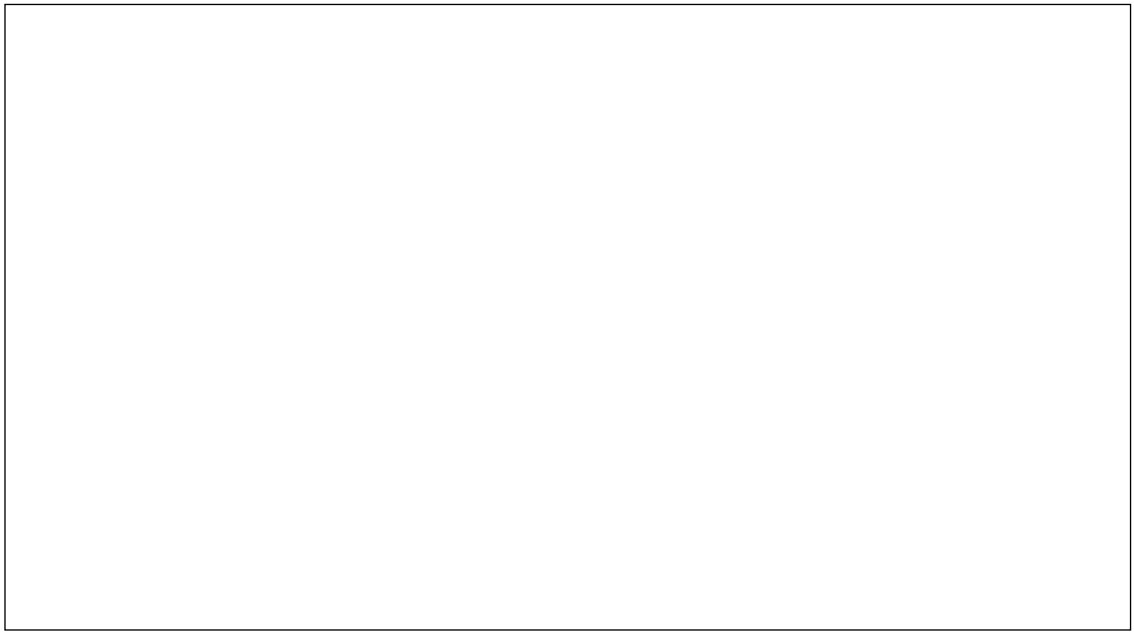
Contents

KT-Datacenter



The focus of data processing is shifting. Information and software is spreading from mainframes to information networks and workstations. Data processing is becoming integrated with communications, and existing services are being complemented by new technology.

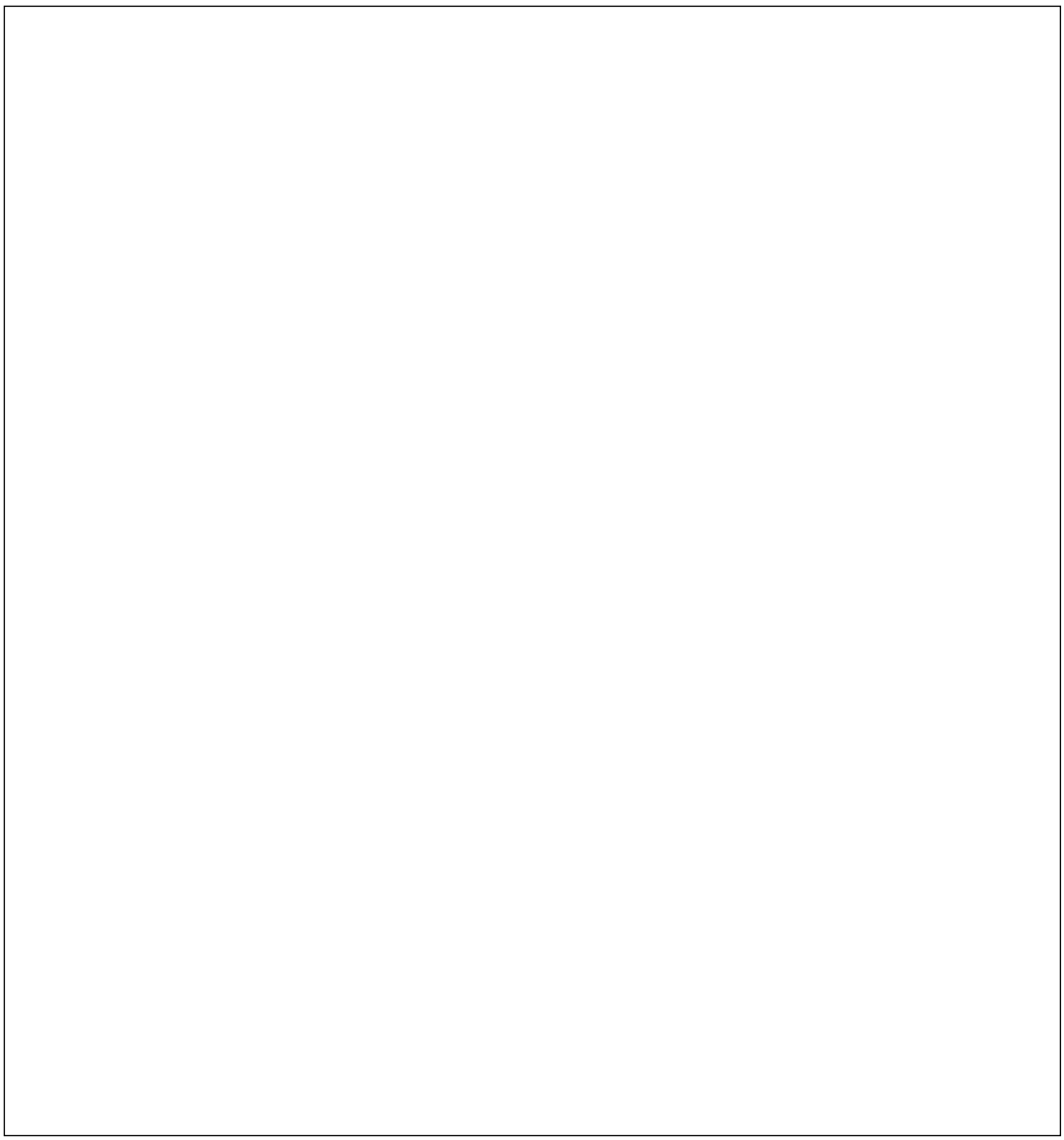
Today, the customers are no longer buying just hardware and software. They are looking for workable, comprehensive solutions.

New solutions are increasingly being composed of partial systems, created and assembled specifically for the customer's particular needs. These parts must work separately as well as together, and they must offer connections to other systems.

Today's solutions must be open. They should not force the customers to commit themselves to one particular system, hardware platform or database.

What is required of the data processing partner of today's customer is the ability to act as a system integrator: to combine equipment and applications into an entity that best answers the customer's needs.

The ability of KT-Datacenter Group to see the customer as a whole and to provide real, customer-specific solutions has proved to be a competitive factor above all others. Reliability, independence and open solutions are the path to the future.



Managing Director's report

The economic recovery which had started in the autumn of 1993 gathered momentum during the financial year and brought about an upswing in the market. Demand, however, was uneven: growth took place in the private sector only, whereas public sector investments decreased.

Finland on its way to information society

The year 1994 was exceptionally important for Finland. Finland joined the European Union, and the ”Finland as Information Society” strategy was completed. This first national strategy can make Finland a real information society, an example to other countries and participate in the ”Europe as Information Society” project of the European Council.

The success of the information society strategy will have a significant impact on the national information technology industry. The strategy will improve the development possibilities of companies and help make information technology a competitive national industry with good export capabilities.

Hard work brings results

The year 1994 was successful for KT-Datacenter. Despite fierce competition, Group turnover increased and clearly exceeded targets. Particular growth took place in the private sector, state government and hospitals. When the diminishing municipal market is taken into account, turnover increased slightly in the municipal sector as well.

Efficiency and productivity increased, which resulted in improved profitability over the previous financial year.

Services continue to develop

Our strongest areas of expertise are client-server applications in personnel administration, payroll and financial administration. These new applications have helped our clients realize substantial savings in manpower and costs.

Other notable application development projects include a real estate register and location data system as well as a support system for an information, self-service and customer server.

The number of operating and output services clients increased over the previous year. One important focus area in developing our services were control, management and other support services for networks, networked workstations and servers.

Novosys Ltd, a KT-Datacenter subsidiary, has developed favourably in its very competitive hardware market.

Networking increases power

Towards the end of the year, KT-Datacenter entered an agreement with Finland’s largest economic daily Kauppalehti concerning the marketing of Emporium, a system for electronic selling and buying aimed at companies public administration organizations. The agreement enables more efficient development and marketing of Emporium.

At year-end a business rationalization and reselling agreement was entered with SyPress Oy specializing in data systems for the graphic industry. The agreement transfers all operating services and application development for financial and personnel administration of SyPress to KT-Datacenter. SyPress will continue as a reseller of these services. The agreement strengthens the position of both companies within their specialized areas of the graphic industry.

Quality development and improved customer satisfaction

One serious goal of KT-Datacenter will always be the continuous improvement of quality and customer service. The conclusions of externally made customer service surveys indicate that desired progress has been made, a finding corroborated by increased customer satisfaction.

A good foundation for the future

The success and development of KT-Datacenter, despite the hard times we live in, generate faith in our future. Our versatile services provide good possibilities for finding the right workable solutions to our customers’ information technology needs and challenges.

I want to thank our customers and partners for their trust and their cooperation. I also want to extend my thanks to the staff of KT-Datacenter Group for their valuable contribution to the company’s success.

Jorma Kielenniva
Managing Director

Report by the Board of Directors

Development of market situation and turnover

The upswing in the economy contributed favourably to the total market. However, this development was unevenly distributed. Growth in the marketplace focused entirely on the private sector. Information technology investments in KT-Datacenter's main market segment, local government, fell by 7%.

The turnover of the parent company exceeded its target and rose to FIM 268.5 million, 2.6% less than the year before. The drop in turnover was less than expected, because the company succeeded in increasing its turnover particularly in its new market segments: state government and the private sector.

Significant growth took place in consolidated turnover which reached FIM 697.2 million. This is an increase of 27.3% over the previous year. The majority of the growth is contributable to the 54.2-percent turnover increase of Novosys Ltd. The turnover of Tukiset Companies grew by 11.3%. The increase in consolidated turnover is due partly to acquisitions and purchases of business operations, partly to increased market share.

Result and solidity

The result of the parent company clearly exceeded targets. The result before reserves and taxes rose from FIM 2.4 million in 1993 to FIM 6.9 million.

This improvement in the result is all the more significant considering that a reserve of FIM 6 million was made for the rents of premises left empty as operations were moved into new offices.

In addition to the rapid increase in turnover, the Group's overall result improved clearly. Profit before reserves and taxes amounted to FIM 11.2 million as contrasted by a loss of FIM 5.4 million the year before. The main contributing factor to this improvement is the excellent performance of Novosys Ltd.

Investments and product development

The parent company net investments totalled FIM 22.8 million, while the total investments of the whole Group were FIM 25.0 million. Some 10% of the turnover of the parent company and some 4% of that of the whole Group were allocated to product development. The main emphasis in product development was in personnel administration and payroll, financial administration as well as computer-aided customer service and electronic communications methods. The major part of product development was self-financed and carried out in-house. Product development costs were entered as annual costs.

Structure of the Group and its development

The KT-Datacenter Group includes KT-Datacenter Ltd and its subsidiaries Novosys Ltd and Novocenter Ltd, as

well as Tukiset Companies made up of Tukiset Companies Ltd, Tietotuki Oy and Ercin Oy.

Status Applications S.A.A. Ltd was merged with Tietotuki Oy during the financial year. The merger of Novocenter Ltd with KT-Datacenter Ltd is currently under way, with registration expected in early 1995.

In September, the operating service business and the financial and personnel administration applications businesses of SyPress Oy were purchased and brought into the parent company.

Personnel and human resources development

The total number of employees of KT-Datacenter Group at year-end was 736. The average number of employees in the Group was 718. At year-end, the parent company workforce totalled 560, with an annual average of 546.

Wages, salaries and perquisites paid by the Group totalled FIM 127.0 million, of which FIM 1.4 million were paid to the Supervisory Board, the Board of Directors and the Managing Directors, and the remaining FIM 125.6 million to other personnel.

In the parent company, wages, salaries and perquisites totalled FIM 94.3 million, of which FIM 0.8 million were paid to the Supervisory Board, the Board of Directors and the Managing Director, and the remaining FIM 93.5 million to other personnel.

