



ANNUAL REPORT 2000

www.jippiigroup.com

Information for shareholders

Annual General Meeting

The Annual General Meeting for the 2000 financial year will be held at 13:00 on Wednesday, 6 June 2001, at the Tennispalatsi cinema, Salomonkatu 15, 00100 Helsinki.

Shareholders must notify the company of their intention to attend the Annual General Meeting by 16:00, 23 May 2001, at the latest, either in writing to the address Jippii Group Oyj, Annankatu 44, 00100 HELSINKI, by faxing (09) 4243 0777 or by e-mailing raija.kaalikoski@jippiigroup.com. We request that any proxies be submitted in advance by fax.

Dividend payout

The Board of Directors proposes that no dividend be paid and that the net profit for the period be transferred to retained earnings in the balance sheet.

Changes in personal and address information

Shareholders should inform the book-entry register in which the book-entry account is kept of any changes in personal and address information.

Financial information

Jippii Group will publish financial information on the 2001 financial year in Finnish and English as follows:
Interim Report, January - March, 13:00, 15 May 2001
Interim Report, April - June, 13:00, 15 August 2001
Interim Report, July - September, 13:00, 15 November 2001
Financial statement bulletin, February 2002
Annual Report, April 2002

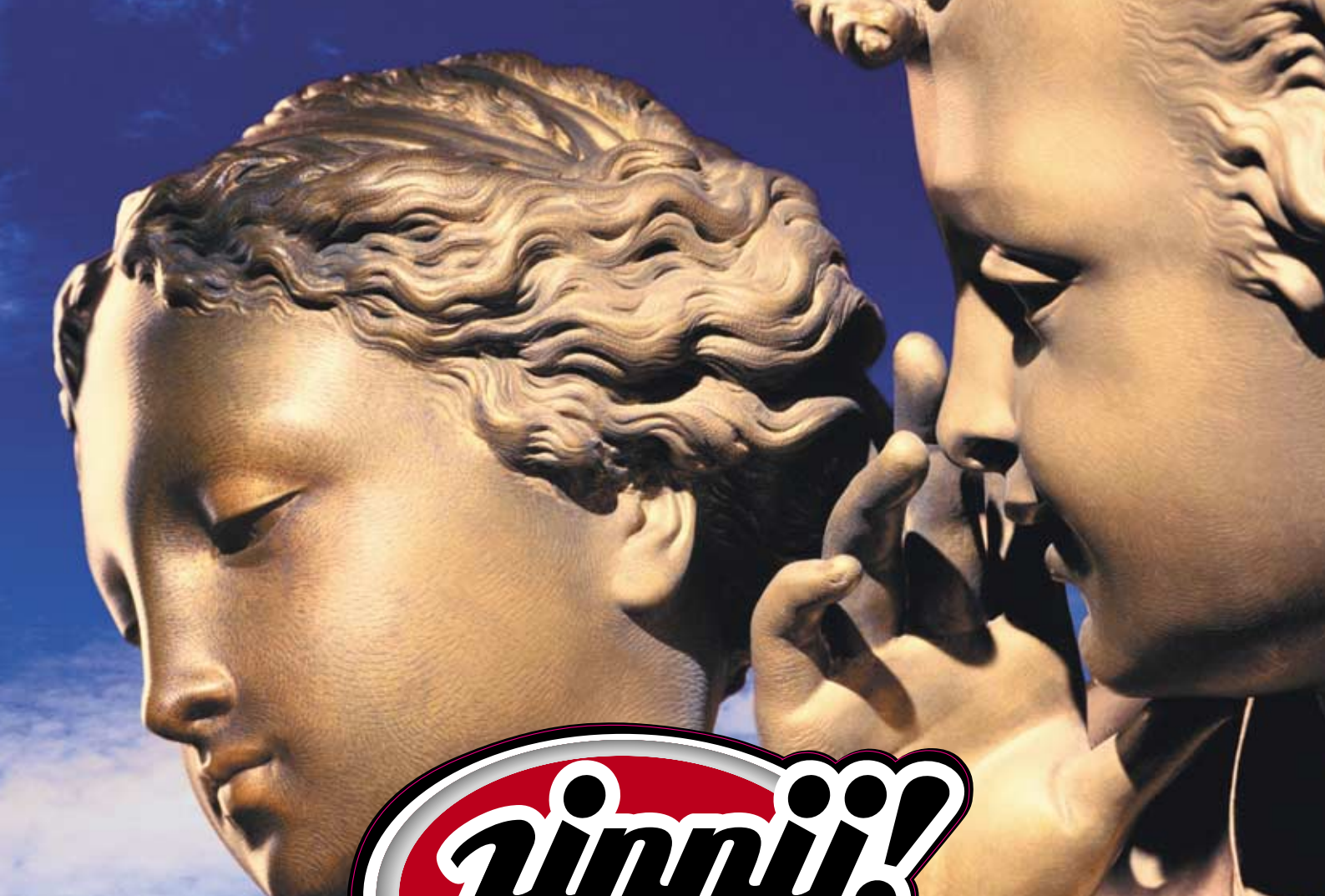
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The best source for the latest news, events and bulletins concerning Jippii Group is the Internet site www.jippiigroup.com.



