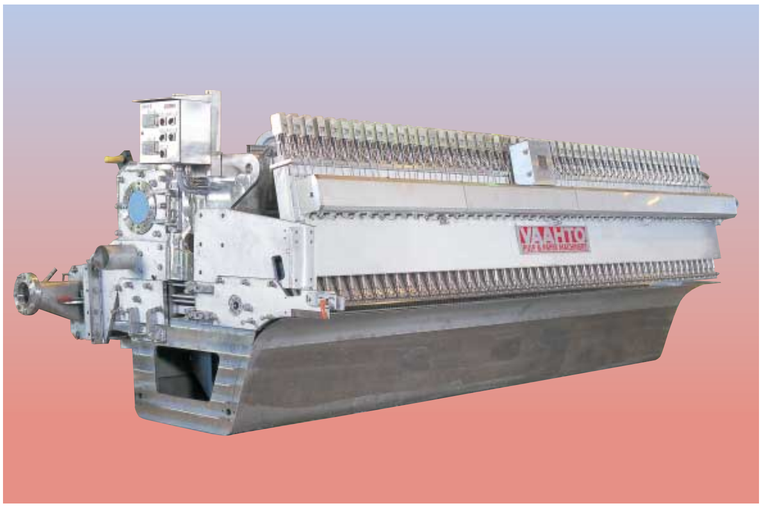
VAAHTO GROUP

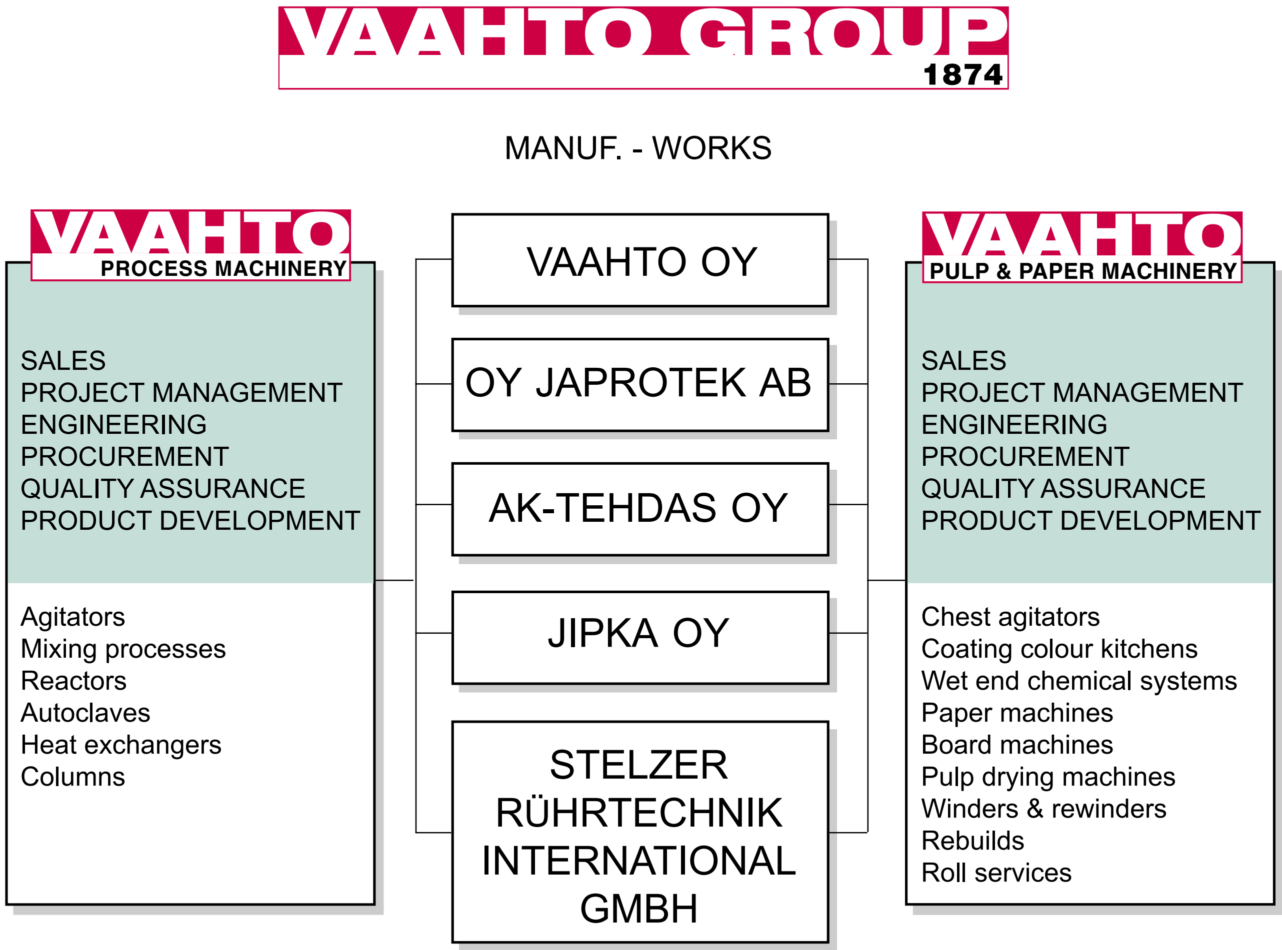


Annual Report 1999-2000

Vaahto Group Plc Oyj

Annual Report
Fiscal Year 1.3.1999 - 29.2.2000

COMPANY STRUCTURE



The operating model of the concern is being developed in the direction of corporate sales organization and independent operating factories.

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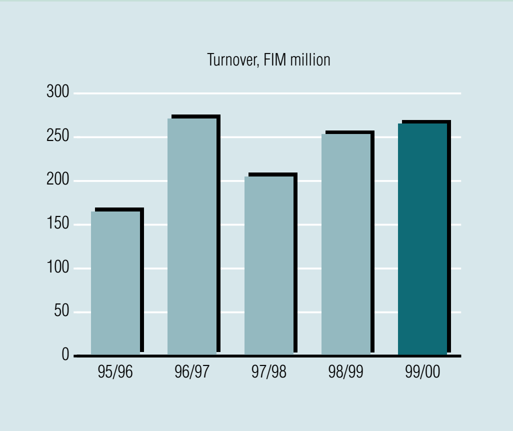
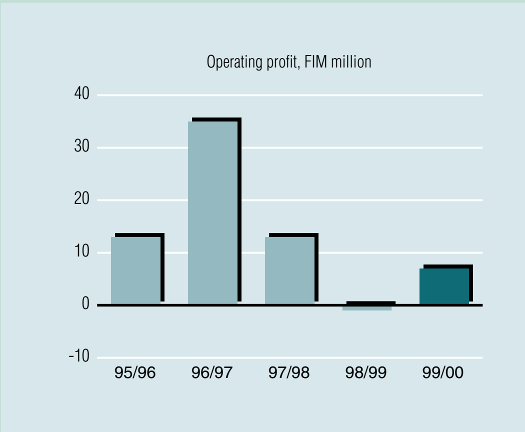
The Printed Annual Report deviates from the Official Statement of Accounts due to Rounding.

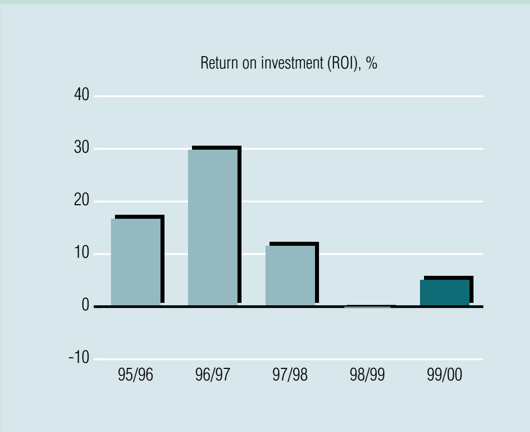
This Annual Report is translated from the Finnish official one.