Human resources development focused on the coaching of support personnel for the sales and network support functions and training in the quality system and modern information technology.

Outlook for 1995

No essential changes in the marketplace are foreseen. The financial difficulties of public administration, particularly local government, will continue, which will slow down municipalities' investments in information technology. The majority of future growth, therefore, will come from the private sector.

The Group's chief target is still to exceed average growth in the business. The majority of the growth is expected from the private sector information technology market. State government and hospitals are other target groups with good potential for increased market share.

The business operations of Optimi Ohjelmistot Oy were transferred to Tukiset Companies in the beginning of 1995. The transaction resulted in 2,000 new customers for the Group, and its position as a systems supplier for financial, personnel and material administration was significantly reinforced.

Proposal by the Board of Directors on the distribution of profit

According to the balance sheet, the consolidated unrestricted equity amounts to FIM 19,314,882.41. The unrestricted equity of the parent company KT-Datacenter Ltd as shown on its balance sheet is

retained earnings from previous years	FIM 22,812,767.90
profit for the year	FIM 3,581,260.35
	FIM 26,394,028.25

The Board proposes that a dividend of FIM 1,558,436.00, corresponding to 10% on equity, will be paid, and the remaining amount be transferred to retained earnings.

1994 highlights

The year 1994 was a year of growth. We continued our expansion into the private sector. Over half of the Group's 1994 turnover was generated by the private sector. In the local government sector, the number of customers increased, and we got more than ten new customers from the state government sector.

The new comprehensive personnel administration system for health care gained a sure footing.

In September, KT-Datacenter acquired from SyPress Oy, a subsidiary of the printing house Kaleva, its operating service business and related personnel and financial administration software business.

In the international marketplace, two major information system projects were commenced, new markets were searched and on-going projects were continued (more about our international operations on page 31).

In October, KT-Datacenter entered an agreement with the publishing house Kustannus Oy Kauppalehti on the marketing of the Emporium product. Emporium is a new electronic vehicle for trade between organizations, based on the Marketplace software product sold by KT-Datacenter since 1993. Marketplace also includes a special magazine for the purchasing business with the same name.

In November, a significant agreement was made with the Social and Health Care Services of the City of Helsinki regarding the delivery of AdeEko+ financial system. This system comprises bookkeeping, fixed assets accounting, buying and selling ledgers, internal calculations and general invoicing. The system will be run by KT-Datacenter's operating service. Delivery will take place in 1995, and the system will be operable from the beginning of 1996.

In December, KT-Datacenter made a reseller agreement with the Dutch GIS company R&S BV on the sale of X-Fingis to the Dutch local government sector. X-Fingis is a location data system – one of the specialist areas of R&S BV.

In the private sector, several new cooperation and customer agreements were made. New cooperation partners include ABB Group, Aktiiviraha Oy (financing company), Oy BMW Suomi Ab (BMW importer), Paloheimo Oy (forest industry company), SKOP-rahoitus Oy (financing company) and Tietoperintä Oy (collection agency). Additionally, the SyPress acquisition brought some 60 new corporate accounts, mainly from the graphic industry. 12 new state government organizations became customers for personnel administration, materials administration and case management applications.

Three provincial unions, three federations of municipalities, two municipal limited companies and 12 municipalities chose KT-Datacenter their sole supplier.

The computerization of communications and services progressed in municipalities. Many of them implemented the Primas-Media system.

The largest tailor-made software projects in 1994 were the joint day care system for Turku and Espoo, as well as the definition of a real estate system for the Defence Force.

Product development particularly focused on new applications, whose essential requirements include hardware and database independence, and client-server architecture supporting a graphic user interface. For this environment new tools were developed which will be used in product development and, to a certain extent, in made-to-order software projects.

One of the most significant development projects is a new information system for the social and health care services. It is the first system in the market which encompasses the entire scope of social and health care services.

SairaalaPrima, the comprehensive personnel administration system for hospitals, was taken into operation in four university central hospitals and the central hospital of Lappeenranta. Prima 2.0 was implemented in many municipalities.

Financial administration systems complying with new requirements were developed for municipalities. Four municipalities participated in an experimental project, Kisko, which involves trials of the application of new bookkeeping legislation.

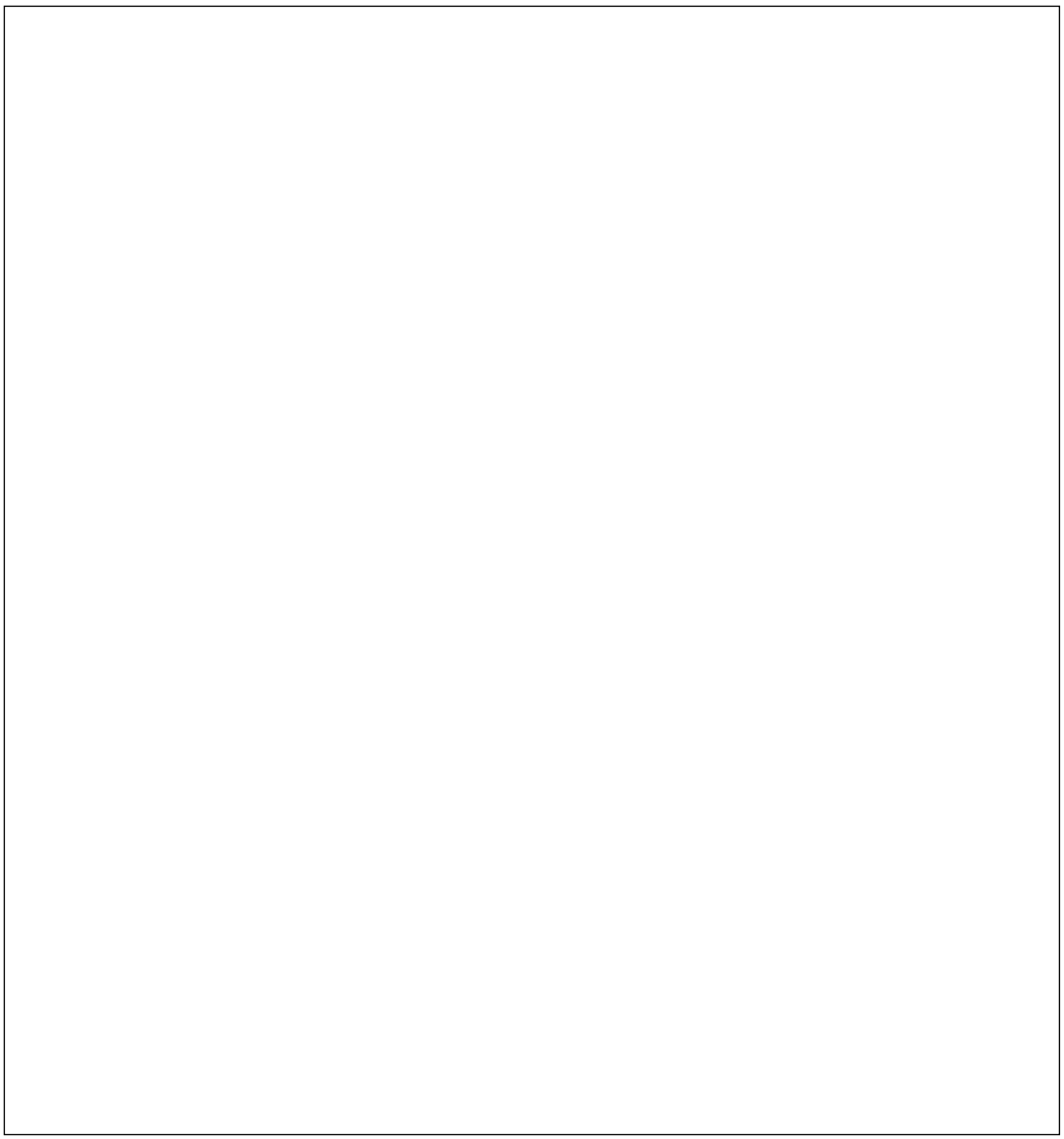
The planning of new Municipal Registers software was started towards the end of 1994.

Demand for training and implementation services increased. Several Prima implementation projects were carried out in hospitals and municipalities.

Status implementations totalled nearly 30. The largest users of KT-Datacenter training services were Aga Oy, ECC International, the City of Helsinki, the Helsinki University Central Hospital, and the Metropolitan Area Council of Helsinki. The total number of pupil days in 1994 rose to nearly 14,000.

KT-Datacenter operated and improved its new quality system throughout the year. The experience gathered and the response received proved that we are on the right track. Development of the system continues.

Quality is a competitive factor.
KT-Datacenter competes with quality.



One of KT-Datacenter's continuous development areas is functional quality and its consistent development. The nucleus of our quality system comprises quality control and development methods according to ISO 9001. But the standards and systems are only tools. The real objective is that our customers are satisfied with us. Customer satisfaction is a competitive factor to KT-Datacenter.

"Whatever they say, the best quality criterion is customer satisfaction. No diploma can replace a satisfied customer."

The quality system of KT-Datacenter does not operate in a vacuum. Customer response guides our operation. That is why we emphasize regular contacts with our customers. We discuss our entire operation: topics such as projects, system maintenance, the quality of support services, training, operating services and implementation.

The response we get helps us in a number of ways. We can continuously monitor the development of customer satisfaction for the different business processes. We learn more about our strengths and weaknesses. And we can quickly react to any faults detected.

Targets met using common rules

Quality services and quality products are expected from all of us. And we deliver. When the work is done right the first time, it need not be done again. Adherence to this principle satisfies both parties in a project and diminishes everyone's workload. That is why we always try to sit down with the customer before the product or the service is delivered and define what each of us should do and what is expected of us.

And we keep our promises.

For example, inspections in relation with projects stem from observing this principle. "Inspection" may sound dreary and bureaucratic, but it is not. It is a simply defined fixed-form way of observing the project status and results: where we are and how the objectives have been met. This avoids unpleasant surprises as the work goes on.

How quality is measured

Quality is a whole. Our quality thinking is based on a satisfied customer. A versatile set of measurements is one tool for reaching that target. It is, in a way, a continuously changing check-list which makes life easier by simplifying activities.

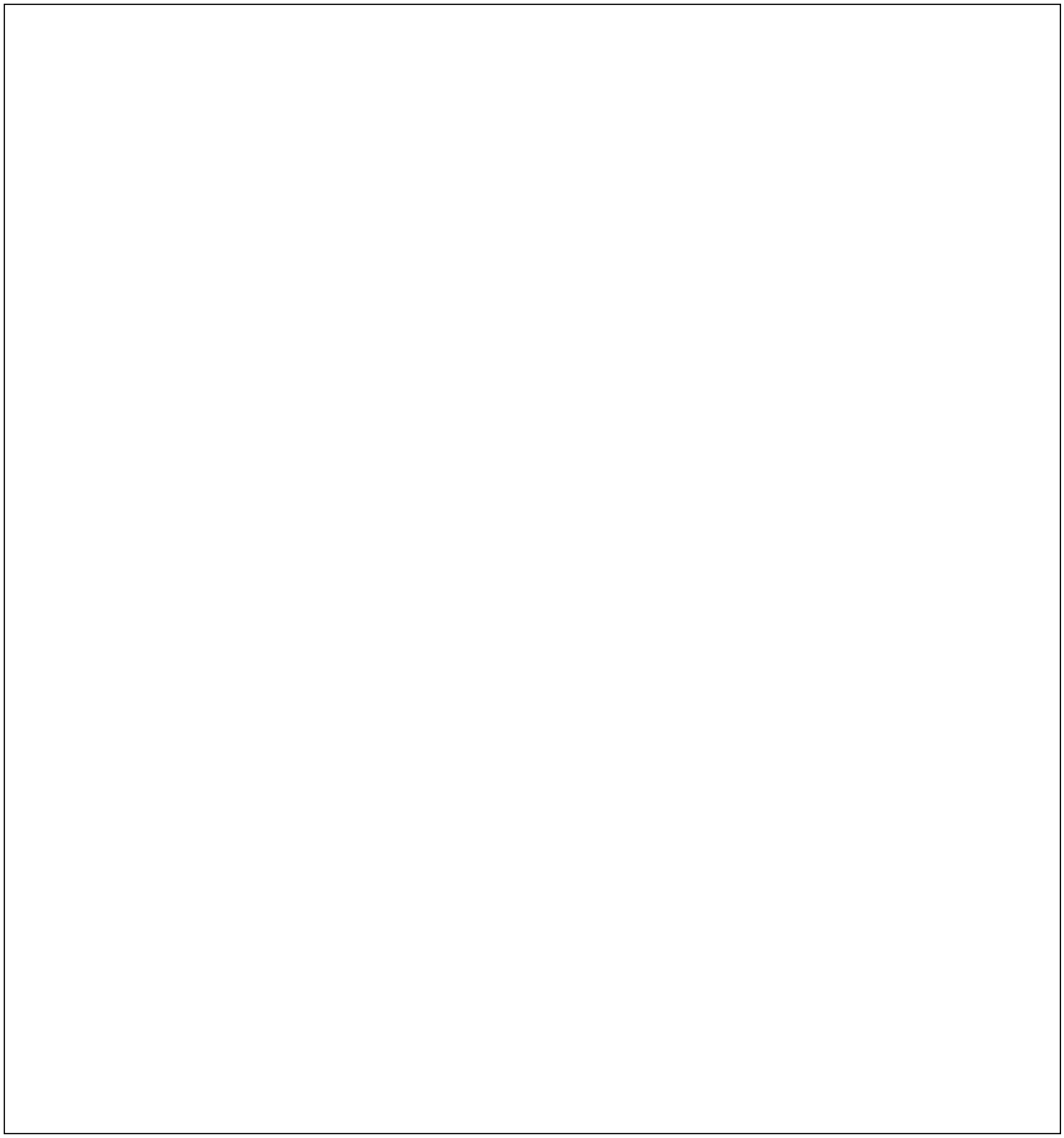
Our quality system includes some 50 measurements. They can be accumulated at different levels to show developments in processes, units or the different quality components. The essential parts of these measurements are always visible for the whole personnel. Thus we can all aim at the unanimously accepted goal: to maintain and increase customer satisfaction.

