

ANNUAL REPORT SAMLINK 1996



Samlink Ltd is a solid expert on information technology solutions and other support services to the financial sector. Our areas of operation are retail banking systems, securities, payment services and systems, and solution sales products.

KEY FIGURES

	1996	1995	1994 (4 months)
Annual sales, FIM mil.	180.9	204.6	71.9
Operating margin, FIM mil.	29.3	39.9	13.9
% of annual sales	16.2	19.5	19.3
Profit before reserves and taxes, FIM mil.	15.4	25.9	3.5
% of annual sales	8.5	12.7	4.9
Yield on invested capital, %	18.6	34.1	7.4
Profit/share, FIM	84.7	156.0	0.4
Equity/share, FIM	449.9	389.1	233.2
Investments, FIM mil.	10.4	9.0	4.5
Solvency ratio, %	51.5	42.4	33.3
Staff at end of year	203	213	215

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The changes in the financial sector continued and intensified during the year. Operational changes at Finnish banks and increased activity by foreign banks altered the competition situation. The start-up of the European Monetary Union and blurring of sector boundaries will render competition even fiercer in future. Tougher competition calls for both improved cost-effectiveness and the capacity to renew and develop services.

Samlink has been continuously developing both its expertise and information technology in order to be in a position to support its customers in the best possible way in future as well. All suppliers of support services must be familiar with and understand their customers' business operations. The competitiveness of a service company is determined by its problem-solving capacity, the cost-effectiveness of its services and its ability and willingness to adapt and introduce new technologies.

Samlink has distinguished itself as a problem solver in a variety of projects relating to structural change in the banking sector. In 1996, the most significant of these projects was the implementation of the central financial institution system of savings banks for Aktia Säästöpankki Oy.

The standard of Samlink's services is reflected in the feedback from its customers, who regard our service as professional and of a high quality. The company has placed considerable emphasis on competence in the new technologies and on employing them in the development of customer services and diversification of distribution channels.

Samlink's second full year of operation was as busy as the first one, in more than one sense. The growing volumes and expansion by our customer banks, new products, the start of major development projects, the

strengthening of the company's strategy and development of its operating models all had a positive effect on Samlink's operations.

Economic growth and the ensuing rise in economic activity had a positive effect on banking. Expansion by Samlink's customer banks increased service volumes considerably. There was particularly marked growth in the field of payment transactions.

Samlink's policy of combining business expertise with information technology competence was evident in the company's new products. It was the company's own expertise that helped produce, e.g., the statutory reporting system and securities portfolio management system.

Preparations for switching to the common European currency began in earnest. We are faced with a development and transitional programme that will take several years to complete and will call for accomplished coordination and cooperation with customer banks. Simultaneously with the transition to the joint currency, smooth information system operations must be sustained after the turn of the millenium. The introduction of the new workstation system will contribute to supporting these projects. The new system will completely update the technology deployed by customer banks and allow services to be developed in a radically new way.

The company's general strategic approach was ratified and development of the necessary operating models was initiated. One major customer-oriented operating model to be introduced was the cooperation group organisation which was started up with the savings banks and the Finnish Savings Banks Association. The project to develop this customer-oriented model began at the end of the year.

Samlink had a successful year in economic terms. The company consolidated its financial position, and this will help ensure the success of the large new development projects and further the continuing development of our expertise and know-how.

Positive cooperation with customers and in particular with the savings banks helped the company to be successful in its mission to produce competitiveness-enhancing services. The successes of 1996 were also in no small part due to our good partners. I would like to extend my heartfelt gratitude to both customers and partners.

The company's main competitive edge lies in its skilled and motivated personnel. Only expert and enthusiastic personnel can produce top results and be a match for the competition. Over the year, Samlink's personnel fulfilled their duties with expertise and excellence. Particularly laudable has been their initiative in developing their professional skills. I would like to express my warmest thanks to each employee for his or her unique contribution.

Espoo, 14th February 1997

Tapio Saarelainen

BUSINESS TRENDS

Corporate business operations were consolidated during the year. On the one hand, the number of tasks to be performed in an attempt to alleviate the after-effects of the banking crisis diminished as envisaged and, on the other, there was a marked rise in the business volumes of our customer banks. The company engaged in new activities in carefully chosen business fields. The future direction of business operations was laid down in the strategic plan adopted at the close of the year.

Volumes expanded the most in the field of payment transaction services. The sale of customer programmes rose by a factor of five with the market launch of new products. There was a fourfold increase in the number of users of own terminal and telebanking services and the corporate use of machine-language payment transaction services rose by a third.

In the securities sector, the widening of the company's service range considerably increased the number of book-entry securities and securities administered by Samlink. The rise in exchange rates also favourably increased the number of customers and transactions in Samlink's book-entry security register.