Photos on the cover:
Vaahto HQ headbox
Perstorp, Resin production reactors delivered to Portugal

REVIEW BY THE MANAGING DIRECTOR







The result of Vaahto Group during the fiscal year was FIM 1.9 million showing an improvement of FIM 5.5 million from the previous fiscal year. The result has improved considerably and has been achieved in a most difficult market situation. Operatively the result may still be considered as unsatisfactory.

The operating environment of the paper and pulp industry was very difficult during the fiscal year, and the structural change of the industry continued. Larger investment projects in the pulp industry were initiated only in the latter part of the fiscal year. The demand for modernization and improvement investments in the paper industry has remained at a relatively high level, and it improved further towards the end of the fiscal year. The structural change that the industry is undergoing was emphasized when Beloit Corp., an American supplier of paper machinery, withdrew from the market.

During the fiscal year, the company's product range and its status as a supplier of demanding modernization solutions improved significantly owing to technologically successful deliveries. These project deliveries were successful even financially. Also, the significance of roll servicing and other service activities continued to grow.

The significance of new products and the Western European market in the sales operations of the Group has been further emphasized. The company has been progressing well towards an established status in Germany. Stelzer's position in agitation technologies on the German and European market is good. However, efforts concerning export from Finland and cooperation within the Group should be further enhanced in order to increase the sales.

During the period under review, the sales and turnover of the Process Machinery division were reduced in almost all market areas owing to the impact of a recession on investments. Demand for machinery was lowest in the Far East and particularly in the chemical industry. On the domestic market, the amount of deliveries to the food industry remained at a very low level. The status of agitation technology in Western Europe became established. In Finland, the demand for machinery for process industry remained at a very low level and decisions concerning new investments were partly postponed until the following fiscal year. The profit performance of the division was clearly weaker than expected due to significant cost overruns incurred in projects. Decreases in volumes and the narrowing of margins, following the crash of the market, also had an impact on the profit performance.

To boost the division's operations, sales and marketing efforts in Central Europe have been centralized and enhanced. The growth outlook for the ongoing fiscal year has clearly improved. Nevertheless, efforts to improve cost-efficiency shall be continued.

The operations of the Pulp & Paper Machinery division had a major impact on the development of the Group's net sales and profit performance. Headboxes and formers representing new leading technology have been well received in the market along with deliveries. For instance, the headbox delivered to StoraEnso in Sweden has surpassed all expectations regarding weight per square meter, formation and orientation.

During the period under review, the operating environment of paper and pulp industry has undergone major structural changes. The centralization of the business proceeds at a fast pace. The slow rate of investments during the early part of the fiscal year has now picked up as the prices of cellulose and paper have strengthened.

Thanks to successful deliveries, the Group's position and visibility on the market was strengthened and its clientele expanded. Alongside service operations, the division's deliveries comprised the modernization of paper and cardboard machinery at the production plants of Ahlstrom, Metsä-Serla, Stromsdahl, StoraEnso, and UPM Kymmene.

International economic growth picked up during the period under review. Following the economic crises in the Far East and Russia, the demand for investment products returned to a growth path rather slowly, but the rate accelerated towards the end of the period under review.

An increasing centralization of business areas in basic industry reflected the slow growth and the impact of various crises, which, in its part, postponed investment decisions.

In Finland, the demand for traditional investments in machinery and equipment proceeded for the major part at a slower rate than anticipated. As the usage rate of production capacity in the forest industry rose, the number of modernization projects grew. Expectations regarding the strengthening of cellulose and paper prices have already become reality. As regards to the international economic trend, stock market and interest rate development, the US foreign trade deficit, and the exchange rate of the euro have central roles; another factor of considerable relevance is the effort being made to bring Japan's economy back to growth path.

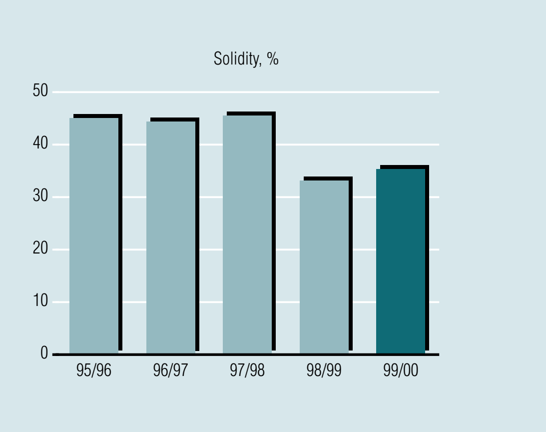
The development of the money market still allows expectations of sustained economic growth; however, inflation and expectations of inflation are accelerating, and the central banks are believed to continue raising their interest rates. Finland's maturity and fitness for the euro economy is now measured on the basis of employment contracts specific to trade unions. Increases of salary exceeding the general European level oblige companies to quickly enhance their cost-efficiency.

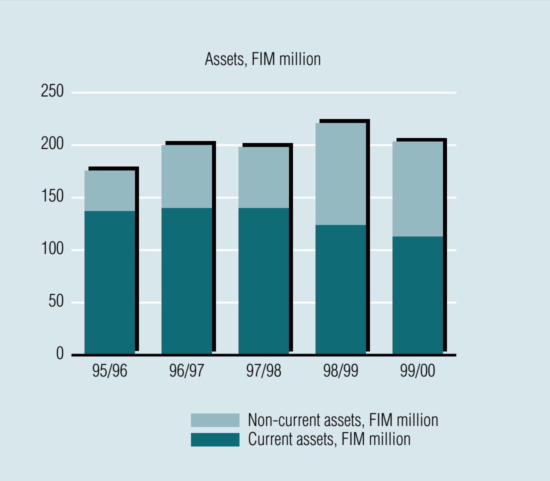
Economic activity and growth can be anticipated to go on growing, both in Europe and in the USA. The demand for investment products becomes stronger on the European and US markets as well as in the Far East, at the same time as the stock market's focus on so-called new economy companies is gradually shifting towards basic industry. The central banks' willingness to limit growth and pressures for inflation by raising the interest rate creates some uncertainty with regard to the duration of the growth cycle of investments that has now been started. However, the general outlook does not forecast any downward turn of the economy at this point. The future outlook for the Group companies, therefore, is clearly positive.

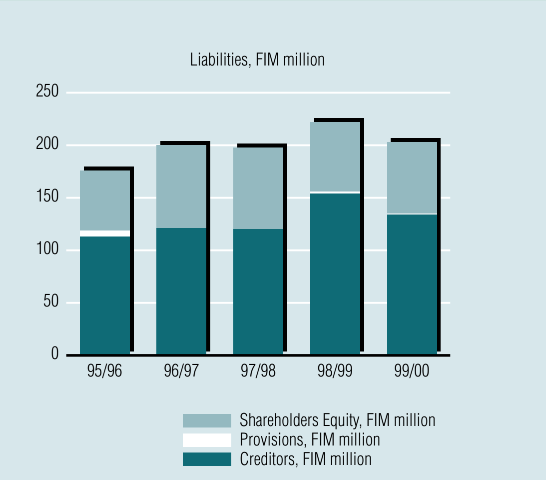
Growing demand for machinery, service operations, and the increase in the number of modernization projects, as well as our new products make the future look bright. The efforts of the personnel and the rationalization measures create the prerequisites for improving the Group's performance further.

Hollola May 8, 2000

Antti Vaahto
Managing Director







VAAHTO
PULP & PAPER MACHINERY

Metsä-Serla Simpele, BM3 On-Top Former

PULP & PAPER MACHINERY

The operations of the Pulp & Paper Machinery division strengthened, and its significance in the Group was highlighted during the fiscal year. The prices of paper and cellulose took an upward swing during the past year. The situation on the market for machinery and equipment was rather difficult for the entire fiscal year. Both the market and the operating result improved towards the end of the fiscal year. Major structural changes affecting the markets of the business continued.

