

1999

Annual Report



 **SysOpen**
Creates Solutions

1999

Shareholder information



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Annual General Meeting

The Annual General Meeting of SysOpen Plc will be held on Thursday 30 March 2000 starting at 5 p.m. at the SysOpen premises in Helsinki at Pasilankatu 4 B. Meeting room doors will be opened and distribution of ballots will begin at 4.30 p.m.

Shareholders registered by 25 March 2000 in the company shareholder register maintained by the Finnish Central Securities Depository Ltd are entitled to attend the meeting.

Shareholders who wish to attend the Annual General Meeting must register with the company in advance by 4 p.m. on 27 March 2000. Notice of registration must arrive before the deadline. Please submit any proxies in conjunction with registration. Please register with:

SysOpen Plc, Tiina Purho
Pasilankatu 4 B, FIN-00240 Helsinki, Finland
Tel. +358 424 2020 668
Fax +358 424 2020 700
invest@sysopen.fi

Payment of dividends

SysOpen's Board of Directors will propose to the Annual General Meeting that a dividend of FIM 0.65 per share be paid for the financial year 1999. Should the Board's proposal be approved, the dividend will be paid to shareholders registered on the balancing day, 4 April 2000, in the shareholder register maintained by the Finnish Central Securities Depository. Dividend payment date is 11 April, 2000.

Financial information to be published in 2000

Interim reports will be published as follows:

Report for the January–March period on 23 May 2000

Report for the January–June period on 17 August 2000

Report for the January–September period on 14 November 2000

The Annual Report, interim reports and stock exchange bulletins can be viewed on our website at <http://www.sysopen.fi>.

Contact information for investors

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Change of address

We kindly ask shareholders to notify any change of address to each shareholder's respective book-entry securities register.

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SysOpen in brief

Integration

A key IT service which involves putting together several individual information systems. The result of integration is a functional aggregate system.

Object-oriented technology

Object-oriented technology is a method of creating information systems by using objects as the basic elements of applications. Objects link the information and the relevant processing rules together to form an undivided whole. Applications are composed of objects that transmit messages to each other. Object-oriented technology is particularly well suited to systems that must be able to accommodate to rapid changes in the nature of business activities.

Component technology

The purpose of component technology is to produce parts of an application; components that can be re-used and combined to make other applications. Components are often produced using object technology.

CRM

CRM is an acronym for Customer Relationship Management. CRM means managing customer relationships by employing information technology, for example by recording data associated with the customer's behaviour and benefitting systematically from such data to create customer-specific services.

EDOM

EDOM is short for Enterprise Document and Output Management. EDOM offers IT solutions for the management of document handling and document output in and between large organisations.

SysOpen is the IT expert for e-business

SysOpen is one of the leading IT service providers in Finland. SysOpen focuses primarily on the design, integration and maintenance of mission-critical information systems, particularly in those dealing with e-business.

The company's services include customer solutions, consulting services and packaged software solutions.

SysOpen's customers are predominantly large organisations especially telecommunications and logistics sectors. Other important customer sectors include finance, services and industry.

Three types of service

Customer Solutions

Customer Solutions incorporate IS projects customised to meet the needs of each customer. The overall project responsibility may rest with either SysOpen or the customer. Projects typically involve programming and integration assignments in which SysOpen focuses on the technical implementation and software development. These solutions are often based on object-oriented and component technologies. Customer Solutions is SysOpen's largest business sector.

In the Customer Solutions business, SysOpen aims to be one of the four leading companies in Finland providing customised system solutions and integrating them with network environments (Internet, intranet and extranet) and mobile technology (WAP).

Consulting Services

SysOpen have a large team of consultants and technicians with many years of experience in developing information technology and its effective use by client companies. SysOpen's consultants specialise in logistics, object and component technologies, Customer Relationship Management (CRM), Enterprise Document and Output Management (EDOM) and risk management. Consulting services typically precede the actual information systems delivery projects. Assignments often include needs analysis, preliminary studies, architecture and technology selection, and risk analyses.

SysOpen intends to become one of the leading independent providers of IT and risk management consultancy in Finland.

Software Solutions

SysOpen has two areas of special expertise in the packaged software sector. We resell several internationally recognised software products designed for Customer Relationship Management (CRM) and Enterprise Document Output Management (EDOM). When required, packaged software can include installation, integration into other systems, training and support.

In the Packaged Software Solutions sector, SysOpen aims to be one of Finland's three leading solution providers in the selected fields.

Strategic priorities

Growth

SysOpen's objective is to achieve powerful growth while securing profitability. Growth is being pursued both organically and through business acquisitions. Any acquisitions will be consistent with SysOpen's strategy of expanding the company core competencies, opening new markets, recruiting highly skilled personnel and management, and improving profitability. Key profitability metrics include operating profits and earnings per share.

Global growth

SysOpen plans to expand its international operations considerably. This expansion will be achieved primarily through business acquisitions. SysOpen will develop its foreign subsidiaries in line with the business concept adopted in Finland whilst at the same time taking account of local legislative and cultural differences, and by leveraging the technologies and components developed in Finland.

Personnel

One of SysOpen's key assets is its skilled and motivated work force. Each individual's market value is increased through training and education, which is available at OpenCollege, SysOpen's own training facility. Furthermore, the company invests heavily in increasing employee satisfaction and in developing personnel incentive schemes.

Technology

Object-oriented and component technologies are SysOpen's special strengths. Technology competence is continuously strengthened with in-house research and development, close observation of the technological developments, continuous training, partnerships and through suitable acquisitions.

Quality system and methodologies

To continually improve its delivery processes, SysOpen focuses on developing its quality system. The company intends to expand the system by investing more on the further development of programming methodologies and software engineering processes.

Marketing and customer service

SysOpen pursues improved customer satisfaction through on-going development of its marketing and service organisation. These efforts are aimed particularly at making the SysOpen name a leading IT service brand.

Key figures

		Pro-forma*)		1998	1997
		1999	1999		
Turnover	MFIM	91.0	64.4	47.1	35.7
	MEUR	15.3	10.8	7.9	6.0
Change in turnover	%	93	37	32	10
Operating profit before depreciation of goodwill (EBITA)	MFIM	13.5	10.5	15.5	9.7
	MEUR	2.3	1.8	2.6	1.6
% of turnover	%	15	16	33	27
Operating profit (EBIT)	MFIM	12.8	9.8	15.4	9.6
	MEUR	2.2	1.6	2.6	1.6
% of turnover	%	15	15	33	27
Profit after financial items	MFIM	15.8	12.6	16.4	9.7
	MEUR	2.7	2.1	2.8	1.6
Earnings per share	FIM	-	1.05	1.38	0.82
	EUR	-	0.18	0.23	0.14
Shareholders' equity per share	FIM	-	7.25	3.26	2.2
	EUR	-	1.22	0.55	0.37
Equity ratio	%	-	77	78	74
Return on investment	%	-	28	70	59
Return on equity	%	-	20	50	40
Gearing ratio	%	-	-70	-87	-77
Personnel on average	No. of personnel	-	117	77	69

*) including 1999 acquisitions

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Significant Events in 1999

February

SysOpen Development Oy, a new subsidiary, was established in Kuopio, Finland.

May

SysOpen founded a new subsidiary in Dartford, UK. The company was named SysOpen Limited.

SysOpen acquired full ownership of its Swedish subsidiary, currently SysOpen Sweden AB.

June

By a decision made at an extraordinary company meeting, SysOpen became a public limited company.

July

The SysOpen company meeting decided to organise a private placing to the shareholders of the current SysOpen Object Team Oy and acquired an 80-percent interest in the company. At the same time, SysOpen purchased the entire share capital of SysOpen Invest Oy from company personnel, thereby acquiring full ownership of the other Finnish subsidiaries. SysOpen Invest Oy was merged with the parent company on 31 December 1999.

August

SysOpen purchased the entire share capital of the Espoo-based Commit; Material Automation Oy, a company specialising in IT solutions and Customer Relationship Management systems for trade, logistics and industry. This new subsidiary was named SysOpen Optimus Oy.

September

SysOpen was listed on the NM list of Helsinki Exchanges. The initial public offering consisted of a share issue and disposal of shares. The IPO was oversubscribed 20 times. Company shares were quoted on the Prelist on 27 September and on the NM list on 29 September 1999.

October

The Board of Directors decided on the criteria regarding the distribution of options to the Group's regular personnel in Finland. The first opportunity to use the options to subscribe SysOpen shares will be in May 2001.

November

SysOpen acquired a 25.3-percent interest in the Kuopio-based but internationally operating Oy Ideos Ltd. Ideos develops and markets advanced identification and data collection systems based on Radio Frequency Identification (RFID) technology.

SysOpen signed an agreement to rent premises in a 16-floor office tower to be constructed in Pitäjänmäki in Helsinki. This impressive 70-metre-high building will be completed in March 2001 and will be called the SysOpen Tower.

December

SysOpen acquired the entire share capital of the Espoo-based Dycom Oy. Dycom Oy specialises in creating demanding customised information systems particularly for clients in the telecomms industry. Dycom boasts special technological expertise in computer telephony integration (CTI).

In conjunction with this deal, SysOpen gained a 49-percent interest in CallCom Oy. CallCom aims to enter the international market with its range of telephone service systems such as information service and accessibility systems designed for switchboards.

In order to secure its service capacity in the powerfully expanding telecomms sector, SysOpen acquired a 33.4-percent holding of Midecraft Oy, an Espoo-based company supplying personnel resources to telecomms companies.

SysOpen purchased the entire share capital of the Helsinki-based EP-Logistics Oy. The key services EP-Logistics offers include logistics design and consultancy. This deal enables SysOpen to provide more comprehensive services for the development of logistics systems in the future.

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Business Environment

The new role of IT

In recent years, the role of information technology has changed dramatically in different areas of society. The most significant changes have taken place in the corporate sector, on the consumer market and in data communications.

The traditional role of information systems in the corporate sector has been to serve as a tool for improving the efficiency of operations and for automating mechanical work stages. However, with new technologies and reduced costs, we have seen this role redefined. Today, IT is used primarily to generate new business opportunities. Increased communication between businesses in particular has created a need to develop new kinds of products and services.

SysOpen has responded to the changed role of IT by investing heavily in the development of systems that support business operations. Our expertise in this sector has helped strengthen our position in the IT service market.

Web-based customer relationship management

Instead of playing their previous, rather passive role, consumers have become active users of information systems, which provide new opportunities for the use of information technology. Information channels created this way can be used to acquire new customers, to direct services and products more precisely, to offer a more diverse range of services and to activate the clientele.

Customer relationship management is an essential requirement for success in the e-business consumer markets. Solutions based on component technology play a key role in the construction of flexible systems. These solutions allow products and services to be launched onto the market much faster. SysOpen has leading-edge knowledge of component technology and customer relationship management, which is why a large part of our consultancy assignments concentrate on these sectors.

The telecomms sector in a turmoil

In the telecomms business, the most significant foreseeable changes include an expansion and diversification of services offered and tighter competition. The roles of traditional tele-operators and service providers are changing.

A group of new challengers, who are able to exploit the opportunities provided by technological advances much faster have entered the scene. The telecomms industry has always been a major client sector for SysOpen, and in 1999 we focused even more sharply on developing our data communications competence through measures such as business acquisitions.

Accelerating pace of progress

Owing to the changes described above, a successful IT service enterprise has to be able to offer a range of services besides the traditional ones, such as business-driven architectural consultation and independent evaluation of various IT solutions. The perspective has become global, and a large number of SysOpen's customers also require that we take international markets into account from the very beginning.

The IT service market is entering an era where the commodity is not system work or technologies, but solutions that support business activities. The competitive environment has changed most dramatically in terms of the time frame: companies providing IT services to Internet-focused businesses have to act fast, taking the customer's business idea to the Internet market should not take longer than six months, preferably about 2 to 3 months.

Key factors contributing to the market change include improved availability of off-the-shelf software solutions, advances in component technologies and the globalisation of business. From the IT service providers, this change requires an ability to foresee future trends and be constantly on the forefront of technological developments. In addition, the skills and knowledge of company personnel must be kept up-to-date with changes in the business environment. Thanks to SysOpen's ability to react quickly, we can secure a good position in our rapidly developing business environment.

The IT service market is entering an era where the commodity is not system work or technologies, but solutions that support business activities.

SysOpen – cost efficient growth in a changing environment

The past year saw the strategic importance of information technology for companies' business operations become more pronounced. Business-supporting systems within and between companies were more tightly integrated. Companies considered the integration of electronic services, wireless solutions and operative system more crucial than before. All of these factors enhanced the IT-dependency of business.

Small IT companies in particular experienced powerful growth. This trend will be of major significance for the Finnish IT sector and its further development. The growth of the industry in Finland and Finnish IT expertise, especially in mobile solutions, is highly acclaimed in other countries, too.

