	**1999**
Pipe	50.7	**67.5**
Mirka	15.3	**22.2**
Plast	19.9	**15.0**
Invest	2.8	**32.1**
Others	0.4	**0.4**
Total	89.1	**137.2**

Investments and depreciation, FIM mill.



Personnel

	1998	**1999**	Change
Pipe	1,137	**1,174**	+ 37
Mirka	458	**475**	+ 17
Plast	197	**203**	+ 6
Invest	43	**122**	+ 79
Others	16	**16**	
Total	1,851	**1,990**	+ 139

Despite this rapid growth in total assets, net interest-bearing liabilities less cash in hand and at bank fell to FIM 289 (301) million. This gives a gearing ratio of 40% (49%) when the sum in question is given as a percentage of shareholders' equity.

Investments went up considerably

Gross Group investment in 1999 came to FIM 137 million, well above the average level in recent years. An unusually large part of the total derives from Invest as a consequence of the purchase of additional shares in Oy Prevex Ab which made it a Group company, with the consequence that all fixed assets at the time of acquisition are included under gross investment.

About half of the Group total derives from Pipe which is logical in view of its relative size in the Group. Major individual projects worth noting in the Pipe division include investment in a new factory building at the Polish subsidiary and extension of the production and storage facilities at the Ulvila factory in Finland. Investments in new production capacity focused largely on light-weight pipe.

During the year, Mirka completed an extensive investment in a technology centre at the production facilities in Jeppo.

More resources for product development

Product development is a continuous process within the manufacturing units. In the case of Pipe, which has manufacturing operations abroad as well, development work takes place primarily within the units in Finland.

Personnel resources in the development units were mainly used for further development and improvements to existing products or product groups. Within Mirka, some unique new products which have been developed for some time have reached the testing stage. Generally speaking, product development at Mirka in recent years has successfully raised the quality of products in the automotive refinishing sector and industrial finishing to the standard required of a leading player in the international arena. Pipe's activities have focused mainly on further development of production and jointing technology for Weholite light-weight pipe. As before, Pipe was also involved in developing international pipe standards. Within Plast, efforts to reduce the company's dependency on standard products have continued by developing advanced technology PP foils.

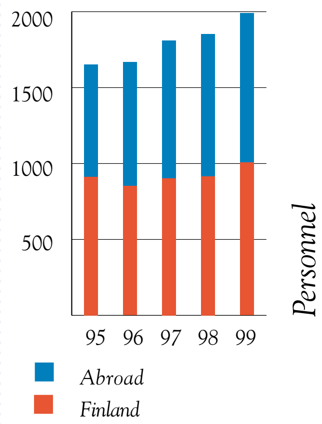
The requirement for future successful product development was improved during the year by, for instance, two major investments in basic resources. During the spring, Mirka was able to start using the new technology centre at its factory in Jeppo. The new premises include wet and dry laboratories and space for product testing and automotive refinishing. The project also included the acquisition of advanced technical equipment. Meanwhile, Plast decided in the second half of the year to invest in a pilot line for use in the development of PP foils. The line will come on stream at the beginning of 2000. Both of these projects constitute investments of several million Finnish markka.

Personnel increase

The number of Group employees grew for the sixth consecutive year, averaging 1990. As there were 1851 employees in 1998, this marked an increase of 139. More than half of the increase derives from the Invest division in which Oy Prevex Ab was consolidated for the first time. The rest of the increase is evenly distributed across the other divisions in proportion to size. As the Groups' international operations are considerable, a large number of the personnel, 984 (935), are stationed at foreign units. This means that the Group had an average of 1006 (916) employees in Finland. The personnel of the parent company remained unchanged at 16.

Wages and salaries came to a total FIM 291 (254) million. Pension contributions totalled FIM 31 (30) million. When the additional cost of other personnel insurance contributions and indirect personnel costs of FIM 30 (31) million are added to these figures the total personnel costs came to FIM 352 (315) million representing 17.7% of turnover compared with 19.3% the previous year.

The long-term work to improve the motivation, satisfaction and influence of staff continued in different ways during the year on a day-to-day basis. Most of the Finnish companies had their own cooperation committees. At the Group level, two Group cooperation meetings for the Finnish units were arranged according to the previous model. Specific projects during the year included the Finnish factories focusing on occupational safety issues and Mirka's work on a quality management system for occupational health and safety in accordance with OHSAS 18001.



Board of Directors and management

The Company's Board of Directors was re-elected at the shareholders' meeting in April and thus consisted of Henrik Höglund, Chairman, Ola Tidström, Vice Chairman, Gustaf Hartman, Peter Höglund, Gösta von Wendt and Holger Wester. The company auditors, Kristian Hallbäck, Authorized Public Accountant, and Sune Back, Authorized Public Accountant, were also re-elected.

The Group Management was reduced when Roger Nybäck, a member of the Group Management and managing director of Pipe, left the company's service in February. Peter Höglund, the Group President, temporarily took over as managing director for Pipe until David Martel, previously area director of Pipe's North American operations, took up the post in September.

In addition to Group President Peter Höglund, the Group Management is made up of the managing directors of Mirka, Plast and Invest, i.e. Kurt Betlehem, Per-Erik Höglund and Klas Damstén.

Continued stable progress predicted for 2000

The outlook for economic trends in both Finland and the majority of the Group's main markets continues to be favourable and there are no major threats to continued good growth and profitability. The process of closing down Pipe's loss-making operations in India continues according to plan, and the cost of closing down these operations should be covered by the reserve set aside in the 1999 accounts.