PARTNERS

Samlink stepped up its cooperation with its key customers and partners. A systematic team work practice was initiated with the savings banks to ensure that users' views are taken into account in service development.

Production service cooperation with TT Tieto Oy was continued and developed. System deliveries relating to statutory reporting systems constituted a new form of cooperation.

Samlink continued as a Quality Partner of SAS Institute Oy. This cooperation led to the development of reporting systems conforming to the Data Warehouse Concept.

Cooperation with ICL Data Oy was extended towards the end of the year to apply to new workstation systems in addition to cash and automatic payment terminals.

NEW PRODUCTS AND SERVICES

Samlink acquired title to the Samstock portfolio and fund management system to complement the company's

system services. The new system has aroused considerable interest on the market. Samlink used the Samstock system to start up a portfolio accounting service for its own customers, to make portfolio management easier and resolve statutory reporting problems.

The new telebanking service was introduced in September. In addition to already existing functions, the updated service facilitates bill payments and transfers between accounts.

The Windows-based Omalinja application for private customers was completed in February. Its easy-to-use graphical user interface lowers the threshold for home computer payment of invoices.

The Virlink software package designed for statutory reporting by financial institutions reached the pilot stage. The software has been supplied in collaboration with TT Tieto to major Finnish banks. It has also attracted interest in other Nordic countries, as the reporting software complies with the requirements of European Union authorities.

Automatic cash terminal functions were developed to meet savings bank needs and incorporated into the new NCR terminal. The introduction of the new generation ATMs proceeded successfully and by the end of the year, 19 of them had already been delivered.

At the beginning of 1996, the clearing systems required by savings banks for their central bank operations were delivered to Aktia. The bank also commissioned a number of Samlink foreign currency systems. In February, the central bank accounts of savings banks were transferred to Aktia.

During the year, the service company concluded system deals with loan system descriptions, telebanking software and with new and updated deliveries of the Samstock product.

DEVELOPMENT

Three major development projects were initiated during the year, which will have a considerable effect on the services and operations of the company's customers. Samlink launched a project for processing the common European currency, the Euro, in the company's information systems. Another important project initiated in the course of 1996 involves a thorough review of the company's service software and applications to ensure a smooth transition of operations into the next millennium. At the end of



At the Sijoitus-Invest 96 event, Samlink presented its multi-purpose Windows-based Samstock programmes, designed for use by investment experts, portfolio managers and investment funds.



At the Windows fair and Toimistotekniikka KT 96 fair, Samlink demonstrated the multi-bank Windows-based communications programme, Pankkilinkki, designed for corporate use.

the year, decisions were taken concerning the company's workstation service software in order not to hinder the progress of the workstation upgrading project team.

The construction of the lending system progressed according to plan. During the year, new financing guidelines were introduced along with new features in the management of troubled (non-performing) loans and the unification of advising and debt collection. The project will be completed in the spring of 1997. The management of current accounts subject to debt collection was also introduced into the lending system.

A product-based accountancy system was fully introduced in the deposit system by the end of the year. The product-based nature of the system assists customer banks in their product development and follow-up efforts.

Options and convertible bonds were incorporated in the book-entry securities register system. The Finnish state converted its reference convertible bonds into book-entry securities, to be administered by Samlink via its book-entry security register.

In order to step up systems use and improve cost-efficiency, data from the customer database system began to be utilised in customer data questionnaires. This change meant that a separate customer information database was no longer required.

In the field of payment transactions, the new POPS system was brought into production, for use in sending large cheques and express giros between banking groups, along with PAVE, a network that processes inter-bank payment transactions. These changes facilitate advanced payment transactions and expedite the development of payment transaction systems for the coming Euro environment.

STANDARD OF SERVICE

The customer banks' assessments of the standard and quality of Samlink's services were measured systematically on a weekly basis. The average for customer feedback rose on a scale of 1-4 to 3.5.

The average availability of the ADP systems during banking hours stood at the peak level of 99.4% over the year, a clear improvement on last year's excellent level of 98.9%. This was all due to the transfer of Samlink's production services from TT Tieto's service centre in Otaniemi to the Haaga centre, which employs the latest technology. The planning and implementation of the transfer was coordinated by Samlink and was a resounding success.

PERSONNEL AND ADMINISTRATION

The company invested in developing and updating the professional know-how of personnel in accordance with the newly adopted development strategy. Training concentrated on development tools for the workstation system, general tool softwares, improving language skills and on supporting independent study. Team work skills were also improved.

Personnel turnover stood at 5.9%. Outside recruiting for new employees was initiated on a large scale for the first time in the company's history. The first teleworker was hired during the year.

There is one personnel representative on the company's management group.