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Jippii Group Oyj in brief

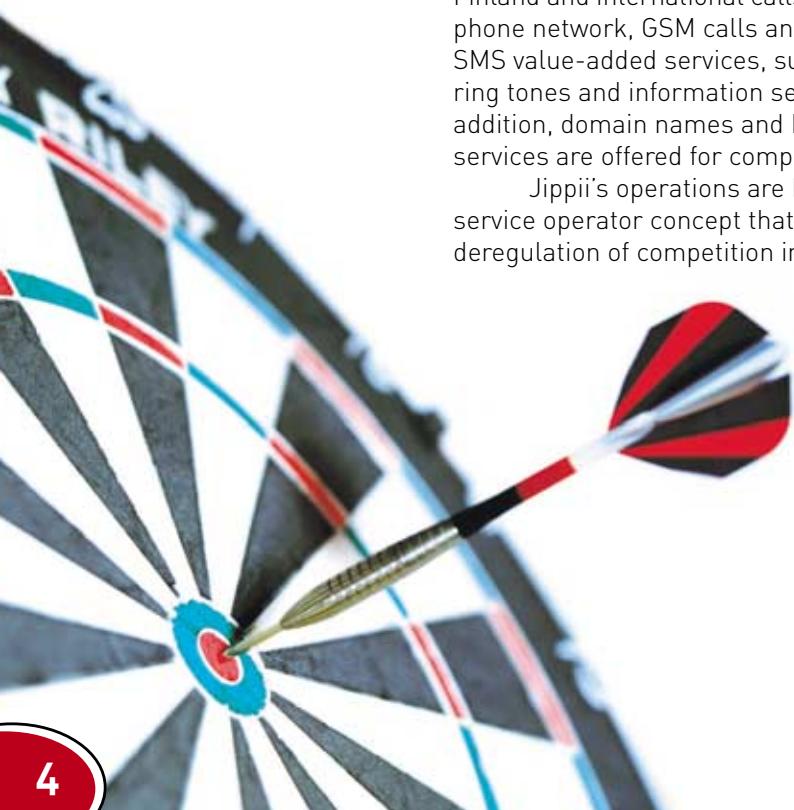
Jippii Group Oyj is a cutting-edge multi-service operator that offers innovative telecommunications services to corporate and consumer customers. These services include non-switched and switched Internet connections, long-distance calls in Finland and international calls via the telephone network, GSM calls and various SMS value-added services, such as logos, ring tones and information services. In addition, domain names and HSP/ASP services are offered for companies.

Jippii's operations are based on a service operator concept that follows the deregulation of competition in telecommu-

nications, thanks to which customers are free to choose from which company they will purchase their services. By producing all of its telecommunications services using the same transfer technology and support systems, Jippii can offer these services at a very low cost and faster than its competitors as well as generate added value for customers by combining these services.

Finland's second most popular portal (Saunalahti.fi and Jippii.fi) operates as an affordable communications and marketing channel. The portal reaches close to a million individuals per month in Finland. SMS value-added services and online games are also sold through the portal, and it serves as the spearhead of the Group's drive to expand into new countries.

Jippii Group has subsidiaries in 20 countries and Internet portals online in 15 countries. The Group engages in tele-operator activities in seven countries. Its future prospects are excellent due to the deregulation of competition, internationalisation and the proliferation of the mobile phone culture.