The inflow of orders and the deliveries made at the beginning of 2000 correspond to or exceed the budgeted level in most cases.

Consolidated Income Statement

	Note	1 Jan - 31 Dec. 1999	1 Jan - 31 Dec. 1998
Turnover	1	**1,789,330**	1,633,907
Variation in stocks (+/-) of finished goods and in work in progress		**14,445**	21,442
Work performed for own purpose		**2,741**	2,756
Share of associated company profits		**7,154**	2,033
Other operating income	2	**17,006**	25,988
Raw materials and services	3	**- 904,427**	- 857,971
Personnel expenses	4	**- 351,901**	- 315,065
Depreciation and write-downs	5	**- 68,615**	- 66,870
Other operating expenses	6	**- 296,384**	- 271,563
Operating profit		**209,350**	174,657
Financial income and expenses	7	**- 25,678**	- 30,135
Profit before extraordinary items		**183,672**	144,522
Extraordinary items	8	**- 12,300**	5,000
Profit before taxes		**171,372**	149,522
Direct taxes	10	**- 51,711**	- 40,528
Minority interest		**- 9,423**	- 4,866
Profit for the financial year		**110,239**	104,128

Figures in FIM 1,000.

Consolidated Balance Sheet

Assets	Note	31 Dec. 1999	31 Dec. 1998
Non-current assets	11		
Intangible assets		**9,515**	4,707
Tangible assets		**613,022**	532,795
Investments	12	**24,979**	30,728
Holdings in associated undertakings		**29,230**	27,528
		676,746	595,758
Current assets			
Inventories	13	**363,476**	298,406
Long-term receivables	14	**1,250**	1,286
Deferred tax receivables	18	**4,913**	15,636
Current receivables	14	**371,498**	330,971
Cash in hand and at bank		**199,286**	163,224
		940,423	809,522
		1,617,169	1,405,281

Shareholders' equity and liabilities	Note	31 Dec. 1999	31 Dec. 1998
Shareholders' equity	15		
Share capital		**10,730**	10,730
Premium fund		**1,150**	1,150
Revaluation reserve		**1,063**	2,848
Reserve fund		**18,482**	16,681
Retained earnings		**532,866**	456,891
Profit for the financial year		**110,239**	104,128
Unrestricted shareholders' equity, total		**643,105**	561,019
Shareholders' equity		**674,530**	592,428
Minority interest		**42,365**	25,504
Provisions	17	**12,490**	349
Liabilities			
Deferred tax liabilities	18	**51,869**	50,009
Long-term liabilities	19	**375,194**	363,839
Current liabilites	20	**460,722**	373,152
		887,784	787,000
		1,617,169	1,405,281

Figures in FIM 1,000.

Parent Company Income Statement

	Note	1 Jan - 31 Dec. 1999	1 Jan - 31 Dec. 1998
Other operating income	2	**12,277**	12,270
Personnel expenses	4	**- 9,255**	- 9,447
Depreciation and write-downs	5	**- 1,093**	- 1,329
Other operating expenses	6	**- 3,867**	- 4,039
Operating loss		**- 1,937**	- 2,545
Financial income and expenses	7	**35,995**	6,434
Profit before extraordinary items		**34,058**	3,889
Extraordinary items	8		88,000
Profit before taxes		**34,058**	91,889
Appropriations	9	**154**	542
Direct taxes	10	**- 9,627**	- 25,556
Profit for the financial year		**24,585**	66,875

Figures in FIM 1,000.

Parent Company Balance Sheet

Assets	Note	31 Dec. 1999	31 Dec. 1998
Non-current assets	11		
Intangible assets		**392**	626
Tangible assets		**19,330**	20,618
Investments	12	**229,064**	290,111
Holdings in group undertakings		**338,485**	303,452
		587,272	614,807
Current assets			
Long-term receivables	14	**42**	18
Current receivables	14	**36,077**	5,780
Cash in hand and at bank		**28,018**	70,852
		64,137	76,650
		651,409	691,457

Shareholders' equity and liabilities	Note	31 Dec. 1999	31 Dec. 1998
Shareholders' equity	15		
Share capital		**10,730**	10,730
Premium fund		**1,150**	1,150
Retained earnings		**321,642**	279,804
Profit for the financial year		**24,585**	66,875
Unrestricted shareholders' equity, total		**346,227**	346,679
Shareholders' equity		**358,107**	358,559
Accumulated appropriations	16	**4,164**	4,318
Provisions	17	**190**	349
Liabilities			
Long-term liabilities	19	**270,299**	299,588
Current liabilities	20	**18,649**	28,643
		288,948	328,231
		651,409	691,457

Figures in FIM 1,000.