SysOpen was actively involved in this development and became one of the largest Finnish providers of solutions for e-services. Special emphasis was placed on the integration of these solutions and consultation services.

Change of strategy promotes powerful growth

For SysOpen, 1999 marked the most significant year in the company history. We had explored various opportunities of developing the company, and in the spring a year ago our strategy was finally perfected. SysOpen was listed on Helsinki Exchanges. Our decision was received very positively on the market.

The stock exchange listing was the most crucial change of strategy since the foundation of the company nearly ten years ago. Going public alone was a big step, but our new growth strategy placed major challenges on our business operations. We were able to meet those challenges successfully.

We made four acquisitions and two direct investments in affiliated companies. All acquisitions supported the key

priority areas we had selected: telecommunications, logistics and object technology. To launch global growth, we founded our own subsidiary in the Greater London area in UK. In Finland, an office was opened in Kuopio to promote our domestic geographical expansion.

In 1999, we achieved the greatest growth in our history thus far, both in terms of the number of personnel and turnover. We employed 194 people at the year-end. Personnel grew by 137 percent; growth took place organically (35%) and in conjunction with business acquisitions (102%). Consolidated book turnover amounted to more than FIM 64 million, showing an increase of 37 percent. Our combined turnover, including acquisitions, totalled FIM 91 million; an increase of 93 percent.

We continue to perform well. Regardless of extremely powerful growth, heavy investment in development and costs associated with the stock exchange listing, our consolidated operating profit before depreciation of goodwill was FIM 10.5 million, which represented 16.3 percent of turnover.

Customer solutions for e-business

Solutions designed for e-services help increase the value of our customers' business operations. Increased demand for these e-business solutions helped strengthen our operations. Our Customer Solutions business picked up particularly well and accounted for 73 percent of total turnover, including acquisitions. New technologies were introduced in a number of client companies, boosting the demand for consulting services. Consulting services together with risk management made up 22 percent of the turnover.

Deliveries of CRM software have not had a significant effect yet, therefore the relative share of Packaged software Services declined slightly and represented 5 percent of turnover.

In 1999, we achieved the greatest growth in our history thus far, both in terms of the number of personnel and turnover.

Our primary objective is to continue to grow strongly in the selected key priority areas, telecommunications and logistics, by making effective use of object technology.

As we see it, integrated IT solutions designed for e-services represent our most promising future business opportunity.

We also plan to expand our foreign operations. Our main target countries are the United Kingdom and Sweden.

Our investments in the telecomms and logistics sectors clearly produced a positive result: these sectors together accounted for 50 percent of total consolidated turnover. Representing 28 percent of turnover, SysOpen's traditionally strong area, telecommunications, was the largest single market area. In the logistics sector acquisitions enable SysOpen to offer more comprehensive services ranging from the strategic design to complete delivery of information systems.

Human resources and service development

Our ability to provide the highest levels of customer service depends on SysOpen's personnel and the level of professionalism we have achieved together. Consequently, looking after our human resources, the well-being of each individual and our market value are inherent values at SysOpen. During the year under review, we continued to invest more on developing our personnel, promoting their well-being and finding ways to reward them. One way of rewarding our personnel is the option scheme introduced in the autumn, which, along with the other investments, were received very positively by our staff and customers. Successful recruitment helped bring this message across.

Investments in service development totalled nearly 9.1 percent of turnover. Some of the key areas were the development of methods and duplicable software components based on object-oriented technology, as well as intensive training, especially training involving object-oriented technology and consistent project work guidelines.

Future focus on integrated e-services solutions

Our primary objective is to continue to grow strongly in the selected key priority areas, telecommunications and logistics, by making effective use of object technology. Profitability is an integral part of our growth strategy, and it is measured by operating profit before depreciation of goodwill which we expect to be at least 20 percent of turnover, and by continuously improved earnings per share. We want SysOpen shareholders to be satisfied with their investment.

As we see it, integrated IT solutions designed for e-services represent our most promising future business opportunity. We provide our customers with solutions that support their e-business and that will be integrated into their overall systems environment. Together with our partners, we will target our service offerings especially at our key

customers.

We also plan to expand our foreign operations. Our main target countries are the United Kingdom and Sweden. We intend to achieve global growth in co-operation with our affiliated companies, our customers and partners.

Acknowledgements

I would like to extend my warmest thanks to the entire Group personnel. It was a very busy year for us, yet everyone participated fully in our efforts to meet the objectives and did this with a good team spirit.

A special thanks to our customers and partners who helped make SysOpen success come true. I would also like to thank our new shareholders for their trust in the growth strategy devised by the company management and their reliance on our performance.

We will continue to seek new challenges, and we are determined to succeed.



Jorma Kylätie
Managing Director

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Growth Strategy

*The SysOpen Tower
SysOpen has prepared for powerful growth by signing an agreement to rent new business premises in a 16-floor office tower to be constructed in Pitäjänmäki in Helsinki. SysOpen agreed to rent the top ten floors of the tower, a total of 3,620 square metres. This impressive 70-metre-high building will be completed in March 2001 and will be called the SysOpen Tower.*

SysOpen to join the big league

Since the early 1990's, SysOpen has ranked among the leading Finnish IT service companies. Although the company is not quite big enough to qualify as one of the large companies, it stands out from the vast group of small software firms thanks to its clientele and quality system. SysOpen has grown organically at an annual rate of approximately 25 percent. Strong organic growth and several business acquisitions made 1999 a year of particularly powerful growth. SysOpen is moving full speed ahead to join the Premier league.

SysOpen pursued its new growth strategy decisively in 1999. The number of Group personnel was up by a remarkable 137 percent. This growth will help SysOpen further sharpen its skills and provide more comprehensive services to its clients. SysOpen seeks to grow by recruiting more personnel, completing business acquisitions that support its key priority areas, and acquiring minority interests that produce synergy benefits.

Future in e-business integration

SysOpen's growth expectations are perfectly justified: markets will grow dramatically as technology, particularly the use of the Internet, is progressing rapidly and the e-business is about to make a breakthrough. More and more often, SysOpen's customers want to have their operative systems integrated into web-based Internet, intranet, extranet or WAP solutions.

The design and implementation of such solutions requires highly skilled IT professionals who have experience in building mission-critical web application on top of vast databases. The key methods used cover various sectors of object and component technology that allows greater reusability and efficiency in demanding systems solutions. SysOpen is among the leading experts in this field.

Geographical expansion and global growth

Finland continues to offer considerable growth potential for SysOpen that we can capitalise on by expanding our activities outside the Helsinki region. One of the reasons for regional expansion is the shortage of skilled employees in the Helsinki region, therefore we believe that expanding into population growth centres and towns

that invest in IT training is a wise choice. SysOpen already has operations in Tampere and Kuopio.

While we intend to benefit from the potential available in Finland, we also aim to achieve significant global growth. International operations will help sustain strong growth and bring more skills and competences into the company. Leveraging the leading-edge technologies developed in Finland will facilitate SysOpen's entry in the international markets. International business activities will provide us with more distribution channels and expand the markets for reusable software components. Our objective for the coming year is to generate at least 20 percent of total turnover from international operations.

Prepared for growth risks

Powerful growth naturally entails risks. SysOpen management and the entire organisation will need to be able to make quick changes. Risks involved in growth achieved through business acquisitions include the failure to make the personnel committed and failure to successfully integrate acquired business operations and personnel. SysOpen is prepared for these risks. Based on the experiences from previous business acquisitions, we have developed our organisation and devised a special operating concept for the integration of acquired companies. To ensure personnel commitment, we have developed a successful operating model, which can be made more effective by introducing option schemes.

Profitability a key requirement

Growth per se is not an objective for SysOpen; growth must also improve profitability. In this respect, we hold an extraordinary position: in the past few years, SysOpen has been an exceptionally profitable IT company measured by its operating profit rate; hence only a few potential acquisitions can improve our profitability. It is our goal to ensure that business is profitable, whether assessed by its operating profit rate, expertise in key businesses or access to new markets.

SysOpen's growth strategy is aimed at increasing the company's shareholder value. We will make every effort to grow while increasing our earnings per share.

1999

Business Acquisitions

Business acquisitions are the foundation of our growth strategy

In 1999, SysOpen redefined its objectives and strategies. An essential element in the company's new strategy is growth that will help raise the level of expertise at SysOpen and improve its ability to serve customers. SysOpen will seek growth while maintaining its profitability in order to safeguard increases in shareholder value. The growth objectives SysOpen has placed on itself cannot be achieved through organic growth alone, therefore one of the cornerstones of the growth strategy is business acquisitions.

The "vacuum" between small and large service providers that previously existed in the IT market is rapidly filling up. SysOpen wants to be a major player in this reorganisation. With business acquisitions, the company wants to ensure sufficiently fast growth that will improve its relative market position and provide it with the opportunity to rise even higher. In terms of the global growth efforts, business acquisitions are the tool that will help reach the critical mass.

Business acquisition as a process

SysOpen has set up a special action group to carry out business acquisitions and has prepared specific business acquisition guidelines. Guidelines consist of three sections: the selection, acquisition and integration processes.

For the selection stage, SysOpen has a set of indicators that help identify potential acquisitions in Finland as well as abroad. These indicators include ownership structure, corporate culture, services, competencies, clientele, business volume and profitability. First and foremost, the business to be acquired

must support SysOpen's growth strategy, in other words it must bring in more competence in the key businesses, new markets, skilled personnel and management, and profitability.

The acquisition process is always different and depends largely on the ownership structure and corporate culture of the company to be acquired. First, financial experts help carry out a due diligence survey, after which a final price estimate is presented with the objective of securing SysOpen's increased shareholder value. Finally the final stage of the negotiations takes place. The purpose of these negotiations is to reach an agreement on a number of issues, the most important being the acquisition price. Past experience has shown that even the hardest negotiations will come to an agreement when the price is set at a level that enables a win-win situation.

After the deal has been completed, the acquired company is integrated into SysOpen in line with principles that are specific to each case. Integration is completed through a tight and compact process.

Stock exchange listing promotes growth

Stock exchange listing provided SysOpen with new opportunities for completing business acquisitions. SysOpen was able to use its shares as payment for business deals. A number of things are taken into account when determining the price of a business acquisition, one of the most important aspects being the increase in shareholder value. Consequently, positive share price development can significantly help pave the way for future business acquisitions. In line with its growth strategy, SysOpen will continue to actively seek opportunities for business acquisitions – profitably.

SysOpen has set up a special action group to carry out business acquisitions and has prepared specific business acquisition guidelines.

Acquisitions in 1999

SysOpen completed four business acquisitions in 1999, all of which strengthened the company's selected key competence areas:

Object and component technology

In July, SysOpen acquired an 80-percent interest in the company currently named SysOpen Object Team Oy. This deal brought into the Group more cutting-edge competence in object and component technologies, the Group's key priority fields.

Logistics and Customer Relationship Management (CRM)

In August, SysOpen purchased the entire share capital of the Espoo-based Commit; Material Automation Oy. This acquisition boosted the Group's competence in IS solutions for trade and logistics and for the industry, and helped secure a vital position as a CRM systems supplier. The new subsidiary was named SysOpen Optimus Oy.

Telecommunications and international operations

In December, SysOpen purchased the entire share capital of the Espoo-based Dycom Oy. The deal bolstered the Group's skills in producing demanding customer-specific information systems especially for the telecomms industry. Dycom has special technology expertise in computer telephony integration (CTI).

In connection with this acquisition, SysOpen gained an indirect 49-percent interest in CallCom Oy, a company focusing on the international software markets. CallCom specialises in a wide range of telephone service systems, such as information service systems and accessibility systems used on switchboards.

Logistics

In December, SysOpen purchased the entire share capital of the Helsinki-based EP-Logistics Oy. The main services EP-Logistics offers are logistics design and consultation. This deal enables SysOpen to offer services for the development of logistics systems that spans the entire chain from strategic planning and consultation to the delivery and maintenance of information systems.

In 1999, SysOpen made two direct investments in affiliated companies, which also supported the company strategy:

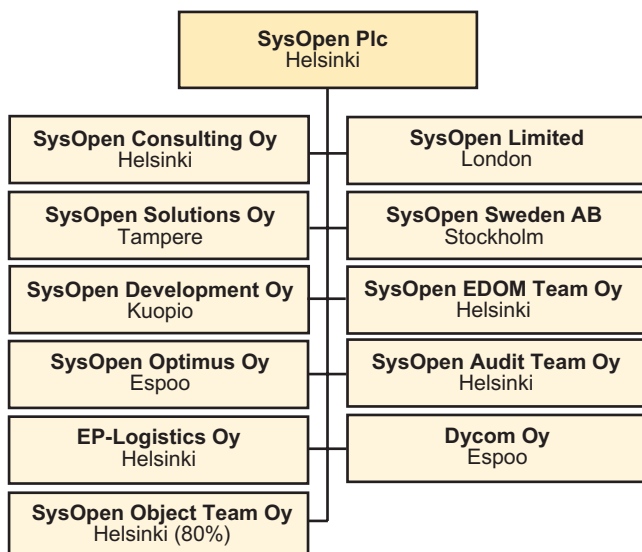
Logistics and global growth

In November, SysOpen acquired a 25.3-percent interest in the Kuopio-based but internationally operating Oy Ideos Ltd. Ideos develops and markets advanced identification and data collection systems based on radio frequency identification (RFID) technology. Strategic partnership with Ideos will improve SysOpen's service ability especially in the field of logistics.