Systematic development work at KT-Datacenter is now entering its fourth year. We took the ISO 9001 quality system into use in 1994. The first year of the system has shown us what quality development really is about. It is cooperation, continuous dialogue, in which we all participate together with our customers.

A quality system that will cover the entire KT-Datacenter Group is already in the design stage.

Matti Partanen, Director

Parts of comprehensive service

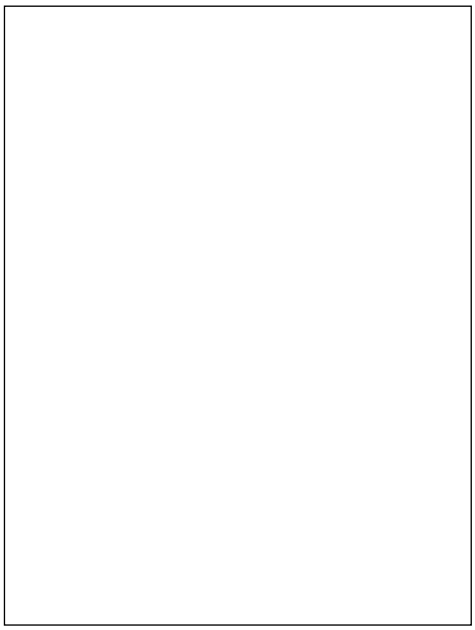


KT-Datacenter is a service company whose customers are units of local and state government as well as companies. The starting point of all our operations are the needs of our customers. Our strength is the range of services that covers these needs. We offer software, operating, implementation, support, output, consultation and training services. A comprehensive solution from us may include hardware, too, delivered by the subsidiary Novosys Ltd.

"The customer is no longer buying just hardware or software, but an entity: the best possible solution to his particular information technology challenges."

Software products – ready-made service concepts and customized applications

We have developed and delivered hundreds of software products that have thousands of users. Our product development is based on openness and connectivity. We actively develop and maintain software products that cover all the essential needs of companies and other organizations.



Raimo Anttila, Director (left) and Osmo Wilska, Director.

Software development for these businesses:

Personnel administration

Financial administration

Materials administration

General administration (office systems)

Social services

Health care

Technical services

Cultural and educational services

Some of our software products make up distinct product families. They are comprehensive collections of services, out of which the customers can choose just the ones that best suit their particular needs.

Status is a uniform product package for municipal administration with over a hundred users. The software is also being used in training. The Municipal Studies Department of Tampere University trains its students with Status.

Primas is a more widely usable product entity than Status, and it can be compiled in many alternative ways according to the customer's wishes.

Mediser is a product and service concept for the health care sector. It is an open and reliable comprehensive solution with products and services in combinations which flexibly adapt to the customer's needs.

In addition, KT-Datacenter has a large number of special products, and the necessary resources to build up totally new systems.

Customized software products

We design and implement comprehensive information systems on a project basis. Standard solutions, such as financial or personnel administration software, are complemented by business-specific solutions requiring special expertise. Or we can combine ready-made business software with our own solutions and special features that the customer needs.

Training

KT-Datacenter is one of Finland's largest computer training providers. We offer program training as well as socalled general training: basic and advanced courses in data processing and for the most common software products.

In addition to open courses, our customers can benefit from customized training in the various fields of data processing. In these cases, the contents of the individual courses and training stages are planned in cooperation with the customer.

The Training Services unit has many training agreements in the private as well as the public sector.

Implementation services

In order to ensure full benefits from the information technology solutions our customers have purchased, we prepare implementation plans for them, chart their training needs and provide after-sales support, if they so wish.

Hardware support

Our Hardware Support is responsible for the continuous maintenance and smooth operation of our customers' equipment. The equipment may be located either at the customer's own premises or at the service centre of KT-Datacenter.

Operating services

It is not always justifiable to invest heavily in self-owned data processing equipment or commit large numbers of people to maintaining hardware. KT-Datacenter's service centres, located in different parts of Finland, offer operating services at a reasonable cost. The customers can use the service centre's equipment according to their needs, and KT-Datacenter will make sure that the equipment is always available and provides the services needed.

The service centres also rent computer time to the customers so that they can use the computers to run their own programs.

Output services

Our output and mailing service takes overall responsibility for printing out and mailing the customer's letters, invoices and information bulletins. A nationwide network and modern, efficient equipment is available. KT-Datacenter is a professional mailing house.

Integration services

KT-Datacenter's own products and services are based on open solutions and independence of the hardware platform. That is why we can expertly create workable entities out of the customers' own different software products, services and hardware.

Consulting

As information technology professionals we always strive at finding the best possible solution by first charting the customer's actual needs. Open solutions – independence of hardware as well as databases – gives us more manoeuvring space in working for the customer's best. We offer expert consulting services in the re-evaluation and development of any organization's information technology functions.

Equipment

The KT-Datacenter Group is a reseller of many significant computers, minicomputers, PCs and peripherals. The customers can benefit from the hardware expertise of our subsidiary Novosys Ltd. We also provide support and maintenance for operating systems and system software.

Installation

We naturally assume full responsibility for the installation of the customer's equipment and software, as well as their smooth start-up.

Financial statements

Income statement, KT-Datacenter Ltd (FIM 1,000)

	1.1.-31.12.1994	1.1.-31.12.1993
Turnover	**268,497**	275,541
Other operating income	**741**	325
Costs		
Material and supplies	**5,985**	8,642
Change in inventories	**591**	-1,005
External services	**14,541**	24.086
Personnel expenses	**124,107**	125,869
Rents	**27,546**	22,041
Other costs	**66,100**	64,736
	238,870	244,369
Gross margin	**30,368**	31,497
Depreciation on fixed assets and other long-term expenditure	**26,248**	29,999
Operating profit	**4,120**	1,498
Financial income and expenses		
Dividend income	**7**	-
Interest income	**6,209**	5,895
Interest expenses	**-3,815**	-5,227
Other financial expenses	**-626**	-383
	1,775	285
Result before extraordinary items, reserves and taxes	**5,895**	1,783
Extraordinary income and expenses		
Extraordinary income	**1,067**	649
Extraordinary expenses	**-2**	-
	1,065	649
Result before reserves and taxes	**6,960**	2,432
Change in accelerated depreciation	**307**	2,897
Decrease in voluntary reserves	**-**	1,186
Income taxes		
Financial year	**-3,686**	-1,755
Previous years	**-**	-9
	-3,686	-1,764
Profit for the financial year	**3,581**	4,751

Consolidated income statement (FIM 1,000)

	1.1.-31.12.1994	1.1.-31.12.1993
Turnover	**697,197**	547,598
Other operating income	**701**	482
Costs		
Material and supplies	**363,221**	248,427
Change in inventories	**-458**	-18,139
External services	**14,924**	25,125
Personnel expenses	**163,370**	157,301
Rents	**33,255**	29,194
Other costs	**69,876**	66,756
	644,188	508,664
Gross margin	**53,710**	39,416
Depreciation		
Fixed assets and other long-term expenditure	**33,769**	34,259
Amortization of goodwill on consolidation	**8,045**	7,638
	41,814	41,897
Operating result	**11,896**	-2,481
Financial income and expenses		
Dividend income	**7**	-
Interest income	**6,063**	6,540
Other financial income	**133**	-
Equity earnings in associated companies	**-170**	-
Interest expenses	**-6,114**	-9,166
Other financial expenses	**-810**	-901
	-891	-3,527
Result before extraordinary items, reserves and taxes	**11,005**	-6,008
Extraordinary income and expenses		
Extraordinary income	**1,067**	649
Portion of the result of associated companies	**-801**	-
Extraordinary expenses	**-47**	-15
	219	634
Result before reserves and taxes	**11,224**	-5,374
Change in accelerated depreciation	**457**	2,651
Change in voluntary reserves	**-**	1,291
Income taxes		
Financial year	**-5,756**	-1,975
Previous years	**-72**	12
	-5,828	-1,963
Net result for the financial year	**5,853**	-3,395

Balance sheet, KT-Datacenter Ltd (FIM 1,000)

Assets	**1.1.-31.12.1994**	1.1.-31.12.1993
Fixed assets and other non-current investments		
Intangible assets		
Intangible rights	**13,689**	13,469
Goodwill	**1,591**	-
Other long-term expenditure	**405**	405
	15,685	13,874
Tangible assets		
Land	**2,029**	2,029
Buildings	**35,950**	37,385
Machinery and equipment	**46,382**	46,056
Other tangible assets	**338**	320
	84,699	85,790
Financial assets		
Shares	**21,631**	25,035
Loan receivables	**5,600**	5,600
	27,231	30,635
	127,615	130,299
Valuation items	**-**	175
Current assets		
Inventories		
Goods	**895**	1,486
Receivables		
Accounts receivables	**29,744**	26,693
Loan receivables	**18,880**	6,900
Deferred charges	**13,126**	10,791
	61,750	44,384
Investments		
Other investments	**18,824**	18,736
Cash and bank receivables	**17,289**	18,786
	98,758	83,392
	226,373	213,866
Liabilities		
Equity		
Restricted equity		
Share capital	**15,584**	15,584
Reserve fund	**24,057**	24,057
	39,641	39,641
Unrestricted equity		
Retained earnings	**22,813**	19,309
Net result for the financial year	**3,581**	4,751
	26,394	24,060
	66,035	63,701
Reserves		
Accelerated depreciation	**12,487**	12,794
Voluntary reserves	**30,963**	30,963
Obligatory reserves	**6,439**	-
	49,889	43,757
Liabilities		
Long-term debt		
Convertible bond loans	**7,994**	11,991
Loans from financial institutions	**200**	1,300
Pension loans	**36,087**	38,581
Other long-term debt	**2,300**	2,800
Current portion of long-term debt	**-7,823**	-8,143
	38,758	46,529
Short-term debt		
Loans from financial institutions	**4,097**	5,097
Pension loans	**2,526**	2,545
Advance payments	**3,166**	2,905
Accounts payable	**15,538**	12,811
Deferred credits	**39,591**	32,845
Other short-term debts	**6,773**	3,676
	71,691	59,879
	110,449	106,408
	226,373	213,866

Consolidated balance sheet (FIM 1,000)