Cash-flow Analysis

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Operating activities				
Payments received for sales and other operating income	**1,836,957**	1,623,199	**12,120**	21,032
Operating expenses, paid	**- 1,576,520**	-1,431,117	**-12,809**	-13,806
Cash flow from oper. activities before financial items and taxes	**260,438**	192,082	**- 689**	7,226
Interests paid and other financial expenses paid	**-40,290**	-30,883	**-32,025**	-19,740
Interests received and other financial income received	**9,633**	4,708	**37,156**	10,016
Dividends received	**1,231**	1,650	**27,244**	5,094
Direct taxes paid	**-38,421**	-28,137	**-21,755**	-20,268
Cash-flow provided by operating activities (A)	**192,590**	139,420	**9,931**	-17,672
Investing activities				
Investments in tangible and intangible assets	**-107,269**	-90,947	**-1,033**	-822
Proceeds from tangible and intangible assets	**6,134**	6,472	**2,309**	2,911
Subsidiaries, purchased	**-11,954**			
Loans granted	**-482**	-6,068	**-34,268**	-110,000
Investments in others	**-4,144**	-14	**-33,197**	-11,000
Repayment of loan receivables	**6,204**	55	**93,478**	0
Proceeds from other investments	**4**	240	**0**	235
Cash used in invest. activities (B)	**-111,506**	-90,262	**27,289**	-118,676
Financing activities				
Increase in debt	**-2,864**	-542	**-24**	
Decrease in debt	**536**	2,581		2,594
Borrowings of current debt	**23,654**	53,145	**4,429**	4,922
Repayments of current debt	**-20,510**	-39,687	**-9,300**	-5,028
Borrowings of long-term debt	**103,748**	107,613	**63,012**	94,397
Repayments of long-term debt	**-136,759**	-134,653	**-113,134**	-80,036
Cash flow from group contrib.				88,000
Dividends paid	**-27,910**	-10,730	**-25,037**	-10,730
Cash used in financ. activities (C)	**-60,105**	-22,273	**-80,054**	94,119
Increase (+) / decrease (-) in liquid funds (A+B+C)	**20,979**	26,885	**-42,834**	-42,229
Liquid funds at beginning of the financial year	**163,224**	137,670	**70,852**	113,082
Conv. difference in liquid funds	**15,083**	-1,331		
Liquid funds at end of the financial year	**199,286**	163,224	**28,018**	70,852

Figures in FIM 1,000

Notes to the Accounts

Group membership

The KWH Group's parent company is KWH Group Ltd, domiciled in Uusikaarlepyy (Nykarleby). Copies of the consolidated accounts for the KWH Group are available at the Group offices, Kappelinmäentie 240, 65370 Vaasa, or at Masugnsvägen 58, 66800 Oravainen.

Accounting principles

The accounts for 1999 have been drawn up in accordance with the Finnish Accounting Act with the relevant provisions of the Companies Act and other legislation and regulations. The accounts are largely based on the model for the accounts of joint stock companies published by the Finnish Institute of Authorised Public Accountants.

The balance sheets and income statements for 1998 are comparable in all essential respects.

Consolidation principles

Scope of the consolidated financial statements

The consolidated financial statements cover all companies in which the parent company directly or indirectly held 50% of total votes at year end, as well as associated companies in which the Group had 20-50% of the shares and votes.

Internal shareholdings

Internal shareholdings have been eliminated according to the acquisition cost principle. When the acquisition costs of shares in subsidiaries acquired from outsiders were higher than the shareholders' equity of the subsidiaries at the acquisition date, the difference, in so far as it refers to fixed assets, has been entered under the relevant items in the consolidated financial statements. In other instances, it has been reported as Group goodwill, which is normally depreciated over a five-year period on the straight-line basis.

Internal transactions

All internal business transactions and dividends, internal receivables and liabilities, and internal sales margins on products in stock only and profits on sales of fixed assets have been eliminated.

Minority shares

The minority shares in profits for the year and shareholders' equity have been drawn up and reported as separate items in the income statement and balance sheet.

Foreign subsidiaries

When necessary, the financial statements of the foreign subsidiaries have been converted to meet the requirements of the Finnish Accounting Act.

The balance sheets of the foreign subsidiaries have been converted into Finnish markka at the rate quoted by the Bank of Finland on the accounting date. The income statements have been converted at the average rate during the financial year.

The conversion differences arising when the shareholders' equity of the foreign subsidiaries has been converted according to the different exchange rates on the acquisition and accounting dates have been booked in the balance sheet under non-restricted shareholders' equity.

The exchange rate differences arising when the Group's internal transactions have been booked in the day-to-day book-keeping at the accounting date rate but converted to the average rate in the consolidated accounts are included in the income statement under the relevant items.

Associated companies

Non-operative companies, real-estate companies financed by government loans and associated companies have been consolidated using the equity method. The share of associated company profits is included in the consolidated income statement under operating profit.

Exchange rate risk management

The Group's exchange rate risks mainly concern the Finnish companies. Foreign companies which operate mainly on their local markets conduct their operations and take out credit in their own currency or one that is as risk-free as possible. The extensive exporting from Finland to Group companies abroad is conducted in the currency of the buyer company, which means that the seller companies in Finland carry the exchange rate risk. Management of the exchange rate risk in the Finnish companies has been transferred through an agreement to the finance department of the parent company. A statement of receivables and liabilities in foreign currencies for all these companies is reported regularly for each currency concerned. Risks arising from net liabilities or receivables in currencies considered sensitive to fluctuation are eliminated using the traditional methods such as hedging via forward exchange transactions and currency loans or deposits. Based on decisions by the management and the finance department, future currency flows from export or import transactions which do not feature on the current statement of receivables and liabilities in foreign currencies may be separately safeguarded from time to time if there are evident risks attached to a certain currency. Finnish subsidiaries can make forward contracts inside the Group with the parent company's finance department in order to safeguard future export revenue, for instance.