THE BOARD OF DIRECTORS' REPORT

THE COMPANY'S FIELD OF OPERATION AND SHAREHOLDERS

Samlink Ltd's primary purpose is to serve companies and corporations operating in the banking and financial sectors. The company offers marketing, development, information technology, payment transaction, securities, book-entry securities and other services to support banking and financial operations in particular and their customer service. It is also engaged in the sale and hiring of related hardware and other merchandise.

Samlink does not have any subsidiaries or affiliated companies. During the year Yrittyspankki Skop Oy relinquished its shares and VTKK-Yhtymä Oy merged with TT Tieto Oy. The company's largest shareholders were:

	Number of shares and votes	
	31.12.1996	31.12.1995
TT Tieto Oy (1995, VTKK-Yhtymä Oy)	39 563	37 500
Aktia Säästöpankki Oy	27 615	38 500
Etelä-Karjalan Säästöpankki	11 810	9 500
Säästöpankki Optia	7 730	5 800
Länsi-Uudenmaan Säästöpankki	7 212	5 700
Someron Säästöpankki	3 756	2 600
Liedon Säästöpankki	3 296	2 100
Närpiön Säästöpankki	3 058	2 200
Ekenäs Sparbank	2 124	1 500
Parkanon Säästöpankki	2 085	1 600
10 largest together	108 249	107 000
Other owners, 31 (32)	29 251	30 500
Total shares	137 500	137 500

BUSINESS OPERATIONS

The company adopted a new strategy, and decided to revise its operating organisation and start a project to

develop its methods in line with the strategy.

The level of use of the basic banking system services and machine-language customer links increased considerably. This allowed the company to reduce the prices of its volume services.

The already superb availability of ADP services clearly improved when the company began using mainframes and disk hardware representing state-of-the-art technology. User satisfaction was measured by means of a weekly service barometer, and the results continued to be impressive. Consultancy and other expert services and the securities services also displayed positive trends.

The company implemented the system changes required for the transfer of the savings banks' central bank operation. The most important of the new products was the Virlink system designed for statutory reporting, which attracted keen interest in the banking and insurance sector.

Turnover declined owing to systematic price reductions and a fall in the volumes of assets management company customers. The company's result exceeded targets as a result of a growth in the use of services and restrained cost trends. The financing situation also eased and the solvency ratio rose.

ANNUAL GENERAL MEETINGS

The annual general meeting of shareholders was held on 19th March 1996.

TURNOVER

The company's turnover was divided by sector as follows (FIM millions):

	1996	1995
System services	90.4	106.1
Other services	9.9	7.7
Consultancy and training	9.9	11.4
Equipment hire services	20.5	23.2
Sales of goods	11.6	10.6
Direct securities trading	12.8	19.3
Mailing charges	8.3	7.7
Other revenue	17.5	18.5
Total	180.9	204.5

BUSINESS RESULT AND BALANCE

Profit before appropriations and taxes amounted to FIM 15.4 million, or 8.5% of sales.

The operating margin was FIM 29.3 million and 16.2%.

The balance sheet total came to FIM 120.2 million.

The equity ratio equalled 51.5% and the return on investment (ROI) 18.6%.

PERSONNEL RESOURCES

The company's personnel averaged 208 employees.

The average age of staff members was 42.9, those with a college or academic education accounted for 77% and employees had an average of 14.8 years of experience in the sector.

At the beginning of the year, the company invested considerably in language instruction and in tool training relating to the workstation project.

SALARIES AND WAGES PAID

The members of Samlink Ltd's Board of Directors and the Managing Director were paid salaries and remunerations in the amount FIM 740,261. Management received perquisites (fringe benefits) totalling FIM 49,560. The rest of the personnel received FIM 48,261,206 in salaries and remunerations and FIM 220,121 in perquisites.

CAPITAL SPENDING AND SALE OF FIXED ASSETS

The company's gross capital outlays totalled FIM 10.4 million, of which equipment rented to customer banks accounted for FIM 4.8 million, software for FIM 0.8 million and other fixed assets FIM 4.8 million. The gross sales of fixed assets totalled FIM 0.1 million.

RESEARCH AND PRODUCT DEVELOPMENT

The company started up a new bank workstation development project. After trial phases implemented during the year, it was decided to implement the

system in a Windows/NT environment. The office system is due to be introduced in 1998.

In the securities field, the company established the Samstock assets management product family and set about marketing it. The new telebanking system was developed and introduced for customer use.

The project for combining the markka and foreign currency credit systems proceeded according to plan. The technical rationalisation of the systems was carried through without any changes apparent to users.

The Virlink statutory reporting system, based on the Data Warehouse Concept, was developed and introduced on a trial basis.

Development was charged entirely to expenditure.

DEPRECIATION

Allowance for depreciation was made according to plan, based on the expected useful life of the fixed assets.

The final accounting figures were adjusted by the difference between depreciation according to plan and the depreciation allowed by the Finnish Business Tax Act.