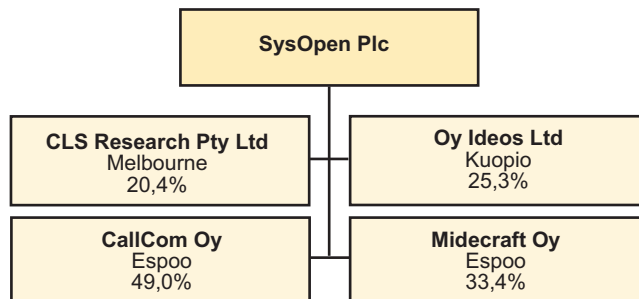
Telecommunications

In December, SysOpen acquired a 33.4-percent holding of Midecraft Oy, an Espoo-based company supplying personnel resources to telecomms companies. Strategic partnership with Midecraft will provide SysOpen with better subcontracting chains that will secure competent resources for powerfully growing systems projects in the telecomms business.

Group structure on 31 December, 1999



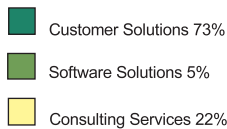
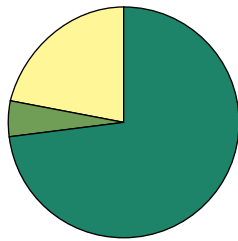
Affiliated companies on 31 December, 1999



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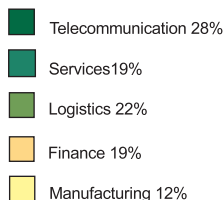
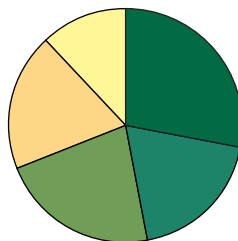
Professional Services

*Professional services,
turnover in 1999*)*



*SysOpen's business consists of three types of professional IT services that complement each other: Customer Solutions, Consulting Services and Software Solutions. Risk Management is included within Consulting Services
) including 1999 acquisition*

*Customers by sector,
turnover in 1999*)*



*SysOpen's major clients include the telecommunications and logistics sectors.
) including 1999 acquisition*

Customer Solutions, Consulting Services and Software Solutions

SysOpen is one of the leading IT service companies in Finland. SysOpen focuses on the design, integration and maintenance of mission-critical information systems, particularly in the field of e-business, for large and medium-sized businesses as well as public organisations.

SysOpen's typical clients are large telecomms and logistics organisations. Other major client sectors include finance, services and industry.

Rewarding long-term co-operation with clients

The services SysOpen offers are customer-specific by nature, which is why it may take years to design and deliver them. Co-operation with clients is based on mutual trust and long-term partnership. To guarantee excellent long-term customer relations, SysOpen strives to fully meet or exceed the customers' needs and expectations.

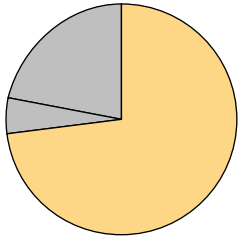
To meet this objective and to ensure continued quality improvement, SysOpen has created a quality system that serves as the foundation for all service activities. This quality system earned the SFS-EN ISO 9001 certificate in 1994. The system is being constantly improved and expanded, and its performance is monitored annually. Over the past three years, SysOpen has received excellent feedback from its clients: on a scale of 4-9, SysOpen scored an average of 9.

SysOpen relies on strong business partnerships and networking. At the moment, SysOpen has a wide partnership network particularly as concerns Customer Solutions and Software Solutions. Key business partners

include BEA Systems, Create!print International, IBM, Industri-Matematik Abalon, Lexmark, Microsoft, Océ Software Laboratories, Oracle, Solid Information Technology, Sun Microsystems, Sybase, Tieto Technology, Xerox and Siemens.

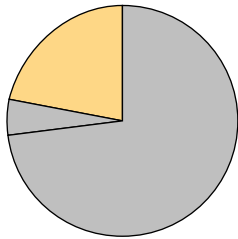
SysOpen has taken determined steps to develop its services to meet the clients' needs. Recently the demand for SysOpen's services has been boosted by the expansion of mission-critical systems in enterprises, the growing need to integrate companies' operative systems into Internet-based solutions, and an increasingly high demand for e-services solutions created by utilising object and component technologies.

The share (%) of Customer Solutions of turnover in 1999



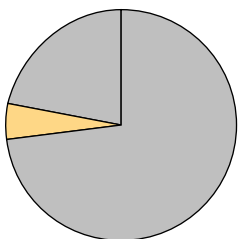
Customer Solutions is SysOpen's largest business sector with 73 percent share of turnover.

The share (%) of Consultation Services of turnover in 1999



Consultation Services and Risk Management represent SysOpen's second largest business sector with 22 percent share of turnover.

The share (%) of Software Solutions of turnover in 1999



Software Solutions accounts for 5 percent of SysOpen's total turnover.

Customer Solutions

Customer Solutions are IT projects customised to meet the specific needs of the client company with either SysOpen or the client bearing the overall project responsibility. These projects typically involve system work or integration assignments in which SysOpen focuses on the technical implementation and software engineering. Technical solutions are often based on object and component technologies. Customer Solutions represents SysOpen's largest business sector.

Customer Solution services usually encompass project management, IT engineering, object, component and module design, programming, testing, introduction, as well as maintenance and training associated with the introduction of new technology. SysOpen's IT professionals play a crucial role in integrating the client's existing information systems with the new ones. The duration of these projects can vary from between a few months to several years.

Growing popularity of comprehensive web-based solutions

SysOpen has a proven track record as a skilled supplier of large operative systems. SysOpen's services are more and more often geared at responding to our customers' need to have their operative systems integrated into web-based Internet/intranet/extranet/WAP solutions. Creating these solutions requires an in-depth understanding of demanding system architectures as well as professional skills in the integration of new systems into existing ones. To engineer and implement such solutions requires the kind of skills and knowledge that SysOpen IT professionals possess; they have experience in building mission-critical web application on top of vast databases. SysOpen is among the leading experts in this field.

Investing in quality and technologies

The integration of new and existing information systems is a major challenge in the Customer Solutions business. Forecasts suggest that in 2001, the majority of new information systems will be based on object and component technologies. New systems must be compatible and able to function with the existing solutions. With SysOpen's strong expertise in traditional technologies (such as client/server applications) and extensive training into new technologies (such as n-level architectural solutions) provide an excellent chance of succeeding in the changing and growing markets.

At SysOpen, we believe that there are IT systems development tools and environments that will become more important than others for the practical implementation of Customer Solutions. SysOpen invests in improving and maintaining the professional skills its personnel in several fields of technology, including Java, C++, C, Visual Basic, PostScript, XML, WML, COOL:Gen, CORBA, EJB, COM+, Oracle, SQL-Server, Sybase, Tuxedo, MTS, MSMQ, WebLogic, UML, WebSphere, Rational Rose and Select.

At SysOpen, improving services also involves an on-going development of the quality system. The company invests heavily in quality, because quality is considered the key to improved profitability and customer satisfaction. In the past year, the company spent 9.1 percent of its turnover on service development. Even though technologies change, it is SysOpen's uncompromised objective to ensure that information systems are effective and error-free, and that each application is perfectly suited for its purpose.

Consulting Services

SysOpen's consulting services cover the implementation of assignments related to information technology and the effective use of this technology in client enterprises. Assignments typically precede the actual information system implementation projects. The assignments include charting needs, carrying out preliminary surveys, choosing the appropriate architecture and technologies, and risk management. As a rule, the assignments are carried out by SysOpen's leading consultants; who are specialists experienced in their respective fields. The duration of consulting projects varies from a few weeks to a few years.

In terms of consultation, SysOpen boasts special expertise in logistics, object and component technologies, Customer Relationship Management (CRM), Enterprise Document and Output Management (EDOM) and risk management.

Logistics

SysOpen combines its IS and business expertise with the opportunities provided by new technologies to build cutting-edge efficiency in logistics chains. Special emphasis is placed on mobile technologies, since integrating rolling stock with the overall system is currently a key objective when investing in the development of supply chains. WAP is one of the technologies used, but ultimately the choice of technology depends on the client's needs. SysOpen can deliver a wealth of services and solutions from preliminary studies and process simulations to system implementation and maintenance.

Object and component technologies

A considerable portion of SysOpen's consultation services has to do with Internet technologies. Surveys on system architecture play a key role as they serve as the foundation on which clients build their new-generation information systems. To keep abreast of the developments, SysOpen has expanded its knowledge of object and component technologies through business acquisitions and training. SysOpen has the

required skills and knowledge to design demanding object technology projects and architectures, to build application frameworks, to evaluate and implement system projects, and to train clients. In this field, SysOpen has special skills in EJB and CORBA solutions.

Customer Relationship Management (CRM)

CRM is currently one of the fastest growing software segments. According to AMR Research, this business will grow at an annual rate of roughly 58 percent up to the year 2002. In the next few years, CRM solutions will either complement or replace the traditional, individual sales, marketing and customer support systems. SysOpen can offer its knowledge and expertise to its clients when they plan their own CRM solutions. This expertise has been further expanded through business acquisitions.

Enterprise Document and Output Management (EDOM)

The increased demand for EDOM solutions can be attributed to the growing popularity of e-services and the use of Internet. In the EDOM business, services are provided by SysOpen's skilled and competent consultants who have several years of experience in managing and boosting mission-critical EDOM solutions. They can identify the clients' needs and create the suitable EDOM solutions that span the entire life-cycle of data flows from document creation to output and archiving.

Risk management

Risk management services complement the other consultation services offered by SysOpen. Risk management services are designed to ensure that the customer's business operations are as efficient and economical as possible and that operational risks have been minimised. The need for risk management services has increased as a result of the growing popularity of the Internet, which sets special demands on data security, and as a result of companies shifting towards preventative risk analysis and risk management.

Software Solutions

In the Software Solutions sector, SysOpen can offer special expertise in two areas. It represents several internationally recognised CRM and EDOM software. SysOpen represents, sells and supports the Abalon product range designed for customer relationship management. Create!print® and Xprint are the software products SysOpen supplies for EDOM applications. SysOpen has chosen the products it represents based on excellent practical experiences. When required, software products can be delivered complete with installation, integration into other systems, training and support.

Create!print

Create!print® is the world's leading electronic document management and output system. Create!print® merges electronic forms with the output produced by application software. SysOpen has been actively involved in the development of Create! products, and it acts as the Scandinavian representative and support provider for these products. Furthermore, SysOpen has a 20.4-percent interest in the Australian company CLS Research Pty Ltd, the development arm of Create!print International,.

Xprint

Xprint software was originally developed by Siemens Nixdorf Software for document output management. It is used for the management of networked printing operations in large organisations. Xprint allows for centralised illustration and management of the networked printing resources so that these resources can be allocated and used in a decentralised way.

Abalon product range

The Abalon software product family is supplied by the Swedish Industri Matematik AB, Scandinavia's largest CRM software manufacturer. SysOpen works closely together with IMI to develop the Abalon range, and is able to provide a full CRM service package complete with the product, consultation and training. Abalon is also a pioneer in www-based customer relationship portals.

1999

Corporate Governance

Board of Directors
Risto Linturi, Jorma Kylätie,
Matti Savolainen, Timo Tiibonen,
Kari Karvinen.

SysOpen is governed in compliance with the Finnish Companies Act and the company's own articles of association. The duties and responsibilities of company meetings, the Board of Directors and the Managing Director have been defined in accordance with the provisions of the Finnish Companies Act. These institutions have no special duties in addition to those prescribed by law.

Company meetings

The company's highest decision-making authority is the Annual General Meeting, in which shareholders exercise their powers of decision in company matters. The articles of association state that the Annual General Meeting must be held annually on a date set by the Board of Directors within six months from the day on which the financial year ended. At the meeting, company issues including the financial statements, auditors' report and the payment of dividends must be discussed, and members of the Board of Directors must be elected.

An extraordinary shareholders' meeting must be held when the Board deems it necessary or when it is requested in writing by a company auditor or shareholders who hold at least one tenth of all company shares. Each company share entitles the holder to one vote at a company meeting.

