



Financial information

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The annual report, interim reports and stock exchange bulletins are also available on the Company's web site at www.iocore.fi

Annual General Meeting

Iocore Plc's Annual General Meeting will be held on 22 January 2001 at 4 p.m.

The deadline for registration is five days prior to the General Meeting. Powers of attorney must be delivered to Sari Heikkinen at least five days prior to the General Meeting for review; tel. +358 9 4152 2522, fax +358 9 4152 2520, e-mail: sari.heikkinen@iocore.fi.

Dividend record date	25 January 2001
Dividend payment date	1 February 2001

The dividend is EUR 0.06/share.

During the past year, Evli Securities, Helsinki has drafted investment analyses about Iocore Plc.

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Values

■ True caring

We genuinely care about each other and our customers' interests.

■ Profitability

By always operating profitably, we ensure the existence and future of our company.

■ Continuous development

In order to reach the top and stay there, we must continue to develop both as individuals and as a company.

locore in brief

Business idea and strategy

locore's business operations are based on IT systems integration and expert services, as well as e-commerce software products and services.

The Company's customers in **systems integration and expert services** include Nordea Companies Finland (MeritaNordbanken), Sampo-Leonia, Pohjola, Ilmarinen, Nokia, the S-Group, Kesko, Sanoma-WSOY and Kärkimedia.

The objective in **e-commerce operations** is to create financially successful solutions for customers. locore's product development originates from each customer's needs and produces software products and services for business-to-business and business-to-consumer purposes. During the financial year, the Company built extensive industry portals for e-commerce purposes.

Strong investment in product development locore invests heavily in product development. During the financial year that ended on 30 September 2000, product development investments amounted to 10.2% of the Company's net sales.

Financial objectives In the near future, the Company's objective is to continue growing while maintaining profitability.

locore is a growing company that invests a major portion of its profit in financing growth. The Company's internationalisation and increasing product development investments are financed from cash flow generated by operations, which limits the possibility to pay dividends during this year and the next few years.

Goal locore aims to be a key player in the development of e-commerce. Our objective is to achieve a significant market position in the Finnish and the European markets. locore is part of the global group consisting of Mican Ltd and its subsidiaries.

Strategy locore uses the following strategy to try and obtain its goal:

Growth. Systems integration and expert services and software products and services are strengthened through organic growth and strategic acquisitions. In Europe, growth is also sought by building a resale network and by purchasing sales offices.

Product development. Our competitiveness relies on our focus on developing existing software to be even more competitive. The demand for locore's software solutions will increase further as wireless solutions become more widespread.

In Europe, our **internationalisation** will be realised through Mican's network and by setting up sales offices, which, for example, can be obtained through acquisitions.

Personnel. In addition to recruitment, locore will maintain the high level of technical and project management know-how its experts possess by arranging continuous training.

Financial year

(1 Oct 1999 – 30 Sep 2000) in brief

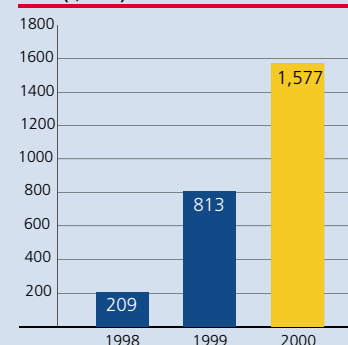
- The Icore Group's net sales improved significantly during the financial year that ended in September 2000. Net sales grew by 131.5% and the operating profit grew by 54.6%.
- Icore's profit after financial items was EUR 1,577,000, when the corresponding figure for the previous year was EUR 813,000.
- Systems integration and expert services made up 76% of the net sales ; e-commerce software products and services amounted to 24%.
- Icore arranged an initial public offering consisting of a primary and secondary offering between 15 – 17 May 2000. On 31 May 2000, the Company's share was listed on the New Market list of the Helsinki Exchanges.

Financial indicators for the Group

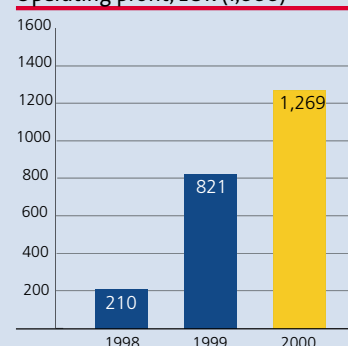
EUR	12 mo. 30 Sep 2000	12 mo. 30 Sep 1999
Net sales	7,926,258	3,423,334
Net sales growth %	131.5	N/A
Operating profit	1,269,327	820,832
% of net sales	16.0%	24.0%
Profit before voluntary provisions and taxes	1,495,454	812,612
% of net sales	18.9%	23.7%
Return on equity, ROE	25.7%	105.6%
Return on investment, ROI	33.5%	97.0%
Liabilities subject to interest	152,967	160,788
Bonds and shares + cash and bank receivables	6,672,689	961,831
Net gearing	-77.9%	-87.1%
Equity ratio	83.3%	27.2%
Gross investments in fixed assets	544,136	1,313,781
% of net sales	6.9%	38.4%
Research and development costs	810,000	600,000
% of net sales	10.2	17.5
Personnel (average)	93	29
Personnel at the end of the financial year	102	46

The financial data in this table has been rounded off. The figures are partially based on source data that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

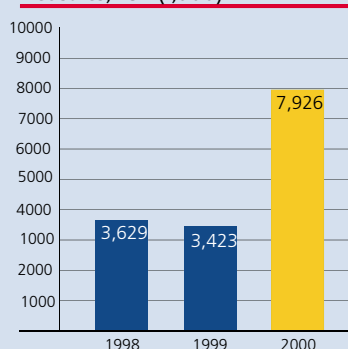
Profit after financial items, EUR (1,000)



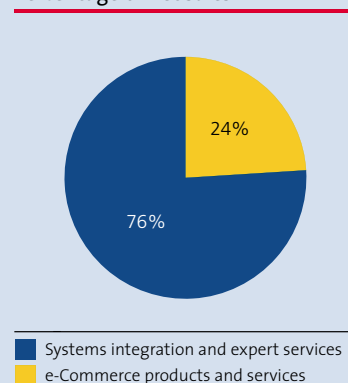
Operating profit, EUR (1,000)



Net sales, EUR (1,000)



Percentage of net sales



CEO's review

Facing new challenges and enormous opportunities

locore began a new era last May, when its share was listed on the Helsinki Exchanges. With the listing, we wanted to obtain capital for growth and internationalisation. We also acquired a new source of financing for possible acquisitions, the construction of an international distribution network, and product development investments. The public listing of our company's share creates new opportunities for serving our customers better and in more extensive projects, both in Finland and abroad.

In accordance with our strategy, we have experienced rapid, profitable growth. During the financial year, we received several long-term customers and a number of new projects. Our net sales increased by 132%, totalling EUR 7.9 million, and our profit after financial items amounted to EUR 1.6 million. The corresponding pro forma figures were EUR 9.5 million and EUR 2.0 million.

The outlook for our market segment is extremely positive. Systems integration and expert services are expected to grow about 12% per year, whereas b-to-b e-commerce is expected to grow much more rapidly. According to estimates presented by the Gartner Group, corporate investments into e-commerce have been modest so far and are expected to grow approximately 100% per year during the next 3 – 4 years. At the moment, global investments in b-to-b e-commerce are estimated at USD 400 billion per year. The research facility International Data Corporation estimates that by 2002, Internet service market in Finland may total close to EUR 360 million, of which 87% will be invested into b-to-b e-commerce.

We want to offer our customers comprehensive, high-quality service: from strategy consulting, systems integration and expert services, system environment maintenance all the way to ASP services, and services guaranteeing product functionality. In the future, we will heavily invest in turnkey information system projects, expert services and b-to-b e-commerce product development and sales. In product development, we are focused on creating new products and developing our current products further. New products are developed to supplement the ECGate product family.

Our internationalisation is advancing as scheduled. Recently, we invested in creating export opportunities for e-commerce products through VAR (Value Added Reseller) and OEM (Original Equipment Manufacturer) partners. In addition, our internationalisation strategy includes acquisitions. In product operations, our acquisitions are focused on companies that can function as sales and distribution organisations for our products.

We are only interested in profitable and expanding companies. In December 2000, we took our first step on this road by acquiring the share capital of the expert and consulting company locore Western Europe, which provides us with a direct sales channel to markets in Western Europe.

locore's strengths include skilled and experienced personnel, process and industry know-how, and its own e-commerce products for Internet and mobile solutions. Our success relies on professional personnel, who produce added value to our customers from one year to the next. Continuous investment in training and improved job satisfaction ensure that our employees are well motivated and highly skilled not only now, but also in the future.

The net sales of locore Group will increase significantly during this financial year. The Company will grow both organically and through acquisitions. Regardless of the quick growth speed, the Company's operations will remain highly profitable.

Kari Partanen



The growth outlook in systems integration and expert services is excellent – particularly in the b-to-b area.