PENSION LIABILITIES

The company's statutory pensions are administered through the Vakuutusyhtiö Verdandi Oy insurance company. The company does not have any uncovered pension liability.

PROSPECTS FOR 1997

The volumes of basic banking system services provided by the company are expected to increase markedly and the result prospects for the year are good. Development resources will be devoted in particular to resolving the year 2000 problem, managing the introduction of the EU's joint currency and to building a new office system.

STATEMENT OF PROFIT AND LOSS

	1.1.-31.12.1996	1.1.-31.12.1995
	FIM	FIM
TURNOVER	180 939 242.96	204 551 109.60
OTHER BUSINESS REVENUE	41 460.00	965 611.82
EXPENDITURE		
Materials, equipment and goods		
Purchases in accounting period	19 697 461.26	27 676 178.14
Change in inventories	703 904.48	-1 030 791.03
Outside services	1 950 717.75	1 392 438.80
Personnel costs	66 605 240.07	65 498 432.73
Rents	8 877 057.99	14 627 449.15
Other expenses	<u>53 830 538.43</u>	<u>57 476 435.49</u>
TOTAL EXPENDITURE	151 664 919.98	165 640 143.28
OPERATING MARGIN	29 315 782.98	39 876 578.14
Depreciation on fixed assets and other long-term expenses	14 710 745.52	14 013 082.24
BUSINESS PROFIT	14 605 037.46	25 863 495.90
FINANCIAL INCOME AND EXPENSES		
Interest income from short- term investments	3 297 654.78	3 099 110.74
Interest expenses	-2 458 247.85	-3 071 674.06
Other financial expenses	<u>0.00</u>	<u>0.00</u>
TOTAL FINANCIAL INCOME AND EXPENSES	839 406.93	27 436.68
PROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES	15 444 444.39	25 890 932.58
INCIDENTAL INCOME AND EXPENSES		
Incidental income	0.00	0.00
Incidental expenses	<u>0.00</u>	<u>0.00</u>
TOTAL INCIDENTAL INCOME AND EXPENSES	0.00	0.00
PROFIT BEFORE ALLOCATIONS AND TAXES	15 444 444.39	25 890 932.58
Change in depreciation differential	754 318.89	2 693 277.18
Change in non-restricted reserves	0.00	0.00
Direct taxes		
For the accounting period	-4 540 564.23	-7 140 287.35
For the previous period	<u>-7 552.32</u>	<u>1.00</u>
ACCOUNTING PERIOD PROFIT	<u>11 650 646.73</u>	<u>21 443 923.41</u>

BALANCE SHEET

	31.12.1996	31.12.1995
	FIM	FIM
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets		
Intangible rights	977 464.83	460 035.82
Business value	5 250 000.00	10 500 000.00
Other multi-period expenses	<u>0.00</u>	<u>0.00</u>
	6 227 464.83	10 960 035.82
Tangible assets		
Machinery and equipment	<u>19 426 779.34</u>	<u>19 028 968.92</u>
	19 426 779.34	19 028 968.92
Fixed asset securities and other long-term investments		
Stocks and shares	<u>457 488.00</u>	<u>457 488.00</u>
	457 488.00	457 488.00
QUICK AND CURRENT ASSETS		
Current assets		
Goods	1 538 975.26	1 625 100.00
Other current assets	<u>575 388.15</u>	<u>1 193 167.89</u>
	2 114 363.41	2 818 267.89
Receivables		
Sales receivables	14 147 558.40	16 455 912.47
Prepaid expenses and accrued revenue	3 643 778.46	3 195 593.64
Other receivables	<u>38 178 096.70</u>	<u>1 301 495.88</u>
	55 969 433.56	20 953 001.99
Current asset securities		
Other securities	18 334 614.08	43 829 380.65
Cash and cash equivalents	<u>17 695 939.01</u>	<u>29 664 362.26</u>
TOTAL ASSETS	<u><u>120 226 082.23</u></u>	<u><u>127 711 505.53</u></u>

	31.12.1996	31.12.1995
	FIM	FIM
LIABILITIES		
SHAREHOLDERS' EQUITY		
Restricted equity		
Share capital	13 750 000.00	13 750 000.00
Reserve fund	18 250 000.00	18 250 000.00
	<u>32 000 000.00</u>	<u>32 000 000.00</u>
Non-restricted equity		
Retained earnings	18 203 919.87	59 996.46
Accounting period profit	11 650 646.73	21 443 923.41
	<u>29 854 566.60</u>	<u>21 503 919.87</u>
APPROPRIATIONS		
Accumulated depreciation differential	0.00	754 318.89
BORROWED CAPITAL		
Long-term liabilities		
Loans from financial institutions	36 120 000.00	40 000 000.00
	<u>36 120 000.00</u>	<u>40 000 000.00</u>
Short-term liabilities		
Advances received	0.00	0.00
Accounts payable	3 812 098.24	6 973 445.23
Accrued expenses and prepaid revenue	18 439 417.39	26 479 821.54
Other short-term debt	0.00	0.00
	<u>22 251 515.63</u>	<u>33 453 266.77</u>
TOTAL LIABILITIES	<u><u>120 226 082.23</u></u>	<u><u>127 711 505.53</u></u>

