PKC GROUP

ANNUAL REPORT 2008

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Contents

INFORMATION FOR SHAREHOLDERS

General Meeting of Shareholders

The Annual General Meeting of PKC Group Oyj will be held on 27 March 2009, at 4.00 p.m., at the parent company's offices at Vihikari 10, Kempele.

A shareholder is entitled to attend the meeting if he or she is listed as a shareholder in the company's shareholder register at Euroclear Finland Ltd, on the record date of 17 March 2009, and confirms his or her attendance by 4.00 p.m. on 23 March 2009.

Notice of the Annual General Meeting will be given in a Stock Exchange Announcement and in the Helsingin Sanomat and Kaleva newspapers.

Dividends

The Board of Directors proposes that a dividend of EUR 0.15 per share be paid for the financial year 2008. The record date for dividends is 1 April 2009, while the payment date for dividends is 8 April 2009.

Financial reports for 2009

PKC Group Oyj will publish its financial reports for 2009 as follows:

- Interim Report 1–3/2009 on Thursday 30 April 2009 at 8.15 a.m.
- Interim Report 1–6/2009 on Thursday 6 August 2009 at 8.15 a.m.
- Interim Report 1–9/2009 on Thursday 29 October 2009 at 8.15 a.m.

The Interim Reports and Stock Exchange Bulletins will be published in Finnish and English on the company's website at www.pkcgroup.com. While the Interim Reports can also be found on the website in PDF format, the Annual Report will only be available on the website in this form.

Change of address

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

PKC GROUP

Innovative Operations

PKC IN BRIEF

PKC Group is a global provider of design and contract manufacturing services for wiring harnesses, cabling and electronics. Its products and services are delivered mainly to the automotive, telecommunications and electronics industries. The Group has production facilities in nine countries, employing more than 5,600 people. The Group's net sales amounted to EUR 311.7 million in 2008.

History

- In 1969, Pohjolan Kaapeli Oy, a subsidiary of Nokia Oy, established a wiring harness production facility in Kempele.
- In the early 1990s, the company began co-operation with subcontractors in Estonia and Russia.
- In 1994, PK Cables Oy was established; the company being the first from northern Finland to be listed on the Helsinki Stock Exchange, in 1997.
- At the end of the 1990s, the Group opened a factory in Brazil, and acquired its Electronics business.
- In the 2000s, the Group has experienced vigorous growth in Russia, Estonia and Brazil.
- Over the last three years, the operations in North America and China have advanced the PKC Group's global development.

Key events in 2008

- The Group's net sales grew by 8 %
- Harri Suutari was appointed President & CEO in April
- The Group organisation was streamlined, while the matrix organisation was dissolved
- The electronics factory in China was opened in January, and a product development unit was established in the factory
- The acquisition of MAN Nutzfahrzeuge AG's 800-people wiring harness unit, located in Poland, was completed
- A cost savings programme was initiated throughout the Group

GROUP KEY FIGURES	2008	2007	2006	2005	2004
Net sales, EUR million	311.7	228.6	228.9	198.8	177.7
Operating profit, EUR million	21.0	28.2	24.2	26.7	20.8
Profit before taxes, EUR million	15.2	25.6	22.8	27.3	19.6
Return on investment (ROI), %	14.5	17.0	17.2	36.7	20.6
Equity ratio, %	41.9	47.2	48.0	55.6	44.2
Gross capital expenditure, EUR million	27.4	10.8	20.0	11.4	13.3
Earnings per share, EUR	0.31	0.98	0.87	1.06	0.75
Dividend per share, EUR	0.15 (*	0.45	0.45	0.45	0.20

*) Board's proposal


CANADA
Brampton
USA
Green Valley
MEXICO
Nogales
BRAZIL
Curitiba
FINLAND
Kempele
Muhos
Raahe
ESTONIA
Haapsalu
Keila
POLAND
Starachowice
RUSSIA
Kostomuksha
CHINA
Suzhou
ELECTRONICS
WIRING HARNESSES
TESTING PRODUCTS
OFFICE

REVIEW BY THE PRESIDENT AND CEO

For PKC Group, 2008 was a very eventful year of change. Whereas demand increased in both of our business areas during the first part of the year, during the autumn, the global financial crisis impacted on our operations and profit. However, despite the economic downturn, we were able to achieve most of our business goals.

The production volumes of commercial vehicles have seen remarkable growth during this decade, strong growth in the emerging economies spurring on rising production volumes. Production volumes in this area increased throughout the first part of the year, only to experience a downturn in the autumn as order volumes declined. The market-disrupting financial crisis and the steep decline in economic growth gradually cut into net order volumes for trucks. Thus, we begin the year 2009 with exceptionally low volumes.

The focal point of the world's electronics industry has progressively moved to Asia. The opening of an electronics factory and product development unit in China represented a major step towards expanding our Electronics business. Our ability to provide local services to customers in Asia will solidify our co-operation with our international customers. Growth in demand for electronics design and contract manufacturing services slowed during 2008, while remaining at a reasonably high level compared to the Wiring Harness business. We do not foresee growth in the Electronics business during the year underway.

Rationalisation measures were initiated at PKC Group in spring of 2008, after the Board of Directors had approved a cost-cutting programme of EUR 20 million. In particular, we have focused on cutting fixed costs, with savings measures also being aimed at variable costs. The Group's fixed costs were cut by dismantling the matrix organisation, replacing it with a conventional line organisation. Correspondingly, we reduced non-value-adding personnel's share of personnel costs by reorganising our operations. In order to adapt our production and costs to the market situation, we implemented layoffs at the Kempele wiring harness factory and decided to close down our wiring harness factories in Pskov, Russia, and Suzhou, China. Rationalisation and efficiency enhancement measures have also been launched in our other wiring harness units.

REVIEW BY THE PRESIDENT AND CEO

According to a forecast by the European Automobile Manufacturers' Association (ACEA), the number of commercial vehicles registered in Europe this year will fall short of the previous year's numbers by 25–30%. Accordingly, efficiency enhancement measures will continue in 2009. During early 2009, we have also had to temporarily lay off a tenth of our personnel in the Electronics Business unit, due to reduced demand.

The most significant strategic event in 2008 was the acquisition of MAN Nutzfahrzeuge AG's wiring harness business in Poland. In conjunction with this business acquisition, we concluded a long-term supply contract with MAN Group. The customer relationship with MAN constitutes a substantial addition to our business operations, while reducing the relative business risk of individual customers. Moreover, we believe that we can further expand our customer base in Europe with the help of the production facility at Starachowice, Poland. I would therefore like to extend a warm welcome to our new 800 employees.

This year will present major challenges with regard to the profitability of the Group's business operations. Indeed, I hope that all of our stakeholders are able to support us through these hard times. In addition, I would like to extend my special thanks to our personnel for their work in 2008, and for the willingness they have expressed to adapt to the situation we face.

Harri Suutari

STRATEGIC OUTLINES

PKC's vision is to be a customer-oriented, proactive contract manufacturer and product development partner providing cost-competitive, high-quality services and products. In practice, this means being a flexible partner while working in close co-operation with our customers. We actively seek solutions that will ensure the competitiveness of our products and services also in the future. The guiding principle behind our operations is to provide our customers with as much added value as possible, while striving for high productivity and cost-efficiency throughout our operations.

Strategic measures in 2008

- Adaptation of operations to the changed market situation
- Acquisition of MAN Nutzfahrzeuge AG's wiring harness unit in Poland
- The start-up of electronics production and product development operations in China
- Implementation of best quality practices at all Group units
- Strengthening of co-operation between the Wiring Harness and Electronics units, and utilisation of customer synergies
- Sharpening of near-future strategy, the goals being quicker and more efficient operations as the operating environment changes

The Group's strategic objectives

In 2008, market growth came to a halt, and demand began decreasing rapidly. Due to these changes, we are pursuing a profitable business by deepening our customer relationships and acquiring new customers from our current and new market areas. We strive for high customer satisfaction by providing high-quality, competitive products and services meeting specific customer needs.

To meet our customers' expectations in the future both locally and globally, we will use cost reduction and operational development programmes to render our operations, production methods and services even more efficient. Furthermore, to ensure our competitiveness, we will optimise production and material purchases, and relocate production to lower-cost countries.

By developing all of our functions and their mutual co-operation, we will create a sustainable basis for profitable business operations. We will also ensure the success and realisation of the Group strategy through our competent, multiskilled and committed personnel.

STRATEGIC OUTLINES

In order to ensure the realisation of the Group's strategic goals, we utilise our core strengths and competitive advantages:

- Close co-operation with customers
- Long-term, confidential customer relationships
- Merging of synergies between business areas into a comprehensive service package
- Innovative product development operations and proactive services improving product quality and cost-efficiency
- Worldwide expertise and extensive experience of operating in lower cost countries
- Cost-efficient and flexible production network that operates in accordance with uniform quality and environmental standards

Values

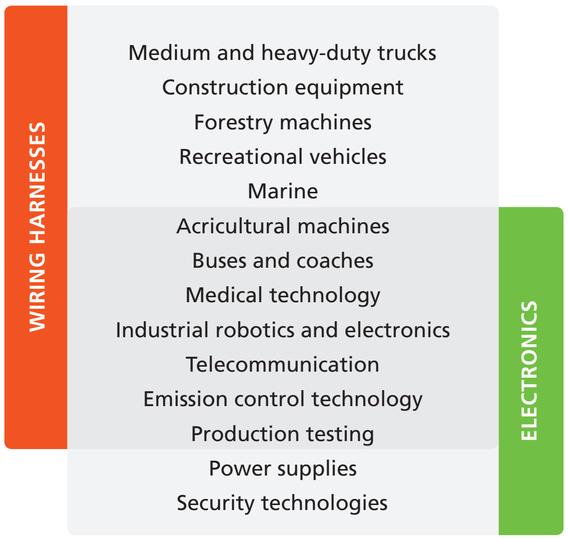
Our values guide our daily operations.

- **Commitment**
  We commit to the promises we make to customers, partners and co-workers.
- **Quality**
  We acknowledge our responsibility for the quality of our services and products and aspire to jointly making our operations more efficient and flawless. We take responsibility for our operating environment and strive to minimise any harm caused to the environment.
- **Profitability**
  We run profitable and productive operations, use capital efficiently, and maintain the solvency of our company at a high level.
- **Co-operation**
  Our openness, appreciation of each other and equal treatment lay the foundation for fruitful co-operation.

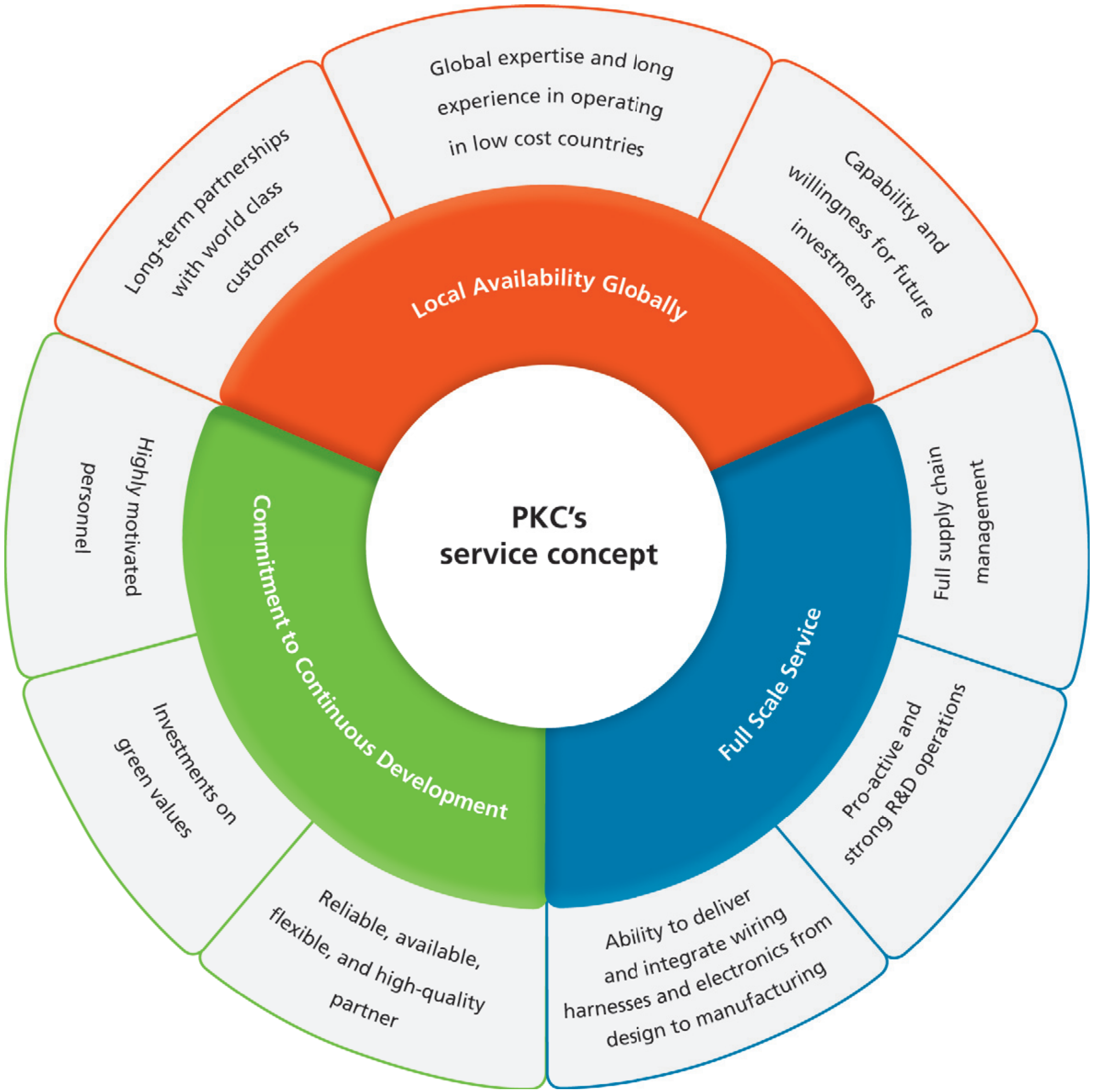

Biggest wiring harness manufacturer for commercial vehicles in Europe

PKC Group operates two business areas; Wiring Harnesses and Electronics. Our service concept comprises cost-efficient, high-quality product development and design services as well as global acquisition, production and logistics services. For us, it is essential that our customers feel secure in concentrating on their business operations and core competencies while improving their profitability. We wish to play our part in ensuring this by providing competitive expert services that free up our customers' resources and expedite the introduction of products to the market.

By means of co-operation between our business areas, we provide our customers with a comprehensive service package that brings added value to their business operations.



PKC's customer segments



Service Concept

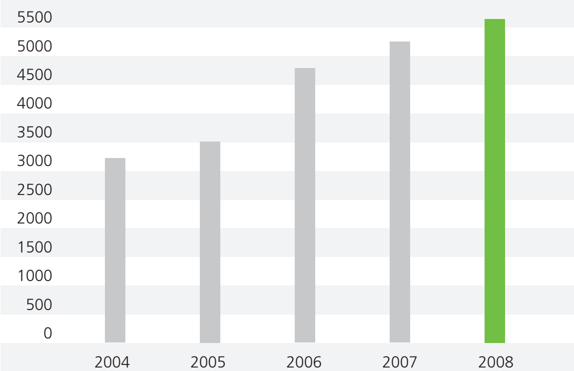
BUSINESS OPERATIONS

Personnel and competency

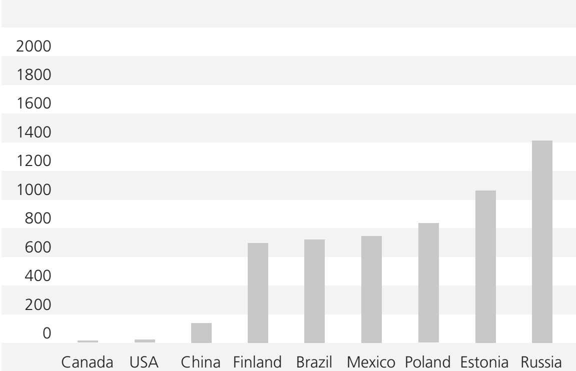
The Group's number of personnel increased in 2008, reaching 5,652 at the end of the year. This was due to the acquisition of the wiring harness factory in Poland and the opening of the electronics factory in China. For their part, adaptation measures undertaken in 2008 reduced the number of personnel.

We develop our personnel's expertise in all our units in order to be able to respond to the demands of the rapidly changing operating environment and our customers. In development discussions we communicate our strategic goals and channel our personnel's resources towards the achievement of these goals. Our objective is a satisfied and professionally skilled staff constituting the cornerstone of business growth.

DEVELOPMENT OF THE NUMBER OF PERSONNEL, 2004 TO 2008



PERSONNEL BY COUNTRY AT THE END OF 2008



Quality management supports business functions

Customer satisfaction is vital to us, which is why we pay special attention to the continuous development of our operations. Indeed, the annual customer satisfaction survey is an important source of guidance for us and we steer our operations in a more efficient direction on the basis of feedback and requests.

We operate in compliance with the international ISO 9001 and ISO 14001 quality and environmental standards, and, in Wiring Harnesses business, with the demanding automotive industry's ISO/TS 16949 quality standard. We have initiated measures to certify the quality and environmental systems at the wiring harness factory in Poland, as well as the ISO/TS 16949 quality system in the Electronics business. We develop the quality of our products and processes in a systematic manner, while utilising best quality practices throughout the Group. By increasing quality awareness, we promote the commitment of our personnel to the development of quality and operations. Moreover, we actively assess and develop our co-operation with suppliers.

BUSINESS OPERATIONS

Environmental responsibility

In accordance with the Group's environmental policy, we take responsibility for the environment. We develop and design products and operations in a manner that enables us to minimise our use of energy and materials. In addition, we partner with our customers to develop and manufacture products that reduce emissions and save energy.

One of the cornerstones of our operations is to be close to our customers around the world. By striving to increase local manufacture and material purchases, we reduce the environmental burden resulting from logistics. We have also set explicit requirements for the minimisation of the environmental impact of our suppliers.

PKC's valid quality and environmental certificates at the end of 2008:

- **Kempele (Finland)**
  ISO/TS 16949, ISO 9001, ISO 14001
- **Raahe (Finland)**
  ISO 9001, ISO 14001
- **Keila and Haapsalu (Estonia)**
  ISO/TS 16949, ISO 9001, ISO 14001
- **Kostomuksha (Russia) / Wiring Harnesses**
  ISO/TS 16949, ISO 9001, ISO 14001
- **Kostomuksha (Russia) / Electronics**
  ISO 9001, ISO 14001
- **Curitiba (Brazil)**
  ISO/TS 16949, ISO 9001, ISO 14001
- **Suzhou (China) / Wiring Harnesses**
  ISO/TS 16949, ISO14001
- **Suzhou (China) / Electronics**
  ISO 9001, ISO 14001
- **Pskov (Russia)**
  ISO/TS 16949, ISO9001, ISO14001
- **Nogales (Mexico)**
  ISO/TS 16949, ISO9001, ISO 14001
- **Green Valley (USA)**
  ISO/TS 16949

Strong industry experience

Tailored solutions with quality and flexibility

A wiring harness is a unit assembled from wires, connectors and housings. A single wiring harness may contain up to several kilometres of wires.

BUSINESS OPERATIONS

WIRING HARNESSES BUSINESS

The Wiring Harnesses business designs, develops and manufactures wiring harnesses and cabling for customers in the automotive, telecommunications and electronics industries. In 2008, the Wiring Harnesses business accounted for 79.1 % of consolidated net sales.

Wiring Harness business' key events in 2008:

- Revamping and substantial streamlining of the business management system
- Acquisition of MAN Nutzfahrzeuge AG's wiring harness unit, located in Poland, as well as the conclusion of a long-term supply contract with MAN Group
- Reorganisation of the North American operations, and transfer of the main responsibility for business functions to the US unit
- Rationalisation measures in all Wiring Harnesses units
- Implementation of best quality practices
- Quality and environmental certification for all Wiring Harnesses units, excluding the new unit in Poland

Operating environment

2008 was a year of both growth and adaptation in the Wiring Harnesses business. The first half of the year saw strong business growth, while customers raised their production forecasts. Demand in the automotive business experienced a marked downturn during the latter half of the year, while our customers substantially cut their production volumes. As demand dwindled, we carried out a range of rationalisation measures in all of our Wiring Harnesses units. The rapid changes in the world economy had a significant, negative impact on the sector's predictability.