Regardless of the weak demand, the Group companies successfully delivered to leading Nordic customers new paper industry products, the most advanced in their history and the outcome of their product development. A headbox of the new generation was launched well at StoraEnso, and the new former technology delivered to Metsä-Serla also proved successful. The results of product development are clearly starting to produce commercially significant income. At the same time, the number of machinery modernization projects in the paper industry is on the rise, which supports well the market strategy we have chosen. The importance of roll service and other service operations will be further enhanced, and they have a function in balancing the effects of fluctuating demand for investments. As the market picks up, the foundation for an even stronger growth is good.

VAAHTO
PROCESS MACHINERY

Magnetic Agitator Hermet 2000

Finnstroi/Riga Penas Kombinat, Pipe coil in ice bank silo

PROCESS MACHINERY

The development of the Process Machinery division last year was weaker than expected. As a result of the crises in Russia and Asia, machinery demand remained at a rather low level. In Finland, investment activities in the chemical and food industries had stagnated. Major mergers and several acquisitions that had taken place on the export market and particularly among the division's European customers operating in chemical and pharmaceutical industries slowed down the commencement of investment projects. The expected export growth never started, and synergy benefits remained insignificant owing to the low level of demand. The cost overruns in projects incurred at the beginning of the fiscal year complicated the operating conditions.

As regards agitation technology, Stelzer Rührtechnik International is now included for the first time in the consolidated figures for the whole fiscal year. In Germany, the Group's structure was streamlined by reducing the number of personnel and merging the earlier established sales company into Stelzer. Demand in the sector of environmental technology continued to be relatively stable. Problems in project deliveries reduced the profits generated by export. Demand for reactors and agitators improved rapidly during the last few months of the fiscal year. The order backlog and future outlook have thus improved clearly. Cost efficiency and increase in export, as well as the utilization of common distribution channels, still are in key roles from profitable operations point of view.

REPORT BY THE BOARD OF DIRECTORS
for the fiscal year 1 March 1999 – 29 February 2000

CORPORATE STRUCTURE

For the most part, the structure of the Group has remained unchanged. Internal arrangements geared to improve cost-efficiency and streamline the corporate structure have been completed. Vaahto Deutschland GmbH Process Machinery Distribution, the company that previously operated as the German sales office, merged with Stelzer Rührtechnik International GmbH. Correspondingly, the sales company Vaahto Pulp & Paper Machinery Sales Corp. Ltd Oy merged with Ramet Oy during the fiscal year, and Ramet Oy merged with Vaahto Oy.

BUSINESS OPERATIONS

The turnover of the Vaahto Group for the fiscal year that ended in February totalled FIM 265.1 million, which is 4.7% more than in the previous year. The share of domestic operations in the Group's turnover increased as a result of service operations and deliveries to paper industry.

The change of turnover remained fairly small owing to the limited demand and slow growth of investments at the beginning of the fiscal year. The Asian crises and the slow rate of investments resulted in a reduced demand; the operating environment weakened and picked up moderately only at the end of the period under review.

Process Machinery

The sales and revenue of this division declined more than expected. In the field of agitation technology, the decline was proportionally less sharp. For the first time Stelzer Rührtechnik International GmbH operated as a part of the division for the entire fiscal year.

Economic difficulties in Russia also reflected on the food export and investments of the entire European Union. Structural changes in different business areas, and the low investment rate prevailing in the economies of Far East hampered demand in the chemical industry.

Pulp & Paper Machinery

The status of the Pulp & Paper Machinery division as a supplier of demanding modernization solutions for paper and board machinery improved significantly, as new products were successfully delivered. The majority of new, important orders and deliveries included modernization solutions for paper and board machinery, geared to increase production or improve quality. Regardless of the weak market situation, the amount of division's new orders increased more than anticipated. In particular towards the end of the fiscal year the growth became more intense. The domestic market and Europe remained the division's most important markets.

INFORMATION SYSTEMS

Introduction of new production management and financial management systems continued during the period under review. The turn of the millennium (Y2K) caused no problems to the information systems of the Group.

RESEARCH AND DEVELOPMENT

Research and development focused mostly on the products of the Pulp & Paper Machinery division. The dilution headbox that had been under development was launched on the market. The research and development activities of the Process Machinery division mainly focused on applications in agitation technology. The extent of research remains, for the most part, at its earlier level.

PROFITABILITY

The Group's operating profit grew by FIM 7.8 million from that of the previous year, amounting to FIM 6.5 million. Profit before provisions, taxes and extraordinary items was positive by FIM 2.9 million, while the corresponding figure for the previous year had been negative by FIM 4.5 million. The improved results were attained in a very difficult market environment, partly by means of determined saving measures taken in all Group companies. Although the result for the fiscal year remains at an unsatisfactory level, the profit performance shows improvement during the latter part of the fiscal year. Factors contributing to the poor result include cost overruns in certain projects during the early part of the year, low volumes, and narrowed sales margins.

FINANCING

The Group's overall financial standing was satisfactory throughout the fiscal year. The Group's net financial expenses, FIM 3.6 million, grew by FIM 0.4 million from the previous year. As a result of delivery schedules and reduced project completion times, the amount of capital tied up in work in progress was smaller than before.

The consolidated balance sheet total was FIM 203.1 million. The balance sheet total of the Parent Company amounted to FIM 65.4 million. The Group's solidity ratio was 35.3%.

SHAREHOLDERS' EQUITY

The Board of Directors is not authorized to issue new shares, convertible bonds, or bonds with warrants.

The price of Series A shares fluctuated between FIM 18.43 and FIM 51.73 and the price of Series K shares between FIM 20.81 and FIM 53.51 during the fiscal year. At the end of the fiscal year, the rate of a Series A share was FIM 26.76, and the rate of a Series K share FIM 28.60.

INVESTMENTS

The investments during the fiscal year were held at a modest level, FIM 3.8 million, and they mainly focused on replacing machinery and equipment as well as information technology hardware and systems.

PERSONNEL

The average number of the Group's personnel during the fiscal year was 407. At the end of the fiscal year, the number was 406. Direct salaries with fringe benefits in the Group totaled FIM 71.2 million. The salaries and fees of Board members and Managing Directors totaled FIM 2.1 million.

At the end of the fiscal year, the Parent Company had 10 regular employees. The company's direct salaries with fringe benefits totalled FIM 1.7 million, whereof FIM 0.3 million consisted of the salaries and fees of Board members and the Managing Director.

MANAGEMENT

The following persons, appointed by the Annual General Meeting of 9 June 1999, acted as members of the Board of Directors of Vaahto Group Plc Oyj:

Jouko M Jaakkola, Chairman
Antti Vaahto, member
Ilkka Vaahto, member
Mikko Vaahto, member
Heikki Vaahto, member (until 26 August 1999).

The certified public auditing firm, Tilintarkastajien Oy - Ernst & Young, with Pauli Hirviniemi, CPA, acting as the responsible auditor, has conducted the audit of the Group companies.

FORECAST FOR FUTURE DEVELOPMENT

Economic growth and current development in the money market create a foundation for sustained economic growth. The increasing demand for machinery, equipment, and service operations, plus the growth of modernization projects in the paper industry, alongside our new products, make the future look bright. Conditions for a substantial improvement in the Group's result spring from the personnel's input and rationalization measures. Considerable cyclical fluctuation as well as fluctuation caused by income recognition are expected to continue.

APPLICATION OF GUIDELINES FOR INSIDERS

Statutory insiders and insiders by definition within the company have been registered pursuant to the new Guidelines for Insiders. The new regulations entered into force as of 1 March 2000.

MAJOR EVENTS AFTER THE END OF THE FISCAL YEAR

The role of the Group's Parent Company has been redefined in such a manner that it will focus on managing the Group, its strategies, company arrangements, financing, and other Group-level matters. In conjunction with this, arrangements were made to form a new, focused Group management so that the Parent Company now employs 6 persons.

PROPOSAL FOR DISTRIBUTION OF PROFITS

The distributable assets of the Group total FIM 24,432,706.13. The distributable assets of the Parent Company total FIM 33,182,281.77, whereof the profit for the fiscal year is FIM 742,292.93.