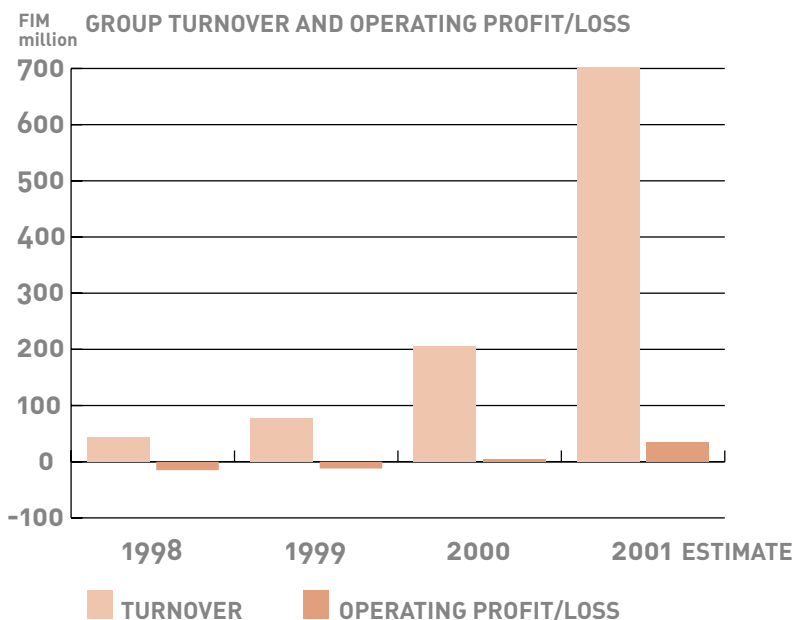


2000 in brief

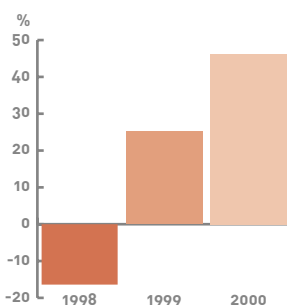
- the Group went international by setting up subsidiaries in countries such as Norway, Switzerland and Germany
- Jippii portals were opened in Norway, the UK, Switzerland, Estonia, the Netherlands, Latvia, Germany, Spain, Belgium, Italy, Austria and Ireland
- the drive to go international led the company to rename itself from Saunalahti Oyj to Jippii Group Oyj in October
- the Group launched new international and long-distance domestic calls, GSM calls and numerous new SMS value-added services
- the quotation of the company's shares began on the pre-list of Helsinki Exchanges on 10 April and on the NM list on 12 April
- the Group acquired NIC Tietoverkot Oy and Cabinet Oy in Finland and the following foreign companies: MagicNet (Germany, acquisition of business operations), Gigabell AG (Germany, acquisition of business operations), Mopos Sro (the Czech Republic, ISP functions), Gigabell UK, Net.Net Ltd, Webleicester Ltd (the UK) and Cross Telekom (Germany)

Outlook for 2001

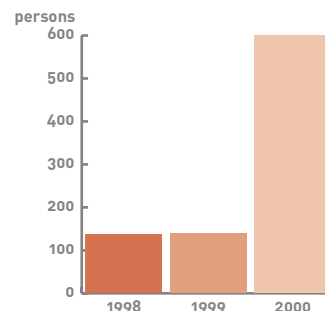
- the Group's turnover is expected to grow to FIM 700 million
- the Group will expand its multiservice operator model into new European countries
- the Group will make strong outlays on new technologies and applications, such as wireless games, SMS services and WLAN solutions, and will launch them in the international market



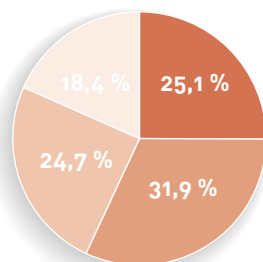
EQUITY RATIO, %



GROUP PERSONNEL AT THE END OF FINANCIAL YEAR

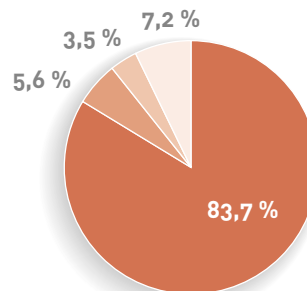


TURNOVER BY BUSINESS UNIT



- CONSUMER SERVICES
- BUSINESS SERVICES
- TELECOM SERVICES
- PORTAL SERVICES

TURNOVER BY COUNTRY



- FINLAND
- GERMANY
- UK
- OTHERS



CEO's review

It was feared that 2000 would be a year fraught with computer problems. However, what the year had in store for our company was excellent growth and success. The changing of the company's name, its listing on the stock exchange and its rapid internationalisation elevated Jippii Group to the position of a major international player in our fast-growing and constantly evolving field. Thanks to Finland's stature as a pioneer in mobile and Internet technology, the company was well positioned to take its business operations into the international arena.