Prolonged increases in raw material prices gave way to a steep decline during the latter part of the year. In particular, the decline in the world market price of oil and copper impacted on the price development of materials and components, reducing prices during the latter half of 2008.

The sudden changes in the markets are creating a new competitive situation as customers seek alternative, more inexpensive products and services. As competition tightens and the market shrinks, only some actors will outlast the long-term decrease in demand.

Significant foothold in the Central European market

PKC further reinforced its position as the largest manufacturer of wiring harnesses for commercial vehicles in Europe, by acquiring MAN Nutzfahrzeuge AG's wiring harness unit from MAN Star Trucks & Buses Sp. z o.o. in Starachowice, Poland. The long-term supply contract with the MAN Group, made in conjunction with this business acquisition, brought a significant addition to PKC's customer base. Moreover, the Wiring Harnesses unit in Poland opens up new opportunities in the strategically significant Central European market.

In 2009, the Poland unit will be integrated as part of the Group. The main focus of integration in 2009 will be the implementation of the Group's ERP system and the certification of quality and environmental systems.

BUSINESS OPERATIONS

Reducing product costs

We strengthened the expert organisation responsible for the improvement of quality and cost-efficiency that is operating under the product development department. By seeking new technical solutions, altering the structure of wiring harnesses and using more inexpensive materials, we will be able to cut product costs and improve the competitiveness of products. Close co-operation between customers and the sales and product development units will ensure the efficient utilisation of the service. In 2009, we will further expand these services.

Cost cuts by means of reorganisation

In order to improve our competitiveness, we reorganised production at our facilities and made personnel cuts at various units to match lower volumes. In Brazil, we opened a new facility in order to bolster the operations at our Curitiba unit. To cut costs and enhance operational efficiency, we moved our Canadian operations, excluding sales, to Mexico. In connection with this reorganisation, we concentrated the main responsibility for our North American business operations in the US unit.

In late 2008, we took the decision to close down wiring harness production in the Pskov unit in Russia and to concentrate our operations in Suzhou, China, in our Electronics factory. These adaptation measures will be implemented during 2009.

Strengthening expertise

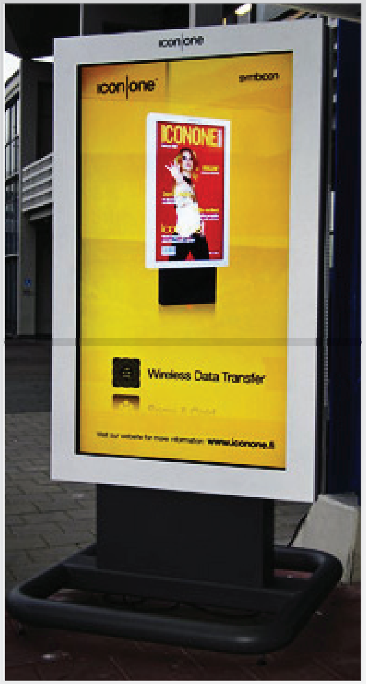
We increased the local responsibility of our units in conjunction with reorganisation of operations. With the objective of developing local sourcing, product development, IT and quality know-how, in particular, we began strengthening our personnel's expertise. The development of expertise will be carried out by means of internal training and recruitment.

In 2008, together with our customers, we realised development projects that brought marked improvements to production design and product lead times. We also reinforced our expertise in the Six Sigma quality tool in co-operation with our customers and suppliers. We are using six sigma method to develop our processes and operations towards a more cost-efficient level, by reducing process variation and material loss, and by improving process quality.

The strengths of the Wiring Harness business are:

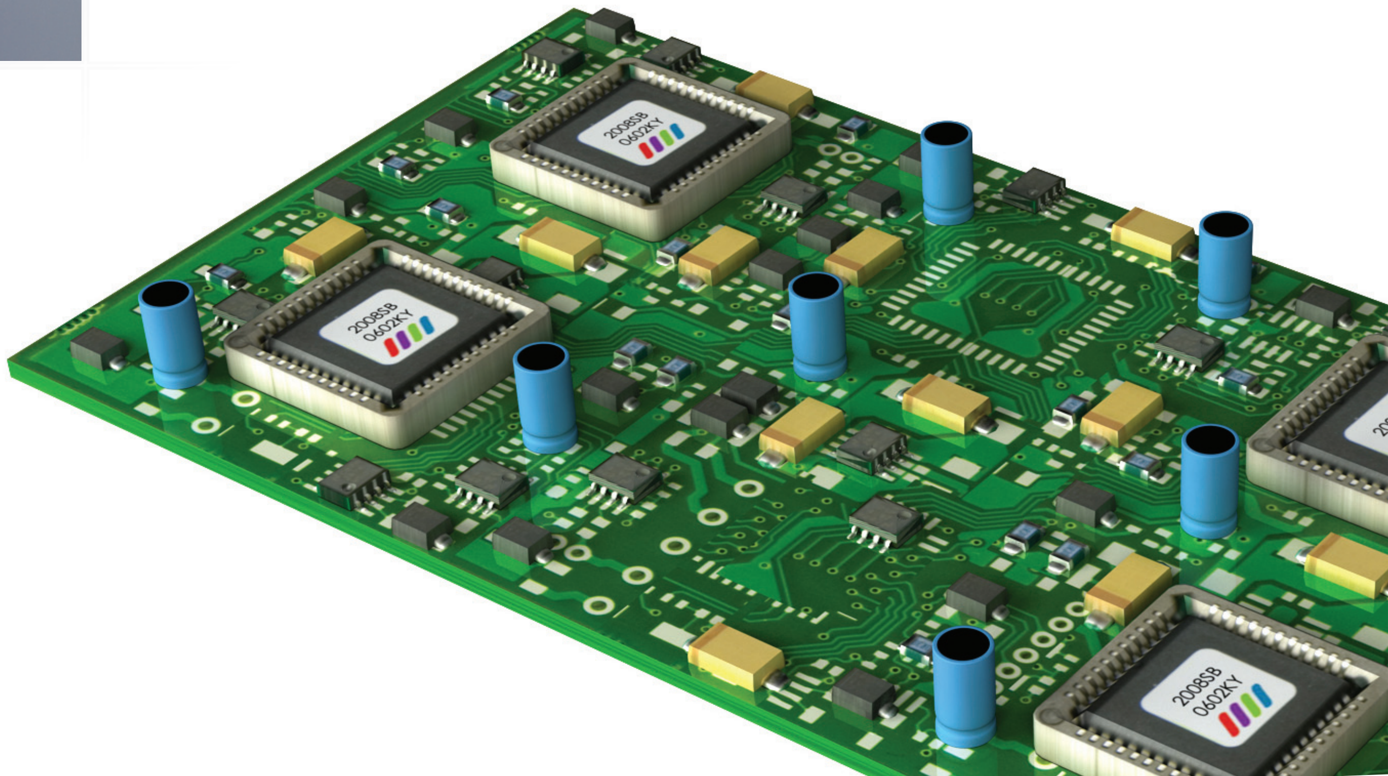
- Solid customer and industry experience
- Long-term customer relationships with the leading manufacturers in the field
- A large corporation's volume combined with a small company's flexibility
- Worldwide production network close to customers
- Strong expertise in tailoring product variations with short delivery times
- Professionally skilled and committed personnel

Close to Customer



Efficient and accurate development, design and manufacture of electronics products

Electronics manufacturing services are referred to with abbreviation EMS, while ODM refers to original design manufacturing.



ELECTRONICS BUSINESS

The Electronics business provides electronics contract design (ODM) and manufacturing (EMS) services for the telecommunications, electronics and automotive industries. Our service concept comprises design and product development operations in Finland and China, and cost-efficient volume production in Russia and China. The manufacture of smaller production series, as well as products that are at the beginning of their life-cycle or require very quick delivery times, has been concentrated at the Raahe factory in Finland. In 2008, the Electronics business accounted for 20.9 % of consolidated net sales.

Electronics business' key events in 2008:

- Start-up of production and product development at the electronics factory in China
- Reinforcement of product development and design services
- ISO 9001 and 14001 quality and environmental certifications for all Electronics factories
- Opening of the global material sourcing unit in China
- Strengthening of the automotive electronics customer segment

Operating environment

The first half of 2008 was marked by strong growth in the Electronics business. However, the downturn in the world economy generated uncertainty in the electronics product market too, and clear signs of dwindling demand could be seen during the autumn.

Strong globalisation and the partial outsourcing of operations, which had marked the entire 2000s, continued. The internationalisation of the Electronics business and tighter competition were manifested in the transfer of production and product development to low-cost countries. The internationalisation of customers has further increased the significance of local services; production and product development services must be close to customers all around the world. Rising logistics costs and companies' green values are also steering suppliers' services closer to customers.

The general increase in costs was also reflected in the Electronics business. In the face of ever-increasing competition and the economic crisis, passing increasing costs onto customer prices has posed a real challenge. On the other hand, the economic downturn increased staff commitment and reduced personnel turnover, impacting on training and orientation costs in particular.

Strengthening contract design and product development

Contract design operations' share of the net sales of the Electronics business grew year-on-year. We improved our expertise in design and product development, while adding resources in order to meet the growing demands of customers. Meanwhile, the launch of design and product development operations in China brought the comprehensive service concept close to customers in Asia too.

In addition to electronics product development, we have increasingly invested in mechanical design in order to be able to provide customers with ever more comprehensive packages. By developing our own expertise and product concepts, we enable more extensive services for our customers. We enhance our competitiveness by implementing new technologies and solutions.

Expansion of the Electronics business into new market areas

The launch of electronics manufacturing operations in Suzhou, China, at the beginning of January bolstered PKC's competitive position in the tightening market. Our operations in China enable us to provide local services to our customers in the same time zone, while also creating a basis for the active acquisition of new customers in Asia. Local sourcing operations will enable us to achieve substantial cost savings at all of our Electronics factories.

Our automotive electronics customer segment saw significant growth in 2008. New customers prompted us to initiate a ISO/TS 16949 quality system project; we will have this certified in 2009.

In 2008, we increasingly focused on the Russian market, with the objective of starting deliveries to the Russian internal market in 2009.

Development projects for improving operations

We were able to cut production, product and acquisition costs by means of several development projects and new working methods. Our primary development projects involved the development of design quality and processes, and improvements in the supervision of quality of production processes.

The Electronics business' strengths:

- Innovative and proactive product development operations
- High-quality, reliable service
- Service packages from electronics, mechanical and testing design to production and final testing
- Long-term customer relationships and expert understanding of the market
- Production in low-cost countries
- Professionally skilled and committed personnel

REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS
Content

REPORT BY THE BOARD OF DIRECTORS

Operating environment and deliveries

The demand for commercial vehicles decreased significantly during 2008, continuing its decline towards the end of the year. Our main customers' order backlogs also shrank due to the financial crisis and the downturn in the global economy. The most significant event of the year was the acquisition of MAN Nutzfahrzeuge AG's wiring harness business.

Growth in demand for electronics design and manufacturing services levelled off, but remained high throughout the year. In the electronics business the most significant event of the year was the successful start-up of the factory in China.

Changes in organisational structure

The PKC Group acquired the cable harness business of MAN Nutzfahrzeuge AG from MAN Star Trucks & Buses Sp. z o.o. located in Starachowice in Poland. The acquisition price was about EUR 21,6 million, of which EUR 5.5 million was recorded as goodwill.

PKC's Polish subsidiary, PKC Group Poland Sp. z o.o., will be responsible for the cable harness business operations. The business currently employs about 800 people and its net sales in 2008 amounted to about EUR 66 million. This business has been included in the PKC Group's consolidated financial statements as of 31 December 2008.

The acquisition brought a significant addition to PKC's customer base as the German MAN Group became a customer of PKC on the basis of a long-term supplier agreement signed at the same time.

Net sales and financial performance

Consolidated net sales in the financial year totalled EUR 311.7 million (288.6 million), increasing by 8% on the previous year. Consolidated operating profit totalled EUR 21.0 million (28.2 million), accounting for 6.7% of net sales (9.8%). Depreciations amounted to EUR 9.4 million (7.6 million). Financial income and expenses were EUR 5.8 million negative (2.5 million negative). Profit before taxes was EUR 15.2 million (25.6 million). Profit for the financial year totalled EUR 5.6 million (17.6 million). Earnings per share were EUR 0.31 (0.98).

Net sales generated by the Wiring Harnesses business during the report year grew by 7.2% to EUR 246.7 million (230.0 million). The segment's share of consolidated net sales was 79.1% (79.7%). The Wiring Harnesses business reported an operating profit of EUR 9.7 million (18.7 million), or 4.0% of the segment's net sales (8.2%).

The Electronics business segment saw its net sales increase by 11.2% to EUR 65.2 million (58.6 million), accounting for 20.9% of consolidated net sales (20.3%). It generated an operating profit of EUR 11.3 million (9.4 million), equivalent to 17.3% of the segment's net sales (16.1%).

A programme for rationalising and improving the efficiency of operations was started during the second quarter and is still underway. The reorganisation of the North American operations was completed during the third quarter. In December, the PKC Group decided to close one of its two wiring harness factories in Russia and to move all of its production operations in China to one factory due to decreased production volumes and loss-making operations. The number of personnel was adapted to match the production volumes.

Additional and non-recurring expenses totalling EUR 7.9 million were recorded during the financial year. Moreover, based on impairment testing, an amortisation of EUR 1.2 million was recorded on the goodwill of the North American businesses, and a write-down of EUR 1.5 million was recognised on the deferred tax assets of PKC's subsidiaries.

Balance sheet and financing

Consolidated total assets at 31 December 2008 stood at EUR 187.4 million (175.9 million). Interest-bearing liabilities totalled EUR 72.0 million at the close of the report period (55.7 million). The Group's equity ratio was 41.9% (47.2%). Net liabilities totalled EUR 59.5 million (45.3 million) and gearing was 75.7% (54.5%).

Inventories amounted to EUR 51.8 million (47.0 million). Current receivables totalled EUR 62.0 million (70.2 million). Cash flows after investing activities during the report period were EUR 6.2 million negative (0.2 million positive). Cash in hand and at bank amounted to EUR 12.5 million (10.4 million). In order to ensure financing flexibility, PKC has available credit facilities.

Capital expenditures

During the report period, the Group's gross capital expenditures totalled EUR 27.4 million (10.8 million), representing 8.8% of net sales (3.7%). In addition to the business acquisition in Poland, capital expenditures mainly consisted of the acquisition of production machinery and equipment.

Research and development

Research and development expenditure totalled EUR 5.8 million (5.5 million), representing 1.9% (1.9%) of consolidated net sales. At the end of the financial year, 101 (90) people were employed in product development.

Personnel

During the period under review, the Group had an average payroll of 5,588 employees (4,971). At the end of the financial year, the Group's personnel numbered 5,652 employees (5,311), of whom 4,951 (4,576) worked abroad and 701 (735) in Finland.

Personnel cuts were made at various units within the Group. Around 800 new employees were transferred to the Group at the end of the year in conjunction with the acquisition of the business in Poland.

Quality and the environment

The Wiring Harnesses business's operations at the Haapsalu, Keila, Kempele, Kostomuksha, Nogales, Pskov and Suzhou production units have been certified in accordance with the ISO/TS 16949 and ISO 9001 standards as well as the ISO 14001 standard. The Curitiba production unit is certified under the ISO/TS 16949 and ISO 14001 standards. The certification processes in the wiring harness factory in Poland will start in 2009. Curitiba is also currently in the process of certifying its OHSAS 18001 occupational health and safety management system, which will be completed after the period under review.

The Group's Electronics business operations at the Kostomuksha, Suzhou and Raahe production units have been certified in accordance with the ISO 9001 and ISO 14001 standards. Moreover, the Group's Electronics business has begun preparations for certification in accordance with the ISO/TS 16949 standard.

The adoption of the best quality practices of the Wiring Harnesses business is proceeding at all production units. These practices are used to support continuous improvement by involving personnel more extensively in day-to-day quality development work. In 2009 the best quality practices will be internally audited and enhanced in the spirit of continuous improvement and based on feedback received. The progress of these activities will be actively monitored at the Executive Board's meetings.

Management

The Annual General Meeting on 27 March 2008 passed a resolution to pay a dividend of EUR 0.45 per share, or a total of about EUR 8.0 million. This dividend was paid out on 8 April 2008.

The Annual General Meeting elected Matti Eestilä, Jaakko Niemelä, Endel Palla, Olli Pohjanvirta, Matti Ruotsala, Harri Suutari and Jyrki Tähtinen to the Board of Directors. At its organisation meeting, the Board of Directors elected Harri Suutari Chairman and Jyrki Tähtinen Vice Chairman.

After the Board of Directors of PKC Group Oyj appointed Harri Suutari President and CEO as of 3 April 2008, Mr Suutari resigned from his membership of the Board. The Board of Directors then elected Matti Ruotsala as its new Chairman. President and CEO Mika Kari's employment contract expired on the same date.

The Group's Executive Board is composed of Harri Suutari, President and CEO (Chairman); Pekka Korkala, Vice President, Wiring Harnesses; Jarmo Rajala, Vice President, Electronics; Jyri Kontio, Vice President (Sourcing, Quality and Technology); Sanna Raatikainen, General Counsel; and Marja Sarajärvi, CFO. After the close of the financial year, Jarkko Kariniemi has also been appointed to the Executive Board as Director of HR & Risk Management.

Auditors

The authorised public accounting firm Ernst & Young Oy carried out PKC Group Oyj's audit, with Rauno Sipilä, Authorised Public Accountant, acting as the principal auditor.

Shares and shareholders

PKC Group Oyj's share turnover on NASDAQ OMX Helsinki from 1 January to 31 December 2008 was 12,940,819 shares (17,639,780 shares), representing 72.8% of the average number of shares (99.2%). Shares were traded to a total value of EUR 85.9 million (185.1 million). The low during the period in review was EUR 2.82 (8.55) and the high was EUR 9.48 (12.40). The closing price on the last trading day of the period under review was EUR 3.25 (8.70) and the average price during the period was EUR 6.56 (10.48). The company's market capitalisation at 31 December 2008 was EUR 57.8 million (154.7 million).

Shares held by Board members, their related persons and corporations in which they have a controlling interest, accounted for 3.2% (2.9%) of the total number of shares at the close of the period under review. PKC Group Oyj had 7,648 shareholders (6,505) at the end of the report period. The proportion of shares held by foreigners and by way of nominee registrations at 31 December 2008 was 25.8% of the shares outstanding (28.1%).

The board's authorisations

The Board of Directors has been granted authorisation by the Annual General Meeting on 29 March 2007 to decide on one or more share issues and the granting of special rights as defined in Chapter 10, Section 1 of the Companies Act and on all the terms and conditions thereof. A maximum total of 3,500,000 shares may be issued or subscribed for on the basis of the authorisation. This authorisation includes the right to decide on a directed share issue. The authorisation shall remain in force for five years from the date of the resolution of the Annual General Meeting. The authorisation may be used at the Board's discretion for financing corporate acquisitions, for carrying out inter-company co-operation or similar arrangements, or for strengthening the company's financing and capital structure.

The Board of Directors does not have a valid authorisation to acquire the company's own shares, and the company does not have any own shares (treasury shares) in its possession.

Stock option schemes

In 2006, PKC launched a stock option scheme according to which the maximum total number of stock options to be issued is 697,500, and they are divided into A, B and C warrants. At the close of the financial year, the company's key personnel had a total of 190,780 2006A warrants, 220,120 2006B warrants and 249,910 2006C warrants in their possession.

The subscription period for shares through the exercise of stock options shall be during the years 2009–2013. The share subscription price for stock options shall be the volume-weighted average price of the PKC Group Oyj share on Nasdaq OMX Helsinki, with dividend adjustments, as defined in the stock option terms (at present, EUR 10.64 for the 2006A, 2006B and 2006C warrants). Through the exercise of the 2006 stock options, the share capital of PKC Group Oyj may be increased by a maximum total of 697,500 new shares and EUR 234,673.67. The 2006 stock options are subject to a share ownership plan. Key personnel are obligated to subscribe for or purchase the company's shares with 20% of the gross income earned from stock options and to own these shares for two years. The company's President and CEO is obligated to own these shares for the duration of his managerial contract.

Events after the close of the financial year

As a result of the co-determination negotiations completed in January 2009, almost the entire personnel of PKC Group Oyj in Kempele, or 300 employees, were temporarily laid off for periods of a week or longer, and 60 people were laid off at PKC Electronics Oy's Raahe factory for a maximum period of three months.