Board of Directors and Managing Director

The Board of Directors elected at a company meeting is in charge of corporate governance and the appropriate conduct of company affairs. The company meeting decides on the remuneration payable to members of the Board. The Managing Director and other persons employed by the company are not entitled to separate remuneration for their membership of the Board. Other members of the Board may receive fees for various consultation assignments in addition to their regular remuneration.

The Board of Directors shall consist of no less than three and no more than five members. The members' term terminates at the end of the Annual General Meeting following the election. The Board appoints its chairman and

vice chairman from among its members. The Board met 28 times in 1999.

The Managing Director is appointed by the Board of Directors. The Board decides on the salary, remuneration and other benefits payable to the Managing Director. The key terms of employment of the Managing Director are defined in writing. Besides duties prescribed by law, the Managing Director shall be in charge of marketing, developing and co-ordinating the company's services, participating in the Group's operative management and maintaining international business relations. The company's Managing Director is Mr Jorma Kylätie, who is also a member of the Board of Directors.

Members of the Board of Directors

Matti Savolainen, born 1948, M.A.

Matti Savolainen acts as the full-time chairman of the Board and is in charge of personnel and customer relations. He is one of the founders of SysOpen and was the company's Managing Director from 1990 to 1997. Between 1994 and 1997 Matti Savolainen was a member of the Board of the IT Services Association TIPAL ry, and since 1997 he has been a member of the Board of Kuopio Technology Centre Teknia Oy.

Kari Karvinen, born 1959, M.A.

Kari Karvinen is the vice chairman of the Board of Directors at SysOpen. His areas of responsibility include corporate planning and administration. He is a co-founder of the company and is the Director of Planning at SysOpen. Between 1990 and 1999, Kari Karvinen was the company's Vice Managing Director.

Jorma Kylätie, born 1959, M.A.

Jorma Kylätie is in charge of operative management and investor relations. He is a co-founder of SysOpen and has been the company's Managing Director since 1997. Before that he was the company's second Vice Managing Director from 1990 to 1997. Jorma Kylätie has been a member of the Board of the Finnish Information Processing Association since 1998 and vice chairman since 1999.

Risto Linturi, born 1957, M.Sc.Eng.

Risto Linturi was invited to join SysOpen's Board of Directors in 1999 to be in charge of technologies and business visions. Since 1983, Mr Linturi has been an independent consultant at R. Linturi Oy. He has provided training in future-orientation to many decision-makers. Risto Linturi has held a number of Board positions in the interest companies of R. Linturi Oy.

Timo Tiihonen, born 1948, M.Sc.Eng., M.Sc.Econ.

Timo Tiihonen was invited to join SysOpen's Board of Directors in 1999 to assume responsibility for the company's global growth efforts. He is currently a Senior Advisor at CapMan Capital Management Oy. His previous positions include General Manager of Xerox Channels Group and Managing Director of Rank Xerox Oy. He has been a member of the Board of the Finnish Information Processing Association since 1997 and Chairman of the Board since 1999. He has also acted as the Chairman of the Information Technology Advisory Board since 1997.

Shares held by members of the Board and the Managing Director

According to the shareholder register on 31 December 1999, members of the Board of SysOpen Plc, Managing Director included, held a total of 4,717,777 company shares, which represented 58.02 percent of the company shares and voting rights. The Managing Director owns 1,570,659 company shares, which represented 19.32 percent of all company shares and voting rights at the year-end.

¹⁾ The registered number of shares on 31 December 1999 was 8,131,033. At the end of the financial year, the private placing organised in conjunction with the acquisition of EP-Logistics Oy was still under way. After the private placing, the registered number of shares was 8,300,533 on 5 January 2000.

Guidelines for Insiders

The Board of Directors has made a decision to comply with the Guidelines for Insiders issued by Helsinki Exchanges which will enter into force on 1 March 2000.

Audit

According to the articles of association, the company must have one or two regular auditors, at least one of whom must be an Authorised Public Accountant approved by the Central Chamber of Commerce. In addition, the company has one deputy auditor. Auditors are appointed until further notice. The company meeting shall decide on remunerations payable to auditors. SysOpen's auditor is KPMG Wideri Oy public accountant company with Mr Ari Ahti, Authorised Public Accountant as the principal auditor and Mr Kalervo Ariluoma, Authorised Public Accountant as the co-auditor. Mr Mauri Palvi, Authorised Public Accountant, is the deputy auditor.

Active management on 31 December, 1999

Jukka Haltimo
Vice Managing Director
SysOpen Plc

Päivi Hokkanen
Director of Customer Services
SysOpen Plc

Jussi Jalanka
Managing Director
EP-Logistics Oy

Juha Järvinen
Director
SysOpen EDOM Team Oy

Kari Karvinen
Corporate Planning Director
SysOpen Plc

Barry Keattch
Director of Operations
SysOpen Limited

Bo-Erik Knös
Managing Director
SysOpen Sweden AB

Hannu Kokko
Managing Director
SysOpen Object Team Oy

Olavi Kuronen
Managing Director
SysOpen Optimus Oy

Jorma Kylätie
Managing Director
SysOpen Plc

Kaisu Kylätie
Director of Finance
SysOpen Plc

Pekka Kähkipuro
Director of Technology
SysOpen Plc

Veli Matti Nokso-Koivisto
Managing Director
SysOpen Development Oy

Timo Peltonen
Director
SysOpen CRM Unit

Kimmo Rahkamaa
Managing Director
Dycom Oy

Matti Savolainen
Chairman of the Board of Directors
SysOpen Plc

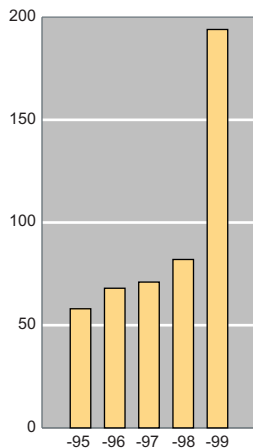
Pirkko Valtonen
Director of Corporate Communications
SysOpen Plc

1999 Personnel

The Board of OpenClub:

*Minna Anttonen, Markku Vebviläinen,
Hannu Nelin, Kari Ojala,
Marja Mäkinen ja Eija Nikkanen.
On the front Matti Savolainen.*

Number of employees)*



**) including 1999 acquisitions*

The well-being, professional growth and rewarding are key values at SysOpen

The skilled and motivated personnel is one of SysOpen's major assets. This is why continued training and education offered to personnel, measures aimed at improving job satisfaction, fair and equitable rewarding schemes and stimulating recreational activities are at the heart of SysOpen's efforts to sharpen its competitive edge and to develop its business activities. SysOpen wants to offer its personnel a reward for meeting objectives and for helping the company succeed.

SysOpen's personnel programme is geared at:

- promoting the achievement of business and quality objectives
- safeguarding the continuity of operations and profitable development of the company
- providing personnel with the opportunity to appreciate their work and to perform well and productively
- enabling people to understand the significance of their contribution and to be satisfied with the results they have achieved
- ensuring that skilled personnel stay with the company and new people want to join the company
- creating open interaction between personnel and management
- promoting the mental, physical and social well-being of all personnel

SysOpen recruits professional and skilled people with the ability and desire to work independently, to improve themselves continuously and to assume responsibility for the results of their work. In-depth knowledge of one of

SysOpen's key competence areas provides an excellent starting point from which responsibilities can be expanded. Challenging assignments from clients in changing environments support professional growth and require a genuine commitment to excellent performance.

SysOpen personnel profile

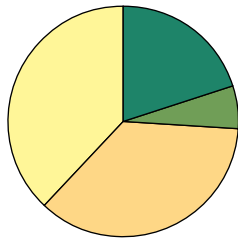
At the end of 1999, SysOpen employed 194 personnel while a year earlier the number of personnel had been 82. The number of personnel rose by 29 with organic growth and 83 people joined in connection with business acquisitions. The average number of personnel over the year was 117. At the year-end, there were 9 part-time and temporary employees including trainees. The average age of SysOpen personnel is 36 years. Women accounted for 17 percent and men 83 percent of personnel.

Training and education at OpenCollege

At SysOpen, training and education is focused on sharpening the professional skills of personnel and on improving their teamwork skills. Training covers new techniques and equipment, technological skills, project management and the methods involved, as well as customer service improvement and right timing. Training is provided by external training companies and consultants as well as by in-house instructors.

SysOpen encourages people to educate themselves and to seek professional and personal improvement. SysOpen has its own training facility, OpenCollege, which provides personnel with the opportunity to learn in the workplace. In 1999, in-house personnel training days totalled 361. SysOpen spent 9.1 percent of its turnover on services development and software component engineering.

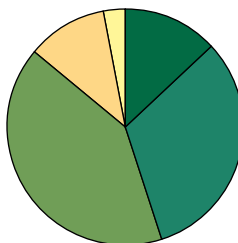
Educational background of personnel)*



- Comprehensive school 20%
- Vocational school 6%
- College 36%
- University 38%

*) including 1999 acquisitions

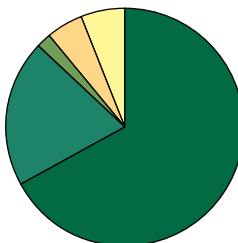
Age distribution of personnel)*



- < 25 years 13%
- 26 - 35 years 32%
- 36 - 45 years 41%
- 46 - 55 years 11%
- > 55 years 3%

*) including 1999 acquisitions

Personnel by occupation)*



- IT Consultants 67%
- Senior Consultants 20%
- Trainees 2%
- Administration 5%
- Management 6%

*) including 1999 acquisitions

These investments helped make SysOpen's supply processes more efficient and to improve the duplicability of the software solution components. Other investments include introducing SysOpen's quality system and system work methods in the acquired subsidiaries to make their operations more effective in the future.

Low personnel turnover

SysOpen recruits experienced professionals as well as newly graduated students on a master-apprentice principle. In 1999, SysOpen recruited 41 new employees. Personnel are highly committed, motivated and satisfied with their jobs, and find the client assignments very rewarding. This translates into low personnel turnover which was only 8.5 percent in 1999. SysOpen can offer interesting and challenging jobs that allow people to show their skills and develop into masters of their trade. At the moment, we are particularly keen to find people with special skills in Java-based object and component technologies.

SysOpen conducts in-house surveys to monitor job satisfaction across the company. A survey conducted in early 1999 showed that 68 percent of personnel were satisfied or very satisfied with SysOpen's personnel policy in general, 27 percent had a neutral opinion and only 5 percent were unsatisfied. When asked about the working climate at SysOpen, 71 percent expressed their satisfaction, 28 percent had a neutral opinion and merely 1 percent were discontented. 52 percent of personnel felt that their work was challenging enough, 27 percent had a neutral opinion and 21 percent were not satisfied. The survey showed that 80 percent were satisfied with the management and its activities, 13 percent had a neutral opinion and 7 percent were unsatisfied. In general terms, 81 percent of personnel were satisfied with their employment at SysOpen, 16 percent had a neutral opinion and 3 percent were unsatisfied.

A versatile rewarding scheme

The salary paid to an employee depends on the nature of the individual's tasks, personal elements and the

salaries paid to other Group personnel. At the same time, the company wants to ensure that the salary and other terms of employment are competitive with those offered by other companies in the business. In 1999 a quality reward system was used at SysOpen. Furthermore, the Group has taken out a health insurance to cover its personnel.

To motivate its personnel, SysOpen introduced an option scheme in 1999 which entitles the warrant holders to subscribe to a maximum of 369,000 company shares in the period between 2001 and 2004. The first subscription period is for holders of A warrants for which the subscription price is set at EUR 6.40. Subscription prices for B, C and D warrants will be determined later on the basis of future share price development. A portion of the options were set aside for later use in an incentive scheme to new employees.

OpenClub offers a range of activities

SysOpen also invests in supporting the recreational activities of its personnel. SysOpen's own OpenClub offers recreation for the entire personnel, such as outings, cultural activities and other leisure-time activities. In addition, personnel have access to holiday cabins in Ruka and Vierumäki. Popular sports among SysOpen personnel include basketball, indoor hockey, badminton, golf and chess.

Faced with constant change

The business environment in which IT service companies operate is constantly going through dramatic changes. The direction of the next development trend depends on a group of separate factors, the most significant of which are changes in corporate information systems, developments in the consumer market and the redistribution of the telecomms markets.

In the IS field, the emphasis is clearly on new generation information systems. Economic growth forecasts encourage companies to seek new business opportunities and solutions in e-commerce on the one hand and in component technologies on the other.

Electronic commerce poses new challenges on the flexibility of information systems, their susceptibility to change and ability to communicate. Component technology is a solution that permits the creation of such flexible information systems. Hence it would seem that the ability to operate both in the e-commerce and component technology fields will bring success to businesses in the future.