As the world counted down to 2000, Finland was still surfing on the crest of sky-high stock exchange rates and prospects of endless growth. In the summer and autumn, the climate turned when information on the tailing off of the long boom and greater uncertainty about future prospects began trickling in from the United States. There was no great crash; instead, one highly-rated technology company after another had to witness a slump in their share prices. In the midst of this upheaval, Jippii's share retained its value extremely well.

The illusions of the new economy have been dispelled and the benchmarks of the old economy have made a comeback as tools for measuring the success of companies – and this has been good for us. Companies will no longer be able to conquer Europe by handing out free services pell-mell and by shovelling money into advertising; rather, they will have to operate cost-efficiently and provide entertainment and useful services to customers in exchange for a fee. I believe that large new network operators will emerge to attend to the construction of non-switched and wireless networks with the utmost efficiency. Correspondingly, customers will be served by a larger group of service operators that package services as products and offer them over the network infrastructure. Customers will benefit from this development, as competition will result in lower prices and better services.

In our view, these developments are heading in the right direction – and we wish to have a hand in them in the future as well.

The unreasonably high UMTS licensing fees that were charged especially in the UK and Germany proved to be the greatest white elephant of 2000. Operators jumped headfirst into auctions in the belief that they would be able to get their money back some day from the present GSM users and future UMTS users. As the autumn progressed, however, it became apparent that the collection of hundreds of billions in the form of permit fees would take at least ten years. In addition, improved 2.5G technologies and entirely new wireless Internet connections (WLAN) functioning on license-free frequencies eroded the credibility of the UMTS system, which had been built on promises of future potential.

I believe that the markets would rather make the transition to GPRS networks and WLANs than to the completely new, unknown and insanely expensive world of UMTS. For this reason, we will devote even more effort to WLAN technology both in Finland and the international market during the present year.

At the beginning of 2001, Jippii Group's future is brighter than ever. As a nimble organisation, we are capable of reacting to changes in market situations and technology. We can make full use of the opportunities that others do not spot.

As WLAN has indicated, we have had the savvy to make the right choices and analyse the trends in the markets and technology accurately. We believe that by continuing to do business using our present growth-orientated model, we will come out on top in the future as well.

At the beginning of 2000, our personnel met the challenge of going global. Instead of relying on committees, working groups and consultants, we ventured forth into the international arena using our own resources, abilities and people. However, this effort was driven by an in-depth strategy and a vision of how we could expand profitably. The strategy showed itself to be viable. During 2001, we will move to a new stage of growth, for now most of our growth comes from outside Finland's borders.

After the company's listing on the stock exchange, my own work has focused strongly on working with investors and shareholders and on fostering mutual trust. I have noted with interest that it is only possible to tell the company's own "story" credibly through its financial results. A company either succeeds and manages to claim its own place in the market through its own operations – or it does not. Success calls for mutual commitment and understanding. At the very least, I now understand the way in which investors and the markets work better than I did a year ago. I hope that investors have also learned from Jippii and have embraced our operating principles during the report year.

We have made great promises: rapid growth, internationalisation and new kinds of innovative products. To date, we have made good on all of our promises. We will do our best to be worthy of the confidence shown in us by our customers and investors in the future as well.



Harri Johannesdahl
CEO



Jippii Group Oyj Board of Directors



In the front row, from left to right:

Arto Karila, Member of the Board of Directors,
Professor, Helsinki University of Technology

Tarmo Hahto, Member of the Board of Directors,
Managing Director, Janton Oyj

Ilpo Kuokkanen, Chairman of the Board of Directors,
Jippii Group Oyj

Petteri Järvinen, Member of the Board of Directors,
Communications Director, Jippii Group Oyj

In the back row, from left to right:

Jukka Peltola, Member of the Board of Directors,
Director, Business Planning, Jippii Group Oyj

Matti Roto, Member of the Board of Directors,
Chief Operating Officer (COO), Jippii Group Oyj