Short-term risks and uncertainties

The financial crisis and the resulting economic downturn have also had an impact on demand for the products of PKC's customers in the commercial vehicles and electronics product groups. Other main uncertainties include price pressures and demands for tighter contractual terms imposed by customers, the significant fluctuation of currency exchange rates as well as the impact of financial crisis on suppliers and the availability of raw materials and components.

In the electronics industry, customer companies may postpone projects already planned in to be started. If this risk materialises, it will also have a direct effect on the volume of services and products ordered from PKC.

The risks of the last few years concerning fluctuations in the prices of raw materials have subsided as raw material prices have declined and levelled off. Suppliers and their financial situation are being actively monitored throughout the order and delivery chain.

The principles, objectives and organisation of the company's risk management as well as key risk areas are described in the risk management section of the Corporate Governance guidelines, which are available on the company's website, www.pkcgroup.com.

Outlook for the future

At present, it is difficult to estimate how long the current economic downturn will continue. However, we foresee the weak predictability of commercial vehicle demand and uncertainty concerning financing in general, coupled with the emptying of the stocks of vehicle manufacturers, keeping demand for wiring harnesses exceptionally low.

We also estimate that demand for electronics design and manufacturing services in the market will weaken compared with last year. In Asia, investments made in the infrastructure of mobile phone networks may have a positive effect on demand for PKC's products.

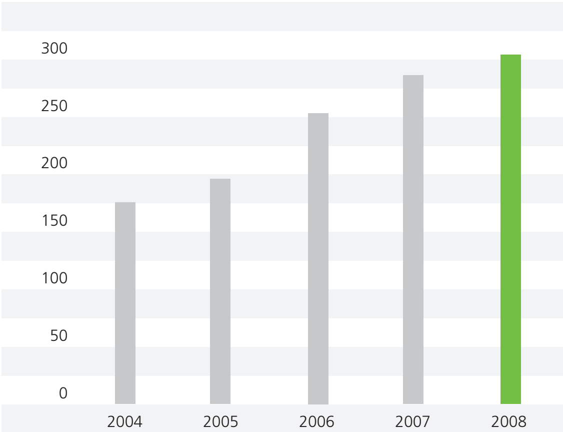
We predict that the operating profit continues to be negative for the first half of the year, our full-year net sales will decrease substantially and operating profit to remain weak. Full year estimation contains significantly more uncertainty than usual. Thanks to low need for capital expenditures and decrease of working capital, cash flows after investments are expected to be positive.

PKC's balance sheet, liquidity and good customer relationships enable improvement in PKC's relative competitive position.

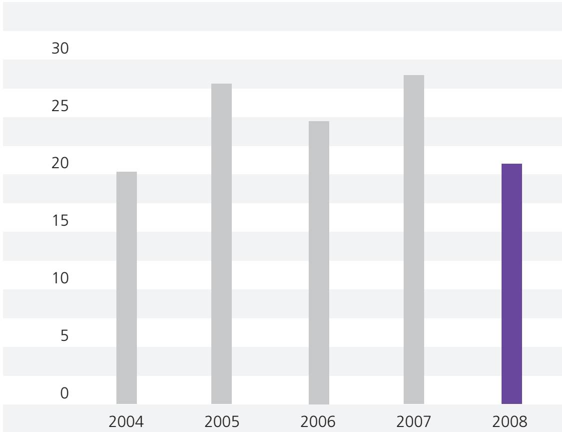
The board of directors' proposal for the disposal of profits

The parent company's distributable funds are EUR 48.1 million, of which the net loss for the financial year amounts to EUR 1.6 million. The Board of Directors will propose to the Annual General Meeting to be held on Friday 27 March 2009 that a dividend of EUR 0.15 per share is to be paid, for a total of EUR 2.7 million and that remainder of distributable funds be transferred to shareholders' equity. The record date for the dividend payout is 1 April 2009. The payment date for dividends is 8 April 2009. In the view of the Board of Directors, the proposed dividend payout will not put the company's liquidity at risk.

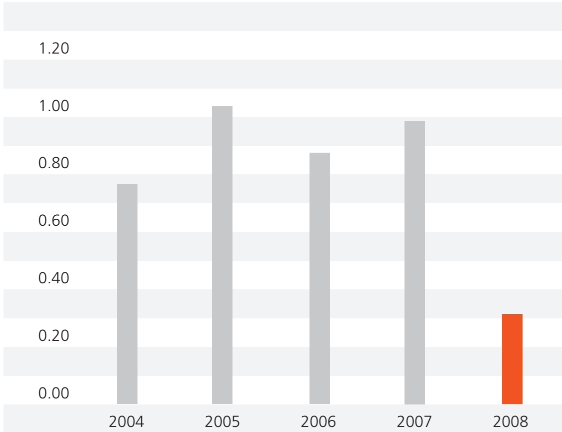
NET SALES, EUR MILLION



OPERATING PROFIT, EUR MILLION

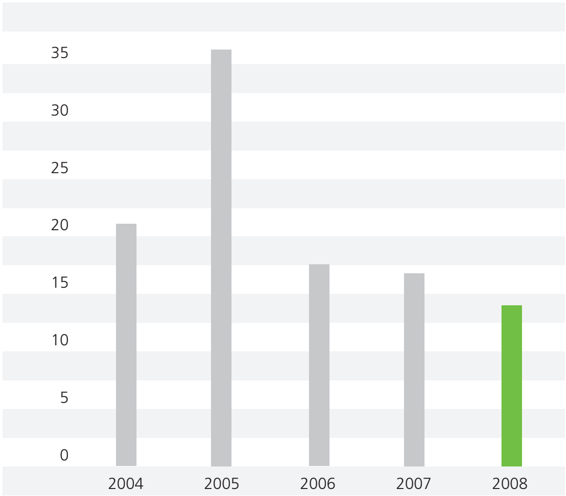


EARNINGS PER SHARE (EPS), EUR

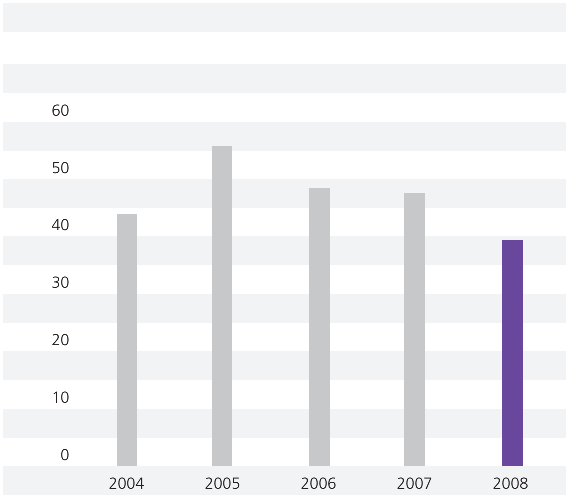


REPORT BY THE BOARD OF DIRECTORS

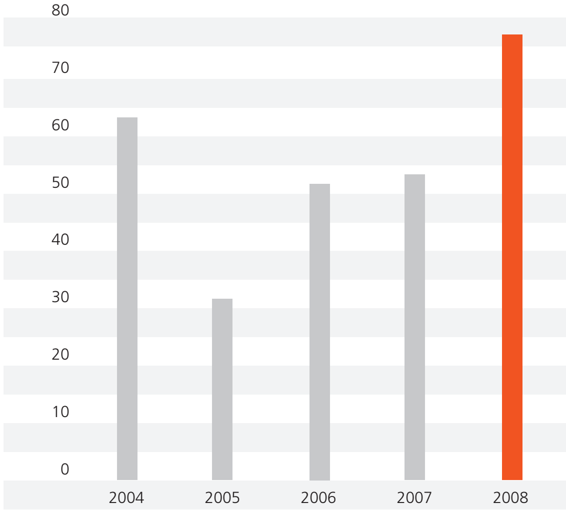
RETURN ON INVESTMENT (ROI), %



EQUITY RATIO, %



GEARING, %



CONSOLIDATED INCOME STATEMENT

1,000 EUR	Notes	2008	2007
NET SALES	**2,4**	**311,713**	**288,649**
Increase (+) or decrease (-) in stocks of			
finished goods and work in progress		71	4,668
Other operating income	5	1,304	1,009
Raw materials and services	6	172,198	162,665
Staff expenses	7	76,049	66,824
Depreciation and value adjustments	8	9,374	7,644
Other operating expenses	9	34,427	29,022
OPERATING PROFIT	**2**	**21,039**	**28,171**
Financial income and expenses	10	-5,811	-2,529
PROFIT BEFORE TAXES		**15,228**	**25,642**
Income taxes	11	-9,661	-8,063
PROFIT FOR THE FINANCIAL YEAR		**5,567**	**17,579**
Attributable to:			
Shareholders of the parent company		5,519	17,374
Minority interest		47	205
Total		5,566	17,579
From profit attributable to shareholders			
of the parent company	12		
Basic earnings per share (EPS), EUR		0.31	0.98
Diluted earnings per share (EPS), EUR		0.31	0.98

CONSOLIDATED BALANCE SHEET

1,000 EUR	Notes	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Goodwill	13	9,481	6,214
Other intangible assets	13	14,694	3,534
Tangible assets	14	34,931	34,454
Deferred tax assets	17,18	1,623	3,804
Other receivables	18	453	388
NON-CURRENT ASSETS TOTAL		**61,182**	**48,393**
CURRENT ASSETS			
Inventories	16	51,815	46,954
Receivables	17		
Trade receivables		47,025	61,176
Other non interest-bearing receivables		14,948	9,001
Short-term receivables total		61,973	70,176
Cash and cash equivalents		12,468	10,426
CURRENT ASSETS TOTAL		**126,256**	**127,556**
ASSETS TOTAL		**187,437**	**175,949**

1,000 EUR	Notes	31.12.2008	31.12.2007
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	5,983	5,983
Share premium account		4,862	4,862
Reserve fund		370	239
Translation differences		-1,841	5
Share-based payments	20	808	759
Retained earnings		62,557	52,970
Profit / Loss for the financial year		5,519	17,374
Minority interest		328	789
EQUITY TOTAL		**78,586**	**82,980**
LIABILITIES			
Non-current liabilities	21		
Interest-bearing liabilities	25	40,120	21,078
Provisions	22	216	114
Deferred tax liabilities	18,21	3,461	560
Non-current liabilities total		43,797	21,752
Current liabilities	21		
Interest-bearing liabilities	25	31,866	34,606
Trade payables		14,907	21,173
Non interest-bearing liabilities		18,281	15,438
Current liabilities total		65,055	71,217
LIABILITIES TOTAL		**108,851**	**92,969**
EQUITY AND LIABILITIES TOTAL		**187,437**	**175,949**

CONSOLIDATED CASH FLOW STATEMENT

1,000 EUR	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	326,650	282,362
Cash receipts from other operating income	1,304	974
Cash paid to suppliers and employees	-289,969	-258,253
Cash flows from operations before financial income		
and expenses and taxes	**37,985**	**25,082**
Interest paid	-5,644	-2,745
Interest received and other financial income	233	817
Income taxes paid	-7,275	-10,497
Net cash from operating activies (A)	**25,299**	**12,658**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible or intangible assets	-9,906	-11,143
Proceeds from sale of tangible and intangible assets	4	108
Aquisitions of subsidiaries	-21,589	-1,380
Loans granted	-9	-11
Amortisation of loan received	44	9
Dividends received	1	1
Net cash used in financial activities (B)	**-31,455**	**-12,416**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawing of credits	37,313	18,843
Amortisation of credits	-21,011	-8,642
Dividends paid	-8,104	-8,077
Net cash used in financial activities (C)	**8,198**	**2,123**
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	**2,042**	**2,365**

STATEMENT OF CHANGES IN EQUITY

1,000 EUR	Share capital	Share premium account	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Minority interest	Equity total
Shareholders' equity 1.1.2007	**5,983**	**4,862**	**166**	**60,887**	**71,898**	**646**	**72,544**
Translation difference	0	0	-19	-5	-24	13	-11
Transfer from unrestricted to restricted capital	0	0	92	-92	0	0	0
Translation difference of net investment to foreign subsidiary	0	0	0	408	408	0	408
Net income recognised directly in equity	**0**	**0**	**73**	**311**	**384**	**13**	**397**
Profit for the financial year	0	0	0	17,374	17,374	205	17,579
Shareholders' equity 31.12.2006	**0**	**0**	**0**	**17,374**	**17,374**	**205**	**17,579**
Dividends	0	0	0	-8,002	-8,002	-75	-8,077
Share-based payments	0	0	0	537	537	0	537
Equity share options used	0	0		0	0	0	0
Shareholders' equity 31.12.2007	**5,983**	**4,862**	**239**	**71,107**	**82,191**	**789**	**82,980**
Shareholders' equity 1.1.2008	**5,983**	**4,862**	**239**	**71,107**	**82,191**	**789**	**82,980**
Translation difference	0	0	0	341	341	80	421
Transfer from unrestricted to restricted capital	0	0	131	-131	0	0	0
Translation difference of net investment to foreign subsidiary	0	0	0	-1,841	-1,841	0	-1,841
Shareholders' equity 31.12.2006	**0**	**0**	**131**	**-1,631**	**-1,500**	**80**	**-1,420**
Profit for the financial year	0	0	0	5,519	5,519	47	5,566
Shareholders' equity 31.12.2006	**0**	**0**	**0**	**5,519**	**5,519**	**47**	**5,566**
Dividends	0	0	0	-8,002	-8,002	-102	-8,104
Equity share options used	0	0	0	0	0	0	0
Share-based payments	0	0	0	50	50	0	50
Share-based payments	0	0	0	0	0	-487	-487
Shareholders' equity 31.12.2008	**5,983**	**4,862**	**370**	**67,043**	**78,258**	**328**	**78,586**

Dividends was paid in 2008 0.45 EUR per share according to annual general meeting's decisions and 0.45 EUR per share in 2007.

CORPORATE INFORMATION

The PKC Group offers design and contract manufacturing services for wiring harnesses, cabling and electronics to the commercial vehicles, telecommunications and electronics industry. The Group has production facilities in Finland, Estonia, Poland, Russia, Brazil, Mexico and China and it employs over 5,600 people.

The parent company of the Group, PKC Group Oyj, is a public listed company and it is domiciled in Kempele. Visiting address is Vihikari 10, FIN-90440 Kempele, Finland. The board of directors have approved these consolidated financial statements on 11 February 2009.

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED ACCOUNTS

General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared in compliance with IAS and IFRS standards as well as the SIC and IFRIC interpretations that came into force on 31 December 2008. The notes to the consolidated financial statements have also been prepared according to Finnish GAAP and company legislation that are a supplement to the IFRS standards.

The consolidated financial statements have been prepared on a historical cost basis and are presented in euros, rounded to the nearest thousand except when otherwise indicated. Available-for-sale investments and financial assets and liabilities held for trading are measured at fair value.

Basis of consolidation

The consolidated financial statements include the parent company and all of its subsidiaries. Subsidiaries are companies in which the parent company holds, directly or indirectly, over 50 per cent of the voting rights or which it otherwise controls at the end of the financial period. Divested companies are included in the income statement until the time of sale or control ceases. Subsidiaries are fully consolidated from the date of acquisition, which is the date when the Group has obtained control. The Group had neither holdings in associates nor joint ventures in the previous financial period.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities assumed at the date of acquisition. Any excess is recorded as goodwill.

According to the exemption permitted under IFRS 1, business combinations prior to the date of transition to IFRS (1 January 2004) are not restated to comply with IFRS but are instead treated at deemed cost, valued according to Finnish GAAP.

All intra-group transactions, receivables and liabilities, intra-group margins and dividends have been eliminated in full. Profit for the financial period has been divided between profit for the financial period attributable to shareholders of the parent company and minority interest. Minority interest is presented as a separate item in equity.

At 1 January 2008, the Group has applied the following new and revised standards and interpretations:

- IFRIC 11 IFRS 2 – Group and Treasury Share Transaction. The interpretation has not had any impact on the consolidated financial statements.

- IFRIC 12 - Service Concession Arrangements. The Group has not had arrangements with public sector pursuant to the interpretation during the past financial period or preceding periods

- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group does not have arrangements described in the interpretation.

- IAS 39 Financial Instruments: Recognation and Measurement and also IFRS 7 Financial Instruments: Disclosure – Amendments to Standards – Reclassification of Financial Assets (have become effective 1 July 2008). Amendments to standards do not have any impact on the consolidated financial statements during the past financial period or following periods. The Group did not have in the end of the financial year in the consolidated balance sheet such financial assets pursuant to amendments, which the Group considers to be in the need of the reclassification.

Foreign subsidiaries and foreign currency items

The Group's income statement is presented in euros, which is the functional currency of the parent company. The functional currency of Group companies in Finland, Brazil, Russia, Estonia and China is the euro in both the current and previous period. The functional currency of the subsidiary in Poland, which is included in Group's consolidated financial statements as from 31 December 2008, is also euro. The functional currency of the other companies in the Group is the local currency.

In the consolidated financial statements, foreign currency transactions are initially recorded at the functional currency rate at the date of the transactions. At the balance sheet date, monetary items, such as receivables and liabilities are translated at the rate at the balance sheet date. Any translation differences are recorded in the income statement.

The income statements of subsidiaries whose functional currency is not the euro are translated to euro amounts using the weighted average exchange rate and balance sheet items are translated at the exchange rate at the balance sheet date. Any translation difference that arises is recognised in equity.

Cumulative translation differences that have arisen before the date of the transition to IFRS are recognised in retained earnings according to the exemption permitted under IFRS 1. The amount of cumulative translation differences at the date of transition to IFRS was insignificant.

Exchange rate gains and losses arising from foreign transactions and translation gains and losses arising from foreign non-monetary items are recognised in the income statement. Exchange rate gains and losses on foreign currency based loans are included in financial income and expenses, except the translation differences arising from loans which are designated as a hedge of a net investment in a foreign operation and are effective for that purpose. These translation differences are recorded in translation differences under equity.

Intangible assets

Intangible assets are recorded in the balance sheet at cost if their cost can be determined reliably and it is probable that they will embody economic benefits for the Group.

Intangible assets that have limited useful lives are amortised on a straight-line basis in the income statement during their known or estimated financial useful lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Purchased software licences	4–5 years
Customer relationships	5 years.

Goodwill

Goodwill is recognised as the amount of the excess of the cost of a business acquisition over the Group's interest in the net fair value of assets and it is allocated to cash-generating units. Goodwill is tested annually for impairment with a discounted cash-flow model according to IAS 36. Impairment losses are recognised in the income statement of the year in which they arose. Goodwill is not amortised in the income statement.

Research and development costs

Research costs are expensed as they are incurred. Development costs are recognised as intangible assets when they fulfil the terms of development cost capitalisation according to IAS 38. All the Group's development costs are expensed because of insufficient indication of future economic benefits in the development phase of projects.

Tangible assets

Tangible assets are initially measured at cost. Following initial recognition, tangible assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Subsequent expenses are added to the carrying amount of the assets only when they embody future economic benefits for the Group and when their cost can be determined reliably.

Assets are depreciated on a straight-line basis during the estimated lives. Land areas are not depreciated. Depreciation periods for tangible assets are:

Buildings and constructions	5–20 years
Machinery and equipment	3–10 years
Other tangible assets	5–10 years.

Leases

Leases that transfer to the Group substantially all the risks and benefits incidental to ownership are classified as finance leases and recognised as a non-current asset at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments and depreciated over the economic life or, if shorter over the lease term. Commitments of lease payments are recognised as interest-bearing liabilities.

Leases that transfer from the Group substantially all the risks and benefits incidental to ownership are classified as finance leases and recognised as a receivable in the balance sheet. The receivable is measured at present value and it is recognised as rental income over the lease term.

Operating lease payments are recognised as income or expenses in the income statement on a straight-line basis. The Group has not had finance leases in the current period or previous periods.

Investment properties

The Group has not had assets that could be classified as investment properties either in the current period or previous periods.

Impairments of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. In addition, goodwill, other intangible assets with indefinite useful lives and unfinished intangible assets are tested for impairment annually despite of any reference of impairment.

An impairment loss is recognised when the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. An impairment loss is recognised as a reduction in the carrying value in the balance sheet, which is expensed in the income statement. The impairment loss of a cash-generating unit is recognised first as a reduction in the carrying value of the goodwill allocated to the cash-generating unit and then proportionally as a reduction in the other assets of the cash-generating unit. Details of impairment testing are given in note 15.

A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a significant positive change in the estimates used to determine the asset's recoverable amount. An impairment loss can be reversed to the amount that would have been the carrying value of the asset, had no impairment loss been recognised. An impairment loss for goodwill shall not be reversed at any circumstances.