The Board of Directors proposes to the General Meeting that no dividend be paid and that the profit for the fiscal year be carried forward to retained earnings account.

Board of Directors

FINANCIAL OVERVIEW

Key Figures

	1999/2000	1998/99	1997/98	1996/97	1995/96
Turnover	265.052	253.115	205.265	270.576	164.889
Change, %	4,7 %	23,3 %	-24,1 %	64,1 %	10,8 %
Operating profit	6.516	-1.323	13.288	34.587	13.044
% of turnover	2,5 %	-0,5 %	6,5 %	12,8 %	7,9 %
Profit before extraordinary items	2.897	-4.534	11.807	32.917	14.669
% of turnover	1,1 %	-1,8 %	5,8 %	12,2 %	8,9 %
Profit before taxes	2.897	-4.534	11.691	30.968	14.687
% of turnover	1,1 %	-1,8 %	5,7 %	11,4 %	8,9 %
Profit before extraordinary items less taxes	1.914	-3.538	8.675	23.853	10.363
% of turnover	0,7 %	-1,4 %	4,2 %	8,8 %	6,3 %
Return on equity (ROE), %	2,9 %	-4,9 %	11,1 %	34,3 %	17,8 %
Return on investment (ROI), %	5,1 %	-0,2 %	11,6 %	29,8 %	16,7 %
Solidity, %	35,3 %	33,1 %	45,5 %	44,4 %	45,0 %
Current ratio	1,5	1,5	2,1	2,0	1,7
Gross investment in fixed assets	3.809	49.172	4.162	28.215	3.473
% of turnover	1,4 %	19,4 %	2,0 %	10,4 %	2,1 %
Order backlog	82.752	96.431	100.743	71.508	106.304
Consolidated balance sheet total, FIM million	203,1	221,6	197,5	200,1	176,6
Total number of personnel (average)	407	405	341	340	256

Per share items

	1999/2000	1998/99	1997/98	1996/97	1995/96
Earning/share (EPS), FIM (diluted)	0,67	-1,23	3,02	8,32	3,61
Share holders equity/share, FIM (diluted)	23,51	22,89	27,01	27,11	21,27
Dividend/share, FIM 1)	0,00	0,00	3,00	6,00	4,00
Dividend/share, FIM (diluted)	0,00	0,00	3,00	3,00	2,00
Dividend payout, % (diluted)	0,00%	0,00%	99,30%	36,10%	55,40%
Effective dividend return, % (diluted)	0,00%	0,00%	3,00%	3,40%	6,70%
Price earnings ratio (P/E)	42,4	-33,0	33,3	10,6	8,3
Number of shares outstanding end of period (000)	2.872	2.872	2.872	2.872	1.436
Number of shares outstanding (diluted), average (000)	2.872	2.872	2.872	2.872	2.872
Number of shares outstanding (diluted) end of period (000)	2.872	2.872	2.872	2.872	2.872

Turnover has been calculated according to the new Accounting Act.
Comparison figures have been changed correspondingly.

1) Proposal by the Board

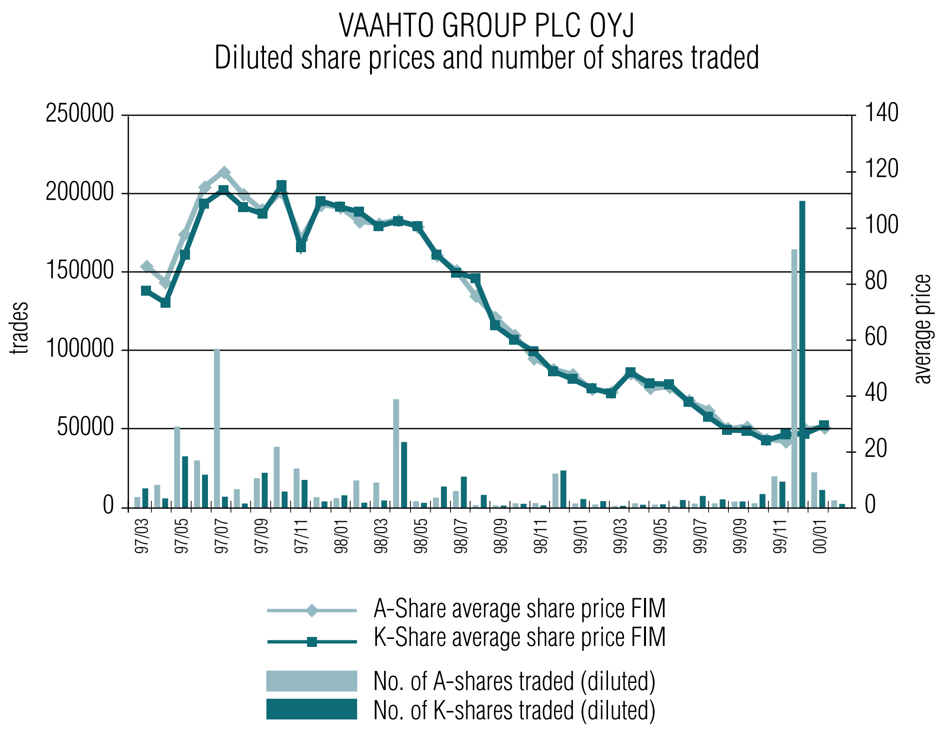
Figures in this Annual Report are in thousands, if not stated otherwise.

FINANCIAL OVERVIEW

Share prices, FIM/share (issue adjusted)

	1999/2000	1998/99	1997/98	1996/97	1995/96
A-share					
- high	51,73	108,00	125,00	89,00	31,00
- low	18,43	41,62	73,00	30,00	14,00
- average	24,28	88,61	107,95	52,11	23,65
- share price end of fiscal year 2)	26,76	41,62	100,48	89,00	27,50
K-share					
- high	53,51	108,00	125,00	81,00	
- low	20,81	40,13	68,00	67,00	
- average	26,58	81,41	98,16	75,88	
- share price end of fiscal year 2)	28,60	40,13	101,96	80,00	
Total market value, FIM million					
A-share	38,9	60,4	146,0	127,8	79,0
K-share	40,6	57,0	144,7	114,9	
Total	79,5	117,4	290,7	242,7	
Number of shares traded during the fiscal year					
A-share (diluted)	220.700	131.296	318.751	1.039.828	549.240
K-share	251.010	119.074	136.370	85.170	
Number of shares traded, %					
A-share (diluted)	15,2 %	9,0 %	22,0 %	38,9 %	19,1 %
K-share	17,7 %	8,4 %	9,6 %	43,3 %	
Number of shareholders	415	373	378	413	284

2) Fiscal year 96/97 and 97/98 share price at the end of fiscal year (average).
Fiscal year 95/96 share price at the end of fiscal year



FORMULAS FOR THE KEY FIGURES AND FINANCIAL RATIOS

Return on equity % (ROE) =	100 x	Profit or loss before extraordinary items - income taxes / Shareholders' equity + minority interest (average)
Return on investment % (ROI) =	100 x	Profit or loss before extraordinary items + interest expenses and other financial expenses / Total assets - non-interest bearing debts (average)
Solidity =	100 x	Shareholders' equity + minority interest / Total assets - advances received
Current ratio =		Current assets / Short-term liabilities

Formulas for per share items

Earnings per share, FIM =		Profit or loss before extraordinary items - income taxes -/+ minority interest / Number of shares outstanding issue adjusted (average)
Shareholders' equity/share, FIM=		Shareholders' equity / Number of shares outstanding issue adjusted, at the end of the fiscal year
Dividend/share, FIM =		Dividend for the fiscal year/share / Adjustment factor of share issue made after closing the books
Dividend/share, % =	100 x	Dividend for the fiscal year/share / Earnings/share
Effective dividend return, %=	100 x	Dividend for the fiscal year/share / Adjusted price of the share at the end of the fiscal year
Price per earnings (P/E) =		Adjusted price of the share at the end of the fiscal year / Earnings/share
Average share price =		Total value of shares traded during the fiscal year / Total number of shares traded during the fiscal year
Total market value =		Total number of shares at the end of the fiscal year x share price at the end of fiscal year
Development of shares traded =		Total number of shares traded during the fiscal year and its percentual share of the total number of series' shares

Figures and ratios are calculated according to the instructions by The Finnish Accounting Standards Board.