Jarmo Malin, Member of the Board of Directors,
Financial Director, Auratum Oy

Jippii Group Oyj Group Management



In the front row, from left to right:

Anne Nikula
Director, Access

Ilpo Kuokkanen
Chairman of the Board of Directors

Matti Roto
Chief Operating Officer (COO)

In the back row, from left to right:

Harri Aho
Vice President, Business Services

Mika Manninen
Vice President, Consumer Services

Harri Johannesdahl
CEO

Panu Lehti
Director, Jippii GmbH

Not in the picture:

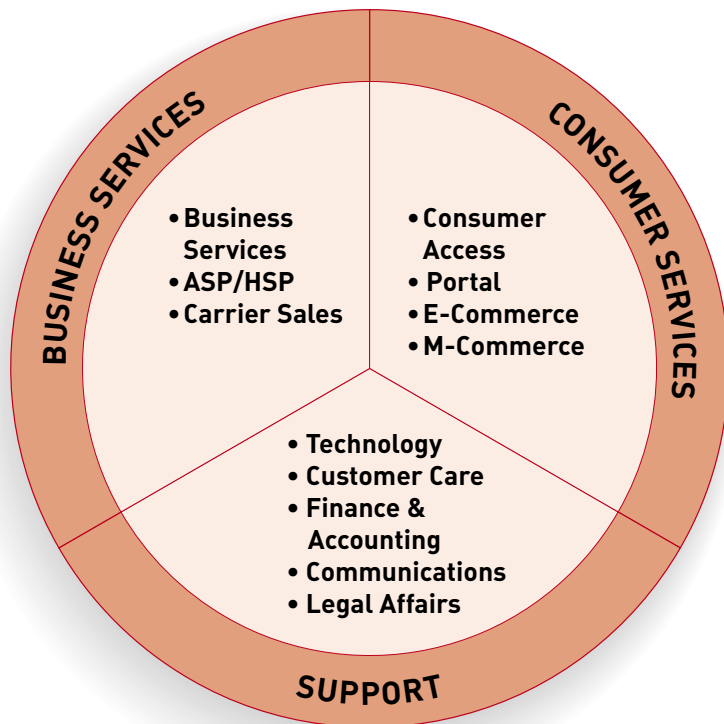
Niilo Neuvo
Chief Technical Officer (CTO)

Karri Linna
Chief Financial Officer (CFO)

Jukka-Pekka Joensuu
General Counsel



BUSINESS UNITS IN 2001



Business Services Division

Jippii Group Oyj's Business Services Division is responsible for the sales and development of data and telecommunications and ASP/HSP services for corporate customers, for producing the necessary connections and for business support. In addition, the division includes the Carrier Sales unit, which sells services to other operators.

The turnover of the Business Services Division in 2000 was FIM 65.7 million, representing 31.9% of the entire Group's turnover. Annual growth in turnover is anticipated to remain at 200%. At the end of 2000, the Finnish unit of the Business Services Division had 92 employees. There were about 35,000 corporate customers in Finland at the end of 2000.

The Business Services Division operates in the following countries: Finland, Germany, the UK, Sweden, the Czech Republic, Estonia, Spain, Switzerland, Belgium, Denmark and Norway.