Inventories

Inventories are measured at acquisition cost or the lower probable net realisable value. The cost of the inventory is determined on the basis of the weighted average cost formula and it includes all the direct costs and a proportional amount of indirect manufacturing costs. The net realisable value is the selling price less estimated costs to finish and sell the product.

Financial assets, liabilities and derivate contracts

Financial assets and liabilities are initially measured at acquisition cost, which is the value of the received or divested consideration on the transaction date.

Financial assets are classified in four categories: financial assets at fair value through profit and loss, held-to-maturity investments, available-for-sale investments and in loans and receivables. Transaction costs are included in the initial carrying amount of the financial asset when the assets are not recognised at fair value through profit and loss.

Financial assets are classified in financial assets at fair value through income statement –category, if they are held for trading. In the consolidated balance sheet all derivate contracts are included in this category. There is not any items in the consolidated balance sheet, which would be classified in initial recognition on the basis of IAS39 fair value option to this category or which would be classified in this category on the basis of continuous trading. Realised and unrealised gains and losses from changes in the fair values are included in the income statement in the period in which they arise. They are included by character in current assets or in current liabilities on the balance sheet.

Available-for-sale investments are measured at fair value with gains and losses being recognised in equity until the investment is derecognised, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Available-for-sale investments whose fair value cannot be determined reliably are measured at acquisition cost less any cumulative impairment. Unrealised gains and losses on available-for-sale investments are recognised in equity until the investments are sold, at which time the cumulative gains and losses are recognised in the income statement.

Trade receivables and receivables with fixed or determinable payments are not quated in an active market. Trade receivables and receivables are included in Receivables in the balance sheet. Trade receivables are recognised initially at invoice value. Impairment of trade receivables is recognised when there is reasonable evidence that the Group will not receive all receivables in original terms. Impairment of receivable is recognised in Income statement's item Other operating expenses.

Derivatives to which hedge accounting is not applied are classified as financial assets at fair value through profit and loss. Currency forwards are measured at fair value on the basis of the difference between the contractual rate and the rate at the balance sheet date. Currency options are measured at fair value using the Black-Scholes valuation model. At the balance sheet date, the Group had no derivatives to which hedge accounting is applied.

Financial liabilities are classified as financial liabilities at fair value through profit and loss and as other financial liabilities. Derivate contracts are classified in held-for-sale and valued at fair price through profit and loss. Other financial liabilities are recognised at amortised cost and any difference between net proceeds and redemption value is recognised as interest cost over the period of borrowing, using the effective interest method. Bank overdrafts are shown in current liabilities on the balance sheet.

The group evaluates potential impairments of financial assets and liabilities at each balance sheet date and recognises impairment losses as financial expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits with an original maturity of three months or less.

Treasury shares

Purchases of treasury shares including costs are deducted from equity. No treasury shares were purchased in the current or previous period.

Interest-bearing loans

Interest-bearing loans are measured at amortised cost using the effective interest method. Gains and losses arising from differences between amortised cost using the effective interest method and the initially recognised acquisition cost are recognised in net profit or loss throughout the amortisation process. Used credit limits are included in current interest-bearing liabilities.

Pension arrangements

Pension arrangements are classified either as defined benefit pension plans or defined contribution pension plans according to IFRS. Pension plans at all Group companies are defined contribution plans. For defined-contribution plans, the Group pays fixed contributions to a separate unit. The Group does not have obligations to pay supplementary contributions if the recipient of the contributions is not able to meet the payment of said pension benefits.

Share-based payments

The Group has applied IFRS 2 Share-Based Payments to the option scheme which was approved by the Annual General Meeting on 30 March 2006. Expenses of option schemes prior to this have not been presented in the income statement, pursuant to transitional provisions of the standard. Option rights are measured at fair value at the time they are granted and entered as an expense in the income statement in even instalments during the vesting period. The expense determined is based on the defined fair value of the stock options as well as on management's estimate of the amount of options to which the employee will be entitled at the end of the vesting period. The fair value of the options is determined on the basis of the Black-Scholes pricing model. The Group updates the assumptions concerning the final amount of stock options at each balance sheet date. Changes in the estimates are recorded in the income statement. When options are exercised, the cash payments received on the basis of share subscriptions, adjusted for any transaction expenses, are entered in equity.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that it entails future expenses and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the costs necessary to settle the obligation.

A restructuring provision is recognised in the balance sheet only when a detailed and formal plan is prepared and its main features are announced to those affected by it. A provision is not booked on expenditure connected with the Group's continuing operations.

A warranty provision is recognised, when a product is sold which contains a warranty clause. The warranty provision is estimated on the basis of past experience of warranty costs. The warranty cost history in the financial year now ended and in the comparative period preceding it did not require the recognition of a guarantee provision.

Revenue recognition

Revenue (net sales) is presented as the total invoiced value of products sold and services rendered, measured at fair value and adjusted for indirect taxes and discounts given.

Revenue from the sale of goods is recognised when the significant risks, rewards and actual control connected with ownership of the goods have been transferred to the buyer. As a rule, sales are recognised as income when products are supplied in accordance with the terms of sale. Revenue from services is recognised in the period when the service is rendered.

Revenue and expenses for long-term projects is recorded as income and expenses on the basis of the stage of completion when the outcome of the transaction can be estimated reliably. When the outcome of the transaction cannot be estimated reliably, the margin on the transaction is not recorded as income. In determining the stage of completion of a long-term project, the work input applied to the project is compared to the estimated total work input.

Other operating income and expenses

Other operating income comprises gains from sales of assets and other income not related to actual operations. Other operating expenses comprise losses from sales of assets and other indirect costs, such as research and development expenses.

Interest and dividend income

Interest revenue is recognised using the effective interest method. Dividend income is recognised when the Group's right to receive payment is established.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Government grants

Received government grants are recognised as income over the period necessary to match the costs that they are intended to compensate.

Income taxes

The income taxes presented in the consolidated financial statements are the income taxes calculated according to the local tax rules of the Group companies and the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised on all of the temporary differences between the carrying amounts and taxable value of balance sheet items. The amount of deferred tax assets and liabilities is measured using the tax base that is probably in force at the time of payment.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are presented in more detail in note 18.

Non-current assets held for sale and discontinued operations

Operations are classified as discontinued at the date when they fulfil the terms to be classified as non-current assets held for sale or when disposed of. For this to be the case, the asset's disposal or sale must be highly probable.

Gains and losses from sales of discontinued operations are presented separately from continuing operations in the income statement without tax effect. The Group had no operations to be classified as discontinued in the financial period now ended.

Operating profit

IAS 1 Presentation of Financial Statements standard does not define the concept of operating profit. The Group uses the following definiton: the operating profit is the net amount formed when other operating income is added to the net sales, and the following items are then substracted from the total; costs of purchase adjusted for the change in inventories of finished and unfinished products; the costs arising from employee benefits; depreciation, possible impairment losses; and other operating expences. All other items in the income statement not mentioned above are shown under operating profit.

Accounting policies calling for management's judgement

The preparation of financial statements according to IFRS has required management to make assumptions and estimates that have affected the values presented in the balance sheet and notes to the financial statements. The assumptions and estimates used are based on historical experience and the circumstances and outlook prevailing at the balance sheet date.

The execution of the annual impairment test has required management to make assumptions and estimates to measure the value in use of cash-generating units. Based on the impairment testing, the recoverable amount of North America -unit included in the segment of Wiring Harnessess is lower than its carrying amount. The Group recognises for the current period an impairment charge of EUR 1.2. million of the North America's goodwill. The results of the impairment testing indicated that the recoverable amount of all other tested CGUs exceeded their corresponding carrying values. Other intangible and tangible assets hold no reference for impairment.

Management's judgement has also been applied during the current and the comparative period when IFRS3 Business Combinations –standard was applied and also when future outlook of the group companies was estimated in connection with IAS12 Income Taxes -standard.

Assumptions and estimates used in the comparative period are based on the circumstances and outlook that prevailed at the balance sheet date of the comparative period. Although all estimates are based on management's best knowledge of current events and actions, the actual result may differ from the estimates.

Application of new or revised IFRS standards

The Group will apply the following standards and IFRIC interpretations, published by the IASB, from 1 January 2009:

- IAS 23 – Borrowing Costs. The Group estimates that the adoption of the revised standard will not have any impact on its forthcoming financial statements.

- IFRIC 13 – Customer Loyalty Programmes. The Group does not maintain customer loyalty programmes pursuant to the interpretation. The interpretation will not have any impact on the Group's forthcoming financial statements.

- IAS 1 – Presentation of Financial Statements. The revised standard changes the presentation of the financial statements. The change will mainly affect the presentation of the income statement and the statement of changes in equity. The principle of calculating the earnings per share ratio will not change.

- Amendment to IFRS 2 – Share-Based Payment – Vesting Conditions and Cancellations The amendment to the standard clarifies the definition of a vesting condition and prescribes the treatment for an award that is cancelled. The Group estimates that the amendent to standard will have minor impact on the Group's forthcoming financial statements.

- Amendments to IAS 1 – Presentation of Financial Statements and IAS 32 – Financial Instruments: presentation – Puttable Financial Instruments and Obligations Arising on Liquidalation. The Group does not have financial instruments pursuant to the standard.

- Annual Improvements to IFRSs 2007. Minor and less busy amendments to standards are collected to one entity and amendments are made via Annual Improvements –procedure once a year. Amendments concern 34 standards total. Impacts of amendments vary between standards, but the Group estimates that the forthcoming amendments will not be significant to the consolidated accounts.

- Amendments to standards IFRS 1 – First-Time Adoption of IFRS-Standards and IAS 27 – Consolidated and Separate Financial Stetements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate. Amendments to standards concern first-time a dopters of IFRSs, so it does not have any impact on the Group's forthcoming financial statements.

- IFRIC 15 – Agreements for the Construction of Real Estate. The interpretation does not have any impact on the Group's forthcoming financial statements, because the Group does not operate on construction business.

- IFRIC 16 –Hedges of a Net Investment in a Foreign Operation. The Group estimates that the interpretation will not have any impact on the Group's forthcoming financial statements.

- IFRS 8 – Operating Segments. IFRS 8 replaces IAS 14 Segment Reporting. New standard states that segment reporting is based on internal management reporting and accounting principles. IFRS 8 requires that information about the Group's products, services, geographical segments and significant customers is presented: Also information about the definition arguments of reported segments and accounting principles applied in the segment reporting is required from the Group. In addition according to the standard reconsiliation of segment reporting to certain items of the income statement and balance sheet has to be presented. The Group estimates that the new standard will not materially alter the present segment reporting because the business segments defined in accordance with internal reporting are at present the Group's primaly form of reporting. The Group estimates that only presentation of segment information in the notes to the consolidated accounts will be changed in the forthcoming financial statements when the new standard is applied.

The Group will apply the following standards and IFRIC interpretations, published by the IASB, from 1 January 2010:

- IFRS 3 – Business Combinations. The scope of the revised standard is wider than earlier. The revised standard contains several significant changes to the Group. The amendment to the standard affects to the amount of goodwill recognised from the acquisitions and to the sales earnings of the businesses. The amendments to standard have also impact on the items recognised in the income statement both in the acquisition accounting period and in the accounting periods, when additional purchase price is paid or additional acquisitions is implemented. According to the transitional provisions business combinations which have been acquired before the standard is mandatory will not be corrected. The revised standard has not yet been endorsed by the EU.

- Amendment to IAS 27 – Consolidated and Seperate Financial Statements. The amended standard requires that all impacts due to the change of subsidiaries' ownership is recognised in Group's equity if there is no change in control. If the control of subsidiary ceases, the remaining investment is measured at fair value through profit and loss. As the result of the amended standard loss of subsidiary can be directed to the minority even when loss exceeds the investment of the minority. The amended standard has not yet been endorsed by the EU.

- Amendment to IAS 39 – Financial Instruments: Recognation and Measurement (Eligible Hedged Items). Amendment concern hedge accounting. The Group estimates that amendment does not have any impact on the Group's forthcoming financial statements.

2. SEGMENT INFORMATION

The Group's primary reporting segments are business segments. The secondary information is reported geographically. Transfer prices between business segments are based on market prices. Segments' assets and liabilities include only assets and liabilities that can be directly allocated. Business segments' common items, such as administration, are included in unallocated assets and liabilities.

Business segments

Wiring Harnesses
The Wiring Harnesses business manufactures and develops wiring harnesses and cabling for demanding and tailored solutions.

Electronics
The Electronics business provides design and contract manufacturing services to the telecommunications and electronics industries.

Geographical segments

The revenue of geographical segments is based on the geographical location of customers. The segments are Finland, other Europe, North America, South America and other countries. The assets and investments of geographical segments are based on the geographical locations of the assets, which are Finland, Estonia, Russia, Brazil, Mexico and other countries.

1,000 EUR				
SEGMENT INFORMATION				
Business segments	**Wiring harnesses**	**Electronics**	**Eliminations**	**Group total**
2008				
Sales to external customers	246,487	65,226	0	311,713
Sales to other segments	193	671	-864	0
NET SALES	**246,680**	**65,897**	**-864**	**311,713**
Depreciation	6,532	1,645	0	8,177
Impairment	1,197	0	0	1,197
OPERATING PROFIT	**9,744**	**11,295**	**0**	**21,039**
Goodwill	8,222	1,209	0	9,431
Other assets of segment	144,543	36,835	-4,994	176,383
Unallocated assets				1,623
ASSETS TOTAL	**152,765**	**38,044**	**-4,994**	**187,437**
Segment's liabilities	96,676	13,645	-4,930	105,391
Unallocated liabilities				3,461
LIABILITIES TOTAL	**96,676**	**13,645**	**-4,930**	**108,851**
Capital expenditure	26,310	1,116	0	27,426
2007	**Wiring harnesses**	**Electronics**	**Eliminations**	**Group total**
Sales to external customers	230,013	58,636	0	288,649
Sales to other segments	169	835	-1,004	0
NET SALES	**230,181**	**59,471**	**-1,004**	**288,649**
Depreciation	6,434	1,210	0	7,644
OPERATING PROFIT	**18,731**	**9,424**	**0**	**28,156**
Goodwill	5,005	1,209	0	6,214
Other assets of segment	115,240	27,364	-3,042	139,562
Unallocated assets				30,174
ASSETS TOTAL	**120,245**	**28,573**	**-3,042**	**175,950**
Segment's liabilities	26,365	9,416	-796	34,985
Unallocated liabilities				57,984
LIABILITIES TOTAL	**26,365**	**9,416**	**-796**	**92,969**
Capital expenditure	6,631	4,160	0	10,791

Geographical segments 1,000 EUR

NET SALES		
by market areas	**2008**	**2007**
Finland	58,621	54,411
Other Europe	151,701	153,727
North America	33,427	30,692
South America	48,510	36,145
Other countries	19,453	13,673
Total	**311,713**	**288,649**

ASSETS		
by location of assets	**2008**	**2007**
Finland	95,464	100,311
Estonia	5,986	6,488
Russia	24,389	24,493
Brazil	24,080	21,403
Mexico	7,982	8,141
Other countries	29,536	15,112
Total	**187,437**	**175,949**

CAPITAL EXPENDITURES		
by location of assets	**2008**	**2007**
Finland	14,131	2,547
Estonia	149	666
Russia	1,456	2,977
Brazil	1,129	1,705
Mexico	0	576
Other countries	10,560	2,320
Total	**27,426**	**10,791**

3. BUSINESS COMBINATIONS

On 31 December 2008 the PKC Group purchased MAN Nutzfahrzeuge AG's cable harness business from MAN Star Trucks & Buses Spółka z o.o. in Poland. The purchase price was EUR 21.6 million, about which was booked EUR 5.5 million goodwill. The purchase cost included fees of lawyers and valuation experts that totalled EUR 0.2 million. The acquisition was financed by internal funding and debt financing. No interest bearing liabilities will be transferred to PKC with the acquisition. The acquisition strengthens PKC's position as wiring harness manufacturer in Western European commercial vehicle markets

PKC's Polish subsidiary, PKC Group Poland Sp. z o.o. will continue the operations. The cable harness production business employs about 800 employees and its net sales in 2008 were EUR 65.8 million and operating profit EUR 11.1 million. The acquired business has been included in PKC's consolidated financial statements as from 31 December 2008 using the purchase method of consolidation. If the business had been integrated at the start of the year 2008, the PKC Group's net sales would have amounted to EUR 377.5 million and the operating profit EUR 32.1 million. The EUR 5.5 million goodwill includes synergy and other benefits. The latter include additional sales generated for the Group, and materials procurement benefits expected to be gained from the integration of funds and functions. The acquisition will bring a significant addition to PKC's customer base as MAN Group will become PKC's customer on the basis of long-term supplier agreement signed at the same time.

From the acquisition, the following assets and liabilities were recorded according to provisional acquisition cost calculation.

EUR million	Fair values booked at the combination	Carrying amounts prior to the acquisition
Intangible rights, agreements with customers	11.5	0.0
Tangible assets	1.0	1.0
Inventory	5.9	5.9
Total	18.3	6.8
Deferred tax liability	2.2	0.0
Total	2.2	0.0
Net assets	16.2	6.8
Goodwill	5.5	14.8
Total purchase cost	21.6	21.6

The above mentioned acquisition cost and the fair values of net assets at the date of acquisition are provisional and may change in the final acquisition cost calculation.

Business combination of Electro Canada Limited was completed in year of comparisation.

4. LONG TERM PROJECTS

There were no returns booked from the construction contracts during the financial period. Consolidated net sales in year of comparisation included EUR 175,000 in returns booked from the construction contracts. Substantial profits or advance payments from uncompleted long term projects was not booked in current or in previous financial period.

1,000 EUR	2008	2007
5. OTHER OPERATING INCOME		
Income from sales of non-current assets	21	12
Grants	177	131
Other income	1,105	866
Total	**1,304**	**1,009**
6. MATERIALS AND SERVICES		
Raw materials and consumables		
Purchases during the financial period	171,393	165,119
Outsourced services	5,193	2,843
Increase (+) or decrease (-) in stocks	-4,388	-5,297
Total	**172,198**	**162,665**

1,000 EUR	2008	2007	2006
7. STAFF EXPENSES			
Wages and salaries	59,500	52,084	40,501
Defined pension contribution plans	5,547	5,566	4,743
Other social expenses	10,952	8,637	6,433
Share-based payments	50	537	222
Total	**76,049**	**66,824**	**51,898**
Salaries and fees to Board and management			
*Salaries and fees to Board members **			
Eestilä Matti, member from 30.3.2006	25	24	15
Koskinen Juhani, member until 30.3.2006	0	0	5
Niemelä Jaakko, member from 30.3.2006	25	24	15
Ojala Leo, member until 30.3.2006	0	0	5
Palla Endel	25	24	20
Pohjanvirta Olli, member from 29.3.2007	25	19	0
Ravaska Veikko, member until 30.3.2006	0	0	5
Ruotsala Matti, member from 30.3.2006	44	24	15
Suonio Risto, member until 29.3.2007	0	5	20
Suutari Harri, member until3.4.2008	13	48	39
Tähtinen Jyrki	38	36	29
Total	194	202	166

* Harri Suutari was appointed PKC Group Oyj's president and CEO as from 3.4.2008. At the same time Matti Ruotsala has been apppointed Chairman of the Board

Salaries and fees to Presidents			
Mika Kari until 3.4.2008,including salary for the period of notice	367	274	190
Harri Suutari from 3.4.2008	210	0	0
Share-based payments to Presidents, note 20	39	79	37
Total	617	353	227
Salaries and fees to other members of executive board	606	505	390
Share-based payments to to other members of management team, note 20	129	84	49
Total	735	589	439
Salaries and fees to management total	**1,546**	**1,144**	**832**

Salaries, remuneration and other benefits

In 2008 the AGM resolved to pay Board members EUR 25,000 per term, Vice-Chairman EUR 37,500 per term and Chairman EUR 50,000 per term as well as travel and accommodations expenses. In 2007 it was decided to pay the Chairman EUR 50,000 per term, Vice-Chairman EUR 37,500 per term and other members EUR 25,000 per term.

Harri Suutari was appointed PKC Group Oyj's President and CEO as of 3 April 2008, Mika Kari's employment contract expired on the same date. Harri Suutari´s service contract has provision for 3 months notice period from the President´s part and 6 months from company´s part without separate severance payment. The retirement age is statutory and no voluntary insurance policies have been taken.

In 2008 Mika Kari's salaries and other benefits totalled EUR 367,304 of which bonuses EUR 24,000 (6.5% of the total salary).