Systems integration and expert services

The pro forma net sales of systems integration and expert services grew by 28% from the previous financial year, totalling EUR 7,563, 000. At the end of the financial year, systems integration and expert services employed 70 people.



during the financial year, locore received significant new projects in the insurance, manufacturing, trade and media industries. The Company also entered a new business area of tailoring industry-specific portals for the trade and media industries.

Some of our customers have outsourced their system development either partially or entirely to locore. Our customers receive better quality and faster deliveries through outsourcing. At the same time, locore is integrated into the customer's business operations and it can focus on developing the operations comprehensively with the use of information technology.

The competitive advantage of locore's systems integration and expert services is thorough know-how about traditional information systems and databases, as well as expertise in e-commerce and Internet technologies. locore also has its own e-commerce product family. By combining know-how and products, locore can quickly and flexibly build e-commerce systems that can be integrated into existing information systems.

The growth outlook in systems integration and expert services is excellent, particularly in the b-to-b area. Next year, investments in the sector are expected to increase rapidly in Finland. locore's strengths include capable and experienced employees, solid process know-how and ten years of experience in e-commerce products.

Key figures (pro forma)

EUR (1,000)	2000	1999	Change %
Net sales	7,563	5,904	28.1
Personnel	70	66	6.1

Kärkimedia's online advertisement ordering system

A significant part of the manual stages eliminated

In the autumn of 1999, locore began to develop a digital data transmission system to handle ordering information for Kärkimedia's advertising products. The objective was to transfer ordering, confirming and invoicing into the system, and to unite various parties, such as newspapers, research facilities, media agencies, direct customers and banks. Kärkimedia's online system was implemented using locore's ECGate and ECNet product family.

The transmission of a newspaper advertisement involves several levels and parties. These levels include transmitting the actual advertising material, reserving the advertising space, ordering and invoicing. The process involves media and advertising agencies, advertisers and processing facilities.

Advertising material is sent in electronic format using the FirstClass e-mail system. Since 1996, Kärkimedia has been able to transfer digital advertising material.

Errors eliminated, operations more efficient The last development stage of the process involves the ordering of advertising space digitally from a newspaper. This stage is now integrated into the process and it can be carried out from the customer's system or through a Web interface. With the help of locore's ECNet, Kärkimedia can now electronically receive advertising orders in its reservation system. Kärkimedia records the orders and prices the advertisements. Then the advertising orders are transmitted directly to the paper through the ECNet service.

Previously, the transmission of an advertisement order contained several manual stages, which were time-consuming and exposed to errors. A significant part of the manual stages have now been entirely left out, thanks to the ECNet system that locore implemented for Kärkimedia. Now, customer service personnel can verify that the information in the advertising orders is correct.

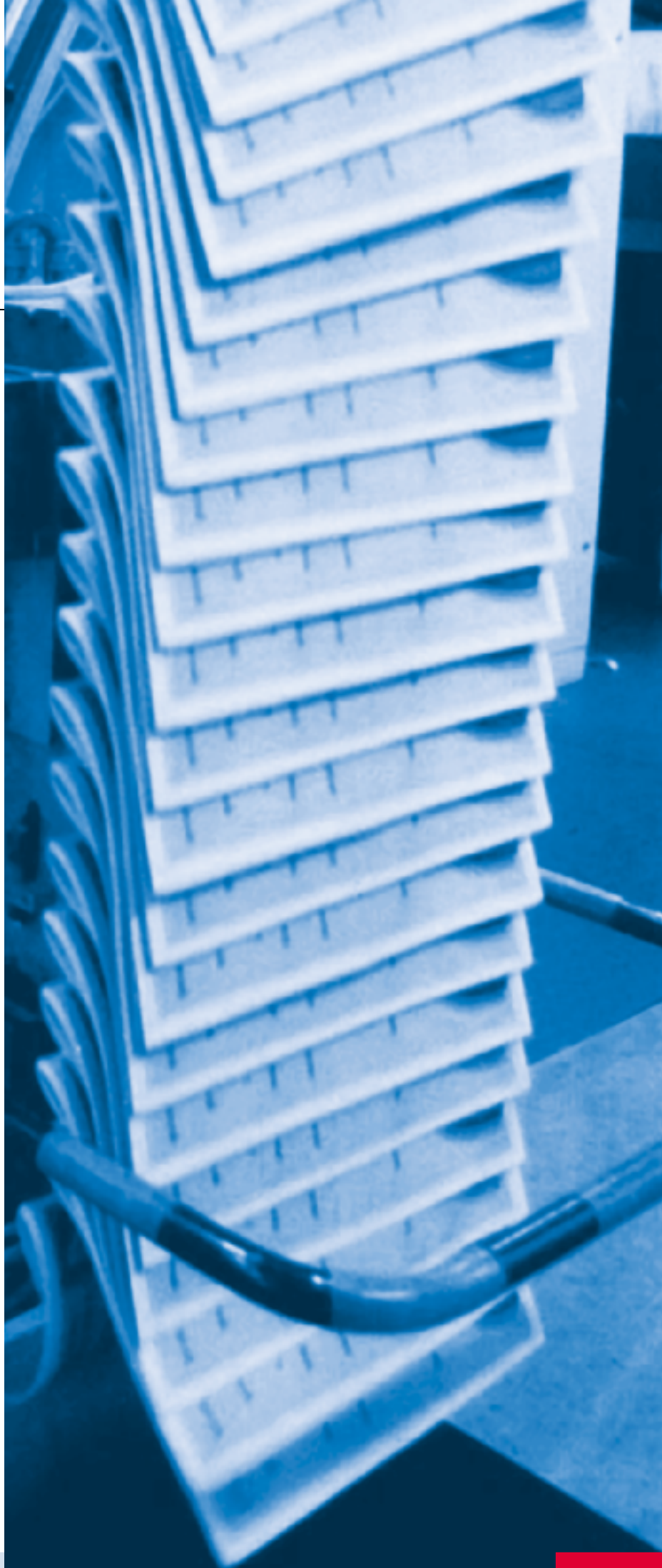
With the new system, Kärkimedia has obtained the following financial and quality advantages:

- **Improved performance**
- **Error-free orders**
- **Elimination of human errors**
- **Orders now located in a single database**
- **Improved customer satisfaction**

Industry portal strengthening the partnership

The project that Icore delivered to Kärkimedia included the specification, planning, implementation and testing of the information system. The first phase of the project was taken into use at the end of the financial year, in the autumn of 2000. The pilot phase included the media agency Dagmar and the newspaper Helsingin Sanomat. In the future, all of Kärkimedia's functions can be accessed from one Internet interface, which will function as an industry portal, enabling customers to transfer advertising material, make orders as well as retrieve research and media information.

Media agencies are Kärkimedia's regular partners. A common system improves and eases Kärkimedia's co-operation with large media agencies. Kärkimedia provides its partners with user-friendly tools for developing the partnership, improving the functionality of ordering as well as eliminating errors.



e-Commerce products

The business area of e-commerce software products developed rapidly during the financial year. The net sales increased by 76% from the previous financial year, totalling EUR 1,906,000.

The number of personnel in the business area increased by one-third and totalled 32 people at the end of the period.

The Internet and mobile services will be increasingly important to Icore in the future.



locore strengthened its position as one of the major business-to-business systems suppliers in Finland. The most important industries for the e-commerce business area were retail trade, car trade, media and transportation.

During the financial year, locore extended its e-commerce services to strategic consulting; for example, major projects were launched in mobile and multi-channel communications. The latter refers to systems that enable the receiving and browsing of identical information with several terminals, such as mobile equipment or the Internet.

locore is heavily investing in the development of e-commerce software products. During the financial year, the Company launched the ECGate Connector in the ECGate product family. This product quickens the speed in which companies join e-commerce systems and b-to-b portals implemented with ECGate.

As a result of new information security and monitoring features, better user interfaces and documentation, the new versions of locore's software products are more competitive than ever before. The software can be used more safely and efficiently, and it can be installed with a faster schedule.

The development of software products for partnership operations started at the beginning of the financial year. One of the key objectives for the financial year 2001 is to bring international partners into projects that have been implemented using locore's products.

Outlook In 2001, locore aims to further increase the sale of e-commerce software products. The current explosive growth in b-to-b communication needs is focused on open standard solutions, which are a cornerstone in locore's product and solution development. locore's position as an expert on b-to-b activities is further strengthened by its heavy investment in the XML language and participation in the standardisation of XML in various business areas.

During the following years, partnership networks and b-to-b portals will play a key role in e-commerce projects, on which locore's software product strategy relies. The initiation of OEM (Original Equipment Manufacturer) product development resulted in the launching of the Media Gateway software for the media industry. The software was designed in co-operation with Atex Media Solutions Ltd.

locore's software can also be used to back up wireless mobile services, since it can be used to integrate information content into WAP and SMS based portals. In the future, the Internet and mobile services sector offers significant opportunities for locore's software.