All exchange rate differences, both realized and unrealized, are consistently entered in the accounts under financial income and expenses. This also applies to gains and losses arising from forward contracts made in Finland, in so far as they cover a net receivable or liability in the currency of the forward contracts on the accounting date. In so far as forward contracts cover currency flows from future export or import transactions, the gains and losses are entered as they occur.

In order to hedge against the risks involved in conversions of the accounts of foreign subsidiaries, some loans have been taken, according to instructions from the Board of Directors, in the national currency of the subsidiary in question to a maximum amount equivalent to its shareholders' equity. The exchange rate differences connected with these hedging loans are set off in the consolidated accounts against the conversion differences arising when foreign subsidiaries' balance sheet figures are converted.

Valuation principles

Valuation of fixed assets

Fixed assets are entered in the balance sheet at their direct acquisition value less depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis using probable economic life.

The depreciation periods are:

Intangible rights and other long-term expenditure	5 years
Buildings	30 - 40 years
Structures	20 years
Movable fittings and equipment in buildings, and heavy production machinery	15 years
Machinery and equipment	3 - 10 years
Group goodwill	5 years

Valuation of current assets

Current assets have been valued according to the FIFO principle at their variable acquisition costs (which do not include fixed acquisition costs), at replace-

Exchange rates used

	Average rate 99	Average rate 98	31 Dec. 1999	31 Dec. 1998
SEK	0.6771	0.6715	0.6944	0.6267
NOK	0.7170	0.7075	0.7362	0.6702
DKK	0.7996	0.7977	0.7988	0.7982
DEM	3.0400	3.0379	3.0400	3.0400
GBP	9.0738	8.8696	9.5637	8.4280
FRF	0.9064	0.9061	0.9064	0.9064
ITL	0.0031	0.0031	0.0031	0.0031
PTE	0.0297	0.0296	0.0297	0.0297
MYR	1.4794	1.3680	1.5575	1.3410
INR	0.1305	0.1288	0.1361	0.1190
THB	0.1484	0.1323	0.1576	0.1395
PLZ	1.4075	1.5281	1.4297	1.4539
EEK	0.3800	0.3797	0.3800	0.3800
USD	5.6230	5.3431	5.9185	5.0960
CAD	3.7881	3.5977	4.0702	3.2920

ment price or at probable sales value, whichever is the lowest.

Research and development expenditure and long-term expenditure

R&D expenditure is entered as a yearly cost under the year of occurrence.

Pension liabilities

The statutory pension security of the employees of domestic companies is covered by pension insurance. Foreign companies enter their pension costs as prescribed in the legislation of their own country.

Reporting of projects

Projects still under way on the accounting date are not included in the financial statements, as they are not reported until the project as a whole is completed.

Direct taxes

The consolidated income statement shows figures for direct taxes based on the local rates in the accounts of Group companies and as a change in the deferred tax liability. The deferred tax liability has been calculated at the tax rate set for the coming accounting period.

Deferred tax receivables have been calculated on internal sales gains, provisions not deductible in taxation during the financial year and losses acceptable in taxation. According to the prudence principle, deferred tax receivables arising from losses acceptable in taxation have only been entered on the balance sheet if it is evident that the receivable in question can be used in a Group company in future accounting periods.

In accordance with the prudence principle, deferred tax liabilities have been entered to their full extent and consist of deferred tax liability on accumulated depreciation reserve and voluntary provisions.

Notes to the Income Statement

		Group	
1	**Turnover by division and geographical market**	**1999** FIM mill.	1998 FIM mill.
	By division		
	KWH Pipe	**941.9**	885.1
	KWH Mirka	**486.2**	440.6
	KWH Plast	**282.0**	274.9
	KWH Invest	**82.4**	33.5
	KWH others	**- 3.1**	- 0.2
	Turnover	**1,789.3**	1,633.9
	By geographical market		
	Exports and foreign operations		
	Europe		
	Scandinavia	**166.6**	115.7
	EU	**489.4**	459.9
	Rest of Europe	**98.4**	106.3
	North America	**488.9**	440.3
	Asia	**173.3**	163.9
	Other markets	**18.1**	14.7
	Exports and foreign operations	**1,434.6**	1,300.8
	Finland	**354.7**	333.1
	Turnover	**1,789.3**	1,633.9
	Exports from Finland	**619.0**	547.3

		Group		Parent Company	
		1999	1998	**1999**	1998
2	**Other operating income**				
	Gains on sales of fixed assets	**1,959**	2,763	**927**	1,202
	Other	**15,047**	23,225	**11,350**	11,068
	Total	**17,006**	25,988	**12,277**	12,270