In 2008 Harri Suutari's salaries and other benefits totalled EUR 210,099 of which bonuses EUR 64,000 (30.5% of the total salary).

In year 2008 the Executive Board, excluding the presidents, salaries and other benefits totalled EUR 554,466 of which bonuses EUR 72,829 (13.3 % of the total salaries). Meeting fees are not paid to the Executive Board. The directors of business units and functions have employment contracts valid for indefinite period, with 3 months notice period from the director´s part and 6 months from company´s part and without separate severance payment or other compensation. The retirement age is statutory and no voluntary insurance policies have been taken. The members of the Executive Board are included in the year 2006 Stock Option Scheme. At the end of the financial year 2008 the Executive Board had 240,000 share-options.

	2008	2007	2006
Personnel at the end of period	**5,652**	**5,311**	**4,779**
Average number of personnel			
Clerical employees	1,177	1,119	898
Employees	4,411	3,852	3,115
Total	**5,588**	**4,971**	**4,013**
Personnel by business segments at the end of period			
Wiring harnesses	5,096	4,789	4,389
Electronics	556	522	390
Total	**5,652**	**5,311**	**4,779**
Personnel by regions at the end of period			
Brazil	729	629	581
Canada	1	14	15
China	158	124	29
Mexico	744	709	794
Poland	839	0	0
Finland	701	735	695
USA	4	2	1
Russia	1,408	1,820	1,467
Estonia	1,068	1,278	1,197
Total	**5,652**	**5,311**	**4,779**

1,000 EUR	**2008**	**2009**
8. DEPRECIATION		
Intangible assets		
Purchased software licenses	841	726
Customer relationships	202	249
Impairment loss for goodwill	1,197	0
Tangible assets		
Buildings and constructions	734	752
Machinery and equipment	6,053	5,584
Other tangible assets	346	333
Total	**9,374**	**7,644**

1,000 EUR	**2008**	**2007**
9. OTHER OPERATING EXPENSES		
Benefits to accountans	324	294
Rents	6,259	4,432
Other operating expenses	27,844	24,296
Total	**34,427**	**29,022**
Benefits to accountans		
Audits	134	164
Assignments	37	1
Tax services	48	28
Other services	105	100
Total	**324**	**294**
10. FINANCIAL INCOME AND EXPENSES		
Financial income		
Profit on exchange	9,417	1,760
Dividend yields	1	1
Other interest and financial income	237	141
Total	**9,655**	**1,901**
Financial expenses		
Exchange loss	-12,300	-1,979
Other interest and financial expenses	-3,166	-2,451
Total	**-15,466**	**-4,430**
Financial income and expenses total	**-5,811**	**-2,529**
Income statement includes exchange losses (net) as follows		
Net sales	73	-93
Raw materials and services	30	364
Raw material derivates	-721	-6
Financing	-2,266	-484
Total	**-2,883**	**-220**

1000 EUR	2008	2007
11. INCOME TAXES		
Income taxes from actual operations	6,790	8,999
Income taxes from previous year	90	-3
Other taxes	2,782	-968
Total	**9,661**	**8,029**
Income taxes from actual operations		
Profit before taxes	15,228	25,642
Income taxes according to Finnish tax rate	3,957	6,667
Effects of different tax rates in foreign subsidiaries	1,626	672
Impairment of goodwill	307	0
Tax-free income and non-decuctible costs	2,579	440
Other changes from temporary differences	-357	0
Unrecognised deferred tax assets	1,460	0
Taxes from previous years	89	0
Other items	0	283
Total	**9,661**	**8,063**
12. EARNINGS PER SHARE		
Basic		
Profit for the financial year	5,519	17,374
Average share issue-adjusted number of shares 1,000 shares	17,782	17,782
Basic earnings per share (EPS), EUR	**0.31**	**0.98**
Diluted		
Profit for the financial year	5,519	17,374
Average share issue-adjusted number of shares 1,000 shares	17,782	17,782
Diluting effects of options 1,000 shares	Negative	Negative
Diluted average share issue-adjusted number of shares, 1,000 shares	17,782	17,782
Diluted earnings per share (EPS), EUR	**0.31**	**0.98**

1,000 EUR 13. INTANGIBLE ASSETS	Purchased software licenses	Goodwill	Customer relationships	Advance payments	Total
Acquisition cost 1.1.2008	**4,739**	**10,618**	**1,244**	**157**	**16,759**
+/- Translation difference 1.1.	0	-736	0	0	-736
+ Increases	799	5,201	11,262	188	17,450
- Decreases	0	0	0	0	0
+/- Transfers	175	0	0	-175	0
+/- Other changes	-49	0	0	0	0
Acquisition cost 31.12.2008	**5,663**	**13,886**	**12,506**	**171**	**32,226**
Accumulated depreciation and impairments 1.1.2008	**2,264**	**4,404**	**343**	**0**	**7,011**
+ Increases	839	-1,197	202	0	-156
Accumulated depreciation 31.12.2008	**3,103**	**3,207**	**545**	**0**	**6,855**
Book value 31.12.2008	**2,560**	**9,481**	**11,961**	**171**	**24,174**
Book value 31.12.2007	**2,475**	**6,214**	**902**	**157**	**9,748**

14. TANGIBLE ASSETS	Land areas	Buildings and constructions	Machinery and equipments	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1.1.2008	**119**	**14,294**	**52,556**	**2,445**	**588**	**70,003**
+/- Translation difference 1.1.	0	-25	-352	0	0	-377
+ Increases	0	15	7,155	1,065	1,770	10,004
- Decreases	0	-3	-1,817	0	0	-1,820
+/- Transfers	0	0	-66	198	-2,071	-1,940
+/- Other changes	0	178	-72	-450	0	-344
Acquisition cost 31.12.2008	**119**	**14,459**	**57,404**	**3,258**	**286**	**75,526**
Accumulated depreciation and impairments 1.1.2008	**0**	**3,005**	**31,311**	**1,233**	**0**	**35,549**
+/- Translation difference 1.1.	0	169	-230	-4	0	-65
- Accumulated depreciation of decreases and transfers	0	0	-2,017	7	0	-2,010
+ Increases	0	734	6,053	334	0	7,121
Accumulated depreciation and impairments 31.12.2008	**0**	**3,908**	**35,117**	**1,571**	**0**	**40,595**
Book value 31.12.2008	**119**	**10,551**	**22,287**	**1,687**	**286**	**34,931**
Book value 31.12.2007	**119**	**11,290**	**21,245**	**1,212**	**588**	**34,454**

15. PROCEDURES AND RESULTS OF IMPAIRMENT TESTING

The Group has allocated goodwill to business units in other words to cash-generating units. The Group's intangible assets with indefinite useful lives at the balance sheet date comprised only goodwill. In the table above has been presented the distribution of goodwill between the reported segments of Electronics and Wiring Harnesses, in which segment may comprise one or more cash-generating units.

Goodwill		
1,000 EUR	**2008**	**2007**
Electronics	1,209	1,209
Wiring Harnesses	9,119	5,005
Total	**10,328**	**6,214**

The impairment of a cash-generating unit (CGU) is tested by comparing its recoverable amount to its carrying amount. The recoverable amounts of all of the cash-generating units are determined by their values in use, which are based on the present value of their future cash flows. The estimates of the cash flows are based on 5-year financial forecasts by business management. Net sales and profitability estimates used in the forecasts are based on customer-specific estimates, future outlooks and knowledge from previous experience. In the estimation of the long term profitability has been attempted to pay attention to normalized solid basis of profitability level. Long term growth used in the calculations reflect both expected growth and inflation of each area in the long term.

Discount rates were determined separately for each business unit, reflecting the effects of different business and different countries on the expected return of equity. The cost of debt was determined on the basis of the current credit portfolio of the parent company. In the determination of the weighted average cost of capital (WACC), the target equity ratio and the effect of indebtedness to the cost of equity have been taken into consideration. In the following table has been presented summary of the assumptions used in the cash flow analysis.

Assumptions used in the cash flow analysis, %	
	2008
Net sales growth 2009-2013	5.5–11.6
Long term growth 2017-	2.0–4.5
Average EBIT % 2009-2013	1.4–14.9
WACC (after tax)	7.8–11.0
WACC (IFRS)	10.2–12.7
	2007
Net sales growth 2008-2012	1.7–9.8
Long term growth 2016-	2.0
Average EBIT % 2008-2012	2.8–11.3
WACC (after tax)	6.4–7.7
WACC (IFRS)	8.6–10.3

Based on the impairment testing, the recoverable amount of North America -unit included in the segment of Wiring Harnessess is lower than its carrying amount. The Group recognises for the current period an impairment charge of EUR 1.2. million of the North America's goodwill. The results of the impairment testing indicated that the recoverable amount of all other tested CGUs exceeded their corresponding carrying values.

Central assumptions of the recoverable amount are associated with estimated profitability (EBIT) and used discount rate.

In the segment of Wiring Harnesses is included two cash-generating units, in which relatively possible changes to central assumptions might lead to a situtation where the units' carrying amounts would exceed the units' recoverable amounts. The current value of North America –unit is equal to the current carrying amount after the recognised impairment loss, so a negative change of any parameters used in the calculations might cause an additional impairment. The recoverable amount of Russia unit exceeds currently EUR 0.4 million the carrying amount, so a relatively minor change in the parameters might cause a situation of impairment. In the other cash-generating units of Wiring Harnesses and in the only cash-generating unit of Electronics possible, reasonably estimated, changes to assumptions used will not lead to impairment.

1,000 EUR	2008	2007
16. INVENTORIES		
Raw materials and supplies	34,374	30,727
Work in progress	4,243	6,214
Finished goods	13,001	9,833
Advance payments	196	180
Total	**51,815**	**46,954**
17. RECEIVABLES		
Non-current		
Other receivables		
Non-current interest-bearing receivables		
Loan receivables	67	100
Total	67	100
Non-current non interest-bearing receivables		
Other receivables	371	272
Total	371	272
Available-for-sale investments	15	15
Non-current other receivables total	**453**	**388**
Deferred tax assets	**1,623**	**3,804**
Non-current receivables total	**2,076**	**4,192**

1,000 EUR	2008	2007
Current		
Trade receivables	**47,025**	**61,176**
Other receivables		
Non-current interest-bearing receivables		
Loan receivables	1	2
Total	1	2
Non-current non interest-bearing receivables		
Other receivables	8,562	5,192
Prepayments and accued income	6,385	3,806
Total	14,947	8,998
Current other receivables total	**14,948**	**9,001**
Current receivables total	**61,973**	**70,176**
Receivables total	**64,049**	**74,368**
Prepayments and accrued income		
Non-current non interest-bearing receivables		
Staff expenses	1,006	170
Financial items	18	14
Taxes	2,912	1,784
Others	2,418	1,838
Investments	31	0
Total	**6,385**	**3,806**

18. DEFERRED TAX ASSETS AND LIABILITIES

1,000 EUR

	1.1.2008	*Recognised in income statement*	*Aquisitions of subsidiaries*	*31.12.2008*
Deferred tax assets				
Accumulated depreciation differences	735	-570	0	166
Unused tax-deductible losses from previous periods*	2,747	-1,498	0	1,249
Provisions	252	-199	0	53
Other items	69	86	0	155
Total	**3,804**	**-2,181**	**0**	**1,623**

Unrecognised deferred tax assets related to unused tax-deductible losses of foreign subsidiaries totalled EUR 1.5 million in 2008.

Recognised deferred tax assets related to unused tax-deductible losses of foreign subsidiaries totalled EUR 1.2 million year 2008.

Due date for carry-forward	
Year 2015	EUR 0.3 million
Year 2016	EUR 0.7 million
Year 2017	EUR 0.2 million
Total	**EUR 1.2 million**

	1.1.2008	*Recognised in income statement*	*Aquisitions of subsidiaries*	*31.12.2008*
Deferred tax liabilities				
Undistirbuted unrestricted capital	225	0	0	225
Accumulated depreciation differences	103	13	0	116
Depreciation differences of intangible assets recognised in business combinations	82	851	2,186	3,120
Other items	149	-263	0	0
Total	**560**	**601**	**2,186**	**3,461**

1,000 EUR				
		Recognised in	*Aquisitions of*	
	1.1.2007	*income statement*	*subsidiaries*	*31.12.2007*
Deferred tax assets				
Accumulated depreciation differences	828	-92	0	735
Unused tax-deductible losses from previous periods*	1,080	1,667	0	2,747
Depreciation differences of goodwill recognised	307	-307	0	0
Provisions	254	-1	0	252
Other items	17	51	0	69
Total	**2,486**	**1,318**	**0**	**3,804**

Unrecognised deferred tax assets related to unused tax-deductible losses of foreign subsidiaries totalled EUR 0.8 million in 2007.

		Recognised in	*Aquisitions of*	
	1.1.2007	*income statement*	*subsidiaries*	*31.12.2007*
Deferred tax liabilities				
Allocation of production fixed expenses	141	-141	0	0
Undistirbuted unrestricted capital	49	176	0	225
Accumulated depreciation differences	130	-26	0	103
Depreciation differences of intangible assets recognised in business combination	307	-224	0	82
Other items	32	117	0	149
Total	**658**	**-98**	**0**	**560**

19. SHARE CAPITAL	Number of shares (1,000 pcs)	Share Capital	Share premium account	Reserve fund
1,000 EUR				
1.1.2007	**17,782**	**5,983**	**4,862**	**166**
Transfer from restricted to unrestricted capital	0	0	0	92
Translation difference	0	0	0	-19
31.12.2007	**17,782**	**5,983**	**4,862**	**239**
1.1.2008	**17,782**	**5,983**	**4,862**	**239**
Transfer from restricted to unrestricted capital	0	0	0	130
31.12.2008	**17,782**	**5,983**	**4,862**	**370**

20. SHARE BASED PAYMENTS

The Board of Directors of PKC Group Oyj has on 20 April 2006, in accordance with the Annual General Meeting's stock option decision on 30 March 2006, distributed the stock options directed to the key personnel of the Group and to Carhatec Oy, a wholly-owned subsidiary of the company. A total of 190,780 stock options 2006A, 220,120 stock options 2006B and 249,910 stock options 2006C were distributed to the key personnel of PKC Group Oyj. The remainder of the stock options 2006A , 2006B and 2006C were granted to Carhatec Oy to be further distributed to the present and future key personnel of the Group. A share ownership plan, in which the key personnel is obliged to subscribe for company's shares with 20% of the gross income earned from stock options and own these shares for two years, is incorporated to the stock options 2006. The options are forfeit if the employee leaves the company before the end of the vesting period. The Company's President and CEO must own these shares as long as his service in the Group continues. The fair value of options has been calculated using the Black-Scholes share pricing model. The expected volatility has been estimated on historic volatility using exercised price development corresponding to the option's exercise period. In the calculation of the fair value of options has been used following parameters similar to all incentives: expected dividend yield 0%, expected forfeited options 0%.

Stock option plan

Stock options, granted to key personnel of the Group

	2006A	2006A	2006B
Grant date	20.4.2006	29.3.2007	29.3.2007
Number of instruments granted, 1,000 pcs.	180	22.5	221
Exercise price at the grant date, EUR	11.54	11.09	11.09
Exercise price, EUR	10.64	10.64	10.64
Share price at the grant date, EUR	12.25	10.01	10.01
Remaining vesting period, years	5.1	4.1	5.2
Expected volatility, %	39	35	35
Risk-free interest rate, %	3.66	4.10	4.10
Fair value of the instrument (at grant date), EUR	5.19	3.03	3.48

	2006A	2006B	2006C
Grant date	27.3.2008	27.3.2008	27.3.2008
Number of instruments granted, 1,000 pcs.	5.9	9.6	146.7
Exercise price at the grant date, EUR	10.64	10.64	10.64
Exercise price, EUR	10.64	10.64	10.64
Share price at the grant date, EUR	7.38	7.38	7.38
Remaining vesting period, years	3.1	4.2	5.2
Expected volatility, %	31	30	32
Risk-free interest rate, %	3.81	3.78	3.78
Fair value of the instrument (at grant date), EUR	0.93	1.22	1.65

Stock option plan

Stock options, granted to key personnel of the Group

	2006A	2006B	2006C
Grant date	14.4.2008	14.4.2008	14.4.2008
Number of instruments granted, 1,000 pcs.	30	40	40
Exercise price at the grant date, EUR	10.64	10.64	10.64
Exercise price, EUR	10.64	10.64	10.64
Share price at the grant date, EUR	7.05	7.05	7.05
Remaining vesting period, years	3.1	4.1	5.1
Expected volatility, %	31	30	32
Risk-free interest rate, %	3.57	3.79	3.79
Fair value of the instrument (at grant date), EUR	0.78	1.04	1.45

	2006A	2006B	2006C
Grant date	14.7.2008	14.7.2008	14.7.2008
Number of instruments granted, 1,000 pcs.	14.6	16.1	14
Exercise price at the grant date, EUR	10.64	10.64	10.64
Exercise price, EUR	10.64	10.64	10.64
Share price at the grant date, EUR	7.04	7.04	7.04
Remaining vesting period, years	2.8	3.9	4.9
Expected volatility, %	32	30	30
Risk-free interest rate, %	4.48	4.53	4.53
Fair value of the instrument (at grant date), EUR	0.82	1.04	1.37

	2006A	2006B	2006C
Grant date	3.10.2008	3.10.2008	3.10.2008
Number of instruments granted, 1,000 pcs.	25.3	41.4	38
Exercise price at the grant date, EUR	10.64	10.64	10.64
Exercise price, EUR	10.64	10.64	10.64
Share price at the grant date, EUR	6.5	6.5	6.5
Remaining vesting period, years	2.6	3.6	4.6
Expected volatility, %	35	31	31
Risk-free interest rate, %	3.48	3.88	3.88
Fair value of the instrument (at grant date), EUR	0.60	0.77	1.00

	2008 Weighted average exercise price per share, EUR	2008 Number of options (1,000 pcs.)	2007 Weighted average exercise price per share, EUR	2007 Number of options (1,000 pcs.)
Outstanding at start of year	11.09	423.5	11.54	180.0
Granted during the year	10.64	421.6	11.09	243.5
Forfeited during the year	10.64	-193.4		
Outstanding at end of year	10.64	651.7	11.09	423.5
Exercisable at end of year	10.64	651.7	11.09	423.5

1,000 EUR	2008	2007
21. CREDITORS		
Non-current liabilities		
Interest-bearing receivables		
Loans from financial institutions	27,941	20,928
Pension loans	12,179	149
Total	40,120	21,078
Interest-bearing receivables		
Provisions	216	114
Total	216	114
Deferred tax liabilities	**3,461**	**560**
Non-current liabilities total	**43,797**	**21,752**
Current liabilities		
Trade payables	**14,907**	**21,173**
Current other liabilities		
Interest-bearing receivables		
Loans from financial institutions	29,596	34,595
Pension loans	2 270	11
Total	31,866	34,606
Interest-bearing receivables		
Advances received	14	1
Other liabilities	3,321	3,431
Accruals and deferred income	14,947	12,005
Total	18,281	15,438
Current other liabilities total	**50,148**	**50,045**
Current liabilities total	**65,055**	**71,217**
Creditors total	**108,851**	**92,969**

1,000 EUR	2008	2007
Accruals and deferred income		
To others		
Staff expenses	7,901	9,117
Financial items	1,017	692
Taxes	2,535	1,624
Others	3,485	572
Of investments	9	0
Total	**14,947**	**12,005**

1,000 EUR	
22. PROVISIONS	
Provisions for pension expenses	
1.1.2007	223
Decreases	-109
31.12.2008	114
1.1.2007	114
Increases	102
31.12.2008	216

Provisions for pensions are recognised from the Group's liability part of the unemployment pensions between 2007-2009 of the persons dismissed by co-determination negotiations.

1,000 EUR	2008	2007
23. DERIVATES		
Nominal values		
Currency derivates		
Forward agreements	3,307	5,740
Raw material derivates		
Forward agreements	757	1,598
Total	**4,063**	**7,338**
Fair values		
Currency derivates		
Forward agreements	-195	-105
Raw material derivates		
Forward agreements	-328	-144
Total	**-523**	**-249**

Derivates are used only in hedging currency and changing copper prices. PKC Group does not apply hedge accounting to derivate instruments according to IAS 39. Fair values of the derivates are recognised through profit and loss account.