FINANCIAL STATEMENT

	1996 FIM	1995 FIM
SOURCES OF FUNDS		
Internally generated funds		
Net result	11 650 646.73	21 443 923.41
Depreciation	14 710 745.52	14 013 082.24
Change in reserves	-754 318.89	-2 693 277.18
Capital loss/profit on fixed asset sales	-41 460.00	1 971 861.91
Total income financing	<u>25 565 613.36</u>	<u>34 735 590.38</u>
Change in long-term current assets	0.00	0.00
Sale of fixed assets	87 448.52	4 197 091.00
Increase in long-term liabilities	0.00	0.00
Share issue	0.00	0.00
	<u><u>25 653 061.88</u></u>	<u><u>38 932 681.38</u></u>
APPLICATION OF FUNDS		
Investments/capital spending	10 421 973.47	8 999 314.09
Long-term debts	3 880 000.00	0.00
Distribution of dividend	3 300 000.00	0.00
	<u>17 601 973.47</u>	<u>8 999 314.09</u>
Change in net working capital	<u>8 051 088.41</u>	<u>29 933 367.29</u>
	<u><u>25 653 061.88</u></u>	<u><u>38 932 681.38</u></u>
CHANGE IN NET WORKING CAPITAL		
Cash and bank deposits	-11 968 423.25	-15 734 553.98
Short-term current assets	35 016 431.57	3 151 097.75
Current assets	-703 904.48	1 030 791.03
Current asset securities	-25 494 766.57	43 829 380.65
Short-term borrowed capital	11 201 751.14	-2 343 348.16
	<u>8 051 088.41</u>	<u>29 933 367.29</u>
Net working capital as per 1st Jan	<u>63 811 746.02</u>	<u>33 878 378.73</u>
Net working capital as per 31st Dec	<u><u>71 862 834.43</u></u>	<u><u>63 811 746.02</u></u>

NOTES TO BALANCE SHEET, 31ST DECEMBER 1996

	1996 FIM	1995 FIM
PERSONNEL COSTS AND PERQUISITES		
Salaries, pension and other compulsory and optional social costs and the taxation value of perquisites		
Salaries and wages	48 992 912.27	48 317 855.01
Perquisites	269 621.16	270 457.14
Pension costs	8 361 589.48	8 167 576.03
Other personnel costs	<u>9 250 738.32</u>	<u>9 013 001.69</u>
Total	66 874 861.23	65 768 889.87
DEPRECIATION ACCORDING TO PLAN		
Other long-term expenditure	5 582 551.38	5 452 710.33
Machinery and equipment	<u>9 128 194.14</u>	<u>8 560 371.91</u>
Total	14 710 745.52	14 013 082.24
Depreciation differential: Machinery and equipment	-754 318.89	-2 693 277.18
DEPRECIATION PERIODS ACCORDING TO PLAN		
Business value		4 years
Microcomputers (used)		24 months
-new acquisitions		36 months
Mainframes (used)		24 months
Minicomputers (used)		24 months
-new acquisitions		36 months
Central printers (used)		24 months
- new acquisitions		36 months
Vehicles (used)		24 months
- new acquisitions		48 months
Office machinery		36 months
Other machinery and equipment		36 months
Hired equipment:		
Terminals, 3 and 5 items		36 months
Automatic cash terminals		48 months
-new acquisitions		60 months
Automatic payment terminals		60 months
Other hired equipment		36 months
New terminal hardware/test hardware		36 months
Intangible rights/software		4 years
-new acquisitions		48 months

	1996 FIM	1995 FIM
SHAREHOLDERS' EQUITY		
Share capital		
1st Jan	13 750 000.00	13 750 000.00
31st Dec	13 750 000.00	13 750 000.00
Reserve fund		
1st Jan	18 250 000.00	18 250 000.00
31st Dec	18 250 000.00	18 250 000.00
Non-restricted equity		
1st Jan	21 503 919.87	59 996.46
Distributed dividend	-3 300 000.00	0.00
Accounting period result	<u>11 650 646.73</u>	<u>21 443 923.41</u>
31st Dec	29 854 566.60	21 503 919.87
Total shareholders' equity	61 854 566.60	53 503 919.87
Non-restricted equity (distributable as dividends)	29 854 566.60	21 503 919.87
CONTINGENT LIABILITIES		
Pledges and contingent liabilities		
Pledges on own liabilities		
Investment deposit	1 174 800.00	1 174 800.00
Other contingent liabilities		
Leasing liabilities	<u>284 989.60</u>	<u>547 806.00</u>
Total	1 459 789.60	1 722 606.00