Key figures (pro forma)

EUR (1,000)	2000	1999	Change %
Net sales	1,906	1,083	76.0
Personnel	32	24	33.3



locore unites the car trade industry

Finland can now be proud of having an online service for car sales that is one of its kind, even on a global scale. The car trade system operated by NetWheels Oy covers the entire country and it is supported by companies from each level of the car trade industry. Customers can now easily buy the car they desire, whether new or old.

the business idea for NetWheels is based on specific studies on the behaviour of car buyers, as well as an innovative way of combining and managing the systems of various parties. The aim is to digitise the entire car purchasing process from the consumer to the car dealer.

The shareholders of NetWheels include companies in the car trade industry, Sampo Insurance Company Plc and Sanoma Corporation. Companies from each level of the car trade industry participate, unlike in the United States, where the general goal of online car trade services is to rule the market and leave the import or resale branch out altogether.

Over 300 car dealers participate in the system. The database contains information on over 2,000 new cars and 13,000 trade-ins. The database is available through several Internet sites, such as A1-Autotori (operated by Merita), AutoNet (Osuuspankki), Autotalli (MTV3), Oikotie (Helsingin Sanomat) as well as the web sites of different car dealers.

Centralised service brings savings to the car trade industry Customers who are planning to buy a car can look for the vehicle by make, model, production year, price or driven kilometres, etc. They can also limit the search to a given region or city. The same service provides a financing and insurance offer, and a link to the car dealer. Financing companies promise to answer the financing request within five minutes.

When the car dealer obtains a used car, its information is entered in NetWheels' system through an extranet service. At the same time, the car dealer can reserve advertising space for the car in most of the largest newspapers in Finland.

The NetWheels service brings advertising cost savings to the car trade business, since advertising can be handled centrally through the service. More importantly, the car dealer obtains valuable sales tips on people interested in buying a car.

The technology that supports NetWheels has been designed and implemented by locore using the Company's e-commerce software. Data transmission is handled with locore's ECGate software. Some of the formats that are used to transmit data are XML and EDIFACT. "The system combines locore's products and the service of NetWheels, producing a uniquely advanced and functional package," says Matti Noranta, the CEO of NetWheels Oy. "Our co-operation with locore has been extremely smooth. We are close to one another, both physically – our offices are located in the same building – and above all, mentally."



**locore continuously invests in
the well-being and development
of its personnel.**



Personnel

**At the heart of locore is know-how, which is visible
in our products and expert services, visible in each
employee. Know-how is valued at locore, which is
why it is being continuously developed.**



At the beginning of the financial year, locore had 46 employees and 9 contract employees. At the end of the financial year, the corresponding figures were 102 and 20. A major portion of the increase in personnel resulted from the acquisition of Microext Oy in March 2000, at which point Microext Oy became locore's subsidiary.

One of locore's great assets is the diverse know-how of its personnel.

At the end of the financial year, the average age of employees was 35 and about 20% were women.

locore's long-term objective in personnel policy is to become one of the best and most desired employers in the IT industry. In order to achieve this goal, we must ensure the functionality of personnel administration and invest in the well-being and development of our personnel.

In addition to genuine caring, the Company's personnel policy is directed by the following:

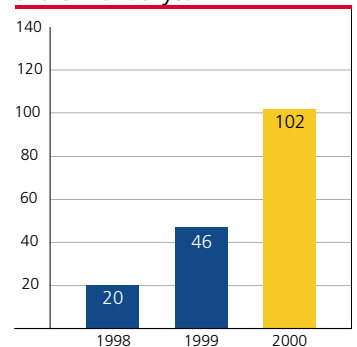
- **Motivating tasks**
- **Training and personal development**
- **Competitive earnings and distribution of profit**
- **Positive working atmosphere**

Together with the listing of locore's share in May 2000, a four-year share option programme was announced. The programme covers all personnel in the Company.

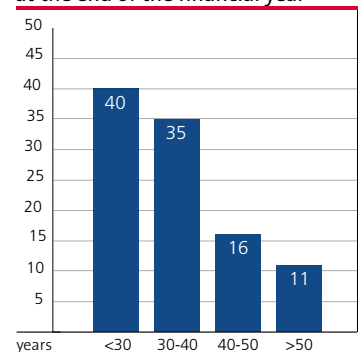
In January 2002, employees will be moving into new premises in Meilahti, Helsinki. In the planning of the premises, attention has been paid to locore's open corporate culture and low organisation structure.

locore's growth objectives presented new challenges for recruitment during this financial year. Open positions were filled successfully. We are heading to the next financial year with a growth-oriented recruitment strategy. The number of personnel will also increase through future acquisitions.

Personnel at the end of the financial year



Personnel age distribution at the end of the financial year





Mike Frayne



Martti Juvén



Kari Katajamäki



Kari Kontuniemi

Report of the Board of Directors

locore's net sales amounted to EUR 7.9 million, which indicated a growth of 131.5% from the corresponding period of the previous year. Profit after financial items amounted to EUR 1.6 million, showing a growth of 94%. The number of personnel grew by 121.7%.

Board of Directors 1999–2000

Mike Frayne, chairman

Kari Partanen, vice chairman

Martti Juvén, member

Kari Katajamäki, member

Kari Kontuniemi, member

Pertti Ruosaari, member

Osmo Suihko, member

The last financial year was the third one for Icore Plc. It was a period of change for the entire Group. During the financial year, the Group experienced strong growth, both organically and through acquisitions. Icore Plc has been part of the global group Mican Ltd. The shareholder base was expanded in May 2000 with an initial public offering through which Icore Plc obtained more than 1,300 new shareholders. On May 29, the Company's share was listed on the Pre List of the Helsinki Exchanges and on May 31, it was listed on the New Market list. By the end of the financial year, Mican Ltd's ownership of Icore Plc had been reduced to 49.7%. Through acquisitions made in the spring, Icore Plc obtained the remaining 25% of Icore Solutions Ltd and bought the entire share capital of Microext Ltd.

Changes in net sales The Icore Group's net sales increased by 131.5% from the previous year and grew to a total of EUR 7,926,000 (EUR 3,423,000 in 1999). The net sales of the parent Company, Icore Plc, decreased by 16.6% for a total of EUR 2,369,000 (EUR 2,842,000). The decrease in net sales resulted from the fact that this year some activities previously included in net sales of Icore Plc were included in net sales of the Company's subsidiary, Intec Software Solutions Ltd. In comparative terms, net sales increased by 34.4%. The entire net sales were accumulated in Finland.

Systems integration and expert services made up 76.0% of net sales, with e-commerce software products and services amounting to 24.0%. Product development in e-commerce software and e-commerce service offerings have been centralised to the subsidiary Icore Solutions Ltd. Icore Plc, the parent company, offers systems integration and expert services; Microext Ltd provides network management services.

Performance development During the financial year, the Group's result developed as expected and remains good. The profit grew by 94% from the previous year and was EUR 1,577,000 (EUR 813,000) after financial items. For the parent company, the result after financial items totalled EUR 587,000 (EUR 649,000), which amounted to a decrease of 9.4%. As above, the negative result development in the parent company resulted from part of the comparative result being included in net sales of the subsidiary Intec Software Solutions Ltd. In comparative terms, the result increased by 45.6%. The result for the financial year remained good despite rapid growth, heavy investment in product development and internationalisation, and indirect costs resulting from the share issue.

The direct costs from the listing of Icore Plc in the spring (EUR 322,000) were entered directly into the shareholders' equity in the balance sheet. In addition, direct costs related to listing were entered under extraordinary items in the amount of EUR 81,000. In connection with the merger with Intec Software Solutions Ltd, the EUR 530,000 that is the merger difference to be entered as revenue has been marked as extraordinary income.



Pertti Ruosaari

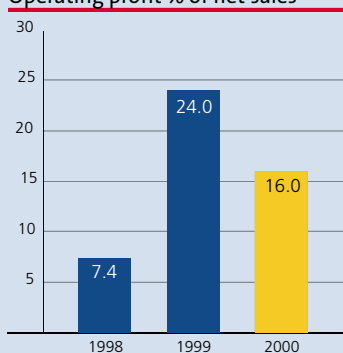


Osmo Suihko

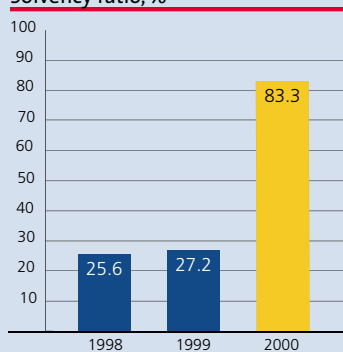


Kari Partanen

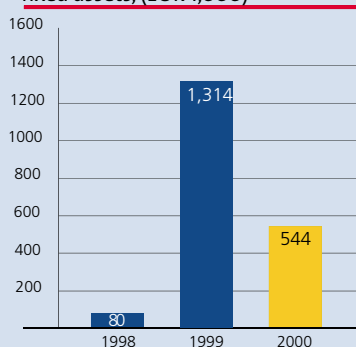
Operating profit % of net sales



Solvency ratio, %



Gross investments in fixed assets, (EUR 1,000)



Financing and investments The Group's financial position remained good throughout the financial year. The balance sheet total at the end of the financial year was EUR 10,050,000 (EUR 3,413,000). The equity ratio was 83.3% and the gearing ratio was -77.9%. The Group's liquid assets totalled EUR 6,673,000.