24. OTHER LIABILITIES		
Group as a lessee		
0-1 years	2,471	1,196
1-5 years	11,166	4,232
later than 5 years	0	592
Total	**13,637**	**6,021**

25. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

Measurement principles of financial assets and liabilities

Available-for-sale financial assets consist entirely of investments in unquoted stocks that are measured at cost because their fair value cannot be determined reliably with valuation models. The carrying amounts of trade receivables and other receivables correspond to their fair values because the effect of discounting in not substantial due to their short maturity period. The fair values of currency derivates are measured by using the market prices at balance sheet date. The fair values of interest-bearing liabilities are determined by discounted cash flows. The discount rate used is determined by using the group's interest rate for corresponding interest-bearing liabilities at the balance sheet date. The total interest rate comprises risk-free interest rate and company specific margin. The carrying amounts of trade payables and other liabilities correspond to their fair values because the effect of discounting in not substantial due to their short maturity.

1,000 EUR 2008	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet items	Fair values by balance sheet items
Non-current financial assets						
Non-current interest-bearing receivables	0	67	0	0	67	67
Other non-current assets	0	371	15	0	386	386
Non-current financial assets total	0	437	15	0	453	453
Current financial assets						
Trade receivables and other receivables	0	61,960	0	0	61,960	61,960
Derivate agreements	14	0	0	0	14	14
Current financial assets total	14	62,397	15	0	62,426	62,426
Financial assets total	**14**	**62,397**	**15**	**0**	**62,426**	**62,426**
Non-current financial liabilities						
Non-current interest bearing liabilities	0	0	0	40,120	40,120	49,233
Non-current financial liabilities total	0	0	0	40,120	40,120	49,233
Current financial liabilities						
Current interest bearing liabilities	0	0	0	31,866	31,866	23,133
Derivate agreements	209	0	0	0	209	209
Trade payables and other liabilities	0	0	0	32,979	32,979	32,979
Current financial liabilities total	209	0	0	64,846	65,055	56,321
Financial liabilities total	**209**	**0**	**0**	**104,966**	**105,175**	**105,554**

1,000 EUR 2007	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet items	Fair value by balance sheet items
Non-current financial assets						
Non-current interest-bearing receivables	0	100	0	0	100	100
Other non-current assets	0	272	15	0	288	288
Non-current financial assets total	**0**	**372**	**15**	**0**	**388**	**388**
Current financial assets						
Trade receivables and other receivables	0	70,176	0	0	70,176	70,176
Current financial assets total	0	70,176	0	0	70,176	70,176
Financial assets total	**0**	**70,548**	**15**	**0**	**70,564**	**70,564**
Non-current financial liabilities						
Non-current interest bearing liabilities	0	0	0	21,078	21,078	17,696
Non-current financial liabilities total	0	0	0	21,078	21,078	17,696
Current financial liabilities						
Current interest-bearing liabilities	0	0	0	34,606	34,606	37,551
Derivate agreements	105	0	0	0	105	105
Trade payables and other liabilities	0	0	0	36,506	36,506	36,506
Current financial liabilities total	105	0	0	71,113	71,217	74,162
Financial liabilities total	**105**	**0**	**0**	**92,190**	**92,295**	**91,858**

26. RELATED PARTY DISCLOSURES

A party is related to an entity if it controls, is controlled by, or is under common control with, the entity; or it has an interest in the entity that gives it significant influence over the entity; or has joint control over the entity. The Group's related party comprises of the Group companies, parent company's Board of Directors and Corporate Management Team. There were no related party transactions in the current period or previous period. Employee benefits to management are presented in note 7.

27. FINANCIAL RISK MANAGEMENT

The company's Board of Directors has confirmed the Group's financial risk management policy. The objective of the policy is to protect the Group against unfavourable changes in the financial markets and thereby to safeguard the Group's earnings trend, equity and liquidity. The Group's financing and financial risk management have been centralised within the parent company's finance function. The aims of centralising these functions are effective risk management, cost savings and optimisation of cash flow.

Currency risk

Because the Group operates in international markets, it is exposed to currency risks caused by exchange rate fluctuations. Sales and purchases in foreign currencies (transaction risk) as well as balance sheet items investments in and loans to foreign subsidiaries (valuation risk) create currency risk. Currency risks are hedged by using internal netting out, foreign currency loans, forward exchange agreements and currency options. However, currency options may be used at the most in half of the derivative agreements. Derivatives are used only for hedging purposes. Currency risks are also hedged by the currency clauses in sales agreements. The majority of product sales and purchases of materials are conducted in euros.The equity of the Group's subsidiaries at the close of the financial period was EUR 33.8 million (2007: EUR 26.1 million).

Group's valuation exposure by currency

1,000 EUR	2008	2007
	Net Investmet	Net Investmet
BRL	15,703	15,064
RUB	6,226	4,865
CAD	-459	26
MXN	595	592
CNY	537	2,125
USD	3,715	484
EEK	4,864	2,975
PLN	2,638	-
Total	**33,820**	**26,130**

The Group's interest-bearing liabilities are in euro amounts in their entirety. The Group has not used derivative instruments to hedge valuation risk.

Commodity risk

Changes in global economy may affect the prices and availability of raw materials. Copper price risks can be hedged with purchase agreements and raw materials futures and options. Changes in the prices of oil and metals can indirectly interfere the Group's operations if they reduce customers' demand of products. Changes in energy prices do not have substantial effect in profit. According to the Group's risk management policy, a maximum of 50 percent of the copper position can be hedged.

Interest risk

Interest risk is involved mainly in interest-bearing liabilities in the balance sheet. The financing function monitors the interest risk of the loan portfolio and, when necessary, changes the interest rate maturity by means of forward rate agreements, options and interest rate swaps. At the end of 2008, 20.1% of the loan portfolio of the Group consisted of fixed interest loans. The counterpart risk involved in loans has been minimised by making loan agreements with at least three accepted parties.

The Group's interest rate maturities at the balance sheet date

1,000 EUR	Under 6 mon.	6 – 12 mon.	Over 1 year	Total
Floating-rate financial instruments				
Loans from financial institutions	21,608	35,929	0	57,537
Fixed-rate financial instruments				
Pension loans	0	14,449	0	14,449
Total	**21,608**	**50,378**	**0**	**71,986**

Sensitivity to market risk

Sensitivity of operating profit to market risks connected with the Group's operations

The following table sets forth how changes in the main market risk factors from the Group's standpoint would affect the Group's operating profit. The calculation is based on assumptions of ordinary market and business conditions. The effect of hedging has not been taken into account.

Average effect on operating profit net of hedging effects

EUR million	2008	2007
+/- 10% change in the price of copper	+/- 1,1-1,3	+/- 1,1-1,2
+/- 10% change in foreign exchange rate between the euro and the dollar (USD)	+/- 0,8	+/- 0,8
+/- 10% change in foreign exchange rate between the euro and the Swedish krona (SEK)	+/- 2,0	+/- 2,1
+/- 10% change in the foreign exchange rate between the euro and the Brazilian real (BRL)	+/- 1,8	+/- 1,6

Sensitivity to market risks arising from financial instruments as required by IFRS 7

The sensitivity analysis presented below, which is required under IFRS 7, illustrates the sensitivity of the Group's net profit and equity to a change in the price or copper, to foreign exchange rates between the euro and the US dollar. and the euro and the Swedish krona as well as to interest rates. The sensitivity is due to the financial instruments, financial assets and liabilities as well as derivative contracts that are included in the balance sheet for the financial period in accordance with the IFRS definition. Financial instruments that are sensitive to the above-mentioned market risks are working capital items such as trade receivables and other receivables as well as trade payables and other liabilities, financial liabilities, deposits, cash and bank receivables and derivative contracts.

Sensitivity to market risks arising from financial instruments as required by IFRS 7

EUR million	2008 Income statement	2008 Equity	2007 Income statement	2007 Equity
+/-10% change in the price of copper	+/- 0.1	+/- 0.1	+/- 0.1	+/- 0.1
+/-10% change in foreign exchange rate between the euro and the dollar (USD)	+/- 0.2	+/- 0.2	+/- 0.4	+/- 0.4
+/-10% change in foreign exchange rate between the euro and the Swedish krona (SEK)	+/- 0.2	+/- 0.2	+/- 0.3	+/- 0.3
+/- 1% change in market interest rates	+/- 0.7	+/- 0.7	+/- 0.6	+/- 0.6

Credit risk

Credit risk associated with investments made in the financial markets is minimised by making agreements with a sufficiently large number of leading and financially sound banks, financial institutions and other parties. Customers are granted only standard payment terms. 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 applied related parties of said companies. Impairment of trade receivables is recognised when there is reasonable evidence that the Group will not receive all receivables in original terms. Impairment of receivable is recognised in Income statement's item Other operating expenses.

Aging of trade receivables

1,000 EUR	2008	Credit – recorded as a loss	2008 Net	2007	Credit – recorded as a loss	2007 Net
Not yet due	34,620	0	34,620	55,513	0	55,513
Falling due in 30 days or less	7,902	0	7,902	3,920	0	3,920
Due 31 – 60 days ago	2,326	0	2,326	372	0	372
Due 61 – 90 days ago	1,044	0	1,044	403	0	403
Due over 90 days ago	1,134	0	1,134	1,156	-189	967
Total	**47,025**	**0**	**47,025**	**61,365**	**-189**	**61,175**

Liquidity risk

Liquidity risk means the risk of obtaining financing at any given time. The parent company's treasury function is responsible for the Group's liquidity and the adequacy of financing. Sufficient liquidity is maintained by means of efficient cash management. At the balance sheet date, the Group had a total of EUR 35 million of credit and financing facilities, of which EUR 15 million was unused. Most of the parent company's interest-bearing loans contained a covenant stating that the equity ratio according to the audited consolidated balance sheet be a minimum of either 30% or 35%, depending on the agreement.

1,000 EUR							
Maturity analysis based on liability agreements (EUR 1,000)							
31.12.2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014-**	**Total**
Loans from financial institutions							
Repayments	29,595	7,487	6,702	5,916	7,479	358	57,537
Financing costs	1,939	1,212	875	571	298	10	4,905
Total	31,534	8,699	7,576	6,487	7,777	368	62,442
Pension loans							
Repayments	2,270	2,270	2,269	2,268	2,268	3,104	14,449
Financing costs	746	628	509	390	271	570	3,114
Total	3,017	2,897	2,778	2,658	2,539	3,674	17,563
Non-current non-interest bearing liabilities	3,461	0	0	0	0	0	3,461
Current non-interest bearing liabilities							
Trade payables	14,907	0	0	0	0	0	14,907
Others	18,281	0	0	0	0	0	18,281
Total	33,188	0	0	0	0	0	33,188
Total	**71,200**	**11,597**	**10,354**	**9,145**	**10,316**	**4,042**	**116,654**
31.12.2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013-**	**Total**
Loans from financial institutions							
Repayments	34,595	7,000	4,500	3,714	2,929	2,786	55,524
Financing costs	1,831	864	569	378	218	107	3,966
Total	36,426	7,864	5,069	4,092	3,147	2,893	59,489
Pension loans							
Repayments	11	10	10	9	8	112	161
Financing costs	10	9	8	8	7	7	48
Total	21	19	18	17	16	118	209
Non-current non-interest bearing liabilities	560	0	0	0	0	0	560
Current non-interest bearing liabilities							
Trade payables	21,173	0	0	0	0	0	21,173
Others	15,438	0	0	0	0	0	15,438
Total	36,611	0	0	0	0	0	36,611
Total	**73,618**	**7,883**	**5,087**	**4,108**	**3,162**	**3,011**	**96,869**

Capital management

Equity shown in consolidated balance sheet is managed as capital. External capital demands are not applied in the Group. The Group's objective when managing capital is to support its business by ensuring normal operating conditions and to increase owner's value with target to gain maximum possible return. The optimal capital structure guarantees also the lowest capital costs. The capital structure is changed with dividend distributions and with share issues. The capital structure is continuously monitored with gearing ratio. The Group's bank loans contain covenants which are common conditions. For example the equity ratio has to be a minimum of either 30% or 35%, depending on the agreement. During the accounting period 2008 and 2007, the company has fulfilled the terms of the covenants.The Group's gearing ratio was in the current period and previous period as follows:

Gearing	**2008**	**2007**
Interest-bearing liabilities, 1,000 EUR	71,986	55,684
Cash and cash equivalents, 1,000 EUR	12,468	10,426
Net liabilities, 1,000 EUR	59,518	45,258
Equity total, 1,000 EUR	78,586	82,980
Gearing, %	75.7	54.5

PARENT COMPANY'S INCOME STATEMENT

1,000 EUR	Notes	2008	2007
NET SALES	**1**	**185,882**	**177,260**
Increase (+) or decrease (-) in stocks of finished goods and work in progress		-115	2,643
Other operating income	2	2,284	1,667
Raw materials and services	3	145,509	135,328
Staff expenses	4	19,643	20,059
Depreciation and value adjustments	5	1,283	1,255
Other operating expenses	6	9,686	9,549
OPERATING PROFIT		**11,930**	**15,379**
Financial income and expenses	7	-13,656	456
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		**-1,726**	**15,835**
Group contributions	8	2,500	2,500
PROFIT/LOSS BEFORE TAXES		**774**	**18,335**
Appropriations	9	0	347
Income taxes	10	-2,351	-4,469
PROFIT/LOSS FOR THE FINANCIAL YEAR		**-1,577**	**14,213**

PARENT COMPANY'S BALANCE SHEET

1,000 EUR	Notes	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	2,393	2,543
Tangible assets	12	1,163	1,586
Investments			
Holdings in group companies		34,559	23,282
Other investments total		235	235
NON CURRENT ASSETS TOTAL		**38,350**	**27,647**
CURRENT ASSETS			
Inventories	14	18,698	22,359
Non-current	15		
Other receivables		54,777	41,424
Non-current receivables		54,777	41,424
Current	15		
Trade receivables		32,626	43,865
Other non interest-bearing receivables		4,590	8,055
Short-term receivables total		37,216	51,920
Cash and cash equivalents		969	1,419
CURRENT ASSETS TOTAL		**111,659**	**117,123**
ASSETS TOTAL		**150,010**	**144,769**

1,000 EUR	Notes	31.12.2008	31.12.2007
LIABILITIES			
SHAREHOLDER'S EQUITY	**16**		
Share capital		5,983	5,983
Share Premium Account		4,862	4,862
Other Reserves		166	166
Retained Earnings (loss)	17	49,670	43,458
Profit / Loss for the financial year		-1,577	14,213
SHAREHOLDER'S EQUITY		**59,104**	**68,682**
PROVISIONS	**18**	**203**	**98**
CREDITORS	**19**		
Non-current liabilities	**20**		
Other liabilities		40,120	21,078
Non-current liabilities total		**40,120**	**21,078**
Current liabilities			
Trade payables		7,485	13,912
Other liabilities		43,099	40,999
Current liabilities total		**50,583**	**54,911**
CREDITORS TOTAL		**90,703**	**75,989**
LIABILITIES TOTAL		**150,010**	**144,769**

PARENT COMPANY'S CASH FLOW STATEMENT

1,000 EUR	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	204,941	174,114
Cash receipts from other operating income	2,175	1,566
Cash paid to suppliers and employees	-187,596	-162,036
Cash flows from operations before financial income and expenses and taxes	**19,520**	**13,644**
Interest paid	-4,627	-2,518
Interest received and other financial income	4,830	1,855
Income taxes paid	-2,852	-5,265
Net cash from operating activities (A)	**16,870**	**7,715**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible or intangible assets	-737	-1,277
Proceeds from sale of tangible and intangible assets	152	158
Loans granted	-42,360	-10,778
Amortisations of loan received	17,049	4,610
Investments to subsidiaries	-11,276	-2,597
Dividends received	799	1,464
Net cash used in financial activities (B)	**-36,374**	**-8,419**
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Drawing of credits	43,066	18,843
Amortisation of credits	-21,011	-10,405
Dividends paid	-8,002	-8,002
Group contributions received	5,000	1,250
Net cash used in financial activities (C)	**19,053**	**1,686**
Net increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	**-450**	**981**

NOTES TO THE PARENT COMPANY'S ACCOUNTS

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 period based on estimated service duration are as follows

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of the inventory is determined on the basis of the weighted average cost formula and, in contrast to previous accounting practise, it includes all of the direct costs and a proportional amount of indirect manufacturing costs. The net realisable value is the sales price less estimated costs to finish and sell the product.

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.

Leased assets

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

Pension costs

The retirement plans for employees are provided by external insurance companies. Pension insurance payments 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	2008	2007
1. NET SALES BY BUSINESS SEGMENTS AND MARKET AREAS		
Net sales by business segments		
Wiring harnesses	185,882	177,260
Total	**185,882**	**177,260**
Net sales by market areas		
Finland	24,632	17,698
Other Europe	141,246	144,902
North America	4,598	4,565
South America	12,275	7,080
Others	3,132	3,016
Total	**185,882**	**177,260**
2. OTHER OPERATING INCOME		
Income from sales of non-current assets	131	78
Grants	111	93
Other income	2,041	1,495
Total	**2,284**	**1,667**
Other income		
From Group companies	1,704	1,275
From others	337	220
Total	**2,041**	**1,495**
3. MATERIALS AND SERVICES		
Raw materials and consumables		
Purchases during the financial period	100,263	102,246
Outsourced services	41,700	34,815
Increase (+) or decrease (-) in stocks	3,547	-1,733
Total	**145,509**	**135,328**

NOTES TO THE PARENT COMPANY'S ACCOUNTS

1,000 EUR	2008	2007	2006
4. STAFF EXPENSES			
Wages and salaries	16,079	16,287	15,304
Defined pension contribution plans	2,625	2,748	2,562
Other social expenses	939	1,024	941
Total	**19,643**	**20,059**	**18,808**
Salaries and fees to Board and management			
*Salaries and fees to Board members **			
Eestilä Matti, member from 30.3.2006	25	24	15
Koskinen Juhani, member until 30.3.2006	0	0	5
Niemelä Jaakko, member from 30.3.2006	25	24	15
Ojala Leo, member until 30.3.2006	0	0	5
Palla Endel	25	24	20
Pohjanvirta Olli, member from 29.3.2007	25	19	0
Ravaska Veikko, member until 30.3.2006	0	0	5
Ruotsala Matti, member from 30.3.2006	44	24	15
Suonio Risto, member until 29.3.2007	0	5	20
Suutari Harri, member until3.4.2008	13	48	39
Tähtinen Jyrki	38	36	29
Total	194	202	166

* Harri Suutari was appointed PKC Group Oyj's president and CEO as from 3.4.2008. At the same time Matti Ruotsala has been apppointed Chairman of the Board

1,000 EUR	2008	2007	2006
Salaries and fees to Presidents			
Mika Kari until 3.4.2008, including salary for the period of notice	367	274	190
Harri Suutari from 3.4.2008	210	0	0
Total	577	274	190
Salaries and fees to other members of Executive Board	554	505	390
Salaries and fees to management total	1 132	981	746
Average number of personnel			
Clerical employees	158	174	175
Employees	268	265	278
Total	426	439	453
Personnel at the end of period	384	439	464

1,000 EUR	2008	2007
5. DEPRECIATION AND VALUE ADJUSTMENTS		
Depreciation according to plan	1,283	1,255
Total	**1,283**	**1,255**
6. OTHER OPERATING EXPENSES		
Benefits to accountans	188	184
Rents	1,775	1,655
Other operating expenses	7,722	7,710
Total	**9,686**	**9,549**
Benefits to accountans		
Audits	70	78
Assignments	3	1
Tax services	33	5
Other services	82	100
Total	188	184

7. FINANCIAL INCOME AND EXPENSES	**2008**	**2007**
Dividend yields		
From Group companies	798	1,463
From others		
Total	798	1,463
Income from other investments held as fixed assets		
From others	1	1
Total	1	1
Financial income		
Other interest and financial income from Group companies	2,125	1,865
Other interest and financial income and from others	15	0
Profit on exchange	666	740
Total	2,806	2,606

1,000 EUR	2008	2007
Financial expenses		
Reduction in value of receivables from Group companies	-7,700	0
Other interest and financial expenses from others	-3,058	-2,369
Exchange loss	-6,503	-1,245
Total	-17,261	-3,614
Financial income and expenses total	**-13,656**	**456**
Financial income and expenses total includes net exchange rate differences	-5,837	-496
Aggregate exchange differences included in income statement		
Net sales	76	-90
Raw materials and services	247	247
Raw material derivates	-936	-182
Financing	-5,224	-471
Total	**-5,837**	**-496**

8. GROUP CONTRIBUTIONS		
From Group companies	2,500	2,500
Total	**2,500**	**2,500**

9. CHANGE IN APPROPRIATIONS		
Change in untaxed reserves	0	347
Total	**0**	**347**

10. INCOME TAXES		
Income taxes from actual operations	-2,287	-4,472
Taxes from the previous year	-64	3
Total	**-2,351**	**-4,469**