SHARE OWNERSHIP

SHAREHOLDERS AND DIRECTORS' SHARE OWNERSHIP

There were 415 shareholders in the register of Vaahto Group Plc Oyj of February 29, 2000 maintained by the Finnish Central Securities Depository Ltd. There were 36.300 shares as administrative registration, 1,61 % of votes.

The members of the Board own 744.600 A-shares and 744.600 K-shares which is 52,4 % of votes.

LARGEST OWNERS
According to the register of February 29, 2000 maintained by the Finnish Central Securities Depository Ltd.

	A-shares		K-sharest		Total		Votes
	no.	%	no.	%	no.	%	%
Vaahto Mikko	250.600	17,3	250.600	17,7	501.200	17,4	17,6
Vaahto Antti	247.000	17,0	247.000	17,4	494.000	17,2	17,4
Vaahto Ilkka	247.000	17,0	247.000	17,4	494.000	17,2	17,4
Vaahto Heikki *)	0	0,0	384.700	27,1	384.700	13,4	25,8
Mutual Insurance Company Pension-Fennia	54.520	3,8	54.520	3,8	109.040	3,8	3,8
Ilmarinen Mutual Pension Insurance Company	105.100	7,2	0	0,0	105.100	3,7	0,4
Enterprise Fennia	35.000	2,4	35.000	2,5	70.000	2,4	2,5
Sampo Life Insurance Ltd	66.200	4,6	0	0,0	66.200	2,3	0,2
The Local Governments Pensions Institutions	61.500	4,2	0	0,0	61.500	2,1	0,2
Pohjola Life Assurance Company Ltd	60.700	4,2	0	0,0	60.700	2,1	0,2
Total (10 largest)	**1.127.620**	**77,7**	**1.218.820**	**85,9**	**2.346.440**	**81,6**	**85,5**

*) Heikki Vaahto has sold his A-shares and the ownership of his K-shares has increased from 15,5 % to 27,1 % by the deal made December 17, 1999

SHARE OWNERSHIP DISTRIBUTION
According to the register of February 29, 2000

	Shareholders		Shares		Votes	
	no.	%	no.	%	no.	%
1 - 100	108	26,0	6.572	0,2	58.784	0,2
101 - 1 000	219	52,8	101.645	3,5	748.177	2,5
1 001 - 10 000	69	16,6	216.517	7,5	1.839.896	6,2
10 001 - 100 000	13	3,1	453.900	15,8	2.557.200	8,6
100 001 - 1 000 000	6	1,5	2.088.040	72,8	24.580.620	82,3
	415	**100,0**	**2.866.674**	**99,8**	**29.784.677**	**99,8**
Outside book-entry security system			5.628	0,2	59.094	0,2
			2.872.302	**100,0**	**29.843.771**	**100,0**

SECTOR DISTRIBUTION	Shareholders		Shares		Votes	
According to the register of February 29, 2000	no.	%	no.	%	no.	%
Companies	46	10,9	108.914	3,8	838.552	2,8
Financial and insurance institutions	10	1,9	301.365	10,5	1.764.175	5,9
General governments	5	1,2	312.640	10,9	1.700.020	5,7
Non-profit institutions	5	1,2	9.200	0,3	56.700	0,2
Private persons	349	84,8	2.134.555	74,3	25.425.230	85,2
	415	**100,0**	**2.866.674**	**99,8**	**29.784.677**	**99,8**
Outside book-entry security system			5.628	0,2	59.094	0,2
			2.872.302	**100,0**	**29.843.771**	**100,0**

INCOME STATEMENT

	Group		Parent		
	1.3.99-29.2.00	1.3.98-28.2.99	1.3.99-29.2.00	1.3.98-28.2.99	Note
NET TURNOVER	**265.052**	**253.115**	**6.898**	**10.070**	1
Change in products and work in progress	-13.254	-9.913	0	0	
Production for own use	790	1.775	0	0	
Share of result in affiliate company	-184	159	0	0	
Other operating income	994	1.449	37	125	3
Purchases	-73.131	-73.099	1	-3.359	
Increase (-) or decr. (+) in inventories	1.980	-135	0	-60	
External services	-35.645	-34.941	0	0	
Personnel expenses	-89.953	-89.317	-2.372	-2.268	4
Depreciation	-10.229	-8.990	-520	-472	5
Other operating expenses	-39.906	-41.425	-2.974	-3.632	
OPERATING PROFIT	**6.516**	**-1.323**	**1.071**	**404**	2
Income from other investments held as non-current assets	4	3	313	8.501	6
Other interest and financial income	531	1.021	579	1.631	6
Interest and other financial expenses	-4.154	-4.235	-5	-798	6
PROFIT BEFORE EXTRAORDINARY ITEMS	**2.897**	**-4.534**	**1.958**	**9.739**	
Extraordinary expenses	0	0	-1.000	-1.000	7
PROFIT BEFORE INCOME TAXES	**2.897**	**-4.534**	**958**	**8.739**	
Increase (-) or decr. (+) in accel. depreciations	0	0	97	-40	
Income taxes	-983	996	-313	-2.442	8
PROFIT FOR THE FISCAL YEAR	**1.914**	**-3.538**	**742**	**6.256**	

BALANCE SHEET

	Group		Parent		
	29.2.2000	28.2.1999	29.2.2000	28.2.1999	Note
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	16.492	17.045	0	0	
Group goodwill	543	626	0	0	
Tangible assets	70.202	76.203	1.314	1.739	
Investments	2.686	3.278	41.965	40.735	
NON-CURRENT ASSETS TOTAL	**89.922**	**97.152**	**43.278**	**42.475**	10
CURRENT ASSETS					
Inventories	34.388	45.579	0	0	
Long-term receivables	66	462	3.090	3.090	
Short-term receivables	42.646	41.768	623	1.933	
Deferred tax assets	518	445	0	0	15
Receivables total	43.231	42.674	0	0	
Other securities	24.560	27.177	13.613	16.648	
Cash and Bank Deposits	10.965	8.971	4.751	1.245	
CURRENT ASSETS TOTAL	**113.144**	**124.402**	**22.078**	**22.916**	11
ASSETS TOTAL	**203.066**	**221.554**	**65.356**	**65.391**	
LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital	14.362	14.362	14.362	14.362	
Revaluation reserve	1.360	1.360	0	0	
Reserve fund	14.606	14.606	15.966	15.966	
Retained earnings	35.276	38.958	32.440	26.184	
Profit for the fiscal year	1.914	-3.538	742	6.256	
SHAREHOLDERS' EQUITY TOTAL	**67.517**	**65.747**	**63.510**	**62.767**	12
Accumulated accelerated depreciation	0	0	103	200	
APPROPRIATIONS TOTAL	**0**	**0**	**103**	**200**	13
OBLIGATORY PROVISIONS TOTAL	**1.380**	**2.051**	**0**	**0**	14
CREDITORS					
Long-term liabilities	53.293	64.133	0	0	16
Short-term liabilities	75.565	84.332	1.743	2.423	17
Deferred tax liability	5.311	5.290	0	0	15
CREDITORS TOTAL	**134.169**	**153.756**	**1.743**	**2.423**	
LIABILITIES TOTAL	**203.066**	**221.554**	**65.356**	**65.391**	