SysOpen will invest even more heavily in developing its e-commerce technologies. At the moment, the company already boasts leading-edge skills and expertise in component technologies, which will help improve the duplicability of solutions.

Growth of e-business starts in the corporate sector

The most significant growth of electronic business will first take place in the business-to-business (B2B) systems. This can be attributed to several reasons, including the increasingly extensive networking between companies, faster pace of change in business operations and the globalisation of the business world.

All new IT projects of major importance have to do with electronic B2B solutions. Despite the considerable publicity which the business-to-consumer e-commerce solutions have received, it is still early days for these solutions, mainly because consumers are slower to adopt new technologies than the business world. Since the same technological solutions work in both fields, the full adoption of B2B techniques will make way for business-to-consumer systems.

Component architectures create solutions

B2B integration development presents new challenges to information technology. IS architectures need to change to be able to support changing requirements quickly enough and to allow for additional functionality. New component architectures such as EJB, CORBA and COM+ play a key role in this devel-

Electronic commerce poses new challenges on the flexibility of information systems, their susceptibility to change and ability to communicate. Component technology is a solution that permits the creation of such flexible information systems.

opment. They enable a new kind of flexibility in application engineering, and in addition, their infrastructure services provide solutions that previously had to be separately constructed.

One key technology is XML which enables more flexible transfer of data within a company and between companies. However, successful B2B integration requires sufficiently extensive integration of a company's internal information systems (A2A, or application-to-application integration). This is one of the supporting factors that determine whether a company will succeed in its e-business or not.

Change in development methods

Changing application development methods present a significant challenge for an IT service company. Previously programming was the principal application engineering tool, but the popularity of integration-oriented techniques is constantly growing. The integration-driven approach means that the components and system elements provided by various suppliers are compared with the client's needs and the services offered by the existing system. This gives the client acquiring an information system a better chance of comparing the offerings of various suppliers, while at the same time component solution integrators and masters of new architecture will have

access to new markets. This development further accentuates SysOpen's highly acclaimed integration competence.

More choice with mobile solutions

Mobile solutions are at the heart of business-to-consumers (B2C) services. Mobile solutions can offer consumers highly flexible and personalised services, including parallel services to one user through different channels, such as access to the Internet, WAP phone, e-mail, traditional mail and personal contacts.

Consumers play an active role as they can select their user profiles based on their favourite services and most suitable price ranges. CRM solutions, one of SysOpen's key priority areas in recent years, are a key element in these systems in addition to the actual implementation technology.

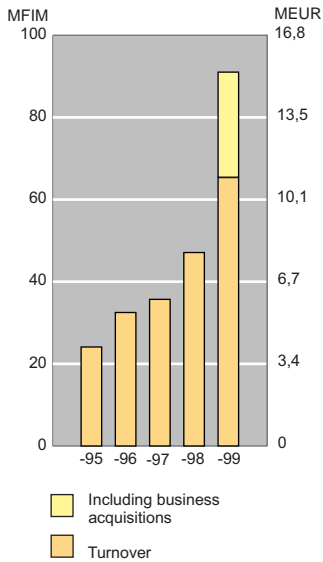
The integration of the traditional tele-technology with new IT solutions will result in a redistribution of the telecomms markets. In consequence, content services will become more important than the traditional transfer services. The significance of the entire telecomms sector will grow dramatically because the growth of many business areas depends on new uses of communication links. Modern logistics solutions, for instance, are based on the electronic management of the supply

chain using different communication links.

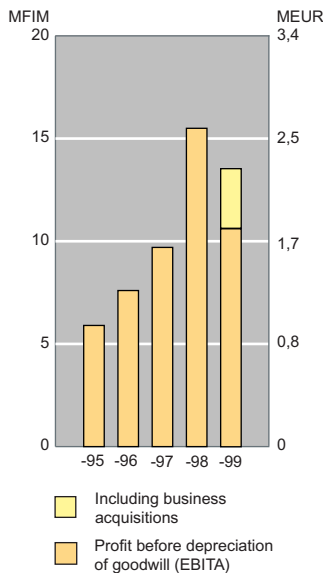
To meet these challenges, SysOpen will focus more sharply on the integration of IT solutions with new tele-technologies. In the Customer Solutions business, SysOpen will specialise in integration projects that require in-depth knowledge of both technological environments.

REPORT OF THE BOARD OF DIRECTORS

Turnover



Turnover before depreciation on goodwill



Dramatic changes in the market

During the year ended on 31 December 1999, the business environment in which the SysOpen Group operates changed dramatically. The market for companies providing professional IT services saw continued, powerful growth. This growth was primarily fuelled by electronic business and the changes that e-business induced in the activities and IT requirements of companies. Major changes also occurred in the IT business. A growing number of medium-sized service enterprises entered the market, and an increasing number of Finnish IT companies went public and set ambitious growth objectives for themselves.

SysOpen on the forefront of development

The past financial year was the ninth for SysOpen, and marked the most eventful period in the company's history thus far. SysOpen was actively involved in developing modern, web-based IS solutions for e-business. Operations focused sharply on the design, integration and maintenance of mission-critical information systems for large and medium-sized businesses and public organisations. In terms of the general development of the IT sector, SysOpen was one of the leading companies: it was the fourth IT company to be listed on the NM list of Helsinki Exchanges. This listing took place in September 1999.

Over the course of the year, SysOpen expanded its operations geographically by establishing new subsidiaries in Kuopio, Finland, and in London. At the same time, the Group followed a determined growth strategy by completing the following business acquisitions:

- Obtaining a controlling interest in SO Object Team Oy in July; special expertise in object and component technologies in Internet environments (e.g. Java)
- The acquisition of Commit; Material Automation Oy in August; special expertise in the fields of logistics and Customer Relationship Management (CRM)
- The acquisition of Dycom Oy in December; special skills in technological solutions for the telecomms industry
- The acquisition of EP-Logistics Oy in December; special expertise in logistics design

Turnover

Consolidated turnover for the SysOpen Group was up 37 percent over the previous year, reaching FIM 64.4 million (1998: FIM 47.1 million). Customer Solutions services represented 80 percent of the turnover, Consultancy accounted for 11 percent, Packaged Software Solutions 7 percent and Risk Management 2 percent.

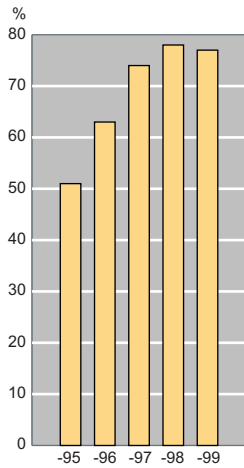
Business performance

Even though growth was more powerful than had been anticipated, the Group's financial result was almost at the targeted level. Consolidated operating profit before depreciation of goodwill totalled FIM 10.5 million (FIM 15.5 million), representing 16.3 percent of turnover. Profits shrank 32 percent from the previous year. Operating profit was FIM 9.8 million (FIM 15.4 million), which accounted for 15.3 percent of the Group's turnover. Profitability of the core businesses remained good, while the overall profitability declined. This decline, particularly in the second half, could be attributed to the heavy investments made to promote strong growth as well as investments in business acquisitions and their preparations, service product development, promoting the Group's public image, and the stock exchange listing.

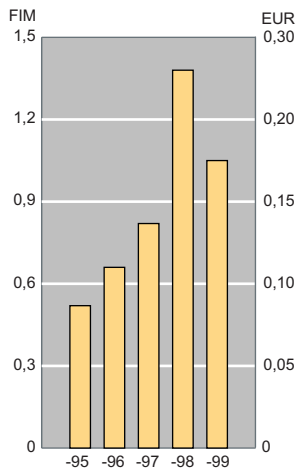
The immediate costs associated with the stock exchange listing were booked in the balance sheet under shareholders' equity, reducing the share premium account. The indirect costs involved in the listing were booked directly as expenses against income.

With its improved financial income, the Group was able to book a profit of FIM 12.6 million (FIM 16.4 million) before appropriations and taxes, showing a decrease of 23 percent from the previous year. Consolidated profit for the year was FIM 8.7 million (FIM 10.9 million); down 20 percent from the previous year.

Equity ratio



Earnings per share



Investments

The largest investments SysOpen made during the financial year involved the previously mentioned business acquisitions and minority investments in Oy Ideos Ltd and Midecraft Oy. These strategic partnerships and the indirect interest in CallCom Oy obtained through the acquisition of Dycom Oy will help SysOpen improve its services. Furthermore, by purchasing Sysopen Invest Oy and merging it with the parent company, the Group gained full ownership of its Swedish subsidiary and its Finnish subsidiaries. Other investments mainly comprised the acquisition of fixed assets required by the powerful growth. The Group's gross investments totalled FIM 5.9 million (FIM 1.7 million).

The investments associated with services development and software component development were booked directly as expenses and represented 9.1 percent of turnover. These investments will improve the efficiency of SysOpen's delivery processes and enhance the duplicability of the software components that various solutions are built on. Other investments included the introduction of SysOpen's quality system and system work methods in its subsidiaries to enable performance-boosting measures in the future.

Fixed assets have been booked at the original acquisition cost less depreciation according to plan. Planned depreciation regarding machinery and equipment has been revised during the period from 30 percent net expenditure depreciation to 25 percent net expenditure depreciation. The planned depreciation period for Group goodwill is five years.

Financing

To improve its financial position, SysOpen organised a share issue during the year, followed by a listing on the Helsinki Exchanges. At the end of the year, the consolidated balance sheet total was FIM 79.8 million (FIM 36.1 million). The equity ratio was 77 percent (78%) and net gearing -70 (-87%). The Group's liquid assets totalled FIM 43.7 million (FIM 24.5 million).

Personnel

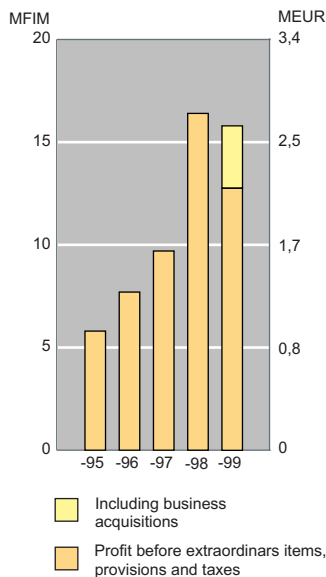
Efforts to recruit highly qualified personnel were successful: organic growth exceeded 30 percent, and the number of personnel grew in conjunction with business acquisitions. The stock-exchange listing helped raise SysOpen's public profile and make it better-known, which also contributed to growth. At the year-end, the SysOpen Group employed 194 people (82); an increase of 137 percent over the previous year. The average number of personnel during the year was 117 (78). During the year, an option scheme was introduced to motivate the Group's entire personnel.

To prepare for continued growth, the Group signed an agreement to rent premises in a 16-floor office tower to be constructed in Pitäjänmäki in Helsinki. SysOpen agreed to rent the top ten floors of the tower, a total of 3,620 square metres. This impressive 70-metre-high building will be completed in March 2001 and will be called the SysOpen Tower.

Corporate governance

Throughout the year, regular members of Sysopen Plc's Board of Directors were Kari Karvinen, Jorma Kylätie and Matti Savolainen. As of 1 July 1999, other members included Risto Linturi and Timo Tiihonen. Matti Savolainen acted as the Chairman of the Board and Jorma Kylätie as the Managing Director for the entire financial year.

*Profit before extraordinary items,
provisions and taxes*



Company form and business name

An extraordinary company meeting held on 9 June 1999 decided to change the company form of SysOpen into a public limited company and, at the same time, the previous business name SysOpen Yhtiöt Oy was changed to Sysopen Oyj, in English Sysopen Plc.

Initial public offering

In September, Sysopen Plc organised an initial public offering consisting of a share issue and disposal of shares. In the share issue, 600,000 new shares were subscribed by the general public and Group personnel. In the disposal of shares, three major shareholders sold a total of 1,290,000 shares to institutional investors. There is a ban on sales for the remaining shares of major shareholders which will terminate on 27 March 2000. Share price was EUR 6.40 for institutional investors and the general public and EUR 5.76 for Group personnel. Listing of SysOpen shares on the Prelist of Helsinki Exchanges began on 27 September 1999 and on the NM list on 29 September 1999.

Share capital and issue authorisations

At the beginning of the financial year, Sysopen Plc's share capital totalled FIM 150,000.00 and the number of company shares was 150. The extraordinary company meeting of 9 June 1999 decided to organise a bonus issue and to change the nominal value of the share, after which the share capital amounted to FIM 3,000,000.00 and the number of shares was 6,000,000. Sysopen Plc shares were incorporated in the book-entry securities system on 3 July 1999. An extraordinary company meeting held on 5 July 1999 decided to organise a private placing to the shareholders of Sysopen Invest Oy and SO Object Team Oy, after which the share capital rose to FIM 3,296,563.50 and the number of shares to 6,593,127.