1,000 EUR		Other		
	Intangible	long term	Advance	
11. INTANGIBLE ASSETS	rights	expenditures	payments	Total
Acquisition cost 1.1.2008	**3,830**	**480**	**157**	**4,468**
+Increases	416	3	188	607
+/- Transfers	175	0	-175	0
Acquisition cost 31.12.2008	**4,421**	**484**	**171**	**5,075**
Accumulated depreciation and impairments 1.1.2007	**1,804**	**121**	**0**	**1,924**
+Increases	661	96	0	757
Accumulated depreciation and impairments 31.12.2008	**2,465**	**217**	**0**	**2,682**
Book value 31.12.2008	**1,956**	**267**	**171**	**2,393**
Book value 31.12.2007	**2,027**	**360**	**157**	**2,543**

			Other	
	Buildings and	Machinery and	tangible	
12. TANGIBLE ASSETS	constructions	equipments	assets	Total
Acquisition cost 1.1.2008	**1,552**	**9,652**	**209**	**11,414**
+Increases	0	124	0	124
- Decreases	0	-608	0	-608
Acquisition cost 31.12.2008	**1,552**	**9,167**	**209**	**10,929**
Accumulated depreciation and impairments 1.1.2008	**906**	**8,714**	**208**	**9,828**
-Accumulated depreciation of decreases and transfers	0	-588	0	-588
+Increases	81	443	1	526
Accumulated depreciation and impairments 31.12.2008	**988**	**8,569**	**209**	**9,766**
Book value 31.12.2008	**565**	**598**	**0**	**1,163**
Book value 31.12.2007	**646**	**938**	**1**	**1,586**

1,000 EUR	Holdings			
	in Group	Other	Other	
13. INVESTMENTS	companies	shares	receivables	Total
Acquisition cost 1.1.2008	**23,282**	**188**	**48**	**23,518**
+Increases	11,276	0	0	11,276
Acquisition cost 31.12.2008	**34,559**	**188**	**48**	**34,794**
Book value 31.12.2008	**34,559**	**188**	**48**	**34,794**
Book value 31.12.2007	**23,282**	**188**	**48**	**23,518**

SHARES AND SIMILAR RIGHTS OF OWNERSHIP

	Group's	Parent company's
Group companies	**ownership, %**	**ownership, %**
PKC Eesti AS	100	100
PK Cables do Brasil Industria e Comercio Ltda.	100	97
PKC Group Poland Sp. z o.o.	100	100
PK Cables Nederland 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
OOO PKC Group Pskov	100	0
OOO PKC Group Pskov Northwest	100	0
PKC Group Americas Inc.	100	0
PKC Electronics Oy	100	0
OOO Elektrokos	100	0
OOO Elektromeka	100	0
PKC Wiring Harness & Electronics (Suzhou) Co., Ltd.	100	100
PKC Group Canada Inc.	100	0
PKC Group Mexico S.A. de C.V.	100	100
PKC Group USA Inc.	100	100

1,000 EUR	2008	2007
14. INVENTORIES		
Raw materials and supplies	10,863	14,410
Work in progress	1,294	2,183
Finished goods	6,538	5,764
Advance payments	3	2
Total	**18,698**	**22,359**
15. RECEIVABLES		
Non-current		
Other receivables		
From Group companies		
Loan receivables	54,710	41,324
Total	54,710	41,324
From others		
Loan receivables	67	100
Total	67	100
Non-current other receivables total	**54,777**	**41,424**
Non-current receivables total	**54,777**	**41,424**
Current		
Trade receivables		
From Group companies	8,798	5,376
From others	23,828	38,489
Total	32,626	43,865

1,000 EUR	2008	2007
Other receivables		
From Group companies		
Loan receivables	0	362
Prepayments and accrued income	1,266	3,374
Total	1,266	3,737
From Group others		
Loan receivables	1	2
Other receivables	1,237	2,705
Prepayments and accrued income	2,086	1,612
Total	3,324	4,319
Current other receivables total	**4,590**	**8,055**
Current receivables total	**37,216**	**51,920**
Prepayments and accrued income		
From Group companies		
Financial items	1,266	3,280
Others	0	94
Total	1,266	3,374
From Group others		
Staff expenses	116	90
Financial items	4	14
Taxes	1,904	1,403
Others	62	104
Total	*2,086*	*1,612*

NOTES TO THE PARENT COMPANY'S ACCOUNTS

1,000 EUR	2008	2007
16. SHARE CAPITAL		
Share capital 1.1	5,983	5,983
Increase in share capital	0	0
Share capital 31.12	**5,983**	**5,983**
Share premium account 1.1	4,862	4,862
Change	0	0
Share premium account 31.12	**4,862**	**4,862**
Reserve fund 1.1	166	166
Reserve fund 31.12	**166**	**166**
Retained earnings 1.1	57,671	51,460
Dividend distribution	-8,002	-8 002
Retained earnings 31.12	**49,670**	**43,458**
Profit/loss for the financial year	**-1,577**	**14,213**
Total shareholder's equity	**59,104**	**68,682**

1,000 EUR	2008	2007
17. CALCULATION OF DISTRIBUTABLE FUNDS		
Retained earnings	49,670	43,458
Profit for the financial year	-1,577	14,213
Distributable funds 31.12	**48,093**	**57,671**
18. PROVISIONS		
Provisions for pensions	203	98
Total	203	98
Untaxed reserves are subject to a deferred tax assets	53	25

NOTES TO THE PARENT COMPANY'S ACCOUNTS

1,000 EUR	**2008**	**2007**
19. CREDITORS		
Non-currrent liabilities		
Non-currrent other liabilities		
To Group companies		
Loans	1,040	0
Total	1,040	0
To others		
Loans from financial institutions	27,941	20,928
Pension loans	11,139	149
Total	39,080	21,078
Non-current other liabilities total	**40,120**	**21,078**
Non-current liabilities total	**40,120**	**21,078**
Current liabilities		
Trade payables		
To Group companies	1,815	2,694
To others	5,670	11,218
Total	**7,485**	**13,912**
Current other liabilities		
To Group companies		
Accruals and deferred income	4	73
Other liabilities	6,013	0
Total	6,017	73
To others		
Loans from financial institutions	29,596	34,595
Pension loans	2,010	11
Accruals and deferred income	4,642	5,546
Other liabilities	833	773
Total	37,082	40,926
Current other liabilities total	**43,099**	**40,999**
Current liabilities total	**50,583**	**54,911**

1,000 EUR	**2008**	**2007**
Accruals and deffered income		
To Group companies		
Others	0	56
Financial items	4	17
Total	4	73
To others		
Staff expenses	3,416	4,562
Financial items	1,017	692
Taxes	0	0
Others	201	292
Total	4,642	5,546
Other liabilities		
To Group companies		
Internal loans	6 013	0
Total	6 013	0
To others		
Staff expenses	830	750
Taxes	0	23
Others	3	0
Total	833	773
Loans falling due later than five years from now		
Loans from financial institutions	357	2,786
Pension loans	3,104	112
Total	3,461	2,897

1,000 EUR	**2008**	**2007**
20. COMMITMENTS AND OTHER LIABILITIES		
Amount to be paid for leasing commitments		
For the currrent financial period	90	167
Falling due at a later date	54	170
Total	**144**	**337**
Liabilities related to current premises		
For the currrent financial period	1,464	1,015
Falling due at a later date	5,247	4,653
Given behalf of Group	252	0
Total	**6,963**	**5,668**
Contingent liabilities		
Liabilities for currency derivates		
Liabilities for raw material derivates	757	1,598
Nominal values	2,529	3,279
Fair value	-328	-192

Derivates are used only in hedging currency and changing copper prices.

SHARES AND SHAREHOLDERS

Shares and shareholders

PKC Group Oyj's share turnover on NASDAQ OMX Helsinki from 1 January to 31 December 2008 was 12,940,819 shares (17,639,780 shares), representing 72.8% of the average number of shares (99.2%). Shares were traded to a total value of EUR 85.9 million (185.1 million). The low during the period in review was EUR 2.82 (8.55) and the high was EUR 9.48 (12.40). The closing price on the last trading day of the period under review was EUR 3.25 (8.70) and the average price during the period was EUR 6.56 (10.48). The company's market capitalisation at 31 December 2008 was EUR 57.8 million (154.7 million).

Shares held by Board members, their related persons and corporations in which they have a controlling interest, accounted for 3.2% (2.9%) of the total number of shares at the close of the period under review. PKC Group Oyj had 7,648 shareholders (6,505) at the end of the report period. The proportion of shares held by foreigners and by way of nominee registrations at 31 December 2008 was 25.8% of the shares outstanding (28.1%).

The Board's authorisations

The Board of Directors has been granted authorisation by the Annual General Meeting on 29 March 2007 to decide on one or more share issues and the granting of special rights as defined in Chapter 10, Section 1 of the Companies Act and on all the terms and conditions thereof. A maximum total of 3,500,000 shares may be issued or subscribed for on the basis of the authorisation. This authorisation includes the right to decide on a directed share issue. The authorisation shall remain in force for five years from the date of the resolution of the Annual General Meeting. The authorisation may be used at the Board's discretion for financing corporate acquisitions, for carrying out inter-company co-operation or similar arrangements, or for strengthening the company's financing and capital structure.

The Board of Directors does not have a valid authorisation to acquire the company's own shares, and the company does not have any own shares (treasury shares) in its possession.

Stock option schemes

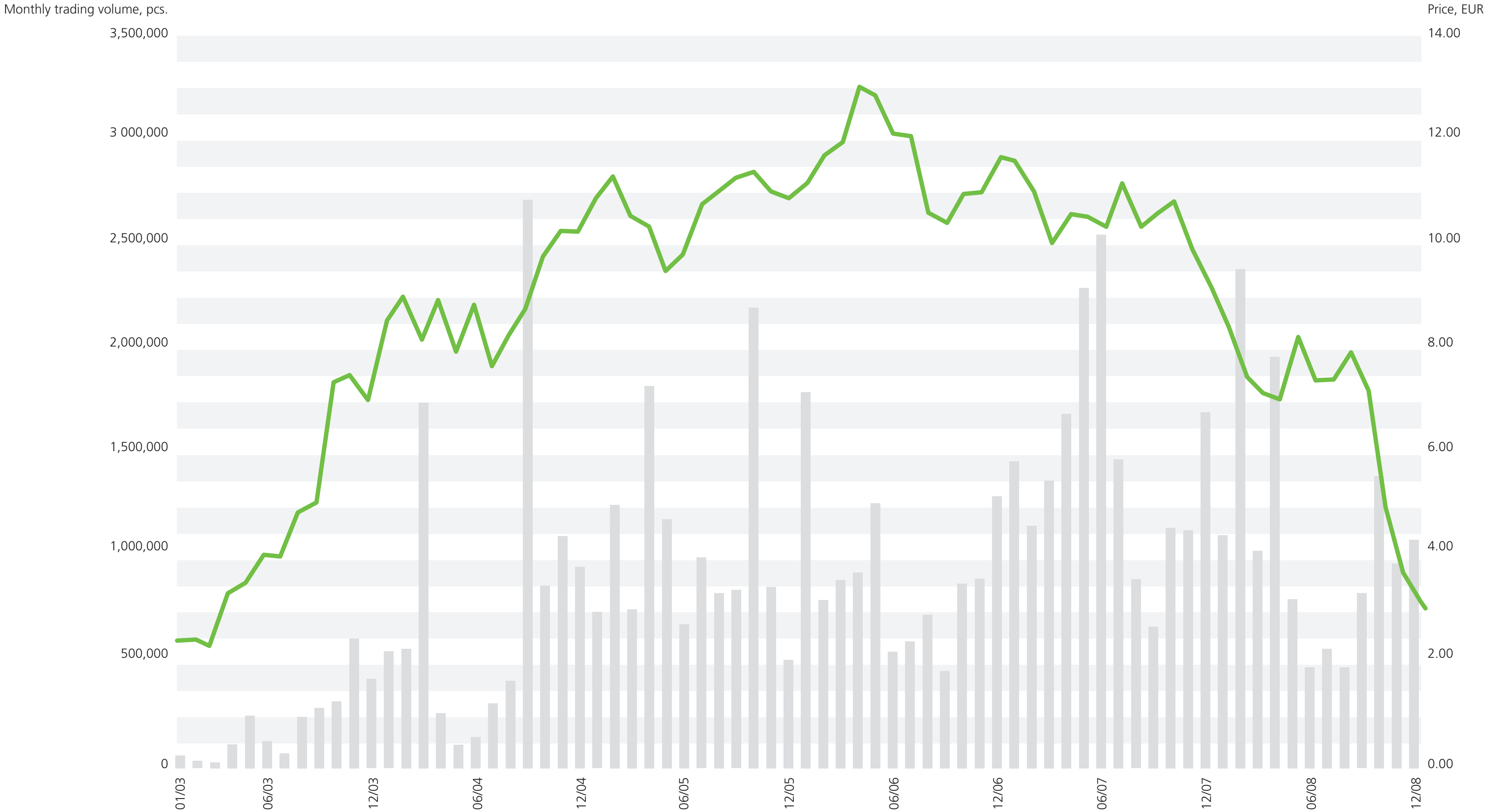
In 2006, PKC launched a stock option scheme according to which the maximum total number of stock options to be issued is 697,500, and they are divided into A, B and C warrants. At the close of the financial year, the company's key personnel had a total of 190,780 2006A warrants, 220,120 2006B warrants and 249,910 2006C warrants in their possession.

The subscription period for shares through the exercise of stock options shall be during the years 2009–2013. The share subscription price for stock options shall be the volume-weighted average price of the PKC Group Oyj share on Nasdaq OMX Helsinki, with dividend adjustments, as defined in the stock option terms (at present, EUR 10.64 for the 2006A, 2006B and 2006C warrants). Through the exercise of the 2006 stock options, the share capital of PKC Group Oyj may be increased by a maximum total of 697,500 new shares and EUR 234,673.67. The 2006 stock options are subject to a share ownership plan. Key personnel are obligated to subscribe for or purchase the company's shares with 20% of the gross income earned from stock options and to own these shares for two years. The company's President and CEO is obligated to own these shares for the duration of his managerial contract.

Dividends for the 2007 financial year

The Annual General Meeting held on 27 March 2008 passed a resolution to pay a dividend of EUR 0.45 per share for the year 2007, or a total about 8.0 million. The dividend was paid out on 8 April 2008.

Share price and monthly trading volume 2.1.2003 - 31.12.2008



SHARES AND SHAREHOLDERS

MAJOR SHAREHOLDERS ON 31.12.2008		
	Pcs.	**% of shares and votes**
1. As Harju Elekter	1,580,003	8.9
2. Takanen Jorma	1,110,583	6.2
3. Tapiola Mutual Pension Insurance Company	809,600	4.6
4. Odin Norden	674,350	3.8
5. Ravaska Veikko	345,200	1.9
6. Laakkonen Mikko	320,000	1.8
7. Eestilä Matti	300,000	1.7
8. OP-Finland Small Firms Fund	288,948	1.6
9. Nordea Nordic Small Cap Fund	252,296	1.4
10. Svenska Litteratursällskapet i Finland r.f.	200,000	1.1
10 major holders total	**5,880,980**	**33.0**
Nominee registered		
Nordea Bank Finland Plc.	1,490,908	8.4
Other nominee registered	761,267	4.3
Others	9,648,337	54.3
Total	**17,781,522**	**100.0**

SHARES AND SHAREHOLDERS

SHARES AND OPTIONS HELD BY THE BOARD AND MANAGEMENT ON 31.12.2008	Number of shares and votes, pcs.	Shares and votes, %	Ownership of close persons and controlled corporations, pcs.	Options, pcs.
Board of Directors				
Eestilä Matti	300,000	1.7	0	0
Niemelä Jaakko	0	0	2,000	0
Palla Endel	112,000	0.6	0	0
Executive Board				
Kontio Jyri	0	0	0	30,000
Korkala Pekka	0	0	0	30,000
Raatikainen Sanna	0	0	0	30,000
Rajala Jarmo	0	0	0	40,000
Sarajärvi Marja	0	0	0	30,000
Suutari Harri	155,272	0.9	0	90,000

DISTRIBUTION OF SHARE OWNERSHIP BY SIZE OF SHAREHOLDING ON 31.12.2008

Shares per shareholdes	Shareholders		Shares		Votes	
	Number	%	Pcs.	%	Pcs	%
1 – 100	1,078	14.1	77,612	0.4	77,612	0.4
101 – 500	3,321	43.4	983,386	5.5	983,386	5.5
501 – 1 000	1,587	20.8	1,215,661	6.8	1,215,661	6.8
1 001 – 5 000	1,379	18.0	2,984,773	16.8	2,984,773	16.8
5 001 – 10 000	166	2.2	1,207,754	6.8	1,207,754	6.8
10 001 – 50 000	90	1.2	1,863,584	10.5	1,863,584	10.5
50 001 – 100 000	7	0.1	492,809	2.8	492,809	2.8
100 001 – 500 000	15	0.2	3,290,499	18.5	3,290,499	18.5
500 001 –	5	0.1	5,665,444	31.9	5,665,444	31.9
Total	**7,648**	**100.0**	**17,781,522**	**100.0**	**17,781,522**	**100.0**
of which nominee registered	11		2,252,205	12.7		

DISTRIBUTION OF SHARE OWNERSHIP BY OWNER CATEGORIES ON 31.12.2008	% of shares and votes
Domestic companies	7.0
Financial institutions and insurance companies	5.5
Public institutions	5.2
Non-profit organisations	3.3
Households and private investors	53.1
Foreign investors (including nominee registered shares)	25.8
Total	**100.0**

CALCULATION OF KEY INDICATORS

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

KEY INDICATORS

FIVE YEAR REVIEW	**2008**	**2007**	**2006**	**2005**	**2004**
FINANCIAL KEY INDICATORS					
Net sales, 1,000 EUR	311,713	288,649	228,928	198,789	177,697
Change in net sales, %	8.0	26.1	15.2	11.9	21.7
Operating profit, 1,000 EUR	21,039	28,171	24,249	26,728	20,799
% of net sales	6.7	0.0	9.8	13.4	11.7
Profit before taxes, 1,000 EUR	15,228	25,642	22,751	27,258	19,562
Net profit, 1,000 EUR	5,567	17,374	15,552	18,813	13,177
% of net sales	1.8	6.0	6.8	9.5	7.4
Return on equity (ROE), %	6.7	22.6	22.8	33.8	27.5
Return on investment (ROI), % (1	14.5	17.0	17.2	21.8	20.3
Gearing, %	75.7	54.5	50.9	31.6	64.1
Equity ratio, %	41.9	47.2	48.0	55.6	44.2
Quick ratio	1.1	1.1	1.2	1.5	1.3
Current ratio	1.9	1.8	1.8	2.3	2.4
Gross capital expenditure, 1,000 EUR	27,426	10,791	20,018	11,410	13,321
% of net sales	8.8	3.7	8.7	5.7	7.5
R&D expenses, 1,000 EUR	5,812	5,511	4,906	3,800	4,034
% of net sales	1.9	1.9	2.1	1.9	2.3
Personnel, average	5,588	4,971	4,013	3,506	2,742

(1 According to Standard 5.1 of Financial Supervision.

	2008	**2007**	**2006**	**2005**	**2004**
KEY INDICATORS FOR SHARES					
Earnings per share (EPS), EUR	0.31	0.98	0.88	1.07	0.76
Earnings per share (EPS), diluted, EUR	0.31	0.98	0.87	1.06	0.75
Shareholders' equity per share, EUR	4.40	4.62	4.04	3.64	2.75
Dividend per share, EUR (2	0.15	0.45	0.45	0.45	0.20
Dividend per earnings, % (2	48.4	45.9	51.1	42.1	27.3
Effective dividend yield, % (2	4.6	5.2	3.7	4.1	2.0
Price/earnings ratio (P/E)	10.48	8.88	13.92	10.2	14.0
Share price at the end of the year, EUR	3.25	8.70	12.25	10.90	10.25
Lowest share price during the year, EUR	2.82	8.55	10.02	9.21	7.06
Highest share price during the year, EUR	9.48	12.40	14.08	12.25	10.67
Average share issue-adjusted number of shares, 1,000 shares	17,782	17,764	17,756	17,607	17,417
Share issue-adjusted number of shares at the end of the financial year, 1,000 shares	17,782	17,782	17,782	17,689	17,461
Market capitalisation, 1000 EUR	57,789	154,699	217,824	192,815	178,970
Dividend, 1,000 EUR (2	2,667	8,002	8,002	7,971	3,509

(2 The figures are based on the Board of Director's proposal.