Figures in FIM 1,000, unless stated otherwise.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
3 Raw materials and services				
Raw materials, supplies and goods				
Purchases during the financial year	**892,643**	846,150		
Change in inventories	**- 19,118**	- 17,970		
	873,525	828,180		
External services	**30,902**	29,791		
Total	**904,427**	857,971		
4 Personnel expenses				
Personnel expenses				
Wages and salaries	**290,857**	254,432	**6,959**	6,755
Pension expenses	**30,955**	29,827	**1,685**	2,137
Other personnel expenses	**30,090**	30,806	**611**	555
Total	**351,901**	315,065	**9,255**	9,447
Salaries and fees paid to management				
Managing Directors	**15,884**	15,023	**983**	988
Board Members	**1,187**	972	**322**	322
Total	**17,071**	15,995	**1,305**	1,310
Personnel in average	**1,990**	1,851	**16**	16
The members of the group management are preliminary entitled to retire at the age of 60 years.				
Loans to management and shareholders				
Loans to MDs and Board Members	**99**	92		
Loans to shareholders	**6,500**	6,500	**6,500**	6,500
Securities: shares and guarantees				
5 Depreciation and write-downs				
Depreciation on tangible and intangible assets	**68,592**	66,046	**1,093**	1,329
Write-downs on fixed assets	**22**	326		
Exceptional write-downs on current assets		498		
Total	**68,615**	66,870	**1,093**	1,329
6 Other operating expenses				
Distribution and sales services	**109,786**	89,621		
Rents and leasing charges	**18,104**	17,665	**457**	464
Loss on sales of fixed assets	**1,942**	876	**80**	467
Other fixed costs	**166,551**	163,401	**3,329**	3,108
Total	**296,384**	271,563	**3,867**	4,039
7 Financial income and expenses in the Group				
Dividends received				
from Group undertakings			**36,254**	5,000
from participating interest undertakings			**1,563**	2,059
from others	**26**	16	**22**	16
	26	16	**37,838**	7,075
Interest income on long-term investments				
from Group undertakings			**13,138**	9,110
from others	**934**	568	**394**	422
	934	568	**13,532**	9,533
Income on long-term investments, total	**960**	584	**51,371**	16,608
Other interest income and financial income				
from Group undertakings			**28,946**	12,863
from others	**32,330**	18,743	**3,474**	16,324
	32,330	18,743	**32,420**	29,186
Interest income on long-term investments, other interest and other financial income	**33,264**	19,311	**45,952**	38,719

Figures in FIM 1,000.

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Interest expenses and other financial expenses				
to Group undertakings			**- 6,337**	-20,624
to others	**- 58,968**	- 49,462	**-41,458**	-18,736
	- 58,968	- 49,462	**-47,795**	-39,360
Exchange gains				
in interest and financial income	**28,732**	14,571	**29,182**	23,285
Exchange losses				
in interest and financial expenses	**- 27,670**	- 18,352	**-31,431**	-23,020
	1,062	- 3,781	**- 2,248**	266
Summary				
Dividend income	**26**	16	**37,838**	7,075
Interest income on long-term investments	**934**	568	**13,532**	9,533
Other interest income and financial income	**32,330**	18,743	**32,420**	29,186
Interest expenses and other financial expenses	**- 58,968**	- 49,462	**- 47,795**	-39,360
Financial income and expenses, total	**- 25,678**	- 30,135	**35,995**	6,434

8 Extraordinary income and expenses

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Group contribution				88,000
Restructuring expenses	**- 12,300**	5,000		
Total	**- 12,300**	5,000		88,000

9 Appropriations

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Difference between depreciation according to plan and depreciation in taxation			**154**	542

10 Direct taxes

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Income taxes on extraordinary items				24,640
Income taxes on operation	**51,925**	36,838	**9,627**	916
Change in deferred tax receivables/liabilities	**- 214**	2,690		
Total	**51,711**	40,528	**9,627**	25,556

Notes to the Balance Sheet

11 Fixed assets and other long-term investments

Intangible and tangible assets

Group	Formation and R&D-expenses	Intangible rights and goodwill	Group goodwill	Other long-term expenses	Advance payments	Total
Intangible assets						
Acquisition cost on 1 Jan.	124	6,419		8,552	179	15,274
Conversion difference		110		84		194
Additions		607	6,341	874		7,823
Disposals		- 45		- 34		- 79
Transfers between categories				209	- 179	30
Acquisition cost on 31Dec.	**124**	**7,091**	**6,341**	**9,685**		**23,241**
Accumulated depreciation and reduction in value on 1 Jan.	99	4,512		5,956		10,567
Conversion difference		50		44		93
Accumulated depreciation on disposals and transfers				- 7		- 7
Depreciation during the financial year	25	705	1,275	1,067		3,072
Accumulated depreciation on 31 Dec.	**124**	**5,267**	**1,275**	**7,060**		**13,726**
Book value on 31 Dec.		**1,824**	**5,066**	**2,624**		**9,515**

	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and constr. in progress	Total
Tangible assets						
Acquisition cost on 1 Jan.	54,213	222,301	625,960	13,176	24,780	940,430
Conversion difference	2,661	7,398	26,123	895	1,238	38,316
Additions	1,708	33,751	74,226	11,033	14,789	135,507
Disposals	-1,218	-410	-7,639	-193	- 320	-9,780
Transfers between categories		13,707	10,766	353	-24,856	-30
Acquisition cost on 31 Dec.	**57,364**	**276,746**	**729,436**	**25,264**	**15,632**	**1,104,443**

Figures in FIM 1,000.