Assets	**1.1.-31.12.1994**	1.1.-31.12.1993
Fixed assets and other non-current investments		
Intangible assets		
Intangible rights	**13,869**	14,418
Goodwill	**7,292**	7,506
Goodwill on consolidation	**10,560**	16,571
Other long-term expenditure	**405**	405
	32,126	38,900
Tangible assets		
Land	**2,029**	2,029
Buildings	**35,950**	37,385
Machinery and equipment	**52,497**	50,896
Other tangible assets	**349**	339
	90,825	90,649
Financial assets		
Shares in associate companies	**3,074**	4,044
Other shares	**3,293**	12,799
Loan receivables	**600**	600
	6,967	17,443
	129,918	146,992
Valuation items	**-**	175
Current assets		
Inventories		
Goods	**27,169**	26,711
Receivables		
Accounts receivables	**90,946**	70,324
Loan receivables	**1,004**	429
Deferred charges	**12,816**	12,061
Other receivables	**50**	50
	104,816	82,864
Investments		
Other investments	**18,824**	18,736
Cash and bank receivables	**27,752**	21,684
	178,561	149,995
	308,479	297,162
Liabilities		
Equity		
Restricted equity		
Share capital	**15,584**	15,584
Reserve fund	**24,057**	24,057
	39,641	39,641
Unrestricted equity		
Retained earnings	**13,462**	18,104
Net result for the financial year	**5,853**	-3,395
	19,315	14,709
	58,956	54,350
Reserves		
Accelerated depreciation	**12,583**	13,040
Voluntary reserves	**34,076**	34,076
Obligatory reserves	**6,439**	-
	53,098	47,116
Liabilities		
Long-term debt		
Convertible bond loans	**7,994**	11,991
Loans from financial institutions	**5,747**	13,293
Pension loans	**49,952**	51,922
Other long-term debt	**2,300**	2,800
Current portion of long-term debt	**-9,254**	-14,241
	56,739	65,765
Short-term debt		
Loans from financial institutions	**4,509**	10,328
Pension loans	**3,545**	3,413
Advance payments	**4,054**	3,618
Accounts payable	**55,432**	60,681
Deferred credits	**59,730**	47,380
Other short-term debts	**12,416**	4,511
	139,686	129,931
	196,425	195,696
	308,479	297,162

Funds statement, KT-Datacenter Ltd (FIM 1,000)

	1.1.-31.12.94	1.1.-31.12.93
Source of funds		
Income		
Gross margin	**30,368**	31,497
Obligatory reserves	**6,439**	-
Financial income	**6,217**	5,895
Income from sale of fixed assets	**6,536**	5,461
Other income (net)	**332**	649
	49,892	43,502
Financial income		
Increase in long-term debt	**-**	8,868
	49,892	52,370
Application of funds		
Distribution of profits		
Interest on liabilities	**4,441**	5,610
Taxes	**3,685**	1,764
Dividends	**1,247**	1,870
Capital expenditure		
Fixed assets	**29,367**	37,225
Other long-term expenditure	**-**	600
Change in valuation items	**-175**	-231
Return of capital		
Decrease in long-term liabilities	**8,091**	7,526
	46,656	54,364
Change in financial assets	**15,957**	4,057
Change in inventories	**-591**	1,005
Change in short-term liabilities	**-12,130**	-7,056
	3,236	-1,994

Consolidated funds statement (FIM 1,000)

	1.1.-31.12.94	1.1.-31.12.93
Source of funds		
Income		
Gross margin	**53,710**	39,416
Obligatory reserves	**6,439**	-
Financial income	**6,202**	6,540
Income from sale of fixed assets	**8,219**	5,697
Other income (net)	**287**	724
	74,857	52,377
Financial income		
Increase in long-term debt	**1,391**	19,808
	76,248	72,185
Application of funds		
Distribution of profits		
Interest on liabilities	**6,924**	10,067
Taxes	**5,828**	1,962
Dividends	**1,247**	1,870
Capital expenditure		
Fixed assets	**33,196**	50,553
Other long-term expenditure	**-**	600
Change in valuation items	**-175**	-231
Return of capital		
Decrease in long-term liabilities	**15,405**	8,607
	62,425	73,428
Change in financial assets	**28,107**	22,502
Change in inventories	**458**	18,139
Change in short-term liabilities	**-14,742**	-41,884
	13,823	-1,243

Notes to the financial statements (FIM 1,000)

The consolidated financial statements include all Group companies and all associated companies, with the exception of Kiinteistö Oy Rukavarri, which does not engage in business operations and has only a minor effect on the consolidated net result.

Separate consolidated financial statements have been prepared for Tukiset Companies. Novocenter Ltd has not been consolidated in 1993, because the company was acquired nearer the end of 1993.

The consolidation has been performed using the acquisition cost method where the portion of the price paid for the shares of the subsidiaries which exceeds the equity of the subsidiaries is recorded under goodwill on consolidation.

The associated companies of the Group are Suomen Tietoverkkopalvelu Oy, Solid Information Technology Oy, Opti Inter-Consult Oy, Medici Data Oy and Kiinteistö Oy Rukavarri.

The associated companies have been consolidated using the equity method. The figures for 1993 do not include figures for associated companies. The Group's proportionate share of the result of associate companies is shown under financial items, and its share of their result from previous years under extraordinary items.

1. Turnover by function	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Software services	**152,548**	150,049	**157,740**	157,341
Operating services	**112,638**	117,803	**116,934**	117,747
Equipment sales	**3,311**	7,689	**422,523**	272,510
	268,497	275,541	**697,197**	547,598

2. Personnel costs and perquisites	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Wages and salaries	**94,677**	99,180	**125,369**	123,123
Perquisites	**1,425**	1,495	**3,650**	3,725
Pension liabilities	**14,389**	11,881	**18,388**	16,063
Other personnel costs	**15,041**	14,808	**19,613**	18,115
	125,532	127,364	**167,020**	161,026

3. Depreciation according to plan	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Intangible rights	**6,114**	7,570	**7,076**	8,301
Goodwill	**84**	-	**1,964**	1,863
Buildings	**1,435**	1,435	**1,435**	1,435
Machinery and equipment	**18,527**	20,905	**23,198**	22,470
Other tangible assets	**88**	89	**96**	190
Goodwill on consolidation	**-**	-	**8,044**	7,638
	26,248	29,999	**41,813**	41,897

Fixed assets are valued at immediate acquisition cost. Depreciation according to plan is calculated on a straight-line basis according to the economic life of the fixed assets. The following depreciation times are used:

Intangible rights and other long-term expenditure

	years
PC software	3
Software	5
Goodwill	5
Other long-term expenditure	5
Buildings	
Buildings	35
Structural parts of buildings	15
Air-raid shelters	35
Paving works	5
Machinery and equipment	
Computers	5
PCs	3
Other fixed assets	5
Vehicles	5
Other tangible assets	
Other tangible assets	5

Notes to the financial statements (FIM 1,000)

4. Intercompany financial income and expenses	**Parent 1994**	Parent 1993
Financial income from Group companies		
Interest income from short-term investments	**635**	402
Financial expenses paid to Group companies		
Interest expenses	**9**	-

5. Extraordinary items

The extraordinary items of the parent company mainly consist of income from the sale of shares.

6. Obligatory reserves

Reserves in the amount of FIM 6,439,000, including reserves for future rents of unoccupied premises in the amount of FIM 6,000,000, are recorded as expenses for the financial year 1 January–31 December, 1994 and as increase in obligatory reserves. Unpaid taxes on 31 December, 1994 and 31 December, 1993, corresponding to the amount of voluntary reserves, amounted to FIM 8,519,000.

7. Intangible and tangible assets	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Intangible assets				
Intangible rights and other long-term expenditure				
Acquisition cost 1 January	**27,877**	39,496	**32,120**	45,149
Increase	**6,334**	3,192	**6,296**	2,853
Decrease	**-**	-373	**-**	-373
Acquisition cost 31 December	**34,211**	42,315	**38,416**	47,629
Accumulated depreciation 1 January	**-14,003**	-21,020	**-17,066**	-24,657
Depreciation on decrease 1 Jan.–31 Dec.	**-**	149	**-**	149
Depreciation 1 January–31 December	**-6,114**	-7,570	**-7.075**	-8,298
Book value 31 December	**14,094**	13,874	**14,275**	14,823
Accumulated difference between total and planned depreciation 1 January	**2,571**	2,224	**2,578**	2,224
Increase in difference 1 January–31 December	**635**	347	**646**	354
Accumulated difference between total and planned depreciation 31 December	**3,206**	2,571	**3,224**	2,578

Goodwill	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Acquisition cost 1 January	**-**	-	**9,370**	-
Increase 1 January–31 December	**1,675**	-	**1,750**	9,370
Acquisition cost 31 December	**1,675**	-	**11,120**	9,370
Accumulated depreciation 1 January	**-**	-	**-1,864**	-
Depreciation 1 January–31 December	**-84**	-	**-1,964**	-1,864
Book value 31 December	**1,591**	-	**7,292**	7,506
Accumulated difference between total and planned depreciation 1 January	**-**	-	**-**	-
Increase in difference 1 January–31 December	**251**	-	**251**	-
Accumulated difference between total and planned depreciation 31 December	**251**	-	**251**	-

Goodwill on consolidation	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Acquisition cost 1 January			**32,581**	25,983
Increase 1 January–31 December			**2,033**	6,598
Acquisition cost 31 December			**34,614**	32,581
Accumulated depreciation 1 January			**-16,010**	-8,372
Depreciation 1 January–31 December			**-8,044**	-7,638
Book value 31 December			**10,560**	16,571

Notes to the financial statements (FIM 1,000)

Buildings	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Acquisition cost 1 January	**46,265**	46,265	**46,265**	46,265
Acquisition cost 31 December	**46,265**	46,265	**46,265**	46,265
Accumulated depreciation 1 January	**-8,880**	-7,445	**-8,880**	-7,445
Depreciation 1 January–31 December	**-1,435**	-1,435	**-1,435**	-1,435
Book value 31 December	**35,950**	37,385	**35,950**	37,385
Accumulated difference between total and planned depreciation 1 January	**4,757**	4,481	**4,757**	4,481
Increase in difference 1 January–31 December	**85**	276	**85**	276
Accumulated difference between total and planned depreciation 31 December	**4,842**	4,757	**4,842**	4,757

Tangible assets	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Machinery and equipment				
Acquisition cost 1 January	**81,288**	88,362	**97,683**	94,165
Increase	**21,215**	22,811	**24,988**	27,013
Decrease	**-3,735**	-8,359	**-4,250**	-8,540
Acquisition cost 31 December	**98,768**	102,814	**118,421**	112,638
Accumulated depreciation 1 January	**-34,404**	-38,746	**-43,271**	-42,314
Depreciation on decrease 1 Jan.–31 Dec.	**545**	2,893	**545**	2,893
Depreciation 1 January–31 December	**-18,527**	-20,905	**-23,198**	-22,321
Book value 31 December	**46,382**	46,056	**52,497**	50.896
Accumulated difference between total and planned depreciation 1 January	**5,342**	8,798	**5,581**	8,798
Increase in difference 1 January–31 December				239
Decrease in difference 1 January–31 December	**-1,227**	-3,456	**-1,388**	-3,456
Accumulated difference between total and planned depreciation 31 December	**4,115**	5,342	**4,193**	5,581
Share of machinery and equipment in total book value 31 December	**41,258**	40,418	**42,709**	40,915

Other tangible assets	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Acquisition cost 1 January	**524**	562	**1,031**	1,070
Increase	**106**	8	**106**	8
Acquisition cost 31 December	**630**	570	**1,137**	1,078
Accumulated depreciation 1 January	**-204**	-161	**-692**	-549
Depreciation on decrease 1 Jan.–31 Dec.	**-88**	-89	**-96**	-190
Book value 31 December	**338**	320	**349**	339
Accumulated difference between total and planned depreciation 1 January	**124**	188	**124**	188
Decrease in difference 1 January–31 December	**-52**	-64	**-52**	-64
Accumulated difference between total and planned depreciation 31 December	**72**	124	**72**	124

Notes to the financial statements (FIM 1,000)

Shares	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Book value 1 January	**25,035**	13,829	**10,747**	5,575
Increase 1 January–31 December	**48**	11,213	**57**	11,283
Decrease 1 January–31 December	**-3,452**	-7	**-4,437**	-15
Book value 31 December	**21,631**	25,035	**6,367**	16,843

Acquisition cost is shown only for usable assets not amortized.

Total change of difference in deprecation	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Accumulated difference between total and planned depreciation 1 January	**12,794**	15,691	**13,040**	15,691
Increase in difference 1 January–31 December	**971**	623	**971**	869
Decrease in difference 1 January–31 December	**-1,278**	-3,520	**-1,428**	-3,520
Accumulated difference between total and planned depreciation 31 December	**12,487**	12,794	**12,583**	13,040

8. Taxable values of fixed assets	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Land	**4,304**	4,304	**4,304**	4,304
Buildings	**18,485**	18,685	**18,485**	18,685
Shares in subsidiaries	**5,902**	6,885	**-**	-
Shares in associate companies	**1,403**	1,851	**1,403**	1,851
Other shares	**2,591**	3,871	**2,758**	4,010
	32,685	35,596	**26,950**	28,850

9. Fire insurance values of fixed assets and inventories	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
	169,425	172,269	**200,509**	194,084

10. Valuation items	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Exchange gains or losses on securities investments	**-**	175	**-**	175

Notes to the financial statements (FIM 1,000)

11. Shares on 31 December, 1994	Share/voting rights	Number of shares	Equity share	Nominal value	Book value	Profit/loss according to the latest financial statements
Shareholdings of parent company in Group companies						
Novosys Ltd, Helsinki	100 %	15000	8,105	1,500	1,599	6,062
Tukiset Companies Ltd, Raisio *)	100 %	2250	-9,468	23	7,073	6,457
Novocenter Ltd, Helsinki	100 %	50000	2,126	5,000	6,096	-1,937
Shareholdings of parent company in associate companies						
Suomen Tietoverkkopalvelu Oy, Helsinki	41 %	41	544	1,230	1,198	-124
Opti Inter-Consult Oy, Turku	35 %	315	246	315	508	-180
Medici Data Oy, Oulu	25 %	125	281	125	125	-81
Solid Information Technology Oy, Helsinki	35 %	35000	93	70	350	35
Kiinteistö Oy Rukavarri, Kuusamo	33 %	10	1,837	10	1,863	-3

*) sub-group

The financial statements of the Group and associate companies have been prepared on 31 December, 1994, and they are based upon 12-month financial years with the exception of Solid Information Technology Oy, whose financial year, closing on 31 December, 1994, was 18 months.