FLOW OF FUNDS STATEMENT

	Group		Parent	
	1999/2000	1998/1999	1999/2000	1998/1999
Income from operations:				
Profit before extraordinary items	2.897	-4.534	1.958	9.739
Adjustment items:				
Depreciation according to plan	10.229	8.990	520	472
Other income and expenses, no payment related	-453	-159	0	0
Financial income and expenses	3.619	3.211	-887	-9.335
Flow of funds before the change in working capital	**16.292**	**7.508**	**1.590**	**876**
Change in working capital:				
Change in short-term receivables	-888	5.089	1.309	1.219
Change in inventories	11.191	-3.910	0	60
Change in short-term non-interest bearing creditors	-15.022	8.158	-679	-654
Flow of funds from operations before financial items and taxes	11.573	16.846	2.220	1.501
Interests and other financial expenses operations paid	-4.154	-4.235	-5	-798
Dividends received	229	3	313	8.501
Interests received	531	1.021	579	1.631
Income taxes paid	-1.214	-111	-313	-2.442
Flow of funds before extraordinary items	**6.965**	**13.524**	**2.794**	**8.393**
Flow of funds from extraordinary items	0	0	-1.000	-1.000
Flow of funds from operations	**6.965**	**13.524**	**1.794**	**7.393**
Flow of funds from investments:				
Investments in tangible and intangible assets	-3.809	-49.013	-1.442	-11.769
Income from sales of tangible an intangible assets	402	759	118	346
Granted loans	0	-10	0	-3.040
Withdrawal of loans receivable	404	0	0	0
Flow of funds from investments	**-3.003**	**-48.264**	**-1.323**	**-14.464**
Flow of funds from financial items:				
Withdrawals (+) and payments (-) of short-term loans	6.255	9.116	1.000	1.000
Payments of short-term loans	0	0	-1.000	0
Withdrawals (+) and payments (-) of long-term loans	-10.841	8.598	0	0
Dividends paid and other distribution of earnings	0	-8.617	0	-8.617
Other adjustment items	0	2.264	0	0
Flow of funds from financial items	**-4.586**	**20.105**	**0**	**-7.617**
Change of liquid funds	**-624**	**-14.635**	**471**	**-14.687**
Liquid assets at the beginning of the fiscal year	36.149	50.784	17.893	32.581
Liquid assets at the end of the fiscal year	35.525	36.149	18.364	17.893
Change in liquid assets according to the balance sheet	**-624**	**-14.635**	**471**	**-14.687**

APPENDIX TO FINANCIAL STATEMENTS
ACCOUNTING PRINCIPLES

GROUP CONSOLIDATION

Parent company Vaahto Group Plc Oyj, Vaahto Oy, Jipka Oy, Oy Japrotek Ab, AK-Tehdas Oy, Kiinteistö Oy Tampereen Mäntyhaka, Stelzer Rührtechnik International GmbH and Profitus Oy form a Group for which the consolidated statements are made. Profitus Oy had no operating activity during the fiscal year. Vaahto Pulp and Paper Machinery Sales Corp. Ltd Oy has been merged to Ramet Oy that has been merged to Vaahto Oy. During the fiscal year Vaahto Deutschland GmbH Process Machinery Distribution has been merged to Stelzer Rührtechnik International GmbH. The figures of Stelzer Rührtechnik International GmbH are included in the Group's consolidated accounts only for 7 months in the previous fiscal year.

ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

NEW ACCOUNTING ACT

The financial statements have been prepared according to the new Accounting Act. The figures of the previous fiscal year have been changed correspondingly.

INTERNAL SHAREHOLDING

The consolidated balance sheet was drawn up by using the acquisition cost method. The difference between the purchase price and the equity of the subsidiaries at the time of acquisition which has been reported as goodwill is straight line depreciated in ten years. During the fiscal year Vaahto Group Plc Oyj has bought from Vaahto Oy its own shares, 4,4 % of shares, Vaahto Oy received when Ramet Oy was merged to Vaahto Oy.

INTERNAL TRANSACTIONS AND PROFITS

Internal transactions, the unrealized profits of internal deliveries, group receivables and debts as well as internal dividend distribution have been eliminated.

AFFILIATES

The affiliate AP-Tela Oy has been consolidated by using the equity part method. According to the shareholding of the Group the part of the affiliate's profit for the fiscal year has been reported separately in Income Statement.

FIXED ASSETS VALUATION

Fixed assets are valued with direct acquisition cost method. The periods of the depreciation according to plan have been reported later in the note of depreciation. The depreciations according to Stelzer Rührtechnik International GmbH's official books are TFIM 1.134 (previous fiscal year TFIM 634) bigger than depreciations that are included in the Group's consolidated accounts according to the Group's standard accounting principles.

REVALUATIONS

Revaluations were made in 1988 or earlier based on outside evaluation.

APPROPRIATIONS

The difference of depreciations according to the plan and total depreciations has been divided into deferred tax liability and shareholder's equity. Deferred tax liability has been calculated according to 29 % tax rate.

OBLIGATORY PROVISIONS

Obligatory provisions are warranty provisions made by Stelzer Rührtechnik International GmbH.

INVENTORY VALUATION

Inventories have been valued using first-in first-out method or entered at acquisition cost or at the expected sales value which ever is the lowest. The own production included in the inventory is valued according to the direct acquisition cost method.

ACCOUNTING OF ONGOING PROJECT RESULTS

Long term projects have been accounted in the income statement following the method used earlier, profits are accounted only at the completion of the projects.

ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Assets and debts denominated in foreign currencies have been valued at the Bank of Finland's exchange rate of the day of the closing of the books. Deviating from the above principle are those receivables and debts which have currency forward agreements associated with them, these have been valued at the appropriate contract rates.

RESEARCH AND DEVELOPMENT EXPENDITURES

TFIM 135 development costs have been capitalized during the fiscal year. Other tangible assets include TFIM 741 test equipment as a result from research and development work. Other research and development expenditures are considered as costs during the fiscal year.

PENSION LIABILITIES

The pension liabilities have been covered through an insurance company. Pension liabilities in foreign subsidiaries have been arranged according to the local practice.

INCOME TAXES

Income taxes for the fiscal year are those calculated according to the results of the parent and subsidiary companies according to the local practice.

In addition to previous deferred tax liabilities and assets caused by appropriations, allocation differences, provisional differences and consolidation differences has been booked in the consolidated accounts.

DEFERRED TAX LIABILITIES AND ASSETS

Deferred tax liability and assets has been booked in the consolidated accounts. More specific information is given in Appendix to Financial Statements in note 15.

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
APPENDIX TO INCOME STATEMENT				
1. TURNOVER BY BUSINESSES AND MARKET AREAS				
By businesses				
Manufacturing	265.052	253.115	0	0
Administration	0	0	6.898	10.070
Total	**265.052**	**253.115**	**6.898**	**10.070**
By market areas				
Domestic	101.028	123.594	6.898	9.637
Other Europe	156.181	111.951	0	432
North-America	163	2.802	0	0
Other	7.680	14.768	0	0
Total	**265.052**	**253.115**	**6.898**	**10.070**
2. OPERATING PROFIT BY BUSINESSES				
Manufacturing	6.516	-1.323	0	0
Administration	0	0	1.071	404
Total	**6.516**	**-1.323**	**1.071**	**404**
3. OTHER OPERATING INCOME				
Profit from sales of fixed assets	176	125	21	125
Other	818	1.324	16	0
Total	**994**	**1.449**	**37**	**125**
4. PERSONNEL				
Average number of personnel				
Office staff	145	137	12	12
Workers	262	268	0	0
Total	**407**	**405**	**12**	**12**
Personnel expenses				
Wages and salaries	71.198	69.904	1.741	1.621
Pension costs	9.375	10.479	327	327
Other personnel expenses	9.380	8.934	304	321
Total	**89.953**	**89.317**	**2.372**	**2.268**
Managements´s salaries and benefits				
Managing directors	1.919	1.018		
Board members and substitute members	215	175		
Total	**2.134**	**1.193**	**271**	**239**