In connection with the acquisition of Commit; Material Automation Oy, the Board decided, on 31 August 1999, to use the authorisation given earlier at a company meeting on 18 August 1999 to raise the share capital to FIM 3,526,563.50 and the number of shares to 7,053,127. In conjunction with the initial public offering, the Board used the authorisation for the second time and decided on 15 September 1999 to raise the share capital to FIM 3,826,563.50 and the number of shares to 7,653,127.

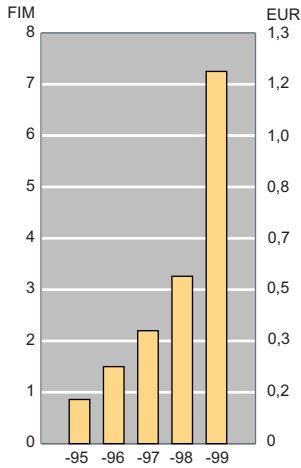
On 15 December 1999, in connection with the acquisition of Dycom Oy, the Board decided to raise the share capital to FIM 4,065,516.50 and the number of shares to 8,131,033 pursuant to a new authorisation given at an extraordinary company meeting on 1 December 1999. Similarly, on 28 December 1999, in conjunction with the acquisition of EP-Logistics Oy, the Board re-used this authorisation to raise the share capital to FIM 4,150,266.50 and the number of shares to 8,300,533.

The extraordinary company meetings have authorised the Board of Directors to organise share issues. Thus far, the Board has not exercised its rights permitting the share capital to be raised by another FIM 441,609.50 to FIM 4,591,876.00 and the number of shares by 883,219 shares to 9,183,752. The company is not authorised to purchase or assign its own shares.

Options

The extraordinary company meeting held on 15 September 1999 decided to issue 369,000 warrants. These warrants entitle their holders to subscribe to a maximum of 369,000 new shares in the period between 2001 and 2004. As a result of the subscription, the share capital can be raised by a maximum of FIM 184,500. Subscription period will begin for holders of warrants marked with the letter A. Share price will be EUR 6.40. Share price for holders of warrants marked with letters B, C and D will be determined later.

Shareholders' equity per share



Share trading on the Helsinki Exchanges

At the end of the financial year, Sysopen Plc had 1,748 registered shareholders. Share price development was very positive. By the end of the year, the share price had risen by 213 percent from the IPO price quoted in September. The lowest trading price was EUR 9.10 and the highest EUR 20.80. At the year-end, the company's market capitalisation was approximately EUR 163 million (equivalent to some FIM 967 million).

Dividend

At the Annual General Meeting, the Board of Directors of Sysopen Plc will propose that a dividend of FIM 0.65 per share, or FIM 5,395,346.60, be distributed from the year's profits. This represents 62 percent of the total consolidated profit for the financial year. Further, the Board will propose that the remainder of the year's profit be placed on the company's profit account as shareholders' equity.

Events after the financial year and future outlook

At the beginning of 2000, the SysOpen Group has focused on re-adjusting the organisational structure of the rapidly growing cluster of companies to find a model that would support and promote ongoing growth. The Board believes that the Group will see strong business development and growth in the current financial year in response to high demand in the IT market.

SysOpen will continue to act in line with its strategy and pursue growth both organically and through business acquisitions. The Group plans to make business acquisitions in Finland and the UK in particular, possibly also in Sweden. SysOpen is currently actively negotiating new acquisitions.

In selected key sectors, SysOpen is also planning to launch software development activities for the international market. SysOpen's objective for the current financial year is for international activities to account for at least 20 percent of turnover.

SysOpen aims to become one of Finland's leading providers of IT solutions designed for e-business, and to achieve considerable global growth in its business operations. Through these operational objectives, SysOpen strives to continuously improve customer satisfaction and to increase its market share. This will allow SysOpen to boost its turnover and maintain good profitability, which in turn will enable an increase in shareholder value.

Sysopen Plc
Board of Directors

Helsinki, 15 February 2000

Matti Savolainen

Kari Karvinen

Risto Linturi

Timo Tiihonen

Jorma Kylätie
Managing Director

GROUP'S FINANCIAL INDICATORS

	FIM 1000 EUR 1000	12 months	12 months	12 months	12 months	11 months
		31 Dec. 1999	31 Dec. 1998	31 Dec. 1997	31 Dec. 1996	31 Dec. 1995
Turnover	FIM	64 407	47 136	35 700	32 522	24 106
	EUR	10 832	7 928	6 004	5 470	4 054
Increase in turnover, %		37	32	10	35	15
Operating profit	FIM	9 826	15 442	9 575	7 514	5 855
	EUR	1 653	2 597	1 610	1 264	985
% of turnover		15	33	27	23	24
Profit before extraordinary items and taxes	FIM	12 573	16 414	9 729	7 736	5 836
	EUR	2 115	2 761	1 636	1 301	982
% of turnover		20	35	27	24	24
Return on equity, %		20	50	40	48	61
Return on investment, %		28	70	59	68	78
Interest-bearing liabilities	FIM	1 243	0	0	0	0
	EUR	209	0	0	0	0
Investments + cash at banks and in hand	FIM	43 685	24 478	14 515	12 905	7 800
	EUR	7 347	4 117	2 441	2 170	1 312
Net gearing		-70	-87	-77	-94	-93
Equity ratio, %		77	78	74	63	51
Gross investments in fixed assets	FIM	5 863	1 685	2797	535	961
	EUR	986	283	470	90	162
% of turnover		9	4	8	2	4
Personnel at the year-end		194	82	71	68	58
Personnel on average		117	77	69	-	-

GROUP'S PER-SHARE RATIOS

Financial year		12 months	12 months	12 months	12 months	11 months
		31 Dec. 1999	31 Dec. 1998	31 Dec. 1997	31 Dec. 1996	31 Dec. 1995
Earnings per share	FIM	1,05	1,38	0,82	0,66	0,52
	EUR	0,18	0,23	0,14	0,11	0,09
Shareholders' equity/share	FIM	7,25	3,26	2,2	1,5	0,86
	EUR	1,22	0,55	0,37	0,25	0,14
Dividend/share (proposal for 1999)	FIM	0,65	1,33	0,28	0,25	0,05
	EUR	0,11	0,22	0,05	0,04	0,01
Dividend/earnings, %		62	108	38	41	10
Effective dividend yield, %		1	- ¹⁾	-	-	-
Price/earnings ratio (P/E)		113,25	-	-	-	-
Lowest share trading price	FIM	54,11	-	-	-	-
	EUR	9,1	-	-	-	-
Highest share trading price	FIM	123,67	-	-	-	-
	EUR	20,80	-	-	-	-
Average share price	FIM	58,74	-	-	-	-
	EUR	9,88	-	-	-	-
Market capitalisation at the year-end	FIM 1000	966 900	-	-	-	-
	EUR 1000	162 621	-	-	-	-
Number of shares traded		3 389 351	-	-	-	-
Share trading, %		41	-	-	-	-

The weighted average of the share-issue adjusted number of shares during the financial year is 8,293,838. The dilution-adjusted number of shares at the year-end was 8,339,193. Number of shares at the year-end was 8,300,533 (entered into the trade register on 5 January 2000).

1) SysOpen shares are quoted on the Helsinki Exchanges since 27 September 1999.

CALCULATION OF KEY FIGURES

Return on investment % (ROI):

$$\frac{\text{Profit/loss before extraordinary items, provisions and taxes} + \text{interest payable and other financial expenses} \times 100}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}}$$

Return on equity % (ROE):

$$\frac{\text{Profit or loss before extraordinary items, provisions and taxes} - \text{taxes} \times 100}{\text{Shareholders' equity} + \text{minority interest} + \text{untaxed reserves and depreciation difference less (deferred) tax liability (average)}}$$

Equity ratio (%):

$$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{untaxed reserves and depr. difference less (deferred) tax liability} \times 100}{\text{Balance sheet total} - \text{advances received}^1)}$$

Earnings/share:

$$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes} \pm \text{minority interest}}{\text{Share-issue adjusted average number of shares during the year}}$$

Dividend/share:

$$\frac{\text{Total dividend}}{\text{Share-issue adjusted number of shares at the year-end}}$$

Dividend/earnings %:

$$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

Net gearing:

$$\frac{\text{Interest-bearing liabilities} - \text{cash at banks and in hand}}{\text{Shareholders' equity} + \text{minority interest} + \text{untaxed reserves and depreciation difference less deferred tax liability}}$$

Effective dividend yield %

$$\frac{\text{Dividend per share}}{\text{Share-issue adjusted last trading price of the year}}$$

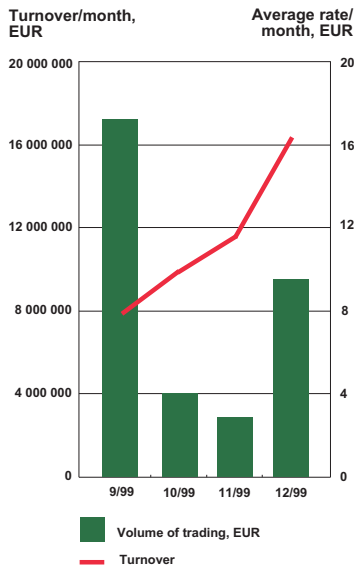
Price/earnings ratio (P/E)

$$\frac{\text{Share-issue adjusted last trading price of the year}}{\text{Earnings per share}}$$

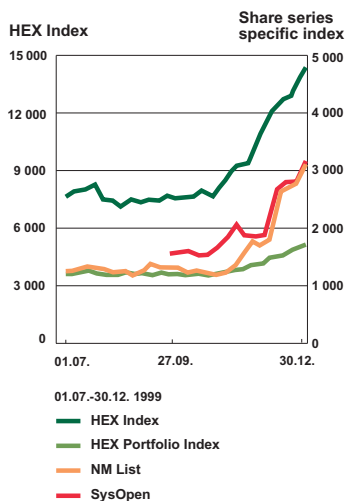
1) SysOpen has booked accrued maintenance charges under short-term creditors in the balance sheet which have been taken into account as advances received in the calculation of equity ratio.

SHARES AND SHAREHOLDERS

Share price development and share trading



HEX Index and share series specific index



Information on company shares

SysOpen has one series of shares and the nominal value of a share is FIM 0.50. The company's share capital totals FIM 4,150,266.50 and the total number of shares is 8,300,533. According to the articles of association, the minimum share capital is FIM 3,000,000 and maximum share capital is FIM 12,000,000.

Extraordinary company meetings have authorised the Board of Directors to increase the share capital by FIM 441,609.50 to FIM 4,591,876.00 and the number of shares by 883,219 to 9,183,752. So far these authorisations have not been used.

Option scheme

In a meeting held on 15 September 1999, SysOpen's shareholders decided to give 369,000 options to the company's key personnel. The options will increase the share capital by a maximum of FIM 184,500. Options entitle their holders to subscribe to company shares at a price dictated by the share price development. Subscription periods begin on 1 May 2001, 1 May 2002, 1 May 2003 and 1 May 2004.

Listing on the Helsinki Exchanges

SysOpen was listed on the Helsinki Exchanges in September 1999. Listing was carried out through a share issue and disposal of shares. A total of 1,890,000 shares were offered, 600,000 of which were new and 1,290,000 were old shares. Share price for the general public and institutional investors was EUR 6.40 and EUR 5.76 for company personnel.

1,290,000 shares were allocated to institutional investors, 540,000 to the general public and 60,000 to personnel. The disposal of shares and the share issue were oversubscribed approximately 20 times. Shares were quoted on the Helsinki Exchanges for the first time on 27 September 1999.

Share trading on the Helsinki Exchanges

SysOpen is quoted on the NM list of Helsinki Exchanges. In the period between 27 September 1999 and 31 December 1999, a total of 3,389,351 company shares were traded for a total value of EUR 33.5 million. On average, 50,587 shares were traded daily. The highest trading price was EUR 20.8 and the lowest EUR 9.1. On 31 December 1999, the company had 1,748 shareholders and its market capitalisation was EUR 162.6 million.

Management ownership

Members of the Boards of Directors of SysOpen Plc Group companies and the Group's Managing Director owned a total of 5,062,078 company shares on 7 January 2000. These shares represent 61 percent of the company's shares and voting rights. Total number of options subscribed by members of the Board was 33,500.

Dividend policy

SysOpen strives to pursue an active dividend policy. The amount of dividend to be paid depends on the company's financial performance, its financial position, need for capital and other factors. Since SysOpen seeks powerful business growth, it invests a large part of its earnings on financing these growth efforts. Income financing will at least partially be used to support the Group's geographical expansion and growing investments in the next few years, which will restrict the company's chances of paying dividend to shareholders. The Annual General Meeting makes the final decision regarding dividends on the basis of the Board of Directors' proposal.