	1996	1995
	FIM	FIM
FIXED ASSETS AND OTHER MULTI-PERIOD EXPENSES		
Intangible and tangible assets		
Intangible assets		
Acquisition costs as per 1st Jan	21 813 289.90	21 602 175.00
Increases	849 980.39	211 114.90
Deductions	<u>0.00</u>	<u>0.00</u>
Acquisition costs as per 31st Dec	22 663 270.29	21 813 289.90
Accumulated depreciation	<u>-16 435 805.46</u>	<u>-10 853 254.08</u>
Book value as per 31st Dec	6 227 464.83	10 960 035.82
Depreciation differential 31st Dec	0.00	0.00
Tangible assets		
Acquisition costs as per 1st Jan	29 000 462.43	28 487 999.67
Increases	9 571 993.08	8 788 199.19
Deductions	<u>-116 788.52</u>	<u>-8 275 736.43</u>
Acquisition costs as per 31st Dec	38 455 666.99	29 000 462.43
Accumulated depreciation	-19 099 687.65	-12 078 277.03
Accumulated depreciation on deductions	<u>70 800.00</u>	<u>2 106 783.52</u>
Book value as per 31st Dec	19 426 779.34	19 028 968.92
Depreciation differential 31st Dec	0.00	754 318.89
STOCKS AND SHARES		
Helsinki Telephone Company		
Number of shares as per 1st Jan	150	150
Number of shares as per 31st Dec	150	150
Bookkeeping value as per 31st Dec	457 488.00	457 488.00
Nominal value	705 000.00	705 000.00
Taxation value	450 000.00	450 000.00

THE RESULT FOR THE ACCOUNTING PERIOD AND ITS ALLOCATION

The profit for the accounting period amounts to FIM 11,650,646.73.

The non-restricted equity was FIM 29,854,566.60.

The Board of Directors proposes to the Annual General Meeting of Shareholders that

- FIM 5,500,000.00 be divided among the shareholders at FIM 40 per share

- FIM 24,354,566.60 of earnings be retained

Espoo, 10th February 1997

BOARD OF DIRECTORS

Markku Ruutu
Chairman

Erik Bärnas

Timo Hanttu

Johan Horelli

Veli Pohjolainen

Pentti Suvanto

Juhani Virtanen

Tapio Saarelainen
Managing Director

The final accounts have been drawn up in accordance with good accounting practice.

The auditors' report on the audit was issued today.

Espoo, 27th February 1997

SVH Coopers & Lybrand Oy
Association of Certified Accountants

Joe Sundholm
Chartered accountant

Juha Tuomala
Chartered accountant

TO THE SHAREHOLDERS OF OY SAMLINK AB

We have audited the accounting records, final accounts and management of Oy Samlink Ab during the accounting period between January 1, 1996 - December 31, 1996. The financial statements drafted by the Board of Directors and the Managing Director consist of the Board of Director's report on business activities, statement of profit and loss, balance sheet and explanatory notes to the above statements. Based on the results of our audit, we now issue a statement concerning the closing of the accounts and corporate management.

The audit was carried out in accordance with generally accepted auditing principles. The accounting records and the principles applied in closing the accounts as well as their contents and presentation were reviewed to an extent necessary for determining that they do not contain errors or omissions. In investigating corporate management, the legality and compliance with the provisions of the Finnish Companies Act the business practices employed by the Members of the Board and the Managing Director were ascertained.

It is the opinion of the undersigned that the company's accounts were closed in accordance with the provisions of the Finnish Bookkeeping Act and the other rules and regulations relating to accountancy. The final accounts present an accurate and adequate picture of the company's operational results and its financial standing. We can confirm these financial statements and also ratify the acts of the Board Members and the Managing Director during the accounting period in question. The Board of Directors' proposal as to income allocation complies with the provisions of the Finnish Companies Act.

Espoo, 27th February 1997

SVH Coopers & Lybrand Oy
Association of Certified Accountants

Joe Sundholm
Chartered accountant

Juha Tuomala
Chartered accountant

BOARD OF DIRECTORS 19.3.1996 (CONTINUING)

Regular members

Markku Ruutu, Espoo, Chairman of the Board
Johan Horelli, Helsinki, Deputy Chairman of the Board
Pentti Suvanto, Huittinen
Erik Bärnas, Närpiö
Timo Hanttu, Lappeenranta
Martti Lipponen, Espoo (resigned 1.11.1996)
Ahti Planman, Espoo (resigned 16.12.1996)
Veli Pohjolainen, Espoo
Juhani Virtanen, Hyvinkää