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
5. DEPRECIATIONS AND DECREASED VALUES				
Fixed assets have been depreciated according to plan. Depreciation according to plan is calculated based on straight line depreciation, the economic life and the original purchase value of assets				
The estimated economic lives:				
Other long-term assets	5-10 v	5-10 v		
Buildings	35-40 v	35-40 v		
Machinery and equipment	5-25 v	5-25 v		
Group goodwill	10 v	10 v		
Goodwill	15 v	15 v		
Depreciations				
Depreciations from tangible and intangible assets	10.229	8.990	520	472
Total	**10.229**	**8.990**	**520**	**472**
6. FINANCIAL INCOME AND EXPENSES				
Income from other investments held as non-current assets				
From Group companies	-	-	0	8.501
From affiliate companies	-	-	313	0
Other	4	3	0	0
Total	**4**	**3**	**313**	**8.501**
Interest income from long-term investments				
From Group companies	-	-	105	711
Other	0	0	6	0
Total	**0**	**0**	**111**	**711**
Other interest and financial income				
From Group companies	-	-	0	4
Other	531	1.021	468	916
Total	**531**	**1.021**	**468**	**920**
Interest and other financial expenses				
To Group companies	-	-	3	0
Other	4.154	4.235	2	798
Total	**4.154**	**4.235**	**5**	**798**
Financial income and expenses total	**-3.619**	**-3.211**	**887**	**9.335**
Currency gains included in financial income and expenses	-107	113	0	56

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
7. EXTRAORDINARY ITEMS				
Extraordinary expenses/Group transfers	-	-	1.000	1.000
Total	**-**	**-**	**1.000**	**1.000**
8. INCOME TAXES				
Income taxes from operations	1.214	111	603	2.722
Income taxes from extraordinary items	0	0	-290	-280
Change in deferred tax liabilities	-231	-1.107	0	0
Total	**983**	**-996**	**313**	**2.442**

9. SHAREHOLDINGS

Group companies

	Registered Office	**Number of Shares**	**Group Ownership, %**
Vaahto Oy	Hollola	2.700	100,00
Oy Japrotek Ab	Pietarsaari	100.000	100,00
Jipka Oy	Joutseno	190	100,00
Profitus Oy	Hollola	1.600	100,00
AK-Tehdas Oy	Tampere	2.900	100,00
Stelzer Rührtechnik International GmbH	Warburg, Germany		100,00

Affiliates	**Registered Office**	**Number of Shares**	**Parent Ownership, %**	**Group Ownership, %**
AP-Tela Oy	Kokkola	150	31,25	31,25

Subsidiaries of subconcern

Company	**Registered Office**	**Number of Shares**	**Group Ownership, %**
Kiinteistö Oy Tampereen Mäntyhaka	Tampere	700.000	100,00

All Group and affiliate companies have been consolidated to financial statements.

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
APPENDIX TO BALANCE SHEET				
10. NON-CURRENT ASSETS				
Intangible assets				
Intangible rights				
Acquisition cost 1.3.	1.438	197	-	-
Increase	462	1.284	-	-
Acquisition cost 29.2.	1.901	1.481	-	-
Accumulated depreciations 1.3.	232	49	-	-
Depreciation of the fiscal year	375	226	-	-
Accumulated depreciations 29.2.	607	275	-	-
Book value 29.2.	**1.294**	**1.206**	**-**	**-**
Goodwill				
Acquisition cost 1.3.	15.862	15.862	-	-
Acquisition cost 29.2.	15.862	15.862	-	-
Accumulated depreciations 1.3.	616	0	-	-
Depreciation of the fiscal year	1.077	616	-	-
Accumulated depreciations 29.2.	1.693	616	-	-
Book value 29.2.	**14.169**	**15.246**	**-**	**-**
Other long-term assets				
Acquisition cost 1.3.	1.334	1.702	-	-
Increase	617	0	-	-
Decrease	0	-34	-	-
Acquisition cost 29.2.	1.951	1.668	-	-
Accumulated depreciations 1.3.	741	833	-	-
Depreciation of the fiscal year	181	241	-	-
Accumulated depreciations 29.2.	922	1.075	-	-
Book value 29.2.	**1.029**	**593**	**-**	**-**
Intangible assets total	**16.492**	**17.045**	**-**	**-**
Group Goodwill				
Acquisition cost 1.3.	799	799	-	-
Increase	20	0	-	-
Acquisition cost 29.2..	818	799	-	-
Accumulated depreciations 1.3.	172	89	-	-
Depreciation of the fiscal year	103	84	-	-
Accumulated depreciations 29.2	275	172	-	-
Book value 29.2.	**543**	**626**	**-**	**-**
Tangible assets				
Land				
Acquisition cost 1.3.	2.182	614	-	-
Increase	0	1.568	-	-
Allocation of group goodwill	2.065	2.065	-	-
Acquisition cost 29.2.	4.247	4.247	-	-
Revaluations	180	180	-	-
Book value 29.2.	**4.427**	**4.427**	**-**	**-**

APPENDIX TO FINANCIAL STATEMENTS

	Group		Parent	
	1999/2000	1998/1999	1999/2000	1998/1999
Buildings				
Acquisition cost 1.3.	39.759	30.406	-	-
Increase	101	9.977	-	-
Acquisition cost 29.2.	39.860	40.382	-	-
Accumulated depreciations 1.3.	6.112	5.464	-	-
Depreciation of the fiscal year	1.356	1.271	-	-
Accumulated depreciations 29.2.	7.468	6.736	-	-
Revaluation	1.989	1.989	-	-
Book value 29.2.	**34.381**	**35.636**	**-**	**-**
Machinery and equipments				
Acquisition cost 1.3.	52.798	43.531	2.424	1.727
Increase	1.704	15.400	28	963
Decrease	-122	-504	-118	-266
Acquisition cost 29.2.	54.380	58.427	2.334	2.424
Accumulated depreciations 1.3.	22.836	22.873	1.008	643
Depreciation of the fiscal year	5.853	5.591	379	366
Accumulated depreciations 29.2.	28.689	28.464	1.387	1.008
Book value 29.2.	**25.691**	**29.963**	**947**	**1.416**
Other tangible assets				
Acquisition cost 1.3.	7.469	5.245	532	503
Increase	411	2.476	172	38
Decrease	-96	-16	0	0
Transfers between items	-123	0	0	0
Acquisition cost 29.2.	7.661	7.705	704	541
Accumulated depreciations 1.3.	1.319	567	209	111
Depreciations of transfers´ and decrease items	-27	0	0	0
Depreciation of the fiscal year	1.284	961	141	106
Accumulated depreciations 29.2.	2.576	1.528	350	218
Book value 29.2.	**5.085**	**6.177**	**354**	**323**
Advance payments and unfinished investments				
Acquisition cost 1.3.	0	0	0	0
Increase	495	0	12	0
Transfers between items	123	0	0	0
Acquisition cost 29.2.	618	0	12	0
Book value 29.2.	**618**	**0**	**12**	**0**
Tangible assets total	**70.202**	**76.203**	**1.314**	**1.739**
Revaluations				
Land				
Value 1.3.	180	180	-	-
Value 29.2.	**180**	**180**	**-**	**-**
Buildings				
Value 1.3.	1.989	1.989	-	-
Value 29.2.	**1.989**	**1.989**	**-**	**-**

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
Investments				
Shares in group companies				
Acquisition cost 1.3.	-	-	40.441	29.757
Increase	-	-	1.239	10.764
Decrease	-	-	0	-80
Acquisition cost 29.2.	-	-	41.680	40.441
Book value 29.2.	**-**	**-**	**41.680**	**40.441**
Shares in affiliated companies				
Acquisition cost 1.3.	150	150	0	0
Transfers between items	0	0	150	0
Acquisition cost 29.2.	150	150	150	0
Share from retained earnings and profit	2.100	2.508	0	0
Book value 29.2.	**2.250**	**2.658**	**150**	**0**
Other shares				
Acquisition cost 1.3.	619	615	294	290
Increase	0	4	0	4
Decrease	-183	0	-9	0
Transfers between items	0	0	-150	0
Acquisition cost 29.2.	436	619	135	294
Book value 29.2.	**436**	**619**	**135**	**294**
Investments total	**2.686**	**3.278**	**41.965**	**40.735**
11. CURRENT ASSETS				
External short-term receivables				
Trade receivables	36.109	36.386	9	6
Loan receivables	1	10	0	0
Other receivables	1.335	137	0	0
Prepaid expenses and accrued income	5.202	5.235	219	420
Total	**42.646**	**41.768**	**229**	**426**
Prepaid expenses and accrued income consist of paid insurance premiums, income taxes and other equivalent items.				
Short-term receivables from Group companies				
Trade receivables	-	-	151	1.363
Prepaid expenses and accrued income	-	-	244	143
Total	**-**	**-**	**395**	**1.506**
Short-term receivables total	**42.646**	**41.768**	**623**	**1.933**
External long-term receivables				
Loan receivables	66	462	0	0
Other receivables	0	0	50	50
Total	**66**	**462**	**50**	**50**
Long-term receivables from group companies				
Loan receivables	-	-	3.040	3.040
Total	**-**	**-**	**3.040**	**3.040**
Long-term receivables total	**66**	**462**	**3.090**	**3.090**