Other shares	Share	Number of shares	Nominal value	Book value
Owned by parent company				
Kiinteistö Oy Kuusankosken Ostoskeskus, Kuusankoski	7 %	225	151	808
Kiinteistö Oy Satakunnankatu 19-21, Tampere	4 %	102	102	926
Tietovara Oy, Helsinki	10 %	42	42	42
Datatie Oy, Helsinki	1 %	10	50	117
Telephone shares		291		879
Owned by subsidiaries				
Other shares				
Lupporinki Oy	17%	14	98	341
Telephone shares		37		126

12. Intercompany receivables and debt	**Parent 1994**	Parent 1993
Receivables		
Consolidated debt	**5,000**	5,000
Accounts receivables	**247**	12
Loan receivables, short-term	**18,000**	6,700
Deferred charges	**1,990**	565
	25,237	12,277
Debt		
Accounts payables	**3,651**	3,015
Deferred credits	**264**	19
	3,915	3,034

Notes to the financial statements (FIM 1,000)

13. Receivables and debt/associated companies	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Receivables				
Long-term loans receivables	**600**	600	**600**	600
Accounts receivables	**53**	9	**54**	9
Short-term loans receivables	**880**	800	**880**	800
Deferred charges	**53**	39	**111**	39
	1,586	1,448	**1,645**	1,448
Debts				
Accounts payable	**126**	97	**297**	97
Deferred credits	**374**	51	**374**	51
	500	148	**671**	148

14. Receivables due after one year or more	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Deferred charges	**402**	445	**402**	445
Loan receivables	**5,600**	5,600	**624**	680
	6,002	6,045	**1,026**	1,125

15. Debts due after five years or more	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Pension loans	**25,105**	26,995	**34,715**	36,326

16. Contingent liabilities	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
For own account				
Pledges	**14,149**	16,663	**15,199**	18,663
Mortgages on land areas and buildings	**41,000**	39,000	**41,000**	39,000
Company mortgages	**-**	-	**14,000**	14,000
For group company				
Pledges	**1,000**	2,000	**-**	-
Guarantees	**44,122**	29,714	**-**	-
Other own commitments				
Pension liability	**391**	419	**391**	419
Leasing liabilities				
Leasing payments 1995/1994	**608**	2,779	**1,619**	4,397
Leasing payments 1996/1995	**415**	1,023	**925**	2,128
Repurchase liabilities	**21**	862	**21**	862

Notes to the financial statements (FIM 1,000)

17. Convertible bond loans	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
PSP convertible bond loan 4/86/104, maturing on 31 December, 1996, outstanding portion	**7,994**	11,991	**7,994**	11,991

18. Changes in equity	**Parent 1994**	Parent 1993	**Group 1994**	Group 1993
Restricted equity				
Share capital 779,218 * FIM 20	**15,584**	15,584	**15,584**	15,584
Reserve fund	**24,057**	24,057	**24,057**	24,057
Total	**39,641**	39,641	**39,641**	39,641
Unrestricted equity				
Retained earnings	**24,060**	21,179	**14,709**	19,974
Dividends	**-1,247**	-1,870	**-1,247**	-1,870
Result of financial year	**3,581**	4,751	**5,853**	-3,395
Total	**26,394**	24,060	**19,315**	14,709
Equity total	**66,035**	63,701	**58,956**	54,350

Helsinki, 14 March, 1995

Lauri A. Manninen

Simo Lämsä

Otso Liski

Jouko Juppala

Ilkka Hallavo

Antti Salonen

Reijo Tuori

Jorma Kielenniva
Managing Director

Auditors' report

To the shareholders of KT-Datacenter Ltd

We have examined the accounting records, the annual financial statements and the administration of KT-Datacenter Ltd for the financial year 1 January–31 December, 1994. The financial statements prepared by the Board of Directors and the Managing Director include an annual report on activities, as well as the income statement, balance sheet and notes to the financial statements. On the basis of this examination, we report the following on the financial statements and the administration:

The audit was carried out in accordance with generally accepted auditing practices. Accounting, as well as the principles applied in preparing the financial statements, their contents and their presentation have been sufficiently examined to state that the financial statements do not include any essential flaws or shortcomings. When examining the administration, the actions of the members of the Supervisory Board, the Board of Directors and the Managing Director have been examined from the point of view of compliance with the regulations of the Companies Act.

We state that the financial statements, showing a profit of FIM 3,581,260.35 in the parent company and unrestricted equity in the amount of FIM 19,314,882.41 in the Group, have been prepared in accordance with the Accounting Act and other valid regulations governing the preparation of the financial statements. The financial statements give, as stipulated in the Accounting Act, correct and sufficient information on the result of the activities and the financial performance of the Group as well as the parent company. The financial statements, together with the consolidated financial statements, can be adopted and the members of the company's Supervisory Board, the members of its Board of Directors and the company's Managing Director can be discharged from liability for the financial year audited by us. The proposal of the Board of Directors for dealing with unrestricted equity as stated in the balance sheet complies with the regulations of the Companies Act.

Helsinki, 15 March, 1995

TILINTARKASTAJIEN OY – ERNST &YOUNG

Jorma Jäske
Chartered Accountant

Jan Rönnberg
Chartered Accountant

Statement by the Supervisory Board

The Supervisory Board has familiarized itself with the financial statements for the year 1994 and with the Auditors' Report. The Supervisory Board recommends that the income statement and balance sheet, as well as the consolidated income statement and consolidated balance sheet be adopted and expresses its agreement to the Board of Directors' proposal for dealing with the unrestricted equity.

Helsinki, 21 March, 1995

Timo Kietäväinen
Chairman

KT-Datacenter

Supervisory Board

Chairman: Timo Kietäväinen, Deputy Managing Director, Association of Finnish Local Authorities

1st Deputy: Juhani Paloheimo, General Manager, Postipankki Ltd

2nd Deputy: Pekka Alanen, Deputy Managing Director, Association of Finnish Local Authorities

Olli Ahovaara, Chief Analyst, KT-Datacenter Ltd

Seppo Hakalin, Town Treasurer, Kuusankoski

Esko Hanninen, Town Manager, Riihimäki

Reijo Hautala, Director of Finance, City of Tampere

Anja Höök-Tiihonen, Deputy Executive Director, Helsinki Metropolitan Area Council

Veijo Jalava, Deputy Managing Director, Local Government Pensions Institution

Erkki Laakkonen, Town Clerk, City of Vantaa

Veikko Lehikoinen, Municipality Manager, Hausjärvi

Elina Lehto, Town Manager, Hämeenlinna

Gunnar Lindberg, Development Manager, Kansallis-Osake-Pankki

Berndt Långvik, Director, Association of Finnish Local Authorities

Jouko Malinen, Chief Analyst, KT-Datacenter Ltd

Hannes Manninen, Town Manager, Tornio

Aulis Mattila, Financial Director, Joensuu

Pertti Mattila, General Manager, PSP-Municipality Bank Ltd

Jyrki Myllyvirta, Town Manager, Mikkeli

Juhani Nylund, Chief Analyst, Helsinki

Matti Pelttari, Town Manager, Rovaniemi

Rauno Saari, Town Manager, Raisio

Jouko Sillanpää, Project Planner, Helsinki

Maarit Toveri, Financial Manager, Helsinki

Osmo Vepsäläinen, Personnel Manager, Varkaus

Marja-Liisa Viherä, Group Manager, Helsinki

Kim Zilliacus, Regional Secretary, Vantaa

Board of Directors

Ilkka Hallavo, General Manager, Postipankki Ltd

Jouko Juppala, Director of Administration, City of Vantaa

Otso Liski, Development Manager, Association of Finnish Local Authorities

Simo Lämsä, Managing Director, Local Government Pensions Institution

Lauri A. Manninen, Director of Budgeting, City of Helsinki

Antti Salonen, Municipality Manager, Kalvola

Reijo Tuori, Director of Finance, City of Espoo

Advisory Committee

Antero Anttonen, Information Systems Manager, Pori

Jouko Grönroos, Town Clerk, Riihimäki

Tapio Huttunen, Information Systems Manager, Vantaa

Jouko Ikonen, Information Systems Manager, Kuopio

Pekka Ikonen, Town Manager, Kitee

Matti Jormakka, Information Systems Manager, Jyväskylä

Leena Jousjärvi, Information Systems Manager, Espoo

Hannu Kallunki, Social Services Director, Kuusamo

Tuomo Karakorpi, Information Systems Manager, Helsinki

Erkki Karimaa, Senior Advisor, Association of Finnish Local Authorities

Jukka Kasvi, Information Systems Manager, Helsinki

Reijo Kemppainen, Information Systems Manager, Lappeenranta

Peter Kjällman, Director of Finance, Porvoo Rural Municipality

Raimo Kokkonen, Information Systems Manager, Helsinki Metropolitan Area Council

Pauli Kruhse, Assistant Director, Local Government Pensions Institution

Heikki Kunnas, Information Systems Manager, Turku

Heikki Lunnas, Senior Advisor, Association of Finnish Local Authorities

Seppo Orjatsalo, Assistant General Manager, Postipankki Ltd

Antero Peräkasari, Planning Secretary, Anjalankoski

Esa Pulkkinen, Information Systems Manager, Joensuu

Martti Pysäys, Information Systems Manager, Central Finland Central Hospital

Seppo Pyykkö, Information Systems Manager, Oulu

Juhani Romppanen, Assistant Town Clerk, Kemi

Heikki Sinervo, Information Systems Director, Tampere

Pirkko Taina, Town Treasurer, Kauniainen

Tuulikki Tiainen, Financial Secretary, Savonlinna

Esa-Matti Tolppanen, Information Systems Manager, Helsinki University Central Hospital

Anders Wikholm, Director of Finance, Western Uusimaa Regional Hospital

Kalevi Väätänen, Organizational Manager, Lahti

Auditors

Tilintarkastajien Oy — Ernst & Young
Kaivokatu 8, 00100 Helsinki

Jan Rönnberg, CA

Esko Lehtinen, Managing Director, Deputy

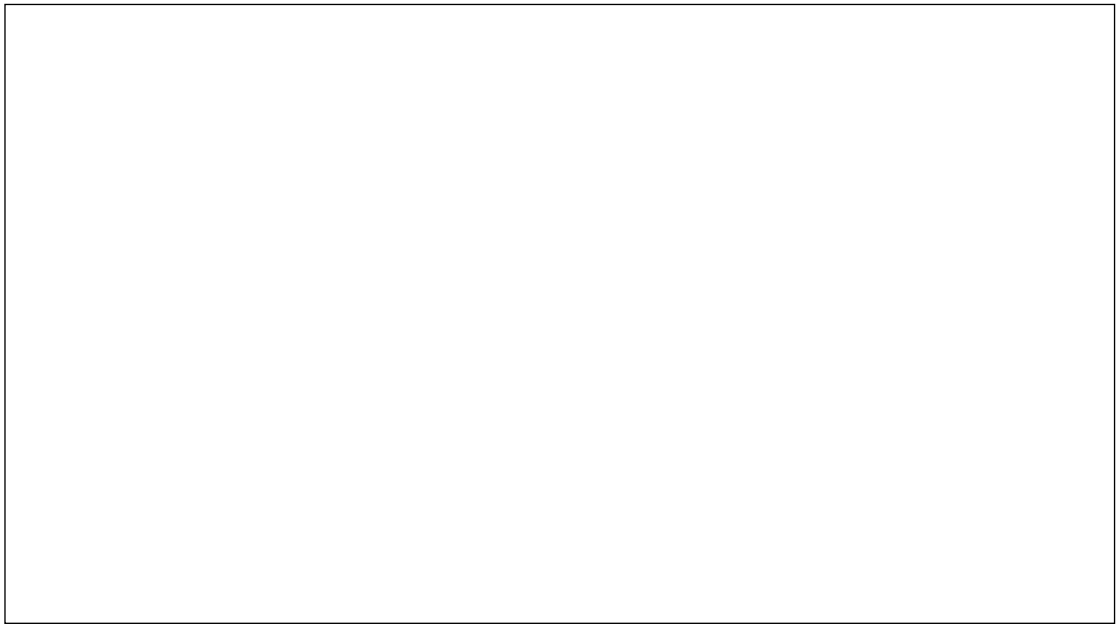
Management Group

Jorma Kielenniva, Managing Director
Raimo Anttila, Director
Reijo Koski-Lammi, Director
Matti Partanen, Director
Osmo Wilska, Director

Shareholders

City of Helsinki	25.6%
Postipankki Ltd	15.1%
Association of Finnish Local Authorities	14.4%
City of Vantaa	12.2%
City of Espoo	12.1%
Local Government Pensions Institution	7.8%
PSP-Finance Ltd	5.0%
Others	7.8%

KT-Datacenter out in the wide world



One of our large-scale, long-term export projects, the real estate system for St. Petersburg, progressed into its implementation stage. The project will be completed in April 1995.