The Group's capital expenditure during the financial year totalled EUR 544,000. The investments were normal replacement investments and additional investments resulting from growth.

Product development The locore Group invested heavily in customer-oriented product development. The Group's product development is centralised into locore Solutions Ltd. Product development has focused on two areas: the further development of existing products and the development of new products.

During the financial year, a new product was launched in the EC product family. The ECGate Connector connects companies more quickly to e-commerce systems and comprehensive business-to-business portals that are implemented with ECGate. The product enables the management of complex, transnational business-to-business portals, which are critically important to a company's business operations. With this new product, locore Group can more easily build and operate portals, which can be linked to hundreds, even thousands of companies.

locore Group's investments in product development during the financial year totalled EUR 810,000, which were treated as annual costs. Product development costs increased by 35% from the previous year (EUR 600,000). At the end of the financial year, 21 people worked in product development. Some of these people also provide assistance in product installation, when necessary. Wages, rent and fixed expenses based on the number of personnel were treated as product development costs. The consolidated balance sheet includes EUR 52,000 in product development costs activated during 1998-99. These investments are depreciated over 3 years as planned depreciation.

Personnel At the end of the financial year, the locore Group employed 102 people plus 20 contract employees. The number of personnel nearly doubled during the financial year. The average number of employees during the financial year was 93. The parent company locore Plc had 24 employees at the end of the financial year with an average of 22 people for the financial year.

Share capital and listing The Extraordinary General Meeting of 25 October 1999 decided that the Company's share capital and minimum and maximum shareholders' equity should be presented in euros. The meeting also decided to change the Company's minimum and maximum share capital in such a way that the minimum share capital is EUR 150,000 and the maximum share capital is EUR 600,000. The Articles of Association were amended in such a way that the mention of the par value of the share was removed and the new minimum number of shares was established as 3,500,000 and the maximum number as 100,000,000.

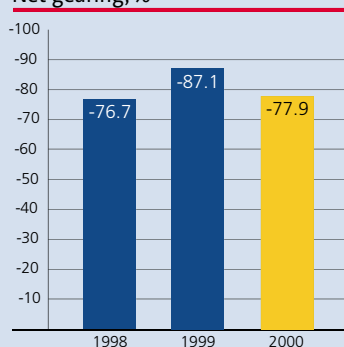
The same meeting decided to increase the Company's share capital through a bonus issue of EUR 166,590.60, for a total of EUR 175,000. No new shares were issued in the bonus issue, but the EUR 166,590.60 was transferred from the retained earnings account to share capital. The Company's shares were simultaneously split in such a way that the owner received 3,500 shares for each share (split 1:3,500), dividing the Company's share capital of EUR 175,000 into 3,500,000 shares. The book share value was specified as EUR 0.05. The changes were entered into the trade register on 7 February 2000.

The Extraordinary General Meeting of 30 March 2000 decided to arrange a directed share issue, deviating from the shareholders' first option to subscribe, in order to acquire 48% of the share capital of Microext Ltd. The share capital was increased from EUR 175,000 to EUR 190,600 by offering 312,000 new shares of Icore Plc for subscription to the shareholders of Microext Ltd. There was an important financial reason for deviating from the shareholders' first option to subscribe.

The same Extraordinary General Meeting also authorised the Company's Board of Directors to decide on a subscription issue, on the following terms:

- the authorisation is valid for one year after the this decision
- on the basis of this authorisation, the share capital can be increased by a maximum of EUR 35,000,
- the Board of Directors is authorised to deviate from the shareholders' first option to subscribe for financial reasons important to the Company and in order to implement a subscription issue in connection with acquisitions and a merger,
- the Board of Directors is authorised to decide on the subscription price and other terms.

Net gearing, %



■ the Board of Directors is entitled to decide that shares can be subscribed against property given as subscription in kind or under other specified terms

In a meeting held on 5 May 2000, the Company's Board of Directors decided to use the authorisation given by the Extraordinary General Meeting to increase the Company's share capital from EUR 190,600 to EUR 199,747.50 by offering 182,950 new shares of the Company for subscription to the shareholders of Iocore Solutions Ltd. The subscribers paid for the shares with property given as subscription in kind, and in this way the Company acquired the remaining 25% of the share capital of Iocore Solutions Ltd.

On 18 May 2000, Iocore Plc's Extraordinary General Meeting decided to increase the Company's share capital through a share issue by a maximum of EUR 39,500. To implement the share issue, an initial public offering was arranged 15–17 May 2000. In the share issue, deviating from the shareholders' first option to subscribe, a maximum of 790,000 shares of the Company without a nominal value were offered to the public in Finland, the Company's employees and to both Finnish and international institutional investors. The share capital was increased on the basis of the underwritings made by investors during the offering period. On the basis of the underwritings and subscription offers, the subscription price of each share was 7.00 in the public and institutional offerings and EUR 6.30 in the personnel offering.

The same Extraordinary General Meeting of 18 May 2000 decided to direct a share issue at the minority shareholders of Open Solutions Ltd and Open Websec Ltd. With this directed share issue, Iocore Plc obtained the remaining shares of Open Solutions Ltd and Open Websec Ltd. A total of 10,220 shares of the Company were offered for subscription to the minority shareholders of Open Solutions Ltd and correspondingly, 5,170 shares were offered for subscription to the minority shareholders of Open Websec Ltd. The subscribers paid for the shares with property given as subscription in kind, and in this way the Company acquired 10% of the share capital of both Open Solutions Ltd and Open Websec Ltd. There was an important financial reason for deviating from the shareholders' first option to subscribe, since through this arrangement, Iocore Plc acquired the rest of two companies that the Group already mainly owned, in order to develop its business activities and streamline its company structure.

The remaining shares of Microext Ltd were acquired through another directed share issue, which was also decided on in the Extraordinary General Meeting of 18 May

2000. The old shareholders of Microext Ltd were offered 500,010 new shares of Ilocore Plc for subscription. The subscription price was paid with property given as subscription in kind and in this way the Company acquired the remaining 52% of the share capital of Microext Ltd. There was an important financial reason for deviating from the shareholders' first option to subscribe, since through this arrangement, Ilocore Plc acquired the rest of a company it already mainly owned, in order to develop its business activities and streamline its company structure.

With the share issues directed to the aforementioned shareholders of Open Solutions Ltd, Open Websec Ltd and Microext Ltd, as well as the share issues directed to institutional investors, the public in Finland and the Company's employees before the listing, the Company's share capital increased from EUR 199,747.50 to EUR 265,017.50. A total of 1,305,400 new shares were issued.

The Extraordinary General Meeting of 18 May 2000 cancelled the authorisation to arrange share issues, which was given by the Extraordinary General Meeting of 30 March 2000, for the extent that had not been exercised. The same General Meeting authorised the Board of Directors to decide by 18 May 2001 on the increase of share capital through a subscription issue, granting option rights and issuing a convertible bond. On the basis of this authorisation, the share capital may be increased by a maximum of EUR 39,900. The authorisation includes the right to deviate from the shareholders' first option to subscribe.

The ownership of the shares of Ilocore Plc has been registered in the form of book-entry securities in the Finnish book-entry securities system as of 6 May 2000.

Share turnover and price development Trading with Ilocore Plc's shares started on the Pre List of the Helsinki Exchanges on 29 May 2000, and was moved to the New Market list on 31 May 2000. During the financial year, the lowest trading price for the share was EUR 5.95 and the highest was EUR 8.50. The turnover for the share on the Pre List was 920,090 shares and on the New Market List, between 31 May and the end of the financial year, 250,370 shares, equalling a total of 21.5% of the Company's shares.

On 30 September 2000, the market value of the share capital of Ilocore Plc was EUR 34.8 million.

Share option programme The Extraordinary General Meeting of 18 May 2000 also decided to grant option rights. Deviating from the shareholders' first option to subscribe, the option rights were granted to certain employees of the Ilocore Group, members of

the Board of Directors of companies in the Group and the Managing Directors, to increase their commitment and work motivation. Part of the option certificates were granted to Microext Ltd, a fully-owned subsidiary of Iocore Plc, so that they can later be offered to the Group's personnel through the Group's incentive system. The shareholders' first option to subscribe was deviated from because the option rights are intended as part of the Group's incentive system and therefore this was seen to constitute an important financial reason for the Iocore Plc.

250,000 option rights were granted, entitling the subscription of a total of 250,000 shares of Iocore Plc. The share subscription period ends for all option certificates on 31 May 2005.

Insider rules Iocore Plc follows the insider rules of the Helsinki Exchanges that came into effect 1 March 2000.

Group structure and its development The Extraordinary General Meeting of 2 February 2000 decided to change the Company's business name from Independent Technology Corporation Ltd to Iocore Ltd. The business name was changed further to Iocore Plc by the Extraordinary General Meeting of 18 May 2000.