	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and constr. in progress	Total
Accumulated depreciation and reduction in value on 1 Jan.	81	62,417	339,997	5,814		408,309
Conversion difference	12	1,713	13,076	294		15,095
Accumulated depreciation in acquired companies		3,250	3,222	9		6,482
Accumulated depreciation on disposals and transfers		- 107	- 4,034	- 62		- 4,203
Depreciation during the financial year		10,119	55,000	1,360		66,479
Reduction in value	23					23
Accumulated depreciation on 31 Dec.	**116**	**77,393**	**407,262**	**7,415**		**492,186**
Write-ups on 1 Jan.		674				674
Additions		91				91
Write-ups on 31 Dec.		**765**				**765**
Book value on 31 Dec.	**57,249**	**200,118**	**322,174**	**17,849**	**15,632**	**613,022**

Parent Company

	Formation and R&D expenses	Intangible rights and goodwill	Group goodwill	Other long-term expenses	Advance payments	Total
Intangible assets						
Acquisition cost on 1 Jan.		2,237		414	179	2,830
Additions				74		74
Transfers between categories				179	- 179	
Acquisition cost on 31 Dec.		**2,237**		**667**		**2,904**
Accumulated depreciation and reduction in value 1 Jan.		1,789		414		2,203
Depreciation during the financial year		224		84		308
Accumulated depreciation on 31 Dec.		**2,013**		**498**		**2,511**
Book value on 31 Dec.		**224**		**169**		**392**

	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and constr. in progress	Total
Tangible assets						
Acquisition cost on 1 Jan.	8,930	18,694	1,641	159		29,423
Additions	596		299	65		959
Disposals	- 1,218	- 240	- 504	- 12		- 1,974
Acquisition cost on 31 Dec.	**8,308**	**18,454**	**1,435**	**212**		**28,409**
Accumulated depreciation and reduction in value on 1 Jan.		7,697	975	133		8,805
Accumulated depreciation on disposals and transfers		- 84	- 416	- 12		- 512
Depreciation during the financial year		507	256	22		785
Accumulated depreciation on 31 Dec.		**8,121**	**815**	**143**		**9,078**
Book value on 31 Dec.	**8,308**	**10,334**	**620**	**69**		**19,330**

12 Investments

Group

	Holdings in associated undertakings	Other shares	Receivabl. from part. interest undertak.	Other receivables	Total
Acquisition cost on 1 Jan.	27,528	16,037	7,862	6,878	58,306
Conversion difference	621	0		4	625
Additions	9,987	327	437	46	10,796
Disposals	- 8,906	- 4	- 6,176	- 382	-15,468
Acquisition cost on 31 Dec.	**29,230**	**16,360**	**2,123**	**6,546**	**54,259**
Accumulated depreciation on 1 Jan.		50			50
Accumulated depreciation on 31 Dec.		**50**			**50**
Book value on 31 Dec.	**29,230**	**16,310**	**2,123**	**6,546**	**54,209**

Figures in FIM 1,000.

Parent Company	Investments in group undert.	Investm. in particip. interest undert.	Investments others	Receivabl. from group undert.	Receivabl. from part. interest undertak.	Receivabl. others	Total
Acquisition cost on 1 Jan.	304,733	8,037	10,265	265,100	210	6,500	594,845
Additions	33,115		82	34,253	16		67,465
Disposals			0	-93,453	- 26		-93,479
Transfers between categories	1,919	-1,919					
Acquisition cost on 31 Dec.	**339,767**	**6,118**	**10,346**	**205,900**	**200**	**6,500**	**568,831**
Accumulated depreciation on 1 Jan.	1,281						1,281
Accumulated depreciation on 31 Dec.	**1,281**						**1,281**
Book value on 31 Dec.	**338,485**	**6,118**	**10,346**	**205,900**	**200**	**6,500**	**567,549**

	Domicile/country	Percentage of holding Group	Parent Company
Group undertakings			
KWH Pipe Ltd	Vaasa/Finland	100	100
KWH Pipe Sverige AB	Borås/Sweden	100	
KWH Pipe (Danmark) A/S	Kirke Såby/Denmark	100	
KWH Pipe Norge AS	Spydeberg/Norway	100	
KWH Pipe (UK) Ltd	Milton Keynes/UK	100	
KWH Pipe (Portugal) Tubos Lda.	Palmela/Portugal	100	6.3
KWH Pipe España SA	Spain	100	
KWH Pipe GmbH	Fulda/Germany	100	
KWH Pipe Fastighets Ab	Vaasa/Finland	100	
KWH Pipe Kaivopalvelu Oy	Vaasa/Finland	100	
Ekodrain Oy	Vaasa/Finland	100	
Kiinteistö Oy Reservi Fastighets Ab[1]	Vaasa/Finland	100	
KWH Pipe (Canada) Ltd.	Mississauga/Canada	100	
KWH Pipe Holding (USA) Corp.	Granada Hills/California/USA	100	
KWH Pipe (California) Corp.	Granada Hills/California/USA	100	
Wiik & Hoeglund PLC Ltd.	Bangkok/Thailand	58.5	
WH Holding Co., Ltd.	Bangkok/Thailand	28.6	
WH Pipe (Thailand) Ltd.	Bangkok/Thailand	43.3	
KWH Pipe Holdings (L) Ltd.	Kuala Lumpur/Malaysia	100	
KWH Pipe (Malaysia) Sdn. Bhd.	Kuala Lumpur/Malaysia	100	
Forenede Plast (Malaysia) Sdn. Bhd.	Kuala Lumpur/Malaysia	30	
KWH Pipe (India) Ltd.	Mumbai/India	100	
KWH Tech Ltd	Vaasa/Finland	100	
KWH Tech GmbH	Fulda/Germany	100	
KWH Pipe Poland Ltd	Warsaw/Poland	100	
KWH Pipe Eesti AS	Tartu/Estland	100	
ZAO KWH Pipe	St. Petersburg/Russia	100	
KWH Mirka Ltd	Uusikaarlepyy/Finland	100	100
Mirka Slipmaterial AB	Karlstad/Sweden	100	
Mirka Abrasives Ltd.	Milton Keynes/UK	100	
Mirka Schleifmittel GmbH	Kronberg/Germany	100	
Mirka Abrasifs S.A.R.L.	Noisy-le-Grand/France	100	
Mirka Italia S.U.R.L.	Pollenza/Italy	100	
Mirka Abrasives Inc.	Twinsburg/Ohio/USA	100	
KWH Plast Ltd	Pietarsaari/Finland	100	100
KWH Plast Sverige AB	Upplands Väsby/Sweden	100	
KWH Plast Norge AS	Spydeberg/Norway	100	
KWH Plast (UK) Ltd	Milton Keynes/UK	100	
KWH Plast Vertriebs mbH	Speyer/Germany	100	
KWH Plast (Danmark) A/S	Kirke Såby/Denmark	100	
Oy Alholmen Stevedoring Ab	Pietarsaari/Finland	98	
Bostads Ab Ahlströmsgatan 18	Pietarsaari/Finland	100	
KWH Freeze Ltd	Vantaa/Finland	100	100
KWH Grafiska Oy	Vaasa/Finland	100	100
Fastighets Ab Blåräven Kiinteistö Oy[1]	Oravainen/Finland	100	100
Fastighets Ab Hamngatan 2[1]	Pietarsaari/Finland	100	90
Oy Prevex Ab	Uusikaarlepyy/Finland	69	69