Major Shareholders 31 Dec. 1999

Shareholders	No. of shares owned	Proportion of all shares, %
Karvinen, Kari	1 570 659	19,3
Kylätie, Jorma	1 570 659	19,3
Savolainen, Matti	1 570 659	19,3
Varma-Sampo Insurance Company	149 600	1,8
The Finnish National Fund for Research and Development, SITRA	117 100	1,4
Alfred Berg Finland Unit Trust	116 650	1,4
Rahkamaa, Kimmo	110 902	1,4
Takanen, Seppo	110 802	1,4
Toiviainen, Yrjö	110 802	1,4
Kuronen, Olavi	110 400	1,4
Mutual Fund Gyllenberg Momentum	110 000	1,3
Matikainen, Vesa	105 800	1,3
Nurmela, Markku	105 800	1,3
Pitkänen, Pekka	105 800	1,3
Mutual Fund Gyllenberg Small Firm	94 500	1,2
Riihimäki, Jukka	86 434	1,1
Alfred Berg Optimal Unit Trust	81 700	1,0
Alfred Berg Portfolio Unit Trust	81 640	1,0
Alfred Berg Small Cap Unit Trust	71 800	0,9
Evli-Select Finnish Equity Fund	70 600	0,9
Others	1 678 626	20,6
Total	8 131 033	100,0

Distribution of shareholding 31 Dec. 1999

No. of shares owned	No. of ownership	%	Share/number of votes	%
1 – 100	753	43,08	69 156	0,85
101 – 1 000	807	46,17	271 524	3,34
1 001 – 10 000	139	7,95	475 862	5,85
10 000 – 100 000	36	2,06	1 313 358	16,15
100 001 – 1 000 000	10	0,57	1 143 656	14,07
1 000 001 –	3	0,17	4 711 977	57,95
Waiting list	-	-	145 500	1,79
Total	1 748	100,00	8 131 033	100,00

OBS. Number of shares entered into the trade register on 5 January 2000 was 8,300,533.

Shareholders by sector 31 Dec. 1999

	No. of shares owned	%
Companies	116 174	1,43
Financial and insurance institutions	821 400	10,10
Public corporations	401 250	4,93
Non-profit organisations	225 800	2,78
Private households	6 416 909	78,92
Foreign holding	4 000	0,05
Waiting list	145 500	1,79
Total	8 131 033	100,00

CONSOLIDATED PROFIT AND LOSS ACCOUNT

1 EUR = FIM 5,94573

	1 Jan. - 31 Dec. 1999 FIM	1 Jan. - 31 Dec. 1998 FIM	1 Jan. - 31 Dec. 1999 EUR	1 Jan. - 31 Dec. 1998 EUR
TURNOVER	64 407 496	47 136 010	10 832 563	7 927 708
Other operating income	466 382	459 408	78 440	77 267
Materials and services	-1 187 372	-837 419	-199 702	-140 844
Personnel expenses	-36 001 933	-22 216 815	-6 055 090	-3 736 600
Depreciations and value adjustments	-1 738 918	-930 648	-292 465	-156 524
Depreciation on goodwill	-684 026	-99 606	-115 045	-16 753
Other operating expenses	-15 436 090	-8 069 231	-2 596 164	-1 357 147
OPERATING PROFIT	9 825 539	15 441 699	1 652 537	2 597 107
Financial income and expenses	2 747 344	971 835	462 070	163 451
PROFIT BEFORE APPROPRIATIONS AND TAXES	12 572 883	16 413 534	2 114 607	2 760 558
Appropriations	0	-29 723	0	-4 999
Direct taxes	-3 845 848	-4 681 139	-646 825	-787 311
Minority interest	-6 458	-759 455	-1 086	-127 731
PROFIT FOR THE FINANCIAL YEAR	8 720 577	10 943 217	1 466 696	1 840 517

CONSOLIDATED BALANCE SHEET

1 EUR = FIM 5,94573

	31 Dec. 1999 FIM	31 Dec. 1998 FIM	31 Dec. 1999 EUR	31 Dec. 1998 EUR
ASSETS				
FIXED ASSETS				
Intangible assets				
Other long-term expenses	449 481	41 983	75 597	7 061
Group goodwill	6 335 122	101 794	1 065 491	17 121
Intangible assets	6 784 603	143 777	1 141 088	24 182
Tangible assets				
Machinery and equipment	5 365 723	1 627 371	902 450	273 704
Other tangible assets	1 100 064	515 140	185 017	86 640
Tangible assets	6 465 787	2 142 511	1 087 467	360 344
Financial assets				
Participating interests	1 279 156	0	215 139	0
Other investments	5 166 506	2 993 088	868 944	503 401
CURRENT ASSETS				
Stocks				
Work in progress	623 253	0	104 824	0
Short-term debtors				
Trade debtors	13 739 291	5 690 914	2 310 783	957 143
Prepayments and accrued income	2 052 279	609 342	345 169	102 484
Other debtors	0	78 554	0	13 212
Short-term debtors	15 791 570	6 378 810	2 655 951	1 072 839
Investments	31 845 218	15 049 912	5 355 981	2 531 213
Cash at banks and in hand	11 840 140	9 428 530	1 991 369	1 585 765
TOTAL ASSETS	79 796 233	36 136 628	13 420 763	6 077 745
LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	4 150 266	150 000	698 025	25 228
Share premium account	34 151 188	0	5 743 817	0
Profit brought forward	13 169 269	16 081 249	2 214 912	2 704 672
Profit for the financial year	8 720 577	10 943 217	1 466 696	1 840 517
Shareholders' equity	60 191 300	27 174 466	10 123 450	4 570 417
MINORITY INTEREST	31 488	863 512	5 296	145 232
ACCUMULATED APPROPRIATION	0	77 636	0	13 057
CREDITORS				
Creditors payable after more than one year				
Loans from financial institutions	1 100 000	0	185 007	0
Pension loans	116 920	0	19 665	0
Trade creditors	26 234	0	4 412	0
Total creditors payable after more than one year	1 243 154		209 083	
Creditors payable within one year				
Loans from financial institutions	144 399	0	24 286	0
Advances received	1 536 789	384 301	258 469	64 635
Trade creditors	888 028	8 748	149 356	1 471
Other short-term debt	4 500 694	2 502 535	756 962	420 896
Accruals and deferred income	11 260 380	5 125 430	1 893 860	862 035
Creditors payable within one year	18 330 292	8 021 014	3 082 934	1 349 038
TOTAL LIABILITIES	79 796 233	36 136 628	13 420 763	6 077 745

SOURCE AND APPLICATION OF FUNDS, GROUP (FIM)

	1 Jan. - 31 Dec. 1999 FIM	1 Jan. - 31 Dec. 1998 FIM
BUSINESS OPERATIONS		
INCOME FINANCING		
Operating profit	9 825 539	15 441 669
Depreciation	2 422 944	1 030 254
Financial income and expenses	2 747 344	971 835
Taxes	-3 845 848	-4 681 139
Total	11 149 979	12 762 619
CHANGE IN WORKING CAPITAL		
Current business receivables		
Increase (-)/decrease (+)	-1 274 380	-119 097
Non-interest bearing current liabilities		
Increase (+)/decrease (-)	5 234 863	1 347 700
Total	3 960 483	1 228 603
CASH FLOW FROM BUSINESS OPERATIONS	15 110 462	13 991 222
CAPITAL EXPENDITURE		
Acquisition of fixed assets	-4 213 523	-1 324 482
Sale of fixed assets	141 820	15 726
Shares and interests	-1 791 000	-360 500
Total	-5 862 703	-1 669 256
CASH FLOW BEFORE FINANCING	9 247 759	12 321 966
FINANCING		
Payment of dividends	-11 100 000	-2 358 120
Share issue	21 059 157	0
Total	9 959 157	-2 358 120
CALCULATED INCREASE (+)/ DECREASE (-) IN LIQUID ASSETS	19 206 916	9 963 846
Investments +Cash at banks and in hand		
	1 Jan.	24 478 442
	31 Dec.	43 685 358
Change		19 206 916

PROFIT AND LOSS ACCOUNT FOR THE PARENT COMPANY

1 EUR = FIM 5,94573

	1 Jan. - 31 Dec. 1999 FIM	1 Jan. - 31 Dec. 1998 FIM	1 Jan. - 31 Dec. 1999 EUR	1 Jan. - 31 Dec. 1998 EUR
TURNOVER	8 152 081	6 387 719	1 371 082	1 074 337
Other operating income	43 279	459 408	7 279	77 267
Materials and services	-1 184 621	-492 445	-199 239	-82 823
Personnel expenses	-3 016 539	-1 768 765	-507 345	-297 485
Depreciation and value adjustments	-434 614	-126 245	-73 097	-21 233
Other operating expenses	-2 557 759	-1 360 093	-430 184	-228 751
OPERATING PROFIT	1 001 827	3 099 578	168 495	521 312
Financial income and expenses	14 165 992	7 364 190	2 382 549	1 238 568
PROFIT BEFORE APPRO- PRIATIONS AND TAXES	15 167 819	10 463 769	2 551 044	1 759 880
Income taxes	-4 278 156	-2 939 404	-719 534	-494 372
PROFIT FOR THE FINANCIAL YEAR	10 889 663	7 524 365	1 831 510	1 265 507

BALANCE SHEET FOR THE PARENT COMPANY

1 EUR = FIM 5,94573

ASSETS	31 Dec. 1999 FIM	31 Dec. 1998 FIM	31 Dec. 1999 EUR	31 Dec. 1998 EUR
FIXED ASSETS				
Intangible assets				
Other long-term expense	153 832	29 233	25 873	4 917
Tangible assets				
Machinery and equipment	1 014 698	226 502	170 660	38 095
Other tangible assets	187 847	58 232	31 594	9 794
Tangible assets	1 202 545	284 734	202 254	47 889
Financial assets				
Shares in subsidiaries	11 847 174	0	1 992 552	0
Participating interests	3 018 004	0	507 592	0
Other investments	1 455 055	3 374 329	244 723	567 521
Financial assets	16 320 233	3 374 329	2 744 866	567 521
CURRENT ASSETS				
Short-term debtors				
Trade debtors	49 245	118 624	8 282	19 951
Amounts owed by group undertakings	4 613 578	1 564 528	775 948	263 135
Other debtors	398 133	26 932	66 961	4 530
Prepayments and accrued income	210 612	331 491	35 422	55 753
Short-term debtors	5 271 568	2 041 575	886 614	343 368
Investments				
Other investments	30 917 219	12 683 619	5 199 903	2 133 232
Cash at banks and in hand	3 286 804	1 314 815	552 801	221 136
TOTAL ASSETS	57 152 201	19 728 305	9 612 310	3 318 063
LIABILITIES	31 Dec. 1999 FIM	31 Dec. 1998 FIM	31 Dec. 1999 EUR	31 Dec. 1998 EUR
SHAREHOLDERS' EQUITY				
Share capital	4 150 266	150 000	698 025	25 228
Share premium account	34 151 188	0	5 743 817	0
Profit brought forward	4 563 048	10 988 683	767 450	1 848 164
Profit for the financial year	10 889 663	7 524 365	1 831 510	1 265 507
Shareholders' equity	53 754 165	18 663 048	9 040 802	3 138 899
CREDITORS				
Creditors payable within one year				
Advances received	0	42 676	0	7 178
Trade creditors	180 821	0	30 412	0
Amounts owed to group undertakings	1 193 898	53 561	200 799	9 008
Other creditors	350 322	429 252	58 920	72 195
Accruals and deferred income	1 672 995	539 768	281 378	90 782
Creditors	3 398 036	1 065 257	571 509	179 163
TOTAL LIABILITIES	57 152 201	19 728 305	9 612 310	3 318 063

SOURCE AND APPLICATION OF FUNDS, PARENT COMPANY (FIM)

	1 Jan. - 31 Dec. 1999 FIM	1 Jan. - 31 Dec. 1998 FIM
BUSINESS OPERATIONS		
INCOME FINANCING		
Operating profit	1 001 826	3 099 578
Depreciation	434 615	126 245
Financial income and expenses	14 165 992	7 364 190
Taxes	-1 190 762	-2 939 404
Total	14 411 671	7 650 609
CHANGE IN WORKING CAPITAL		
Current business receivables		
Increase (-)/decrease (+)	-3 229 993	3 998 343
Non-interest bearing current liabilities		
Increase (+)/decrease (-)	2 332 778	-1 481 818
Total	-897 215	2 516 525
CASH FLOW FROM BUSINESS OPERATIONS	13 514 456	10 167 134
CAPITAL EXPENDITURE		
Acquisition of fixed assets	-1 617 525	-167 194
Sale of fixed assets	140 500	1 000
Shares and interests	-1 791 000	-403 724
Total	-3 268 025	-569 918
CASH FLOW BEFORE FINANCING	10 246 431	9 597 216
FINANCING		
Payment of dividends	-11 100 000	-2 055 000
Share issue	21 059 157	0
Total	9 959 157	-2 055 000
CALCULATED INCREASE (+)/DECREASE (-) IN LIQUID ASSETS	20 205 588	7 542 216
Investments + Cash at banks and in hand	1 Jan. 31 Dec.	6 456 218 13 998 434
Change	20 205 588	7 542 216

NOTES TO THE FINANCIAL STATEMENTS

Consolidated financial statements

Consolidated financial statements cover the parent company Sysopen Plc and all subsidiaries in which the parent company owns, directly or indirectly, more than 50 percent of all voting rights. Companies acquired over the year have been consolidated at the time of acquisition and companies sold during the year have been consolidated until the selling time.