The structure of the Group was streamlined during the financial year through the exchange of shares and mergers to reflect the operative activities.

On 30 March 2000, a merger plan for the two companies was approved with Iocore Plc as the receiving company, and Intec Software Solutions Ltd as the merging company. The plan was registered on 17 April 2000. The Company owned 90% of the shares of Intec Software Solutions Ltd. In accordance with the merger plan, Björn Strömberg, the minority shareholder of Intec Software Solutions Ltd, received 138,254 new shares of Company as merger compensation, increasing the Company's share capital. The merger became effective on 30 September 2000.

A merger plan for the companies was approved with Iocore Solutions Ltd as the receiving company, and its subsidiaries Open Solutions Ltd, Open Websec Ltd and Open Edicom Ltd as the merging companies. The merger plan was registered in the trade register on 20 June 2000. The merger became effective on 30 September 2000.

At the end of the financial year, the Group was comprised of the parent company, Iocore Plc, and its fully owned subsidiaries, Microext Ltd and Iocore Solutions Ltd.

Company management and auditors Iocore Plc's Annual General Meeting of

17 November 1999 selected Kari Kontuniemi, Martti Juvén, Pertti Ruosaari, Kari Partanen, Mike Frayne and Osmo Suihko as members of the Company's Board of Directors. The Extraordinary General Meeting of 18 May 2000 supplemented the Board of Directors by appointing Kari Katajamäki as a Board member. Mike Frayne has acted as Chairman of the Board of Directors and Kari Partanen as the CEO.

Auditing has been carried out by Tilintarkastajien Ltd – Ernst & Young and the partner-in-charge has been Kunto Pekkala, an Authorised Public Accountant.

Business operations During the financial year, the Ilocore Group invested heavily in creating export opportunities for e-commerce products. In its internationalisation, the Company utilised Mican Ltd's international network and current customer companies that have international activities. During the financial year, the VAR partners initiated product marketing in Sweden, Norway, the Netherlands, Belgium and the United Kingdom. In addition, an OEM agreement was signed with Atex Media Solutions Ltd.

Main events after the end of the financial year In December 2000, Ilocore Plc signed a letter of intent concerning the acquisition of the total share capital of the expert and consulting company Ilocore Western Europe. The pro forma net sales of Ilocore Western Europe were EUR 5.8 million in the financial year ending on 30 September 2000, and its operating profit was approximately EUR 350,000. The trade is implemented through an exchange of shares with the agreed value of the entire share capital and votes being about EUR 5.5 million, which will increase by EUR 1 million, if the profit and net sales objectives for the ongoing financial year are met. In the exchange of shares, a total of 1,195,652 – 1,413,043 new shares of Ilocore Plc are directed for subscription to the owners of Ilocore Western Europe.

Currently, Ilocore Western Europe is owned by Starbrooks B.V. and the Company's management. Starbrooks B.V. is part of the Mican Group. The final trade agreement will be signed in January 2001.

Outlook for the future During the new financial year, the Ilocore Group's net sales are expected to increase significantly. The emphasis of business operations will be on product activities as well as systems integration and expert services. The Group will grow both organically and through acquisitions. In the Company's opinion, operations will remain profitable.

Also acquisitions applicable to the Company's strategy are being examined both domestically and abroad.

Consolidated income statement

EUR	Pro forma (unaudited)			
	1 Oct 1999– 30 Sep 2000	1 Oct 1998– 30 Sep 1999	1 Oct 1999– 30 Sep 2000	1 Oct 1998– 30 Sep 1999
Net sales	7,926,257.82	3,423,333.72	9,469,011	6,987,649
Other operating income	15,949.60	33,442.15	18,459	123,805
Outside services	-936,330.67	-377,832.00	-1,192,125	-699,323
Personnel expenses	-3,747,821.17	-1,397,540.42	-4,472,902	-3,122,143
Depreciation	-172,111.74	-21,829.62	-183,132	-94,937
Depreciation of goodwill	-104,622.35	0.00	-104,622	-96,842
Other operating expenses	-1,711,994.17	-838,741.41	-1,841,680	-1,299,293
	-6,672,880.10	-2,635,943.44	-7,794,461	-5,312,538
Operating profit	1,269,327.32	820,832.43	1,693,009	1,798,915
Financial income and expenses	307,436.79	-8,220.35	323,258	22,367
Profit after financial items	1,576,764.11	812,612.08	2,016,267	1,821,283
Extraordinary items	-81,310.52	0.00	-81,311	0
Profit before voluntary provisions and income taxes	1,495,453.59	812,612.08	1,934,956	1,821,283
Income taxes	-381,356.15	-230,805.82	-519,380	-559,627
Minority interest		-11,791.32		
Profit for the period	1,114,097.44	570,014.95	1,415,576	1,261,656

The financial data in this table has been rounded off. The figures are partially based on source data that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

Consolidated balance sheet

Pro forma (unaudited)

EUR	30 Sep 2000	30 Sep 1999	30 Sep 2000	30 Sep 1999
ASSETS				
Fixed assets				
Intangible assets	233,044.03	119,319.41	233,044	121,245
Goodwill	1,001,963.12	968,415.65	1,001,963	774,733
Tangible assets	270,768.88	140,062.19	270,769	164,225
Investments	86,033.17	84,805.40	86,033	88,239
	1,591,809.20	1,312,602.65	1,591,809	1,148,442
Current assets				
Receivables	1,785,213.57	1,138,695.30	1,785,214	1,627,445
Bonds and shares	4,401,314.02	293,702.20	4,401,314	293,702
Cash and bank receivables	2,271,374.82	668,129.06	2,271,375	1,673,550
	8,457,902.41	2,100,526.56	8,457,902	3,594,697
Total assets	10,049,711.61	3,413,129.21	10,049,712	4,743,139
LIABILITIES				
Shareholders' equity				
Share capital	271,930.20	8,409.40	271,930	8,409
Share premium account	6,493,567.80	0.00	6,493,568	0
Retained earnings	506,901.05	199,733.08	205,422	371,162
Profit for the period	1,114,097.44	570,014.95	1,415,576	1,261,656
Capital loan		361,733.21		361,733
	8,386,496.49	1,139,890.64	8,386,496	2,002,961
Minority interest	0	141,408.20	0	0
Current liabilities				
Long-term liabilities	117,815.64	160,787.65	117,816	799,697
Short-term liabilities	1,545,399.48	1,971,042.72	1,545,399	1,940,481
	1,663,215.12	2,131,830.37	1,663,215	2,740,178
Total liabilities	10,049,711.61	3,413,129.21	10,049,712	4,743,139

The financial data in this table has been rounded off. The figures are partially based on source data that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

Consolidated cash flow statement

EUR	1 Oct 1999– 30 Sep 2000	1 Oct 1998– 30 Sep 1999
Operating activities		
Profit for the period	1,114,097	570,015
Adjustments in profit for the period	6,774	0
Depreciation	276,734	21,825
Change in working capital	-263,873	1,022,975
Net cash flow from operations	1,133,733	1,614,815
Cash flow from investments		
Net investments	-1,376,691	-1,271,730
Cash flow before financing activities	-242,958	343,085
Financing activities		
Change in loans	-411,012	389,076
Liquid funds of companies acquired with special issues	1,204,623	0
Share issue	5,168,897	0
Dividend payment	-8,691	0
Cash flow from financing activities	5,953,817	389,076
Change in liquid assets	5,710,858	732,161
Liquid assets 1 October	961,831	0
Liquid assets 30 September	6,672,689	732,161
	5,710,858	732,161

Parent company's income statement

EUR	1 Oct 1999– 30 Sep 2000	1 Oct 1998– 30 Sep 1999
Net sales	2,369,474.91	2,842,181.87
Other operating income	348,001.64	123,804.73
Outside services	-23,801.75	-377,832.00
Personnel costs	-1,568,683.48	-1,247,038.88
Depreciation	-44,434.75	-21,596.51
Other operating expenses	-598,185.55	-664,402.43
	-2,235,105.53	-2,310,869.82
Operating profit	482,371.02	655,116.78
Financial income and expenses	105,033.68	-6,438.98
Profit before extraordinary items	587,404.70	648,677.80
Extraordinary income	530,329.97	0.00
Extraordinary expenses	-81,310.52	0.00
Profit before voluntary provisions and income taxes	1,036,424.15	648,677.80
Voluntary provisions	-8,633.85	2,301.82
Income taxes	-95,531.04	-185,430.72
Profit for the period	932,259.26	465,548.90