[1] Three small real-estate financed by government loans have been consolidated using the equity method.

Figures in FIM 1,000.

	Domicile/Country	Percentage of holding Group	Parent Company
Associated undertakings			
FinTherm Praha - KWH Pipe a.s.	Praha-Treboradice/Czech	37.8	
Finpol-Rohr Sp. z o.o.	Warsaw/Poland	20.5	
KWH-IVO China Holding (L) Ltd.	Dalian/China	39.8	
KWH Pipe (Dalian) Co., Ltd.	Dalian/China	35.7	
Oy Backman-Trummer Ab	Vaasa/Finland	50	50
Other undertakings			
Oy Navarino Ab	Helsinki/Finland	10	10
Fastighets Ab Vanda, Viniksvängen 6	Vantaa/Finland	16.3	
Kiinteistö Oy Kiviaidankatu 11	Helsinki/Finland	10.3	10.3

	Group		Parent Company	
	1999	1998	**1999**	1998
13 Inventories				
Raw materials and supplies	**95,051**	75,047		
Work in progress and finished products	**211,361**	183,761		
Purchased products/goods	**46,995**	36,884		
Advances paid	**10,069**	2,714		
Total	**363,476**	298,406		
14 Receivables				
Long-term receivables				
Receivables from outsiders				
Loans receivable	**1,122**	1,253	**42**	18
Other receivables	**128**			
	1,250	1,253	**42**	18
Receivables from participating interest undertakings				
Loans receivable		33		
		33		
Long-term receivables, total	**1,250**	1,286	**42**	18
Current receivables				
Receivables from outsiders				
Accounts receivable	**317,782**	298,872	**465**	228
Loans receivable	**136**	492		
Other receivables	**9,582**	3,597	**5**	7
Prepayments and accrued income	**40,411**	26,792	**24,893**	3,655
	367,911	329,753	**25,363**	3,891
Receivables from group undertakings				
Accounts receivable			**10,690**	1,813
			10,690	1,813
Receivables from participating interest undertakings				
Accounts receivable	**188**	685	**24**	54
Loans receivable	**3,374**	510		
Other receivables	**25**	23		23
Prepayments and accrued income	**3,587**	1,218	**24**	76
Current receivables, total	**371,498**	330,971	**36,077**	5,780
15 Shareholders' equity				
Share capital on 1 Jan.	**10,730**	10,730	**10,730**	10,730
Share capital on 31 Dec.	**10,730**	10,730	**10,730**	10,730
Premium fund on 1 Jan.	**1,150**	1,150	**1,150**	1,150
Premium fund on 31 Dec.	**1,150**	1,150	**1,150**	1,150
Revaluation reserve fund on 1 Jan.	**2,848**	2,935		
Conversion difference	**18**	- 32		
Dissolution of revaluation reserve fund	**- 1,803**	- 55		
Revaluation reserve fund on Dec. 31	**1,063**	2,848		

Figures in FIM 1,000.

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Reserve fund on 1 Jan.	**16,680**	14,779		
Conversion difference	**1,527**	1,897		
Transfer from retained earnings	**479**	5		
Change in minority interest	**- 204**			
Reserve fund on 31 Dec.	**18,482**	16,681		
Retained earnings on 1 Jan.	**561,018**	473,068	**346,679**	290,534
Dividends paid	**- 25,037**	- 10,730	**- 25,037**	- 10,730
Transfers to funds	**- 479**	- 5		
Bonus issued		- 87		
Change in minority interest	**162**	- 3,963		
Dissolution of revaluation reserve fund	**1,507**			
Write-back of def.tax. receivables and depr.diff.	**- 10,282**			
Conversion differences	**7,086**	- 2,348		
Convers.difference/exch.rate of Income Statement/Balance Sheet	**- 1,110**	956		
Retained earnings on 31 Dec.	**532,866**	456,891	**321,642**	279,804
Profit for the financial year	**110,239**	104,128	**24,585**	66,875
Total shareholders' equity	**674,530**	592,428	**358,107**	358,559
Distributable equity on 31 Dec.				
Retained earnings	**532,866**	456,891	**321,642**	279,804
Profit for the financial year	**110,239**	104,128	**24,585**	66,875
Capitalized foundation expenses		- 25		
Other non-distributable	**- 6,984**			
Amount of depreciation difference and vol provisions transferred to shareholders' equity	**- 122,319**	-125,272		
Total	**513,801**	435,722	**346,227**	346,679