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
12. SHAREHOLDERS´ EQUITY				
Share capital 1.3.	14.362	14.362	14.362	14.362
Share capital 29.2.	**14.362**	**14.362**	**14.362**	**14.362**
Reserve fund 1.3.	14.606	14.606	15.966	15.966
Reserve fund 29.2.	**14.606**	**14.606**	**15.966**	**15.966**
Revaluation fund 1.3.	1.360	1.360	-	-
Revaluation fund 29.2.	**1.360**	**1.360**	**-**	**-**
Retained earnings 1.3.	35.420	47.262	32.440	34.801
Dividends	0	-8.617	0	-8.617
Change in group structure	0	312	0	0
Item caused by the change in income tax rate	-144	0	0	0
Retained earnings 29.2.	**35.276**	**38.958**	**32.440**	**26.184**
Profit for the fiscal year	**1.914**	**-3.538**	**742**	**6.256**
Share from accumulated accelerated deprecia-tion and voluntary provisions booked to equity	12.015	12.172	0	0
Sharehoders´ equity	**67.517**	**65.747**	**63.510**	**62.767**
Calculation on distributable assets				
Retained earnings	35.276	38.958	32.440	26.184
Profit for the fiscal year	1.914	-3.538	742	6.256
Capitalized R&D expenses, not meant in Accounting Act 5:8	-741	-808	0	0
Share from accumulated accelerated deprecia-tion and voluntary provisions booked to equity	-12.015	-12.172	0	0
Distributable assets total	**24.433**	**22.440**	**33.182**	**32.440**
The distribution of shareholder´s equity by series	**no.**	**FIM**	**no.**	**FIM**
A-share (1 vote/share)	1.452.751	7.263.755	1.452.751	7.263.755
K-share (20 votes/share)	1.419.551	7.097.755	1.419.551	7.097.755
Total	**2.872.302**	**14.361.510**	**2.872.302**	**14.361.510**
13. APPROPRIATIONS				
Accumulated accelerated depreciation	-	-	103	200
Total	-	-	103	200
14. OBLIGATORY PROVISIONS				
Other obligatory provisions	1.380	2.051	-	-
(Warranty provisions made by Stelzer)				
Total	**1.380**	**2.051**	**-**	**-**

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
15. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets				
Consolidation differences	20	0	-	-
Allocation differences	498	445	-	-
Total	**518**	**445**	**-**	**-**
Deferred tax liabilities				
Appropriations	4.674	4.734	-	-
Provisional difference	577	557	-	-
Consolidation differences	61	0	-	-
Total	**5.311**	**5.290**	**-**	**-**
16. LONG-TERM LIABILITIES				
Loans from financial institutions	42.710	56.089	-	-
Pension loans	10.582	8.045	-	-
Long-term liabilities total	**53.293**	**64.133**	**-**	**-**
17. SHORT-TERM LIABILITIES				
Short-term liabilities				
Loans from financial institutions	22.379	16.532		
Pension loans	1.391	983		
Advance payments received	11.884	22.759		
Accounts payable	15.884	19.213	146	645
Other liabilities	4.048	7.355	262	155
Accrued liabilities and deferred income	19.979	17.490	335	597
Total	**75.565**	**84.332**	**743**	**1.396**
Accrued liabilities and deferred income consist of accruals of social security costs, annual discounts, interests, income taxes and other expenses.				
Liabilities to Group companies				
Accounts payable	-	-	0	9
Other liabilities	-	-	1.000	1.000
Accrued liabilities and deferred income	-	-	0	17
Total	**-**	**-**	**1.000**	**1.026**
Short-term liabilities total	**75.565**	**84.332**	**1.743**	**2.423**

APPENDIX TO FINANCIAL STATEMENTS

	Group 1999/2000	Group 1998/1999	Parent 1999/2000	Parent 1998/1999
OTHER INFORMATION				
18. CONTINGENT LIABILITIES				
Debts that have been granted mortgages as security				
Pension loans	11.973	9.028	-	-
Granted mortgages	6.265	6.265	-	-
Loans from financial institutions	59.089	66.621	-	-
Granted mortgages	44.393	44.393	-	-
Granted mortgages total	**50.658**	**50.658**	**-**	**-**
Other granted mortgages				
Mortgages on land and buildings	18.000	18.000	-	-
Pledged shares	13.984	13.984	-	-
Total	**31.984**	**31.984**	**-**	**-**
For the contracts delivered by February 29, 2000 th Group companies have warranty liabilities				
19. LEASE COMMITMENTS				
Leasing payments fo be paid				
To be paid during fiscal year 2000-2001	473	253	53	0
Later	683	272	97	0
Total	**1.156**	**525**	**150**	**0**
20. FUTURE AGREEMENTS				
Currency forward agreements				
Agreement value	2.250	0	-	-
Interest rate forward agreements				
Imputed value	9.340	12.466	-	-
21. ORDER BACKLOG				
Order backlog 29.2.2000 external	82.757	96.431	-	-
Order backlog 29.2.2000 internal	2.296	6.793	-	-
22. ACCOUNTING MATERIAL AND VOUCHERS				
List of accounting books, list of the sorts of vouchers and information of retaining of vouchers are included in the balance book.				

PROPOSAL FOR DISTRIBUTION OF PROFITS

The distributable assets of the Group that includes the profit for the fiscal year FIM 1.913.730,59 is FIM 24.432.706,13. The distributable assets of the parent company is FIM 33.182.281,77.

The Board proposes that no dividend will be paid and the profit of the fiscal year is proposed to be transferred on the retained earnings account .

Hollola May 15, 2000

Jouko M Jaakkola	Ilkka Vaahto	Mikko Vaahto	Antti Vaahto
Chairman of the Board			Chief Executive Officer

AUDITORS' REPORT

To the shareholders of Vaahto Group Plc Oyj

We have audited the accounting, the financial statements and the corporate governance of Vaahto Group Plc Oyj for the period 1.3.1999 - 29.2.2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

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

Hollola May 16, 2000

TILINTARKASTAJIEN OY-
ERNST & YOUNG
CPA Corporation

Risto Järvinen	Pauli Hirviniemi
CPA	CPA

INFORMATION TO THE SHAREHOLDERS

Annual Meeting

The annual shareholders meeting of Vaahto Group Plc Oyj will be held in the office of Vaahto Ltd, Vanha Messiläntie 6, 15860 Hollola, on June 15, 2000 at 11.00 AM. Those willing to participate in annual meeting should register, by letter or by phoning to Ritva Koivisto/03-8805257 not later than June 9, 2000.

Interim Report

The company will publish one interim report covering six months of operations during the 2000 - 2001 fiscal year. The publishing day will be 30.10.2000.

ADMINISTRATION VAAHTO GROUP PLC OYJ

Board Members

Jouko M Jaakkola, Chairman
Ilkka Vaahto, Director
Mikko Vaahto, Director
Antti Vaahto, CEO, M.Sc., BBA, MBA

Managing Director

Antti Vaahto

Auditors

Risto Järvinen, CPA
Tilintarkastajien Oy - Ernst & Young
Responsible Pauli Hirviniemi, CPA

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