Parent company's balance sheet

EUR	30 Sep 2000	30 Sep 1999
ASSETS		
Fixed assets		
Intangible assets	131,612.11	18,258.98
Tangible assets	66,257.03	47,491.84
Investments	2,782,091.83	1,289,160.40
	<u>2,979,960.97</u>	<u>1,354,911.22</u>
Current assets		
Receivables	1,222,042.14	773,759.25
Bonds and shares	4,296,327.25	269,068.32
Cash and bank receivables	618,467.56	123,178.75
	<u>6,136,836.95</u>	<u>1,166,006.32</u>
Total assets	<u>9,116,797.92</u>	<u>2,520,917.54</u>
LIABILITIES		
Shareholders' equity		
Share capital	271,930.20	8,409.40
Share premium account	6,493,567.80	0.00
Retained earnings	493,427.58	194,469.28
Profit for the period	932,259.26	465,548.90
Capital loan	0.00	361,733.21
	<u>8,191,184.84</u>	<u>1,030,160.79</u>
Depreciation reserve	13,642.66	5,008.81
	<u>13,642.66</u>	<u>5,008.81</u>
Current liabilities		
Long-term liabilities	0.00	0.00
Short-term liabilities	911,970.42	1,485,747.94
	<u>911,970.42</u>	<u>1,485,747.94</u>
Total liabilities	<u>9,116,797.92</u>	<u>2,520,917.54</u>

The financial information in the table has been rounded off. The figures are partially based on source information that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

Parent company's cash flow statement

EUR	1 Oct 1999– 30 Sep 2000	1 Oct 1998– 30 Sep 1999
Operating activities		
Profit for the period	932,259	465,549
Adjustments in profit for the period	8,634	-2,302
Depreciation	44,435	21,597
Change in working capital	-147,484	-173,341
Net cash flow from operations	837,844	311,503
Cash flow from investments		
Net investments	-1,122,461	-436,688
Cash flow before financing activities	-284,616	-125,185
Financing activities		
Change in loans	-361,733	361,733
Share issue	5,168,897	0
Cash flow from financing	4,807,164	361,733
Change in liquid funds	4,522,548	236,548
Liquid funds 1 Oct	392,247	155,699
Liquid funds 30 Sep	4,914,795	392,247
	4,522,548	236,548

The financial data in this table has been rounded off. The figures are partially based on source data that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

Notes to the financial statement on 30 September 2000

1. Accounting principles

Group structure

The Company belonged to a Group whose parent company was, until 28 February 2000, Adaptive Systems Nordic Holding Ab, which was registered in Sweden. After this, the parent company was, until the end of the financial year, Mican Ltd, which is registered in the British Virgin Islands. By the end of the financial year, Mican Ltd only held a 49.7% share of the company.

During the financial year, the company obtained the remaining 25% of Iocore Solutions Ltd (previously Open Solutions Group Ltd), as well as minority shares of Open Solutions Ltd and Open Websec Ltd. On 30 September, Iocore Solutions Ltd's subsidiaries, Open Solutions Ltd, Open Websec Ltd and Open Edicom Ltd were merged into Iocore Solutions Ltd. Intec Software Solutions Ltd, of which the Company owned 90%, was also merged into the Company on 30 September 2000. The minority shareholder was given 138,604 shares of the Company as payment for the merger. During the financial year, the Company also acquired a company called Microext Ltd.

Consolidated financial statement

The consolidated financial statement includes the parent company and all subsidiaries in which the parent company owns more than 50% of votes either directly or indirectly. The subsidiaries acquired during the financial year are included in the consolidated financial statements as of their acquisition date.

Inter-company income and expenses and mutual receivables and payables have been eliminated in the consolidated financial statements. In the income statements and balance sheets, minority interest has been separated from both profit and shareholders' equity. Inter-company shareholding was eliminated by using the acquisition cost method. The differences arising in the elimination of subsidiary shares and shareholders' equity at the date of acquisition is shown as consolidated goodwill, which will be depreciated over the period of ten years.

The consolidated financial statements include income statements from Iocore Plc, Intec Software Solutions Ltd and the subgroup Iocore Solutions Ltd for the period from 1 October 1999 to 30 September 2000. The income statement of Microext Ltd is included in the consolidated income statements for the period from 1 April 2000 to 30 September 2000.

The acquisition date used for Open Solutions Group Oy is 30 September 1999. The balance sheet includes the figures of the subgroup Open Solutions Group Ltd as of 30 September 1999. The acquisition date used for Microext Ltd is 31 March 2000, as of which its figures are included in the consolidated balance sheets.

Fixed assets and other long-term investments

Fixed assets are entered in the balance sheets at the original acquisition cost less planned depreciation. Planned depreciation is based on the estimated financial period of use and is calculated on a straight-line basis.

The depreciation periods are as follows:

Product development costs	3 years
Major renovation of rented premises	2 years
Computer software	3–4 years
Consolidated goodwill	10 years
Equipment	8 years
Computer hardware	4 years

Securities

Securities are entered at their acquisition cost or at a lower market price.

Retirement plans

The pension schemes of the Group's employees are administered by an external pension insurance company.

2. Net sales

Net sales are calculated by subtracting issued discounts and indirect sales taxes from sales profit. Sales profit is entered as profit at the time the goods or services are delivered. Customer projects with a fixed price are recorded in phases as the specified project milestones are met.

Net sales by business area (EUR):

	2000	1999
e-Commerce software products and services	1,906,257	0
Systems integration and expert services	6,020,001	3,423,335
Total	7,926,258	3,423,335

Operating profit by business area (EUR):

	2000	1999
e-Commerce software products and services	41,605	0
Systems integration and expert services	1,332,344	820,832
Total	1,373,950	820,832

3. Other operating income

Other operating income is comprised of received product development and other funding. The parent company's other operating income also includes administration and other expenses transferred from the subsidiaries.

4. Personnel expenses

EUR	Group		Parent company	
	2000	1999	2000	1999
Wages and salaries	3,034,563	1,112,965	1,264,969	987,866
Pension expenses	501,124	211,150	191,536	190,475
Other personnel expenses	212,134	73,425	112,178	68,697
Total	3,747,821	1,397,540	1,568,683	1,247,039

Salaries and fees paid to the management, which are included in the above figures:

EUR	Group		Parent company	
	2000	1999	2000	1999
CEO and Vice Executive President of the parent company and Managing Directors of the subsidiaries (2 + 2)	246,015	130,445	162,233	96,851
Board members	39,803	0	5,046	0
Total	285,819	130,445	167,278	96,851

5. Average number of personnel

EUR	Group		Parent company	
	2000	1999	2000	1999
	93	29	22	24

6. Depreciation and reduction in value

EUR	Group		Parent company	
	2000	1999	2000	1999
Depreciation of tangible and intangible assets	172,112	21,830	44,435	21,597
Depreciation of goodwill	104,622	0	0	0
	276,734	21,830	44,435	21,597

7. Financial income and expenses

EUR	Group		Parent company	
	2000	1999	2000	1999
Dividend income				
From Group companies	0	0	36,207	0
From elsewhere	48	0	0	0
Dividend income, total	48	0	36,207	0
Other interest and financial income				
From Group companies	0	0	0	1,096
From elsewhere	338,096	11,983	95,773	11,974
Interest income, total	338,096	11,983	95,773	13,070
Interest payable and other financial expenses				
To Group companies	0	0	0	0
Other interest and financial expenses	-30,707	-20,203	-26,947	-19,509
Interest expenses, total	-30,707	-20,203	-26,947	-19,509
Financial income and expenses, total	307,437	-8,220	105,034	-6,439
The item interest and financial income includes foreign exchange profit (net)	43,232		43,232	

8. Extraordinary items

EUR	Group		Parent company	
	2000	1999	2000	1999
Extraordinary income				
Remainder from the merger of subsidiaries	0	0	530,030	0
Extraordinary expenses				
Share issue-related expenses	-81,311	0	-81,311	0
Total	-81,311	0	448,719	0

9. Appropriations

EUR	Parent company	
	2000	1999
Difference of planned depreciation and depreciation used in taxation	-8,634	2,302

Notes to the financial statement on 30 September 2000

10. Income taxes

EUR	Group		Parent company	
	2000	1999	2000	1999
The share of Iocore Plc of the 1999 taxes of Intec Software Solutions Ltd	41,257		41,257	
Income taxes on ordinary operations	333,325	231,272	54,274	185,431
Change in deferred tax liability	6,774	-466		
Income taxes, total	381,356	230,806	95,531	185,431

11. Securities

The securities are mainly comprised of shares of the mutual funds in the public market.