Deputy members

Jan Björklund, Vöyri
Eugen Friman, Nauvo
Pekka Heikkilä, Järvenpää
Eino Linnakangas, Lohja municipality
Matti Lehti, Helsinki
Jouko Lonka, Helsinki
Ilpo Niitti, Espoo (resigned 1.11.1996)
Mikael Westerlund, Helsinki
Henrik Wikström, Helsinki

STATISTICS

BOARD OF DIRECTORS 1ST JANUARY - 18TH MARCH 1996

Regular members

Johan Horelli, Helsinki, Chairman of the Board
Pentti Suvanto, Huittinen, Deputy Chairman of the Board
Erik Bärnas, Närpiö
Timo Hanttu, Lappeenranta
Juhani Luukkonen, Kirkkonummi
Ilpo Niitti, Espoo
Ahti Planman, Espoo
Juhani Virtanen, Hyvinkää

Deputy members

Jan Björklund, Vöyri
Eugen Friman, Nauvo
Pentti Heikkinen, Espoo
Eino Linnakangas, Lohja municipality
Markku Ruutu, Espoo
Arto Sahla, Helsinki
Mikael Westerlund, Helsinki
Henrik Wikström, Helsinki

AUDITORS

Joe Sundholm, M.Sc. (Econ.), Chartered accountant
SVH Coopers & Lybrand Oy

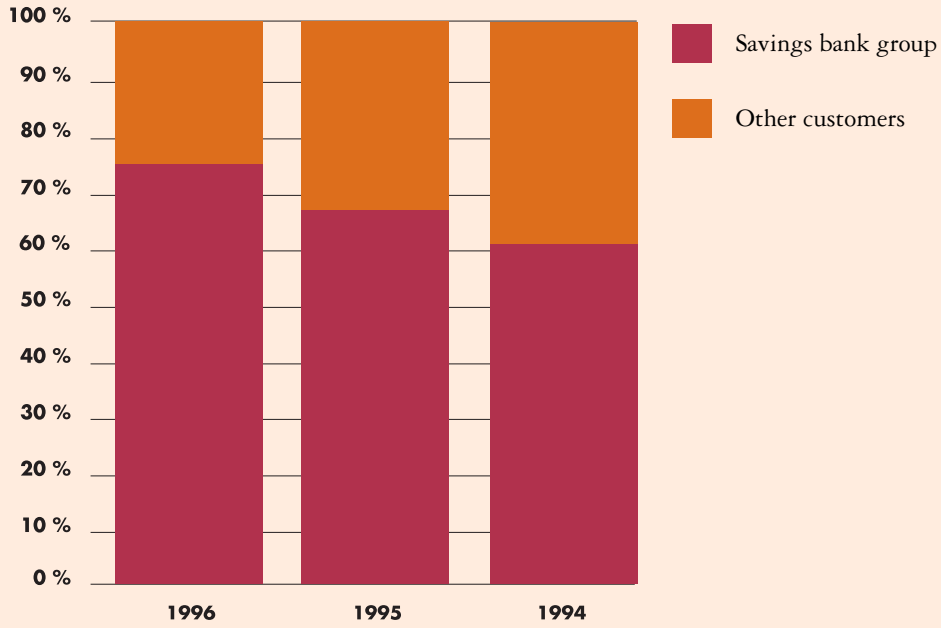
Substitute auditor

Pentti Kuusinen, B.Sc. (Econ.), Chartered accountant

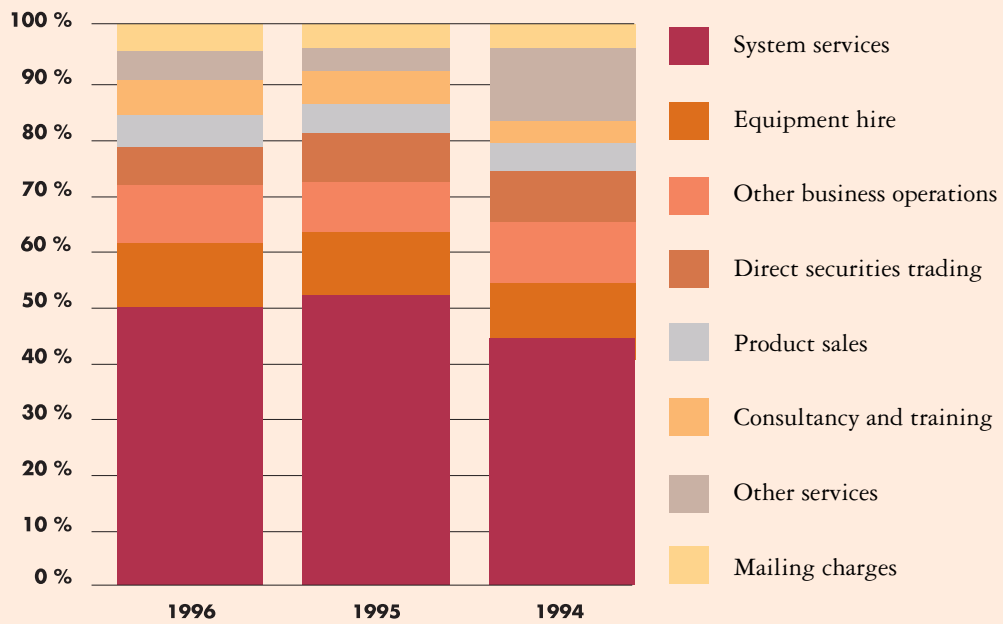
MANAGING DIRECTOR

Until 11th October 1996, Pertti Kyttälä, M.Sc. (Econ.)
As of 11th October 1996, Tapio Saarelainen, B.Sc. (Econ.)

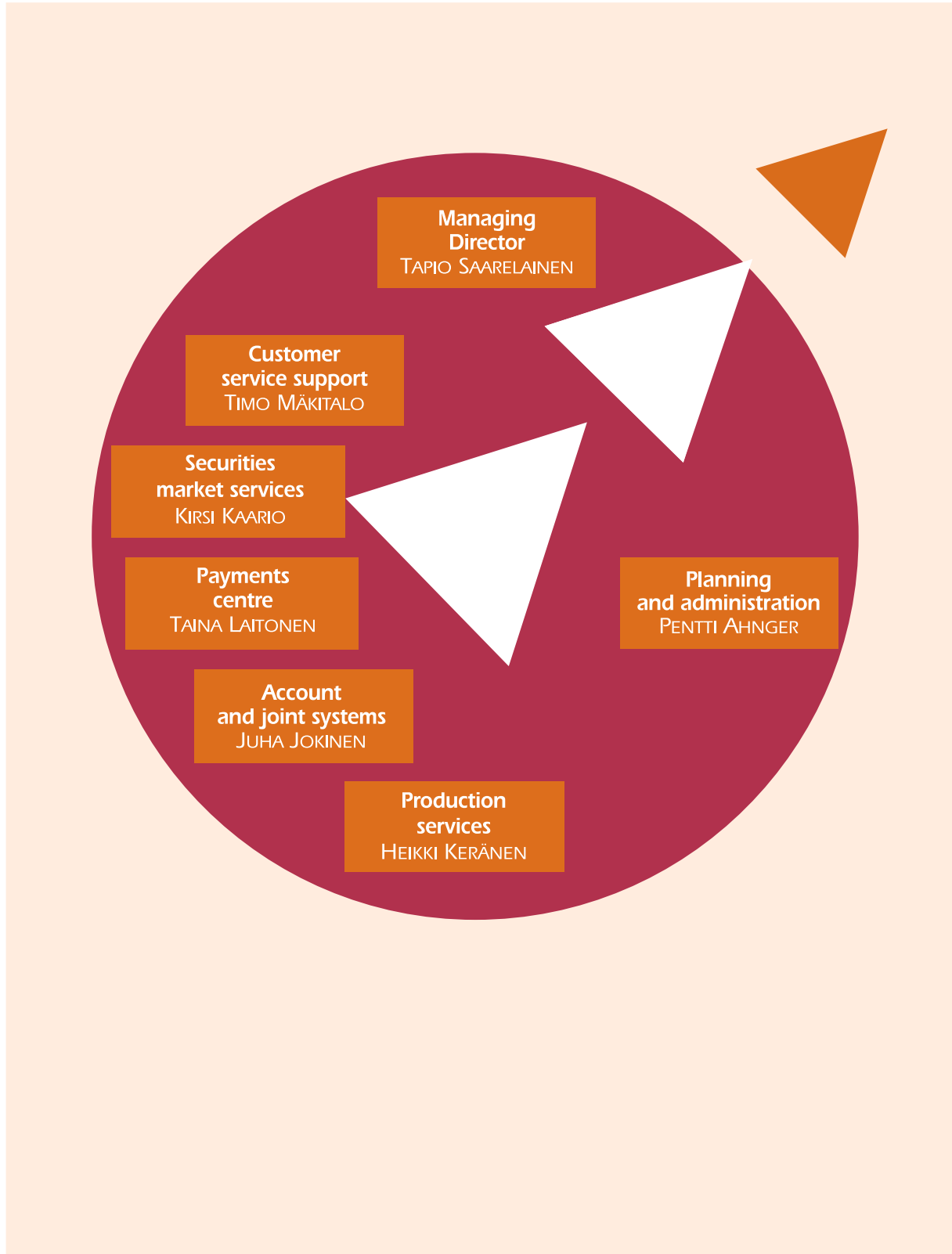
TURNOVER BY CUSTOMER CATEGORY %



TURNOVER BY SERVICE CATEGORY %



ORGANISATION





Samlink

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