In 1994, KT-Datacenter continued its progress in the international markets. Export activities focused on the development of local government information systems in the neighbouring countries, as well as the development of map systems for the Dutch market. The core of our export strategy comprises special products and system skills. Activities have a good foundation in the expert resellers who have profound knowledge of their respective markets and an established contact network.

A large part of our foreign operations consists of joint-venture projects. They are often connected with large infrastructural projects which highlight KT-Datacenter's project know-how: working to clear quality standards, know-how in systems administration, project management and product creation.

Locations in good hands in Tallinn and the rest of Estonia

The City of Tallinn now has a Finnish location data system. We built the system up and adapted it to Estonian legislation. The system comprises registers of titles, buildings, apartments and town plans. Moreover, the City of Tallinn took delivery of a Microstation map system.

Last year also saw the start of an experimental information technology project in Estonian provinces. KT-Datacenter delivered to this project a Status system to be used by the provinces themselves and for the collection of basic data from the municipalities.

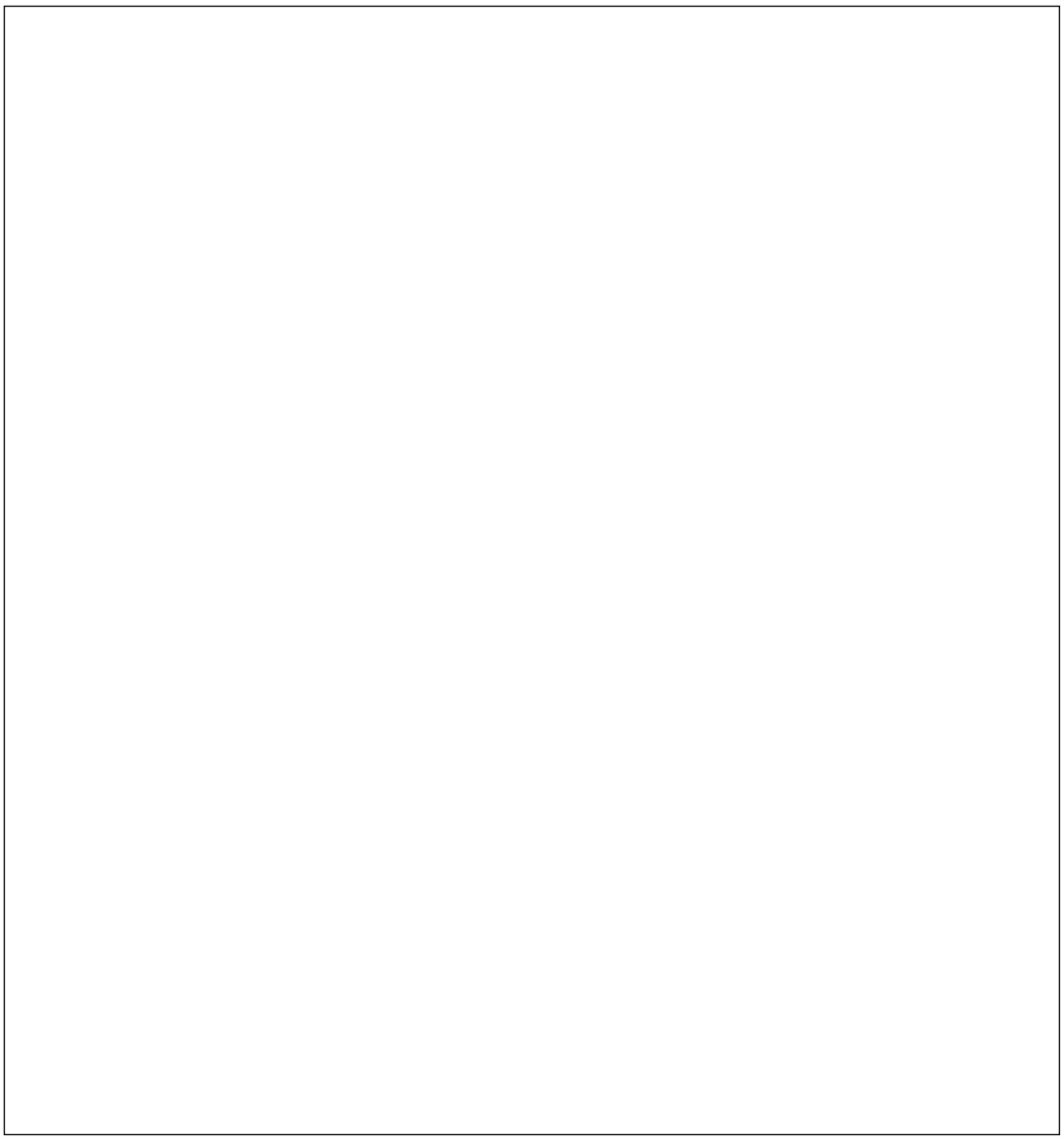
X-Fingis finds windmills

The Dutch land survey Dutch Cadastre decided to update its Fingis licences from 1987 to X-Fingis versions. Dutch Cadastre is responsible for the real estate information in the Netherlands. Its electronic registers and maps cover the entire country. The objective is to computerize the register maps of all of Holland's seven million estates by the year 2000. The delivery included a considerable amount of adaptation work. KT-Datacenter entered a reselling agreement with R&S BV on selling X-Fingis to Dutch local government organizations.

Cooperation across borders

KT-Datacenter intensified its export cooperation with Efektia Service Ltd and Plancenter Ltd, both subsidiaries of the Association of Finnish Local Authorities, by participating in the competitive bidding for World Bank development projects. The local government expertise gathered in Finland by KT-Datacenter Ltd has proved a clear competitive advantage in the context of World Bank and EU projects.

Development paths



Finland has excellent possibilities to make information technology the third supporting leg for the national economy besides the forest and metal industries. Technological skills and professionalism are at a high level in this country, and its distant location or its cold climate are no impediments to this business. KT-Datacenter Group is Finland's second largest service company in the field of information technology. Size is no end in itself, but it gives us better resources and a possibility to focus intensely on product development.

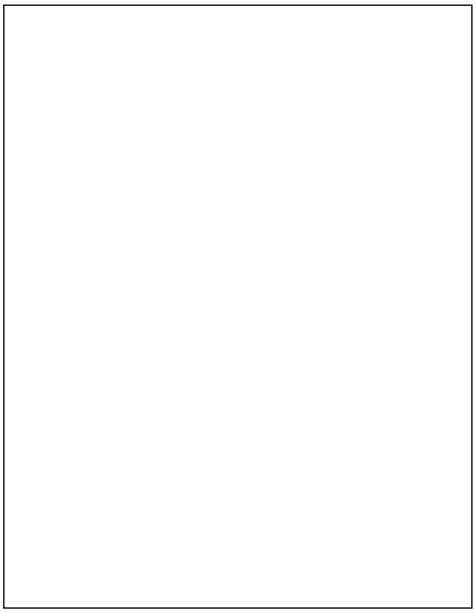
Our expertise is internationally interesting: there is almost a shortage of public administration software for community construction, health care and libraries in our neighbouring countries.

"The activities and product development of KT-Datacenter are guided by two things. First, the desire to combine software, services and hardware into workable entities. And second, to do it in a way that satisfies the customer's needs."

Demands for efficiency and cost cutting are mounting while resources are being diminished – a familiar situation in many businesses. In this turmoil, information technology is often the only way of coping with the increasing demands.

KT-Datacenter concentrates on one single goal in its product development activities: rationalizing operations and making them more efficient through the use of information technology.

We work in close cooperation with the Association of Finnish Local Authorities and individual municipalities in reengineering public administration accountancy. We develop personnel administration systems for increased organizational efficiency. In the social services and health care sector we are assisting in preparations to improve customer service by streamlining the information systems involved. In community planning we are designing a system based on a graphic user interface which will facilitate the maintenance of up-to-date registers of land areas and other real estate. In the fields of trade through information networks and multimedia, KT-Datacenter is one of the leading companies involved in electronic communications.



Reijo Koski-Lammi, Director

Satisfying municipal needs for the best of the people

The public sector financial administration is facing profound change. Emerging new accounting requirements and new local government legislation both necessitate a large-scale move towards corporate practices.

KT-Datacenter is actively involved in the development of new systems necessitated by this new way of thinking. Kisko, a trial project for the new bookkeeping legislation, was sponsored by four municipalities: Helsinki, Hämeenlinna, Sipoo and Tampere. The Kisko project emphasized the aspects of internal accounting and cost accounting, and its objective was to produce practical models of the application of the new legislation for municipalities.

New accounting methods were tested with KT-Datacenter's business accounting software, installed in mutually defined environments in each of the participating municipalities. In addition to practical examples, methods were studied to automatize the creation of financial statistics and financing calculations as well as to develop accounting systems to fulfil the needs of municipalities. The final report on the Kisko project was completed in January 1995.

Views of personnel administration

Tomorrow's personnel administration will be a lot more than merely a nicely printed pay slip. Despite thousands of job titles and hundreds of departments, the management has to keep realistically in touch with the entire organization.

KT-Datacenter is the first company in Finland to design comprehensive personnel administration systems to support management and decision-making. They enable analyses of working methods and processes, setting productivity and benefit objectives, managing rationalization benefits and change, developing new service concepts, modernizing personnel administration, and utilizing the internal labour market and personnel turnover. A more efficient personnel administration function enables flexible division of labour by allowing changes in working methods.

cont.

Social services and health care: working for the people, but on whose terms?

The social services and health care sector is in trouble. Cost cuts in public administration have particularly hit these services. Moreover, the sector has inherited a fragmented structure of services which all operate with completely different systems. Cost effectiveness is difficult to achieve, and from the viewpoint of the customer, all services are scattered.

That is why KT-Datacenter is now active in the development of a new consistent and uniform information system for the social services and health care sector. The objective is to improve the service providing capabilities and the efficiency of the organizations involved.

The system will enable broad-based maintenance of customer registers and various other registers pertaining to logistics, management, invoicing and reports. This is the first project ever in Finland which looks at the social and health care services as one entity.

Better service management and minimizing bureaucracy will enable the social services and health care sector to better shoulder its responsibilities.

Glimpses of community planning

Where there used to be a huge pile of unclear statistical information, there is now a picture. The graphic user interface has arrived in community planning. Simultaneously, a shift is being seen towards an open client-server environment. This increases the number of options available when selecting the hardware platform and the information management systems to fulfil particular needs.

Municipalities and other communities need a basic data storage to manage their area and maintain their real estate.

The design of fhe new municipal register system was started in late 1993. The system is database independent, features a graphic user interface and has been developed according to the latest official recommendations. Its first components will be available in 1996.

Growing popularity of electronic communications

The buyer more and more often meets the seller in an information network. Personal computers forward information and services to customers, partners and consumers. For the citizen, the availability of services is increasingly coming to mean the use of information technology – be it at home, in a library or in some other service point.

The utilization of multimedia technologies is increasing, and the practices of information technology are in many fields becoming almost synonymous to publishing.

Electronic data transfer supports internal information flows

The internal communications in organizations is increasingly being handled through information networks. Communications is becoming interactive and takes place in real time. KT-Datacenter's answer to this need is Primas-Media software.

The central guideline in the design of Primas-Media was clarity combined with ease of use. The information is stored in the database server only once. After that, the data can be used, distributed, edited and encrypted as necessary. Primas-Media gives the right information to the right people in the right form. For example, corporate management can have all information it needs easily and in an easily processed way. A company's products and services, operational models, forms and manuals can flexibly be made available to everyone.