EUR	Group		Parent company	
	2000	1999	2000	1999
Shares of mutual funds				
Interest funds				
Replacement price	3,940,978	295,584	3,833,881	270,950
Net book value	3,933,451	293,702	3,828,464	269,068
Difference	7,527	1,882	5,417	1,882
Equity funds				
Replacement value	474,400	0	474,400	0
Net book value	467,863	0	467,863	0
Difference	6,537	0	6,537	0

12. Fixed assets and other long-term investments

EUR	Group	
	2000	1999
Activated product development costs		
Acquisition cost		
At the beginning of the period	70,639	0
Increase	10,091	70,639
Decrease	0	0
Acquisition cost 30 Sep	80,730	70,639
Accumulated depreciation		
At the beginning of the period	-22,819	0
Depreciation during the period	-28,929	-22,819
Accumulated depreciation 30 Sep	-51,748	-22,819
Balance sheet value 30 Sep	28,982	47,820

EUR	Group		Parent company	
	2000	1999	2000	1999
Other long-term costs				
Acquisition cost				
At the beginning of the period	82,095	16,651	26,742	16,651
Increase	176,841	65,444	136,042	10,091
Decrease	0	0	0	0
Acquisition cost 30 Sep	258,937	82,095	162,803	26,742
Accumulated depreciation				
At the beginning of the period	-10,596	-2,428	-8,483	-2,428
Depreciation during the period	-44,279	-8,168	-22,708	-6,055
Accumulated depreciation 30 Sep	-54,875	-10,596	-31,191	-8,483
Balance sheet value 30 Sep	204,062	71,499	131,612	18,259
Intangible assets, total	233,044	119,319	131,612	18,259
Consolidated goodwill				
Acquisition cost				
At the beginning of the period	968,416	0		
Increase	138,170	968,416		
Decrease	0	0		
Acquisition cost 30 Sep	1,106,585	968,416		
Accumulated depreciation				
At the beginning of the period	0	0		
Depreciation during the period	-104,622	0		
Accumulated depreciation 30 Sep	-104,622	0		
Balance sheet value 30 Sep	1,001,963	968,416		
Tangible assets				
Machinery and equipment				
Acquisition cost				
At the beginning of the period	192,877	63,732	75,744	63,732
Increase	229,610	132,787	40,492	13,228
Decrease	0	-3,642	0	-1,216
Acquisition cost 30 Sep	422,487	192,877	116,236	75,744
Accumulated depreciation				
At the beginning of the period	-52,814	-39,153	-28,252	-12,711
Depreciation during the period	-98,904	-13,662	-21,726	-15,542
Accumulated depreciation 30 Sep	-151,718	-52,814	-49,979	-28,252
Balance sheet value 30 Sep	270,769	140,062	66,257	47,492

Notes to the financial statements on 30 September 2000

EUR	Group		Parent company	
	2000	1999	2000	1999
Other long-term investments				
Holdings in Group companies				
Intec Software Solutions Ltd			0	7,568
locore Solutions Ltd			1,434,325	1,281,592
Microext Ltd			1,347,766	0
Total			2,782,092	1,289,160
Other shares				
Housing Corporation				
Topeliuksenkatu 37 (2 apartments)	84,805	84,805		
Elisa Communications Corporation	1,228	0		
Group companies	Group's ownership %	Parent company's ownership %		
Microext Ltd	100	100		
locore Solutions Ltd	100	100		

13. Trade receivables

EUR	Group		Parent company	
	2000	1999	2000	1999
Trade receivables	1,407,046	865,080	856,446	230,079
Receivables from Group companies				
Trade receivables			52,804	292,217
Prepayments and accrued income			0	1,096
Total			52,804	293,313
Prepayments and accrued income	308,193	187,920	266,458	182,073
Loan receivables	46,335	71,322	46,335	68,294
Other receivables	23,640	14,374	0	0
Receivables, total	1,785,214	1,138,695	1,222,042	773,759

14. Shareholders' equity

EUR	Group		Parent company	
	2000	1999	2000	1999
Share capital 1 Oct	8,409	8,409	8,409	8,409
Bonus issue and split 25 Oct	166,591		166,591	
New issue 30 Mar	15,600		15,600	
New issue 5 May	9,148		9,148	
New issue 18 May	65,270		65,270	
Merger compensation to the minority interest of Intec Software Solutions Ltd	6,913		6,913	
Share capital 30 Sep	271,930	8,409	271,930	8,409
Share premium account 1 Oct	0	0	0	0
Emission profit	6,815,191	0	6,815,191	0
Recorded share issue expenses	-321,623	0	-321,623	0
Share premium account 30 Sep	6,493,568	0	6,493,568	0
Retained earnings 1 Oct	769,748	199,733	660,018	194,469
Transfer into share capital	-166,591	0	-166,591	0
Group elimination	-96,256	0	0	0
Retained earnings 30 Sep	506,901	199,733	493,427	194,469
Profit for the period	1,114,097	570,015	932,259	465,549

15. Calculation of distributable funds

EUR	Group		Parent company	
	2000	1999	2000	1999
Retained earnings	506,901	199,733	493,428	194,469
Profit for the period	1,114,097	570,015	932,259	465,549
Activated product development costs	-28,982	-47,820	0	0
Portion of accumulated depreciation difference recorded into share capital	-41,819	-6,462	0	0
Distributable funds 30 Sep	1,550,198	715,466	1,425,687	660,018

16. Capital loan

On 1 October 1999, the parent company had a capital loan in the amount of EUR 361,733.21 (GBP 234,800) from the following companies belonging to the New Africa Technology Holding Group:

- Independent Consulting Service Ltd, in the amount of GBP 70,670
- Bayswater International Ltd, in the amount of GBP 164,130

The loan was paid back in June 2000.

Notes to the financial statement on 30 September 2000

17. Deferred tax liabilities

EUR	Group		Parent company	
	2000	1999	2000	1999
Appropriations	17,081	10,307		

18. Long-term liabilities

Loans from financial institutions	0	0	0	0
Other long-term liabilities	117,816	160,788	0	0
Long-term liabilities, total	117,816	160,788	0	0

19. Short-term liabilities

Loans from financial institutions	0	0	0	0
Accounts payable	264,643	126,235	131,480	14,194
Liabilities to Group companies				
Accounts payable			50,496	46,872
Total			50,496	46,872
Other liabilities	589,813	1,384,982	470,918	1,210,409
Accrued expenses and deferred income	673,863	449,518	259,076	214,272
Short-term liabilities, total	1,528,318	1,960,736	911,970	1,485,748

20. Pledges, collateral and other contingent liabilities

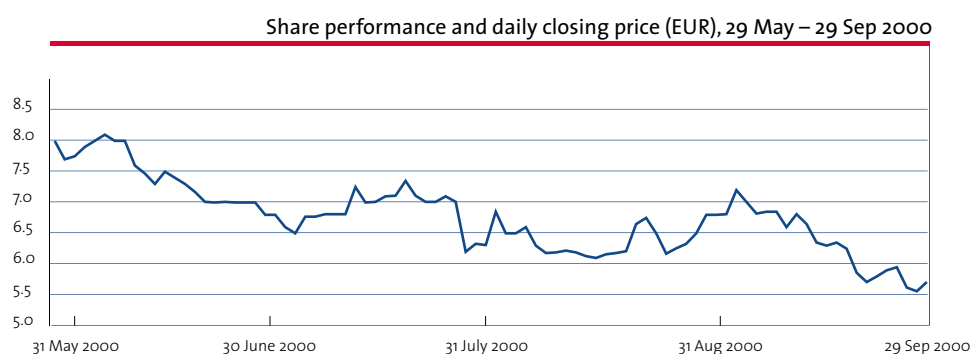
Other collateral

Rent guarantees	39,482	33,407	29,646	22,559
Leasing liabilities				
Payable during the financial year 2001	149,945	57,856	41,698	51,769
Payable later	151,612	43,730	36,755	34,093
Total	301,558	101,586	78,453	85,862

21. Management ownership

On 30 September 2000, Iocore Plc's Board members and CEO held directly a total of 943,329 of the Company's shares. This amounts to 17.3% of the Company's share capital and votes.

In addition, the Board members and CEO held a total of 11,200 option rights to the Company's shares. These option rights authorise the subscription of a maximum of 11,200 Iocore Plc shares, or 0.2% of the Company's share capital.



22. Shares and Shareholders

locore Plc is quoted on the NM list of Helsinki Exchanges (HEX). The Company provides one series of shares in which all shares have equal suffrage and right to dividend.

At the end of the financial year, the number of shares amounted to 5,438,604. The share capital of the Company amounts to at least EUR 157,000 and at most to EUR 600,000. These form the acceptable limits for the raising and lowering of share capital without having to change Company statutes. The Company's share capital at the end of the financial year was EUR 271,930.20.

Price development and turnover

Trading with locore Plc's shares started on the Pre-list of the Helsinki Exchanges on 29 May 2000, and was moved to the NM list on 31 May 2000. During the financial year, the lowest trading price for the share was EUR 5.95, the highest EUR 8.590. The turnover for the share on the Pre-list was 920,090 shares, with 250,370 shares since the end of the financial year being exchanged after being listed on the NM list, which equals 21.5% of the Company shares.

Share capital market value

On 30 September 2000, the market value of locore Plc share capital was EUR 34.8 million.

Dividend policy

The Company prefers a moderate dividend policy. The following issues are taken into account when management is drafting a proposal on how to distribute the dividends: the group's profit development, financial structure, requirements for capital, and growth expectations.

Share option programme

Deviating from the shareholders' first option to subscribe, the share option rights were granted to employees of locore Group, members of the Board of Directors of companies in the Group and the Managing Directors. The purpose of the option arrangement is to motivate and increase commitment in the people who take part in the option system in order to increase locore's shareholder value in the long run.