KEY INDICATORS

1,000 EUR	**2008**	**2007**	**2006**	**2005**	**2004**
CONSOLIDATED INCOME STATEMENT					
Net sales	311,713	288,649	228,928	198,789	177,697
Operating profit	21,039	28,171	24,249	26,728	20,799
Profit before taxes	15,228	25,642	22,751	27,258	19,562
Profit for the financial year	5,519	17,374	15,552	18,813	13,177
CONSOLIDATED BALANCE SHEET					
Assets					
Non-current assets	61,009	48,393	43,647	33,687	27,453
Current assets	126,428	127,556	107,369	83,347	81,764
Total assets	187,437	175,949	151,016	117,034	109,217
Liabilities					
Shareholders' equity	78,586	82,980	72,544	65,036	48,238
Minority interest	328	789	646	593	284
Non-current creditors	43,797	21,752	19,941	15,487	21,595
Current creditors	65,055	71,217	58,531	36,510	39,384
Total liabilities	187,437	175,949	151,016	117,034	109,217

SIGNATURES

Kempele, 11 February 2009

Matti Ruotsala	**Matti Eestilä**	**Jaakko Niemelä**	**Endel Palla**	**Olli Pohjanvirta**	**Jyrki Tähtinen**	**Harri Suutari**
Chairman of the Board	Board Member	Board Member	Board Member	Board Member	Board Member	President and CEO

AUDITOR'S REPORT

To the Annual General Meeting of PKC Group Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of PKC Group Oyj for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the President and CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

We recommend that the Members of the Board of Directors and the President and CEO should be discharged from liability for the financial period audited by us.

In Oulu, February 11, 2009

Ernst & Young Oy
Authorized Public Accountant Firm
Rauno Sipilä
Authorized Public Accountant

CORPORATE GOVERNANCE

PKC Group Oyj complies with the Finnish Corporate Governance Code 2009.. The key sections of the Company's Corporate Governance Guidelines ratified by the Board of Directors are described herein. The guidelines are published in their entirety on the company's website.

General Meeting of Shareholders

The highest power of decision is vested in the General Meeting that resolves on the issues stipulated in the Companies Act and Articles of Association. Each shareholder is entitled to participate in the General Meeting and to exercise the right to speak and to vote, with each share carrying one vote. The Annual General Meeting is held, upon completion of the financial statements, on the day specified by the Board of Directors, no later than by the end of June. In 2008, the Annual General Meeting was held on 27 March 2008.

Board of Directors

The Board of Directors is responsible for the company's administration and the due organisation of operations. The Board's main duties include confirming the Company's strategy and budget, approving the principles of risk management and ensuring the functioning of the management system.

The Board of Directors has drafted a written charter for its operations, which defines the key tasks and operating principles of the Board of Directors. The charter is published in its entirety on the company's website.

The Annual General Meeting elects 5–7 members to the Board for a term ending at the next Annual General Meeting. Board members are elected such that they have the required competence for the task and the possibility to devote a sufficient amount of time to the work. Both genders shall, to the extent possible, be represented on the board from the first annual general meeting held after 1 January 2009. 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 the company's website under the Board members' presentation. The Board elects from among its members a Chairman, who according to the Articles of Association cannot be the company's President. The duties and responsibilities of the Chairman and other members have not been designated specifically. The 2008 AGM elected seven members to the Board. Matti Eestilä, Jaakko Niemelä, Endel Palla, Olli Pohjanvirta, Matti Ruotsala, Harri Suutari and Jyrki Tähtinen were re-elected as Board members. After the 2008 AGM Harri Suutari was appointed as the Chairman and Jyrki Tähtinen as Vice-Chairman. In the meeting held on April 2, 2008 Matti Ruotsala was appointed as the Chairman, Harri Suutari resigned from the board, after which the board continued with six members.

In 2008, the Board held 16 meetings, of which 6 were telephone meetings, in addition to which three decision minutes were drafted without holding a meeting.

THE ATTENDANCE OF BOARD MEMBERS AT THE MEETINGS

	meetings	attendance-%
Matti Eestilä	13/16	81.25
Jaakko Niemelä	16/16	100
Endel Palla	16/16	100
Olli Pohjanvirta	16/16	100
Matti Ruotsala	15/16	93.75
Harri Suutari	5/5	100
(Member of the Board until April, 2008)		
Jyrki Tähtinen	15/16	93.75
Average attendance of all Board members		**95.04**

The Board has since 2004 independently evaluated annually the effectiveness of its performance and working methods with an eye on development opportunities and can, if it so wishes, set up committees and working groups within the Board for various purposes. The Board has not deemed it necessary to establish separate committees, since, taking into account the scope and nature of the company's operations as well as the Board's working methods, the Board is able to handle matters effectively without such committees.

President and CEO

The company's President and CEO since April 3, 2008 has been Harri Suutari, who replaced Mika Kari. 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 President's service contract is valid until further notice.

Other Management

The tasks of the Group's Executive Board are to improve operative operations, carry out strategic work, monitor the realisation of the objectives and action plans set in strategic work and deal with other matters of vital importance for the company's operations. The Executive Board comprises the President and CEO (Chairman) and persons appointed by Board at the proposal of the President and CEO. The Executive Board convenes monthly. The members of the Executive Board are presented in the appropriate section in this Annual Report.

Audit

The Annual General Meeting elects an auditor approved by the Finnish Central Chamber of Commerce as the company's auditor. The authorised public accounting firm Ernst & Young Oy carries out the company's audit, with Rauno Sipilä, Authorised Public Accountant, acting as the responsible auditor. The auditor's term expires after the conclusion of the next Annual General Meeting following the election.

Salaries and Remuneration

Board of Directors

The Annual General Meeting confirms the remuneration paid to the Board of Directors. In 2008 the Annual General Meeting decided to pay the Chairman EUR 50,000 per term, the Vice Chairman EUR 37,500 per term and other members EUR 25,000 per term, in addition to travel and accommodation expenses related to the Board's meetings. The company does not pay the Board members fees on any other basis, nor does it grant them loans or give guarantees on their behalf. Board members are not included in the company's 2006 Stock Option Scheme. The remuneration paid for the year 2008 has been presented in the notes to the financial statements.

President and CEO

The Board of Directors confirms the President's salary and other benefits. The President is included in the management's bonus system, with the annual bonus being a maximum of six months' salary, depending on the achievement of the objectives set for each year. The President is included in the year 2006 Stock Option Scheme, and was granted 30,000 stock options in 2008. The President has not been granted shares or other share-related rights as compensation. The company does not pay the President fees on any other basis, nor does it grant him loans or give guarantees on his behalf. The salaries, remuneration and total number of stock options paid to the President for the year 2008 are presented in the notes to the financial statements. The President's service contract has a provision for a notice period of three months on the President's part and six months on the company's part without separate severance payment. The retirement age is statutory and no voluntary pension insurance policies have been taken.

Other management

The Board of Directors decides on the salaries and benefits of the members of the Executive Board. The members of the Executive Board are included in the management's bonus system. The bonus is dependant on the achievement of the set annual objectives and the maximum bonus is six months salary. The members of the Executive Board are included in the year 2006 Stock Option Scheme. The company has not granted shares as compensation. The company does not pay the members of the Executive Board fees on any other basis, nor does it grant them loans or give guarantees on their behalf. The retirement age is statutory and no voluntary pension insurance policies have been taken. The salaries and remuneration paid for 2008 and total number of stock options of the members of the Executive Board are presented in the notes to the financial statements.

Auditor

In line with a resolution by the Annual General Meeting, the auditor's fees and travel expenses are paid according to a reasonable invoice. The audit fees for the year 2008 and other fees for non-audit services paid to the auditor are presented in the notes to the financial statements.

Insider Issues

The company complies with the Insider Guidelines of the Helsinki Stock Exchange. The company's public insider register includes the President and CEO , the deputy CEO , Board members, the auditor and the employee of the authorised public accounting firm with the main responsibility for the audit. In addition the company has defined the members of the Executive Board as persons subject to the disclosure requirement under the public insider register. The company's public insider register has been presented in its entirety on the company's website. The company's internal, non-public, company-specific insiders include persons who regularly handle insider information during the performance of their duties. When major projects are ongoing, project-specific insider registers are also used.

The company recommends that the insiders acquire the company's shares as long-term investments and do not participate in active trading. It is also recommended to schedule the trading within 30 days after the publication of financial reports, taking, however, into account the restrictions that possible insider information imposes. The insiders may not trade in the company's shares or share-related rights within the 30-day period prior to the publication of the company's interim reports or the financial statement bulletin, and this closed window ends on the day following the publication of financial results.

RISK MANAGEMENT

The objective of risk management and internal supervision is to identify risks relevant to business operations, and to determine the measures, responsibilities and schedules required for efficient risk management. The PKC Group's Board of Directors approves the risk management policy, and bears responsibility for the continuous supervision of risk management results and measures. Risk management processes go hand-in-hand with the strategic process, and achieved results are systematically utilised as part of annual planning.

Development of risk management

Development of risk management is primarily based on PKC's own business needs. PKC develops its processes and its personnel's know-how in order to prevent risks from materialising. The Board of Directors oversees that the Group has determined guidelines for internal supervision, and that the efficiency of said supervision is monitored. Since the Group does not have a separate internal supervision organisation, special attention has been paid to the organisation of functions, the personnel's expertise, instructions, reporting, and the scope of auditing.

Key risks

PKC's risks are classified into strategic, operational and financial risks. Financial risks and their management are described in the notes to the financial statements.

STRATEGIC RISKS

Successful implementation of the strategy is a significant factor in the continuity of the business operations. The integration of the Polish Wiring Harnesses unit, acquired in line with PKC's strategy, with PKC's processes forms a major part of the Group's current strategic procedures. Risks associated with the integration are being diminished through sufficient resourcing for the project and by utilising PKC's long-standing process expertise in the automotive industry.

OPERATIONAL RISKS

Operational environment risks and business fluctuations

Fluctuations in the world economy and developments in the automotive, electronics and telecommunications industries impact on demand for PKC's products and the Group's financial status in the short term. Major decrease in demand poses a significant risk to the profitability of business operations. In order to reduce this risk, PKC has initiated measures to adapt and reorganise its production operations.

Market and customer risks

The Group's operations depend greatly on agreements concluded with a few international customers, as well as on the development of their business operations. In order to reduce the risk resulting from this narrow customer base, PKC focuses on its core areas of expertise and their development, selecting such a course of action in order to ensure that its current customer relationships are maintained and deepened. In addition, the Group has expanded its clientele, seeking further expansion in its current business areas.

Typically, customer sectors are subject to a continuous downward trend in prices. Cost-efficiency is improved by means of product development, rationalising operations, seeking out new and more flexible operating methods, inviting competitive bids from suppliers of materials, and relocating production to low-cost countries.

Purchasing and logistics risks

Raw materials account for an important share in the overall costs of end products, and trends in the world economy impact on the prices and availability of raw materials. Risks related to copper prices can be hedged through purchasing agreements, raw material futures and options, and sales agreements. 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 its customers' products. Fluctuations in the price of electrical energy do not have a significant impact on financial performance.

Any disruptions in the delivery or transportation of raw materials which are due to goods suppliers can cause interruptions to both PKC's and its customers' production operations. Indeed, alternative suppliers cannot be quickly found for all components. The company seeks to limit this risk by means of identifying alternative suppliers, supplier audits and buffer stocks, through good co-operation with the customs authorities, and developing the professional skills of its logistics employees. Risks connected to interruptions and transportation have been hedged with Group-wide insurance programmes and supplementary local insurance policies.

Rapid changes in forecasts submitted by customers, short delivery times, suppliers' comparatively long delivery times, as well as the short life cycles of products pose challenges to inventory management. Material flow control is performed using an ERP system covering the entire production network.

Liability risks

PKC may face demands arising from the defectiveness of its products. The Group seeks to limit the liabilities arising from these factors through agreements and by taking out comprehensive insurance coverage. PKC is prepared for property and liability risks (inc. product liability, operational liability, and the management's liability) by means of insurance programmes covering the entire Group and through supplementary local insurance policies. Despite the preventive and restrictive measures taken in this respect, PKC may be obligated to pay damages that are not covered by insurance policies, due to the extent or nature of such damages. The scope of insurance coverage is actively monitored and developed together with experts in the industry.

Written agreements with major customers, suppliers and partners are used to specify the operating procedures and conditions required for the division of responsibility and minimisation of any damages that may occur.

Quality and environmental risks

Investment in the quality of products and operations is a cornerstone of, and an absolute precondition for, the company's operations. Potential quality risks affecting customers' operations can be eliminated through the systematic development of the quality of products and operations.

Particular attention is paid to ensuring quality when launching new units and products, as well as transferring production.

Although the environmental impact of its business operations is slight, the Group strives to continuously minimise such effects by, for instance, recycling materials, minimising material loss, and localising production. Environmental impact is annually assessed by the Group's management.

Labour protection and corporate security risks

The company's labour protection and occupational safety encompasses both the physical and psychosocial working environment. Effective labour protection is systematic and based on the assessment of working environment risks, jointly formulated plans, and security practices. Labour protection, which aims at maintaining the health of employees, preventing accidents and sickness, and the safe and ergonomic operation of production machinery, is a key element in supporting the Group's business operations and the improvement of quality, efficiency and delivery accuracy.

Safety plans, which are specific to business locations, aim at achieving operational conditions in which the company's safety risks are at an acceptable level, and the prevention of damage and accidents is effective. Such safety plans include business location-specific descriptions of operational models for different types of emergencies and disturbances, as well as the means for limiting such situations.

Information security and information system risks

The Group's information security policy and guidelines specify minimum-level procedures and working instructions for ensuring and maintaining Group-wide information security. Efficient information systems and telecommunications connections as well as real-time information transfer between customers, suppliers and the Group's various manufacturing units, are absolutely critical in terms of business operations.

New business locations and companies are integrated into the same production and logistics control system, covering the entire production network.

PKC endeavours to ensure that the information security of applications and systems remains at an acceptable level, by means of monitoring and seeking more efficient solutions that provide greater information security. Recovery plans have been drafted for cases of failure or damage.

Other risks

Other risks include those related to the personnel, technology and the production processes, as well as political, cultural and legislative risks. These risks and their management methods can be perused on the Group's website, in the Corporate Governance guidelines.

BOARD OF DIRECTORS, 31 DECEMBER 2008

Matti Ruotsala (b. 1956)

- Chairman since 3 April 2008
- Member of the Board of Directors since 2006
- M.Sc. (Eng.)
- President of Fortum Generation, Fortum Corporation
- Previously Vice President of AGCO Corporation and Managing Director of Valtra Oy Ab (2005–2007), Chief Operating Officer and Deputy CEO of KCI Konecranes Plc (2001–2004), Technical Director and Commercial Director of KCI Konecranes Plc (1995–2000) and Asia Pacific Area Director of the crane business of Kone Corporation (1991–1994)
- Chairman of the Board of Kemijoki Oy; member of the Board of Directors of Larox Corporation and Oy Halton Group Ltd, OKG AB and Forsmarks Kraftgrupp AB and Teollisuuden Voima Oy
- Independent of the company and its major shareholders.

Matti Eestilä (b. 1949)

- Member of the Board of Directors since 2006
- Engineer
- Entrepreneur
- Previously CEO of Betonimestarit Oy (1988–2000) and Director of Lujabetoni Oy's Concrete Element Division (1973–1988).
- Independent of the company and its major shareholders.

Jaakko Niemelä (b. 1963)

- Member of the Board of Directors since 2006
- Dr. (Econ.)
- CEO of Pro Value Corporate Finance Oy
- Previously CEO (1999–2003) and Head Analyst (1998–1999) of Mandatum Stockbrokers Ltd, and prior to this Analyst and Head Analyst in the stock brokerage firms Pankkiiriliike Protos Oy and Opstock Oy (1994–1998)
- Independent of the company and its significant shareholders.

BOARD OF DIRECTORS, 31 DECEMBER 2008

Endel Palla (b. 1941).

- Member of the Board of Directors since 1994
- Electronics Engineer
- Chairman of the Supervisory Board and Development Director of AS Harju Elekter
- Employed by AS Harju Elekter since 1983, holding the positions of Development Director (1999–), Managing Director (1991–1999), Technical Director (1983–1991) and prior to that working in management duties with the electrotechnical division of AS Harju KEK
- Chairman or member of the Supervisory Boards of AS Harju Elekter and its subsidiaries and affiliated companies, and member of the Supervisory Boards of AS Harju KEK, AS Kelmo and AS Laagri Vara
- Not independent of the company (Chairman of the Supervisory Board and Development Director of AS Harju Elekter, which is a lessor of PKC's subsidiary and a significant shareholder in PKC).

Olli Pohjanvirta (b. 1967)

- Member of the Board of Directors from 2007
- LL.M
- Head of Hannes Snellman Attorneys at Law Ltd's operations in Russia and Ukraine
- Hannes Snellman Attorneys at Law Ltd's partner (2006–), ETL Law Offices Ltd's partner (1993–2006), practising law related to Russia and the rest of the CIS countries since 1993
- Member of the Board of Directors at HS Holding Ab, ZAO Vepsäläinen, Nurminen Logistics Plc, OOO Aurinkomatkat and Avelon Group Oy
- Independent of the company and of its significant shareholders.

Jyrki Tähtinen (b. 1961)

- Vice Chairman since 1 September 2005
- Member of the Board of Directors from 1999
- LL.M, MBA, Attorney at Law
- Attorneys at Law Borenius & Kemppinen Ltd´s Chairman of the Board of Directors
- Previously Attorneys at Law Borenius & Kemppinen Ltd´s President and CEO (1997-2008), partner (1991–), and before that practising law in the employ of other law firms and City of Helsinki since 1983
- Member of the Board of Directors at JSH Capital Oy, Girasole Oy, and Oy Nordgolf Ab.
- Chairman of the Board of Directors at Dexus Oy, Dexus Group, and at Muoviura Oy
- Independent of the company and of its major shareholders.

EXECUTIVE BOARD 31 DECEMBER 2008

Harri Suutari (b. 1959)

- President and CEO since 3 April 2008
- Engineer
- Previously President and CEO of PKC Group Oyj (13 March 2002–31 August 2005), Ponsse Plc (1994–2000) and Kajaani Automatiikka Oy (1984–1996)
- Member of the Board of Directors of Alma Media Corporation and Sunit Oy.

Jyri Kontio (b. 1974)

- Vice President, Wiring Harnesses (sourcing, quality and technology)
- L.Sc. (Tech.)
- With the company since 1998, member of the Executive Board since 15 April 2008
- Previously PKC Group Oyj´s Technical and Quality Director (2006–2008), business unit director (2005–2006) previously holding positions in production management and development.

Pekka Korkala (b. 1969)

- Vice President, Wiring Harnesses
- M.Sc. (Tech.)
- With the company since 1998, member of the Executive Board since 15 April 2008
- Previously PKC Group Oyj´s Mexican unit´s Production Director (2006–2008), Business Unit Director (2002–2006), Brazilian unit´s Business Controller (1999–2002), previously holding positions in production management. Prior to that, he acted as Rannikon Konetekniikka Oy´s Production Manager (1995–1998).

EXECUTIVE BOARD 31 DECEMBER 2008

Sanna Raatikainen (b.1972)

- General Counsel
- LL.M. with court training
- With the company since 1999, and member of the Executive Board since 16 June 2008
- Previously PKC Group´s Legal Counsel (1999–2008), court training at district court of Oulu (1997–1998)

Jarmo Rajala (b. 1962)

- Vice President, Electronics
- M.Sc. (Econ.)
- Employed by the company and member of the Executive Board since 2005
- Previously PKC Group's Business Unit Director (2005–2006), Suomen 3C Oy's Business Unit Director (2005), Cybelius Software Oy´s Sales Director (2003–2005), Tammerneon Oy´s Hungarian subsidiary´s Managing Director (1998–2003), Finland Trade Center Budapest, Trade Commissioner (1997), Vaasa University´s Liaison Officer/Project Manager (1991–1996).

Marja Sarajärvi (b.1963)

- CFO
- M.Sc. (Econ.)
- With the company since 1995, and member of the Executive Board since 16 July 2008
- Previously PKC Group´s Financial Manager (2001–2008), Plant Manager (2000), PKC Electronics´ Director of Administration and Finance (1999), Raahen TH-Elektroniikka´s Managing Director (1998), Financial Director (1995–1998). Prior to that, Financial Manager of Kone Oy Raahe plant (1988–1993).

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