Mutual shareholding between Group companies has been eliminated using the acquisition cost method, hence the profit made by subsidiaries after the time of acquisition is included in consolidated shareholders' equity. For subsidiaries acquired through an exchange of shares, the share acquisition cost booked under the parent company's balance sheet was used as acquisition cost. In connection with the exchange of shares of Commit Material Automation Oy, Dycom Oy and EP-Logistics Oy, the estimated net asset value of the companies at the time of exchange was used as their balance sheet value. Items arising from the elimination of subsidiaries have been booked as goodwill which is depreciated over a five year period. Intra-Group transactions, deliveries, receivables and payables have been eliminated. Minority interest has been excluded from consolidated shareholders' equity and booked as a separate item. Participating interests have been consolidated using the equity method.

Items denominated in foreign currencies

Foreign currency transactions have been booked at the exchange rate valid on the transaction date. In the consolidated financial statements, the profit and loss accounts of foreign Group companies have been translated into Finnish markka using an annual average exchange rate calculated on the basis of average rates at the end of each month. Balance sheet values have been translated according to the exchange rates of the balance sheet date. Items arising from the application of the acquisition cost method have been handled as adjusting entries to the Group's non-restricted shareholders' equity. Exchange rate gains and losses have been booked in the profit and loss account. No derivative contracts were used.

Sales income entries

Work performances based on the degree of completion as well as maintenance fees for a contract period have been entered as income. Long-term projects have been entered as income based on their degree of completion. Degree of completion has been calculated on the basis of real costs and a total cost estimate.

Pension arrangements

Finnish companies have a statutory pension insurance scheme. Foreign subsidiaries have arranged their pension schemes in accordance with local practices.

Research and development

Research and development costs have been booked as annual expenses.

Leasing

Leasing payments have been booked as annual expenses. The Group did not have any significant leasing liabilities.

Deferred tax liability

The Group has no deferred tax liabilities or tax claims.

Extraordinary items

Significant items not related to the Group's business activities have been entered as extraordinary items.

Valuation of fixed assets

In the balance sheet, fixed assets have been booked at their acquisition cost less depreciation according to plan. Planned depreciation has been changed to comply with the maximum depreciation permitted by the Business Tax Act. Planned depreciation has been calculated as follows:

Machinery	Net expenditure	25%
Fixtures and furnishings	Net expenditure	25%
Computer software	Net expenditure	20%
Other long-term expenses	Straight-line depr.	5 years
Group goodwill	Straight-line depr.	5 years

Investments

Investments have been valued at their acquisition cost.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Turnover by market area (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Finland	63 165	46 397	8 152	6 387
Other countries	1 242	739	0	0
Total	64 407	47 136	8 152	6 387

Other operating income (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Profit from the sale of fixed assets	41 029	453 107	40 529	453 107
Subsidies	345 950	0	0	0
Other	79 403	6 300	2 750	6 300
Total	466 382	459 407	43 279	459 407

Project income entries

Total income from non-delivered long-term projects booked as income for the period and previously amounted to FIM 7,247,400. Total turnover from projects booked as income according to their degree of completion was FIM 5,485,400. A total of FIM 237,500 has not been booked as income from these long-term projects.

	Value based on the degree of completion	Advance payments	Trade debtors
Non-delivered	7 247	7 205	887

Materials and services (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Materials and supplies	395	114	82	8
External services	792	723	1 103	484

Personnel expenses (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Salaries and remunerations	29 211	17 934	2 481	1 394
Pension costs	4 964	3 123	403	256
Indirect personnel costs	1 827	1 160	132	119
Total	36 002	22 217	3 016	1 769

Management salaries and remunerations (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
	776	1780	776	1050

Average number of personnel during the year

	Group		Parent company	
	1999	1998	1999	1998
	117	78	9	6

Distribution of personnel (%)

	Group		Parent company	
	1999	1998	1999	1998
Active management	10	5	6	5
Consultants and IT professionals	176	75	1	1
Administration	8	2	5	2

Depreciation according to plan (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Depreciation on tangible and intangible assets	1 739	931	435	126
on Group goodwill	684	99	0	0
Total	2 423	1 030	435	126

Financial income and expenses (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Dividends received				
From Group companies	0	0	11 541	6 605
From others	46	88	43	104
Total dividends received	46	88	11 584	6 709
Other financial income and interest receivable				
From Group companies	0	0	0	0
From others	2 723	931	2 585	700

Other financial expenses and interest payable

	Group		Parent company	
	1999	1998	1999	1998
To group companies	0	0	0	0
To others	-22	-5	-5	-45
Total financial income and expenses	2 747	972	14 166	7 364

Direct taxes (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Income tax on ordinary activities	3 846	4 681	4 278	2 939

NOTES TO THE BALANCE SHEET

FIXED ASSETS

	Group		Parent company	
	1999	1998	1999	1998
Intangible assets (FIM thousand)				
Opening balance 1 Jan.	42	44	29	44
Increases	483	17	174	0
Decreases	0	0	0	0
Depreciation	-76	-19	-49	-15
Balance sheet value 31 Dec.	449	42	154	29
Group goodwill (FIM thousand)				
Opening balance 1 Jan.	102	201		
Increases	6 917	0		
Depreciation	-684	-99		
Balance sheet value 31 Dec.	6 335	102		
Machinery and equipment (FIM thousand)				
Opening balance 1 Jan.	1 627	1 347	227	213
Increases	5 158	1 083	1 126	112
Decreases	0	-15	0	-1
Depreciation	-1 419	-788	-338	-97
Balance sheet value 31 Dec.	5 366	1 627	1 015	227
Computer software (FIM thousand)				
Opening balance 1 Jan.	515	415	58	17
Increases	829	224	177	55
Decreases	0	0	0	0
Depreciation	-244	-124	-47	-14
Balance sheet value 31 Dec.	1 100	515	188	58
Financial assets (FIM thousand)				
Shares in subsidiaries				
Opening balance 1 Jan.			426	455
Increases			11 421	0
Decreases			0	29
Balance sheet value 31 Dec.			11 847	426
Participating interests (FIM thousand)				
Opening balance 1 Jan.	1 212	1 212	1 212	1 212
Increases	67	0	1 806	0
Balance sheet value 31 Dec.	1 279	1 212	3 018	1 212
Other investments (FIM thousand)				
Opening balance 1 Jan.	2 993	2 560	1 736	1 303
Increases	2 454	433	0	433
Decreases	281	0	281	0
Closing balance 31 Dec.	5 166	2 993	1 455	1 736

Shares and interests owned by the Group and the parent company

	Registered office	Group interest	Parent interest
Group companies			
Sysopen Audit Team Oy	Helsinki	100%	100%
Sysopen Consulting Oy	Helsinki	100%	100%
Sysopen Design Oy	Helsinki	100%	100%
Sysopen Development Oy	Kuopio	100%	100%
Sysopen Edom Team Oy	Helsinki	100%	100%
Sysopen Limited	Dartford	100%	100%
Sysopen Object Team Oy	Helsinki	80%	80%
Sysopen Optimus Oy	Espoo	100%	100%
Sysopen Partners Oy	Helsinki	100%	100%
Sysopen Project Oy	Helsinki	100%	100%
Sysopen Solutions Oy	Tampere	100%	100%
Sysopen Sweden Ab	Tukholma	100%	100%
Sysopen Tools Oy	Helsinki	100%	100%
Dycom Oy	Espoo	100%	100%
EP-Logistics Oy	Helsinki	100%	100%
Companies in which the Group has a participating interest			
CLS Research Ltd	Melbourne	20,40%	20,40%
Oy Ideos Ltd	Kuopio	25,30%	25,30%
Midecraft Oy	Espoo	33,40%	33,40%
Callcom Oy	Espoo	49,00%	

Other shares and interests owned by the parent co (FIM thousand)

Nord Golf Oy	63
Pickala Golf Oy	61
Kiint. Oy Rukan Kuukkeli	371
Vierumäen Loma-aika Oy	823
Vierumäki Golf Oy	51
Helsinki Telephone Corporation	20
Tele, telephone subscriptions	5
Increases	
Nord Golf Oy	10
Vierumäki Golf Oy	51
	<u>1 455</u>

Current assets (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Short-term debtors				
Trade debtors	13 739	5 691	49	119
Amounts owed by group undertakings	0	0	0	1 564
Trade debtors	0	0	1 067	0
Loan receivables	0	0	2 629	0
Prepayments and accrued income	0	609	918	0
Other debtors	2 052	78	609	358
Total debtors	15 791	6 378	5 272	2 041

Investments

	Group		Parent company	
	1999	1998	1999	1998
Book value		31 845		30 917
Replacement price		31 955		31 047

Shareholders' equity (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Share capital 1 Jan.	150	150	150	150
Bonus issue 24 June	2 850	0	2 850	0
Rights issue 11 Aug.	296	0	296	0
Rights issue 2 Sep.	230	0	230	0
Rights issue 27 Sep.	300	0	300	0
Rights issue 23 Dec.	239	0	239	0
Rights issue 31 Dec.	85	0	85	0
Share capital 31 Dec.	4 150	150	4 150	150
Share premium account 1 Jan.	0	0	0	0
Share premium account 31 Dec.	34 151	0	34 151	0
Profit brought forward 1 Jan.	27 024	18 439	18 513	13 044
Other change	96	0	0	0
Bonus issue 9 June	-2 850	0	-2 850	0
Payment of dividends	-11 100	-2 358	-11 100	-2 055
Profit for the financial year	8 720	10 943	10 889	7 524
Shareholders' equity	60 191	27 174	53 754	18 663

Creditors (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Creditors payable after more than one year				
Loans from financial institutions	1 100	0	0	0
Pension loans	117	0	0	0
Trade creditors	26	0	0	0
Creditors payable within one year				
Loans from financial institutions	145	0	0	0
Advances received	1 537	0	0	42
Trade creditors	888	8	181	0
Amounts owed to group undertakings	0	0	1 194	53
Other creditors	4 500	2 888	350	429
Accruals and deferred income	11 260	5 125	1 673	540
Total creditors	19 573	8 021	3 398	1 065

The most significant items included in the Group's accruals and deferred income are accruals of personnel expenses (FIM 5,752 thousand).

Pledges and contingent liabilities (FIM thousand)

	Group		Parent company	
	1999	1998	1999	1998
Rent liabilities	6 763	243	2 719	243
Rent liabilities for the SysOpen SysOpen Tower	28 149		28 149	

Distribution of shareholders 31 Dec. 1999

	%
Companies	1,43
Financial and Insurance institutions	10,10
Public corporations	4,93
Non-profit organisations	2,78
Private households	78,92
Foreign holdings	0,05
Waiting list	1,79

Information on shareholders 31 Dec. 1999

	No. of shares owned	% of shares and voting rights
Karvinen Kari	1 570 659	19
Savolainen Matti	1 570 659	19
Kylätie Jorma	1 570 659	19
Varma-Sampo insurance company	149 600	2
The Finnish National Fund for Research and Development	117 100	1
Alfred Berg Finland Investment Fund	116 650	1
Rahkamaa Kimmo	110 902	1
Toiviainen Yrjö	110 802	1
Takanen Seppo	110 802	1
Kuronen Olavi	110 400	1

Management ownership

Members of the Boards of Directors of SysOpen Plc Group companies and the Group's Managing Director owned a total of 5,062,078 company shares on 7 January 2000. These shares represent 61 percent of the company's shares and voting rights. Total number of options subscribed by members of the Board was 33,500.

SYSOPEN PLC

Helsinki, February 15, 2000



Matti Savolainen



Kari Karvinen



Risto Linturi



Timo Tiihonen



Jorma Kylätie
Managing Director

AUDITORS' REPORT

To the shareholders of Sysopen Plc

We have audited the accounting, the financial statements and the corporate governance of Sysopen Plc for the period January 1st – December 31st 1999. The financial statements, which include the report of the Board of Directors, (consolidated and parent company) profit and loss accounts, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

Helsinki, February 15, 2000

KMPG WIDERI OY AB



Kalervo Ariluoma
Authorised Public Accountant



Ari Ahti
Authorised Public Accountant

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