Part of the option certificates were granted to Microext Ltd, a fully-owned subsidiary of locore Plc, so that they can later be offered to new employees and the Group's personnel through the Group's incentive system.

The share option programme has been divided into four equal periods so that each period begins on 1 June of the respective year from 2001 – 2004. It will no longer be possible to subscribe option certificates after 31 May 2005. The subscription price during the two first periods will be EUR 7.00 per share. The price for the third and fourth periods will be determined by the weighted average price in May 2001 of locore Plc shares on the Helsinki Exchanges

Shares that are subscribed with options represent 4.6% of the share capital and the total number of votes. Based on the Company's option arrangement, the CEO is entitled to 0.03% of the shares and votes.

Shareholders

At the end of the financial year on 2000, locore Plc had 953 registered shareholders.

Per share indicators

EUR	12 mo.	12 mo.
	30 Sep 2000	30 Sep 1999
Earnings/share (Group)	0.29	0.13
Earnings/share (parent company)	0.12	0.10
Shareholders' equity/share	1.54	0.17
Dividend/share	0.06 ¹⁾	0
Price/earnings, P/E	22.1	0
Number of shares (weighted average) adjusted by the share issue	4,126,662	3,500,000
Number of shares at the end of the financial year adjusted by the share issue	5,438,604	3,500,000

¹⁾ Board of Directors' proposal

The financial data in this table has been rounded off. The figures are partially based on source data that has been provided in Finnish marks. As a result, the calculations do not necessarily produce the results presented in the table.

Notes to the financial statement on 30 September 2000

Shareholdings in Iocore Plc on 30 September 2000

Code	Sector Class	Holdings	%	Shares	%
100	Companies in total	66	6.9	290,170	5.3
200	Financial/insurance institutions	11	1.2	565,140	10.4
300	Public corporations	10	1.0	91,400	1.7
400	Non-profit organisations	9	0.9	90,680	1.7
500	Households	853	89.5	1,699,714	31.3
600	Foreign	4	0.4	2,701,500	49.7
		953		5,438,604	

Distribution of shares in order of magnitude

Number of Shares	Holders	%	Number of Shares	%
1 – 100	10	1.0	450	0.0
101 – 1 000	804	84.4	117,575	2.2
1 001 – 10 000	114	12.0	247,805	4.6
10 001 – 100 000	16	1.7	623,186	11.5
100 001 – 1 000 000	8	0.8	1,748,388	32.1
1 000 001 –	1	0.1	2,701,200	49.7
Total	953		5,438,604	

Major shareholders on 30 September 2000

Name	Shares	%
Mican Limited	2,701,200	49.67
Partanen Kari	275,000	5.06
Suihko Osmo	275,000	5.06
Katajamäki Kari	250,005	4.60
Mykkänen Markku	250,005	4.60
Sampo Insurance Company Plc	213,600	3.93
Evli Finland Small Tech	204,700	3.76
Kontuniemi Kari	141,824	2.61
Strömberg Björn	138,254	2.54
Skandia Life Assurance Ltd Royal	93,070	1.71
Kontuniemi Heikki	86,726	1.59
Merita Bank Plc	78,500	1.44
Sampo Finance Ltd	64,300	1.18
OKO Bank Group Pension Fund	33,800	0.62
OKO Bank Group Pension Foundation	33,800	0.62
FIM Forte Investment Fund	32,400	0.60
FIM Fenno Investment Fund	30,190	0.56
Aurum Life Insurance Company Ltd	30,000	0.55
FIM Tekno Investment Fund	28,800	0.53
Investment Fund Gyllenberg Small Firm	28,800	0.53
Others	448,630	8.25
Total	5,438,604	100.00

Profit distribution proposed by the Board of Directors

The Group's distributable funds total EUR 1,550,197.84. The parent company's distributable funds total EUR 1,425,686.83, of which profit for the financial year is EUR 932,259.26.

The Board of Directors proposes to the General Meeting that the distributable funds be used as follows:

• EUR 0.06/share paid as dividend, totalling	EUR 326,316.24
• Left in shareholders' equity	EUR 1,099,370.59
	<u>EUR 1,425,686.83</u>

Helsinki, 4 December 2000

Mike Frayne
Chairman of the Board of Directors

Kari Partanen
CEO

Kari Kontuniemi

Martti Juvén

Pertti Ruosaari

Kari Katajamäki

Osmo Suihko

Auditor's report

To the shareholders of Iocore Oyj

We have audited the accounting, the financial statements and the corporate governance of Iocore Oyj for the period from 1 October 1999 to 30 September 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statement, balance sheet and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

Helsinki, 21 December 2000

TILINTARKASTAJIEN OY - ERNST & YOUNG

Kunto Pekkala
Authorized Public Accountant

Calculation of indicators

Return on equity (ROE), %

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

Return on investment (ROI), %

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

Net gearing

$$\frac{\text{Liabilities subject to interest} - (\text{securities under current assets} + \text{cash and bank receivables})}{\text{Shareholders' equity} + \text{voluntary provisions and depreciation difference} - \text{deferred tax liability} + \text{minority interest}} \times 100$$

Equity ratio

$$\frac{\text{Shareholders' equity} + \text{voluntary provisions and depreciation difference} - \text{deferred tax liability}}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Earnings per share (EPS)

$$\frac{\text{Profit before extraordinary items, voluntary provisions and taxes} - \text{income taxes} \pm \text{minority share}}{\text{Average number of shares adjusted by the share issue}}$$

Shareholders' equity per share, adjusted

$$\frac{\text{Shareholders' equity} + \text{voluntary provisions and depreciation difference} - \text{deferred tax liability} \pm \text{minority share}}{\text{Number of shares at the end of the financial year}}$$

Corporate governance

Tasks and responsibilities of the Board of Directors The tasks and responsibilities of the Board of Directors are mainly defined by the Finnish Companies Act and the statutes of the Company's Articles of Association. All issues that have long-term effects on the Company are discussed in Board meetings. These include, for example, approving strategies, ratifying annual budgets and operating plans, as well as deciding on major investments, the sale of property or acquisitions.

Election of Board members and terms of office Ilocore Plc's Board of Directors shall consist of a minimum of three and a maximum of eight members. The members of the Board are elected by the Annual General Meeting, which assembles each year within six months from the end of the previous financial year. The number of terms of Board members is not limited in the Company's Articles of Association.

The General Meeting elects the Chairman and Vice-Chairman of the Board of Directors. The Board convenes approximately ten times per year. Most of the Board meetings are held at the Company's headquarters in Helsinki.

Chief Executive Officer (CEO) The Board of Directors elects the Chief Executive Officer. Kari Partanen (M.Sc. Econ.) has acted as the Company's CEO since 1997. He is also a member and the vice chairman of the Board of Directors.

Organisation of business operations and distribution of responsibilities

The Company's executive management directs the Group's business operations in accordance with the guidelines specified by the parent company's Board of Directors. The Group's CEO heads the executive management, which includes directors responsible for financial administration, marketing and different business areas.

Salaries and fees During the financial year, the salaries, fees and fringe benefits paid to the members of the Group's Board of Directors and to the CEO and Managing Directors totalled EUR 285,819.

The Group has an option arrangement to motivate its personnel and the members of the Board of Directors.

On 30 September 2000, the members of the Board of Directors held directly a total of 943,329 of the Company's shares, amounting to 17.3% of the share capital and votes.

Auditing The Group's companies are audited by the Authorised Public Accountants Tilintarkastajien Ltd – Ernst & Young. The partner-in-charge is Kunto Pekkala, an Authorised Public Accountant.

Ilocore Plc's method of governing and administration policy comply with the operating guidelines concerning the governing of publicly listed companies issued by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The guidelines are also recommended by the Helsinki Exchanges.

Organisation

Board of Directors

Chairman

Mike Frayne, 41
MBA, B.Sc.
NATH Ltd
Managing Director
Chairman since 1999

Vice Chairman

Kari Partanen, 35
M.Sc. (Econ.)
Iocore Plc
CEO
Member since 1997
Vice chairman since 2000

Members

Martti Juvén, 62
M.Sc. (Eng.)
Konsultointi Martti Juvén Ltd
Managing Director
Member since 1999

Kari Kontuniemi, 59
M.Sc. (Eng.)
Member since 1999

Pertti Ruosaari, 55
Engineer
Pertti Ruosaari Ltd
Managing Director
Member since 1999

Osmo Suihko, 46
Iocore Plc
Executive Vice President
Member since 1997

Kari Katajamäki, 49
M.Sc. (Econ.)
Microext Ltd
Director
Member since 2000

Management

CEO

Kari Partanen

Finance

Seppo Keski-Pukkila

Executive Vice President

Osmo Suihko

Marketing and communications

Tero Hietaneva

Strategic consulting

Antti Numminen

Partnership operations

Tapani Haartti

Microext Ltd

Managing Director

Markku Mykkänen

Director

Kari Katajamäki

Iocore Solutions Ltd

Managing Director

Heikki Kontuniemi

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**Up-to-date contact
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subsidiaries and sites is
available on the Group's
Internet home page
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