Breakdown of share capital of Parent Company:	1999 No.	1999 FIM1,000	1998 No.	1998 FIM 1,000
Series I (1 share/1 vote)	**35,767**	**10,730.1**	35,767	10,730.1

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998

16 Accumulated appropriations

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Accumulated depreciation differences			**4.164**	4.318

17 Provisions

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Provisions for pensions	**190**	349	**190**	349
Provisions for restructuring costs	**12,300**			
Total	**12,490**	349	**190**	349

For one subsidiary, a provision for restructuring costs was recorded in 1999 under extraordinary expenses; the provision will be used in 2000 and will then be entered under the various expense items of the profit and loss account, while the reversal will be included under extraordinary items. A provision for restructuring costs made in 1997 and used in 1998 has been entered in this same way.

18 Deferred tax assets and liabilities

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Deferred tax assets				
from combination measures	**1,172**	15,636		
from matching differences	**3,741**			
Total	**4,913**	15,636		
Deferred tax liabilities				
from appropriations	**51,869**	50,009		
Total	**51,869**	50,009		

19 Long-term liabilities

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Loans from outsiders				
Loans from financial institutions	**265,019**	220,228	**101,000**	104,977
Finance bills	**109,299**	141,611	**109,299**	141,611
Other interest-bearing loans	**876**	2,000		
	375,194	363,839	**210,299**	246,588

Figures in FIM 1,000.

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Loans from group undertakings				
Interest-bearing debts			**60,000**	53,000
			60,000	53,000
Long-term liabilities	**375,194**	363,839	**270,299**	299,588
Liabilities due after 5 years or longer	**86,493**	67,107	**52,300**	58,200

20 Current liabilities

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Loans from outsiders				
Loans from financial institutions	**9,367**	13,081	**7,100**	8,588
Finance bills	**98,726**	84,013		
Other interest-bearing loans	**4,669**	2,760	**4,669**	2,760
Advances received	**18,792**	1,495		
Accounts payable	**174,859**	151,371	**156**	175
Accrued expenses and prepaid income	**127,740**	103,709	**5,719**	4,136
Other loans	**24,851**	15,312	**566**	386
	459,004	371,741	**18,210**	16,045
Loans from group undertakings				
Interest-bearing loans				6,280
Accounts payable			**434**	5,815
			434	12,095
Loans from participating interest undertakings				
Interest-bearing loans		503		503
Accounts payable	**1,718**	908	**5**	
	1,718	1,411	**5**	503
Current liabilities, total	**460,722**	373,152	**18,649**	28,643

21 Guarantees, contingent liabilities and other securities

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Debts for which mortgages and shares have been given				
Loans from financial institutions	**234,333**	270,470	**217,399**	255,176
Mortgages	**181,095**	181,257	**123,580**	123,580
Pledged shares	**2,195**	2,195	**2,195**	2,195
Mortgages, total	**181,095**	181,257	**123,580**	123,580
Pledged shares, total	**2,195**	2,195	**2,195**	2,195
Guarantees on behalf of others				
Mortgages	**28,500**	28,500		
Total	**28,500**	28,500		

22 Other contingent liabilities

	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Leasing commitments				
Amounts of rental payments under lease contracts				
Amounts payable during 2000/1999	**11,224**	9,703	**5,689**	5,741
Amounts payable later	**10,433**	4,572		
Total	**21,657**	14,275	**5,689**	5,741
Contingent liabilities on behalf of Group undertakings				
Guarantees on behalf of undertakings belonging to the same group			**220,566**	185,331
Other contingent liabilities				
Guarantees on behalf of others	**16,027**	4,642		
Other economic liabilities	**5,200**	1,729		
Total	**21,227**	6,371		
Forward foreign exchange contracts, sold				
Nominal value	**211,161**		**211,161**	
Fair value	**- 7,573**		**- 7,573**	
Not included in books	**- 5,776**		**- 5,776**	
Forward exch. contracts, purchased from Group undert.				
Nominal value			**77,336**	
Fair value			**2,787**	
Not included in books			**2,787**	

Figures in FIM 1,000.

Board's Proposal for the distribution of Profit

The amount of distributable equity of the Parent Company totalled

retained earnings	FIM	321,641,833.49
profit for the financial year	FIM	24,585,166.86
Total	FIM	346,227,000.35

The Group's distributable equity stood at FIM 514 million.

The Board of Directors proposes that no dividends be paid and the profit for the financial year be transferred to the retained earnings account.

Uusikaarlepyy, 24th March 2000

Henrik Höglund
Chairman

Ola Tidström

Gustaf Hartman

Gösta von Wendt

Holger Wester

Peter Höglund
MD, Group President

Auditors' Report

To the shareholders of KWH Group Ltd

We have audited the accounting, the financial statements and the corporate governance of KWH Group Ltd for the financial year 1999. The financial statements, which include the report of the Board of Directors and the consolidated and parent company income statements, balance sheets and notes to the financial statements have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our 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. The audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by 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 Managing Director 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 results 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 Managing Director 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.

Uusikaarlepyy, 27th March 2000

Kristian Hallbäck
Authorized Public Accountant

Sune Back
Authorized Public Accountant