In Primas-Media, information stored in different databases can be freely combined not only within the company, but also between companies.

Services from a machine

In future, more and more services will become automated. Vending machine type service points and self-service kiosks in public spaces will increase as shown by the popularity of cash dispensers and public payment terminals. Automated services will transform a library, for example, into a versatile service point. Another example could be itinerary and timetable planning for travellers.

Libraries transforming into service centres

Finnish library know-how and technology is among the most advanced in the whole world. In the Helsinki area alone, some 35 million lending operations are made annually. Helsinki inhabitants have the world's largest unified library system at their disposal.

The number of visitors and loans have in many libraries increased by as much as 30% in this decade. At the same time, the libraries have had to broaden their

scope of services and make them work more efficiently. KT-Datacenter is actively involved in the development of library systems in Finland and neighbouring countries.

Increasing efficiency and connectivity are being required of data systems library. Information networks and databases are popular as customers are demanding efficient information searches and fast remote services.

Many libraries provide the best services to their customers: anyone can look for information on cultural events, hire a home helper or browse job vacancies at the public service terminal of the local library.

Loans through self-service lending machines

In some libraries, the customers may borrow books on a self-service basis. They look up the title on a terminal, check its availability and location, pick the volume from the shelf, register the loan in the lending terminal and go out of the door which is equipped with alarm devices against thefts.

The machine checks the borrower and the volume against its database, registers the loan directly in the terminal system and deactivates the alarm system for that particular volume.

Due date cards will be replaced by small slips resembling the receipts at supermarkets which include all necessary information on the lending operation.

High-quality services even to remote areas

Even mobile libraries will operate in real time. Mobile telephone networks such as AutoNet and NMT offer the same data transfer capabilities as fixed library networks. Ordinary terminals or portable PCs on the vehicle are continuously in contact with the host system. Connections from the vehicle to information networks and municipal and state systems enable people living along its route to contact authorities without having to travel to the office that handles the matter.

KT-Datacenter develops timetable and route service for air, rail and coach travel

In June 1994, a new era began in the electronic timetable and route service for domestic travel when Finnish Timetables service was started. This project is unique on a world scale, because there is no other system in place with an equally wide scope of information on the different modes of travel.

The service was implemented in cooperation with the Ministry of Communications, Matkahuolto, State Railways, Finnair, Local Traffic Association, Helsinki Metropolitan Area Council, Taxi Association and the Centre for Information Technology Development, which actually provides the service. KT-Datacenter's Primas-Media software embedded into the route and timetable information system forms the core of the service.

The service is easy to use: the traveller just picks the departure point and the destination as well as the desired date and the system automatically combines available air, rail and coach services into suitable itineraries.

There are approximately 1,300 possible departure points and destinations in the system. Local transfer is assisted by information on local transport and taxi services.

More than 10,000 departures each day

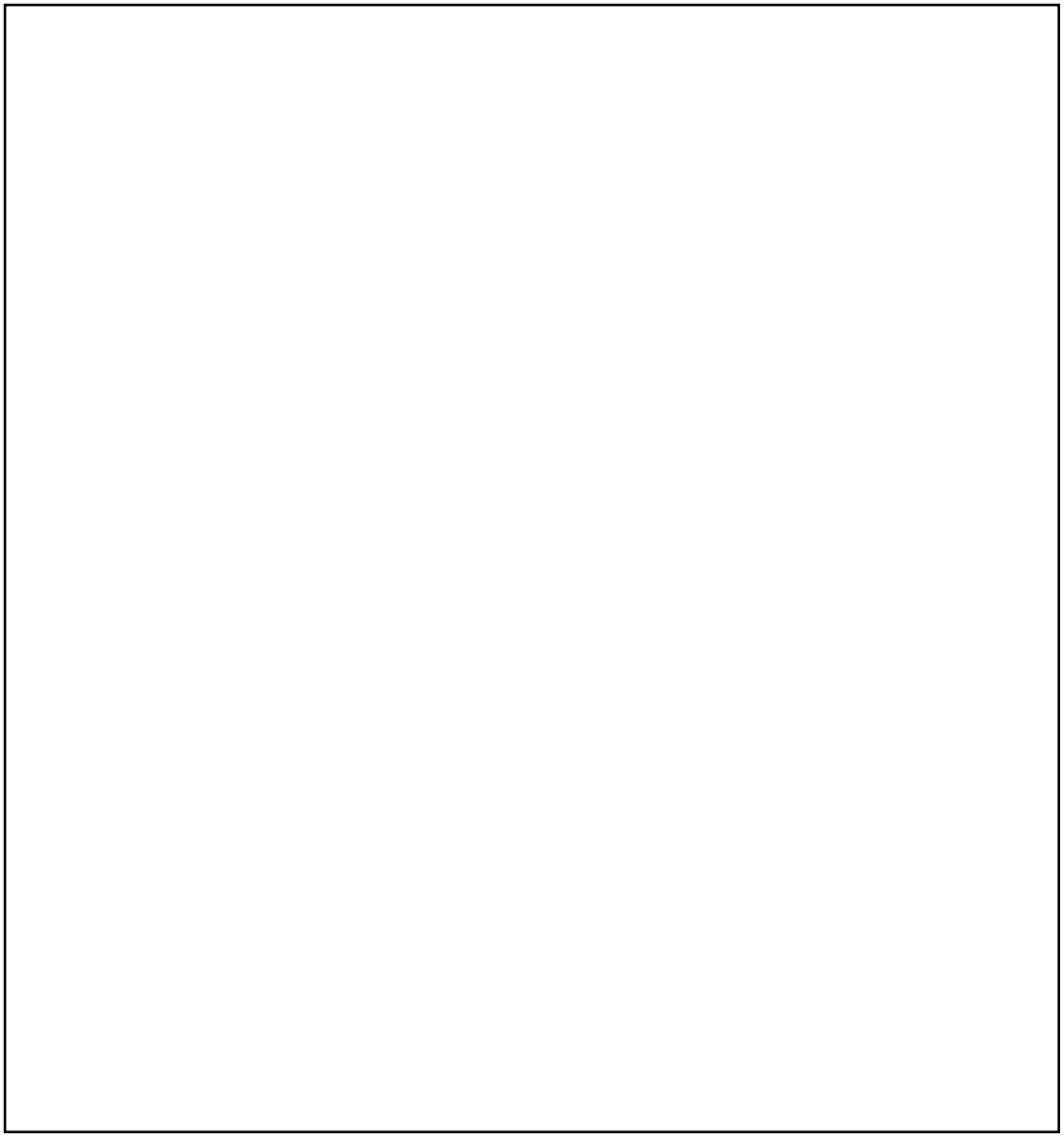
The service includes over 10,000 daily departures. The timetable and route information is updated directly from the traffic operators' own data systems, which makes for up-to-date information at all times.

The service is complemented by additional information pages on local public transport facilities. The operators can update and edit their information pages directly, and they are instantly available through the system.

Helsinki Municipal Transport timetables have been included as an experiment.

The system is under constant development. New information can be added to it from the municipalities' own Primas-Media systems. The separate Primas-Media services operating in different parts of Finland can all be connected to form a giant comprehensive service accessible from home or from the office through a PC and a modem.

Emporium – the computerized link to major markets at home and abroad.



Emporium is a direct link between companies and the public administration. In this multi-billion market the buyer and the seller meet each other in real time. The buyer can arrange competitive bidding on all investments: from construction agreements to flowers, from hygiene products to public space furniture.

Electronic trade has two major advantages compared with traditional means: speed and cost savings. The buyer and the seller come into real-time contact. It also saves work, eases administrative routines and cuts storage costs.

Emporium is a tool for business-to-business trade. It provides savings in purchases and disseminates information on who is buying what. Emporium is based on KT-Datacenter's Marketplace software. Interest in Emporium is increasing. Buyers and sellers alike praise the system: each contact is true potential. For the buyer, it provides a quick and cost-effective means to arrange competitive bidding. For the seller, it is a clear and easy way of informing the potential buyers of its products and services. The market is huge: the Finnish public sector alone buys products and services for over 40 billion Finnmarks each year.

Public purchases are now more public than ever

Emporium brings the market of the public purchases of all EEA countries within reach of Finnish companies. Their size is estimated at some 3,500 billion Finnmarks.

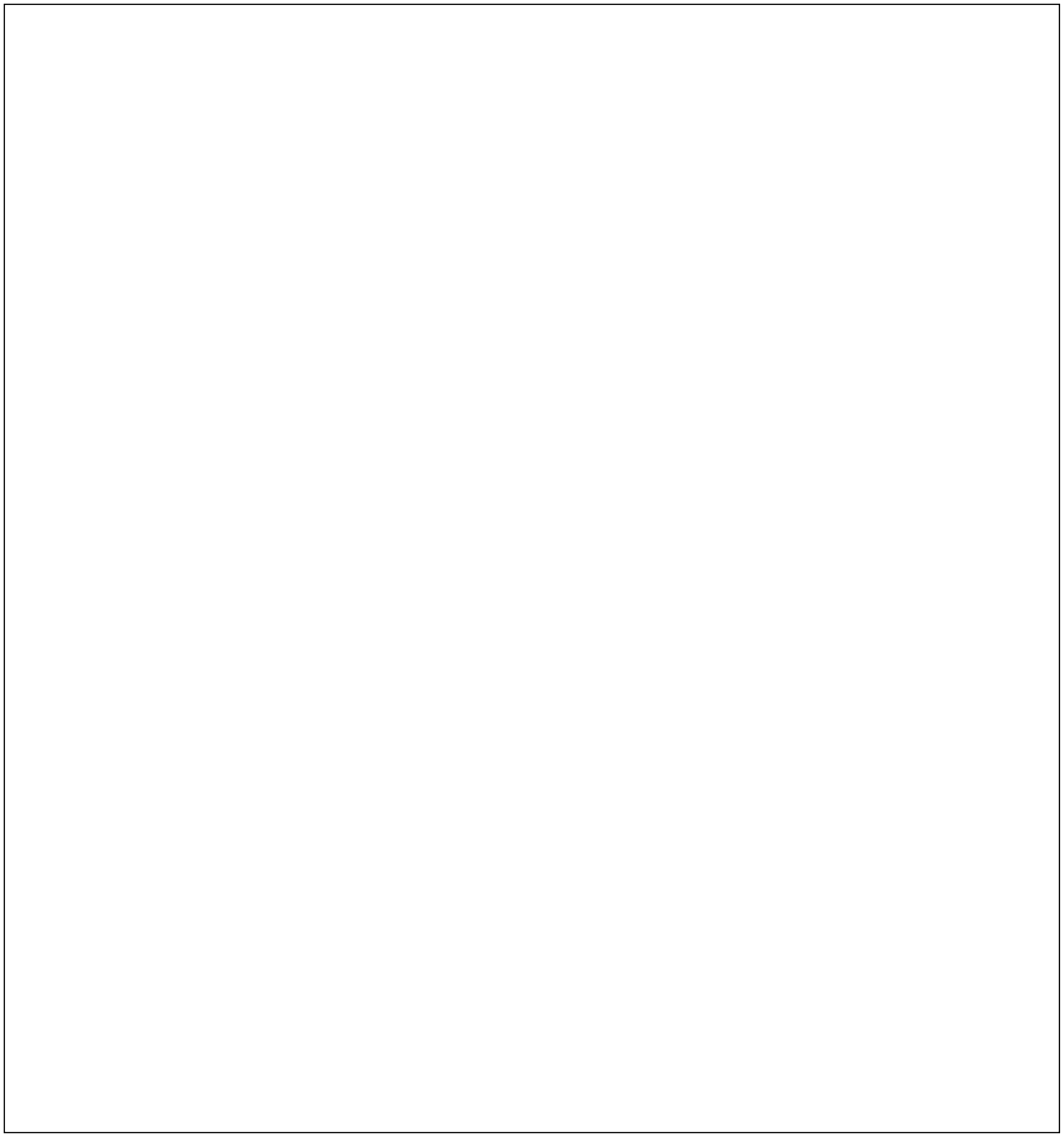
At the same time, this connection provides Finnish public administration with more alternative suppliers to choose from. According to regulations, all public purchases exceeding a certain value limit (goods, services, construction contracts, water and energy supplies and telecommunications) must be publicly announced in all EEA countries. It is stipulated that the purchase agreement can only be based on the lowest price or the most economical solution.

Europe opens up with Emporium

The publication bureau of the European Union (ECHO) operates a database called TED (Tenders Electronic Daily) which lists all European public purchases, including the Finnish ones. In addition to most European countries, Japanese and American public purchases can be found in TED.

The Finnish company's contact to the international market of TED is Emporium. Through Emporium, the company has quick access to public purchases and gets a chance to offer its products and services to Europe, the USA and Japan at equal terms with companies from other countries.

Novosys largest computer reseller in Finland. Turnover up by over 50 %



Novosys Ltd, one of the KT-Datacenter Group companies, is Finland's largest computer reseller. The company represents equipment made by the world's best known manufacturers, as well as related services. Its range of products includes equipment by Digital, Compaq, IBM, Hewlett-Packard, Toshiba and ICL, among others. Novosys has consistently increased its market share over the past few years.

One secret of Novosys' success is its uncompromising commitment to maintaining its customer satisfaction.

Novosys offers comprehensive solutions

Novosys is independent of manufacturers, which makes it free to commit itself to providing the best solutions for its customers.

The company has experience and expertise to approach each problem on a broad basis and genuinely search for new viewpoints and solution alternatives. Its operation focuses on developing the customer's productivity. In practice, it often translates into combining equipment by many different manufacturers with the customer's existing platform to build up a workable whole.

1994 in a nutshell

The entire operation of Novosys in 1994 is characterized by one word: growth. Its turnover was FIM 430 million, up 54% from the year before. Minicomputer deliveries alone were almost threefold compared with the previous year.

The company employed 23 new people, resulting in a total workforce of 145 professionals at the end of the year.

In August, Novosys Ltd acquired the business operations of Lanware Oy Vaasa. This acquisition strengthened Novosys' systems expertise and sales in the Vaasa econ-omic region. Novosys thus became one of this region's most important computer suppliers.

An organization with good teams

Novosys is organized into six units. A regional sales network and Direktori cash-and-carry operation are responsible for general equipment sales.

The public sector sales unit, the financial administration system sales unit and the corporate sales unit focus on business-specific expert services.

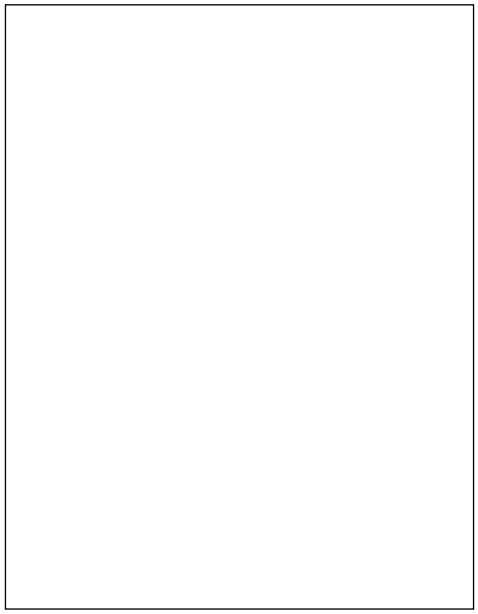
The service unit is responsible for after-sales services from installation to service and maintenance.

Novosys is close to its customers even geographically. It operates in ten locations throughout Finland. A partner network spanning the entire country contributes to the company's services.

Novosys takes good care of its customers

Novosys assumes full responsibility for the systems it delivers. Cooperation can typically start from Novosys' consulting services when an organization is looking for a suitable information system. When the equipment has been selected, the company installs operating systems and application software. Novosys system support offers trouble-shooting services and telephone support. PC support experts can be hired on a temporary basis to help during the implementation of a new system. Service agreements are fully customized. If necessary, Novosys provides assistance 24 hours a day.

"Independence of manufacturers gives an open mandate to a commitment to providing customer benefits: to select equipment and applications to satisfy the real needs of the customer."

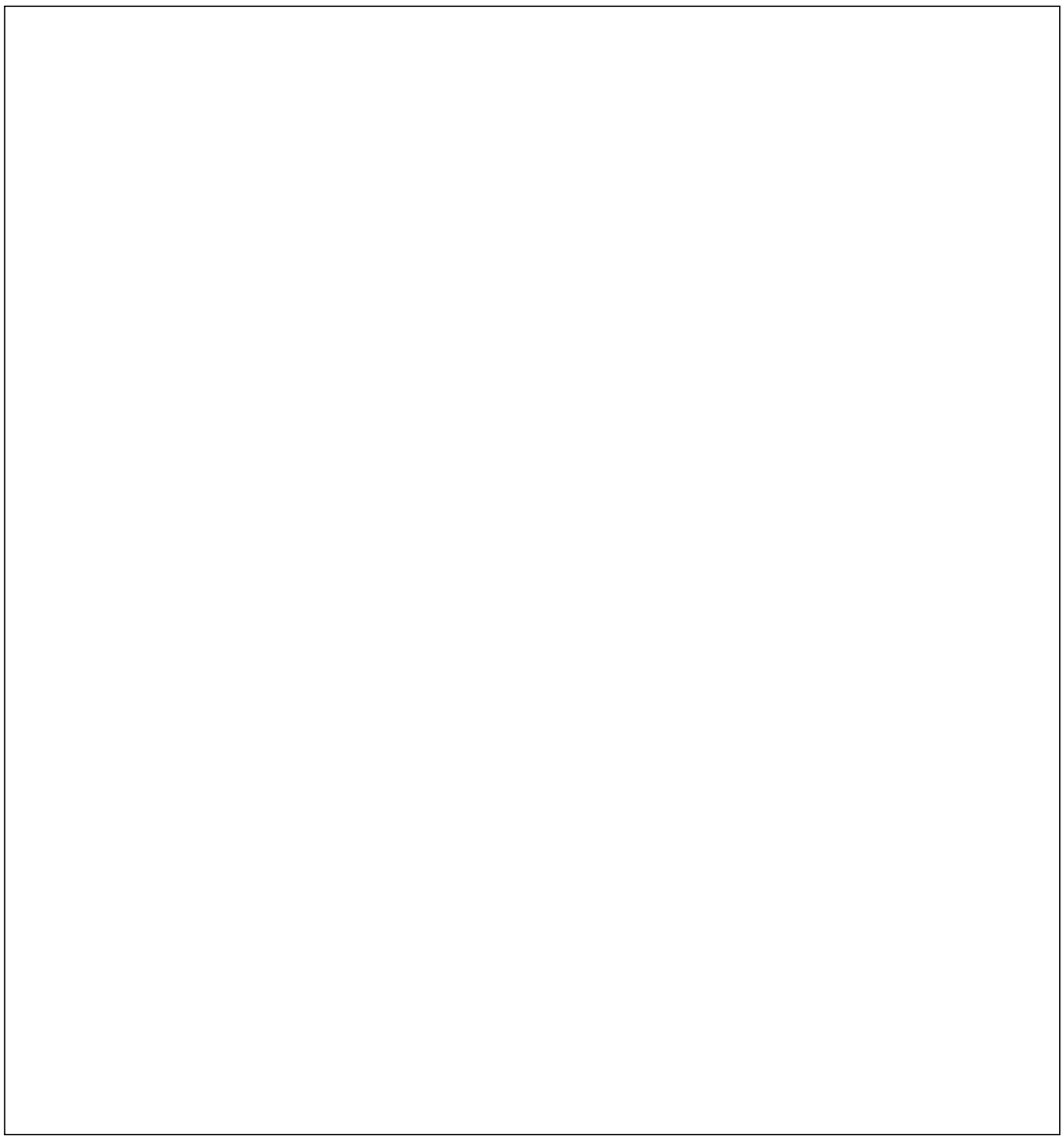


Jarmo Kuusivuori, Managing Director

A solid foundation forms a good springboard

Novosys has a positive view of its future. The solid financial and functional basis gradually built up over a number of years, as well as the consistent increase in the company's market form a good basis for favourable results in the years to come. The growth will be secured through several on-going functional development projects and continuous improvements in service and quality. Novosys' view is that cooperation within the Group will create synergies which will provide significant benefits to the customers of the KT-Datacenter Group.

Tukiset is a big small software house



In 1994, Tukiset Companies Ltd, one of the subsidiaries of KT-Datacenter, was known as a small, innovative software house which efficiently utilized modern development technologies. In January 1995, Tukiset Companies acquired the business of Optimi-Ohjelmistot Oy from Pori. The acquisition will raise the company's 1995 turnover from FIM 16 million to FIM 40 million. The workforce will increase from 40 to nearly 100.

Tukiset Companies is a member of the KT-Datacenter Group since 1991.

"The fundamental idea is that the need comes first. Information technology helps in providing a solution that works on the user's rather than the computer's terms."

Getting to grips with the finances using Tukiset products

Tukiset Companies designs, manufactures and develops open architecture information systems. They are delivered to the domestic private and public sector as well as for export.

The development tools are efficient and modern, partly created by the company itself. For example, Magda is its own database-independent application development tool which enables very fast product development. It is also a flexible and powerful tool in maintenance and updating work.

Tukiset Start is for small companies and companies just starting up. It is a financial administration system for one DOS workstation and includes applications for invoicing, sales, sales and purchase ledgers, stock accounting and bookkeeping.

Tukiset DOS is corporate software currently being used in more than 2,000 companies. It comprises ten applications from offer calculation to cost monitoring with cost accounting functions.

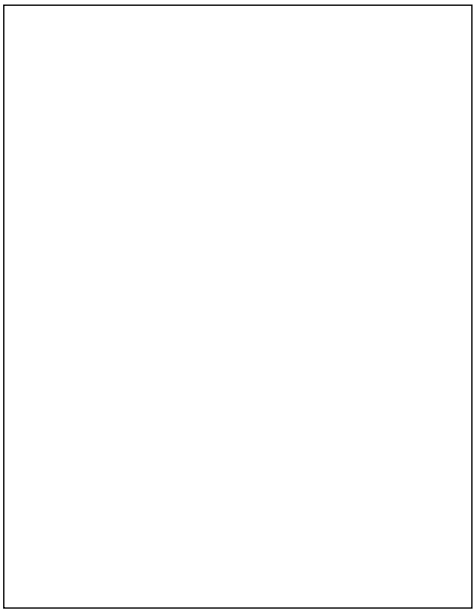
Tukiset Sonet is a new product for the corporate sector, designed for use in a genuine workstation environment. Sonet offers applications for sales, production, materials, payroll and financial functions.

The database-driven and hardware-independent Sonet represents true openness, giving the user a free choice of equipment, operating system, network and database.

Sonet is excellently suited for small-to-medium as well as large companies. It has some 70 user organizations.

Tukiset Status is a public administration product family with nearly 170 user organizations in municipalities, federations of municipalities, parishes and state government.

Tukiset Balance is a system for export and joint-venture companies, including ledgers, bookkeeping and cost calculations. Switching between language options – for example from Finnish into English or Russian – takes place at just one click of a button. In addition to changing the language, the program automatically considers differences in the connected bookkeeping legislation.



Kari Kontula, Managing Director (left) and Matti Partanen, Director

Special solutions for the most common environments

Tukiset products complement KT-Datacenter Group's software products, thus giving the customer more options. Tukiset products focus on customer needs. The software is based on the most common operating environments in the marketplace: MS-DOS, OS/2, UNIX and VAX/VMS.

The customer can freely choose any hardware on offer. A typical Tukiset environment may include a Token-Ring or Ethernet local-area network and workstations with 486 processors. Sonet and Status systems utilizing databases have been developed for the client-server architecture. The Finnish Solid or the international market leader Oracle can be chosen as the database.

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HAAPAJÄRVI Kustaa Vaasankatu 2–4, FIN-85800 Haapajärvi	Q	Q		
JOENSUU Koskikatu 7, FIN-80100 Joensuu	Q	Q		
KERAVA Paasikivenkatu 3 A, FIN-04200 Kerava		Q		
KOTKA Kirkkokatu 8, FIN-48100 Kotka		Q		
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KUUSANKOSKI Kymenlaaksonkatu 2–4, FIN-45700 Kuusankoski	Q	Q	Q	
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OULU Ahjotie 1 D, FIN-90150 Oulu	Q	Q	Q	
PORVOO Vuorikatu 2, FIN-06100 Porvoo		Q		
TAMPERE Satakunnankatu 19 B 13, FIN-33210 Tampere	Q	Q		
TAMPERE Kaskimäenkatu 1, FIN-33900 Tampere			Q	
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RAISIO Lukkarlantie 2, FIN-21200 Raisio	Q	Q		Q
JYVÄSKYLÄN MLK Lepolantie 9, FIN-40800 Vaajakoski	Q	Q		
PORI Antinkatu 25, FIN-28100 Pori			Q	Q
TURKU Puutarhakatu 53, FIN-20100 Turku			Q	
VAASA Strömberginpuistotie, RR1, FIN-65320 Vaasa		Q	Q	
VANTAA Martinkyläntie 48, FIN-01720 Vantaa (Direktori Shop)			Q	