DATA AND TELECOMMUNICATIONS SERVICES

Internet connections

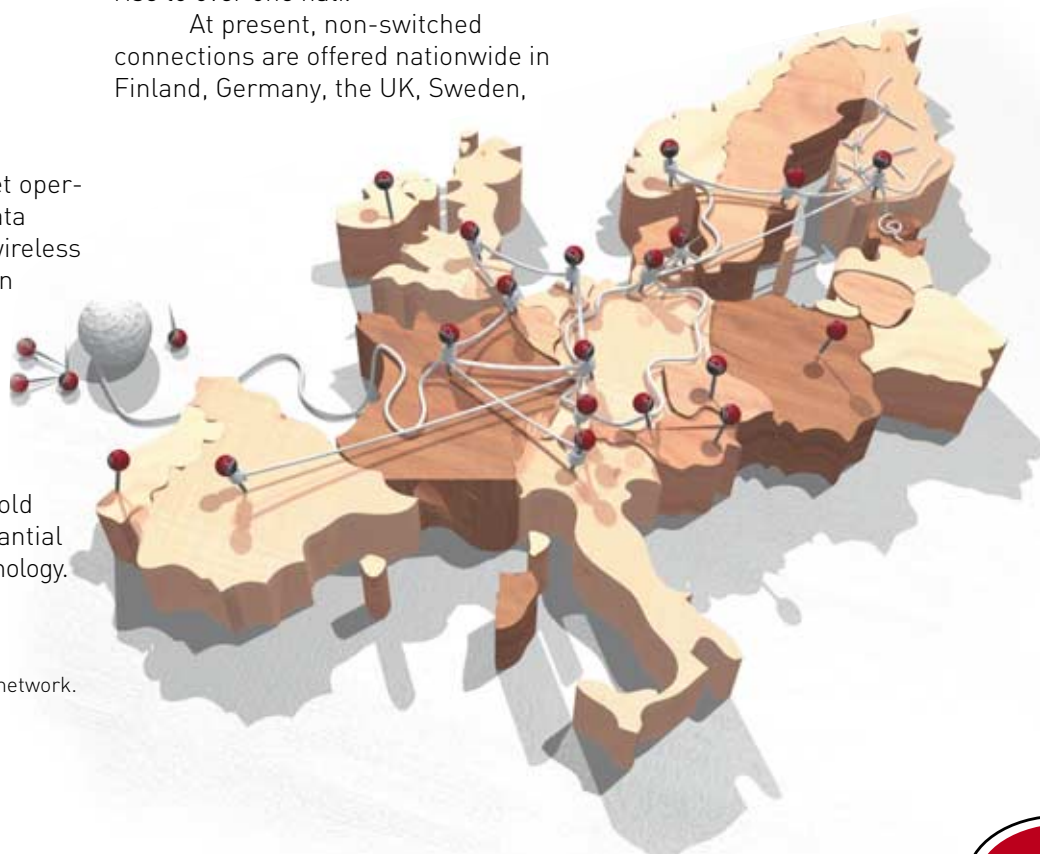
Jippii Group Oyj was the first Internet operator in Finland to launch wireless data connections for companies. These wireless connections complement rather than supplant traditional leased line and fibre connections. In 2001, sales of wireless data connections will be expanded to those countries in which the Business Services Division is active. For example, the Internet connections sold in the Czech Republic are to a substantial extent already based on wireless technology.

In addition, sales of wireless Internet connections were started up in Germany in 2000.

The comprehensive service range of Jippii Group Oyj's Business Services includes Dial-up Business Plus connections, non-switched connections (xDSL, LAN), linking up business locations with VPN technology, Webhosting services, the maintenance of local networks and virtual office services. Value-added services include the registration of domain names, routers, IP addresses, additional homepage space, etc.

In the future, the Group will devote its efforts to serving ever-larger customers and offering total solutions. Its nationwide network in Finland and the opportunities for selling connections to numerous countries will increase sales. At present, about one-third of the xDSL connections sold are VPN solutions, which increases the amount invoiced per customer. By the end of the year, this figure is expected to rise to over one half.

At present, non-switched connections are offered nationwide in Finland, Germany, the UK, Sweden,



Jippii Group Oyj's backbone network.



the Czech Republic, Estonia and Spain. The Group has local sales organisations in all these countries. Hosting and telecommunications services are sold in Belgium, Denmark and Norway.

In Finland, it is rapidly becoming more common for properties to be equipped with Internet connections. It is expected that about 40,000 individual premises will be hooked up to the net by the end of 2001. The Group is involved in new construction projects being carried out by outfits such as NCC and YH-rakennuttajat. The Group intends to carry out similar property projects in many large European cities in 2001.

Telecommunications services

As a consequence of the integration of telecommunications business operations and IP traffic, sales of GSM, international and domestic long-distance calls will grow vigorously in the corporate segment.

At the beginning of 2001, the Group had telecommunications permits in the following countries outside Finland: the UK, Germany, Sweden, Norway, Denmark, Switzerland and Estonia. Jippii Business

Services has bolstered its range of telecommunications services by means of acquisitions, such as by purchasing the shares outstanding in the Finnish tele-operator Supertel Oy in their entirety in January 2001.

Carrier Sales

Thanks to its extensive and high-capacity backbone network, the Group is able to offer Europe-wide termination of voice and IP traffic. The backbone network was initially set up to satisfy the requirements of the Group's own services, but its capacity is also sold to other operators. In 2001, operations will also be expanded outside of Europe to Asia and America. Carrier sales are made primarily in Frankfurt, London and Helsinki.

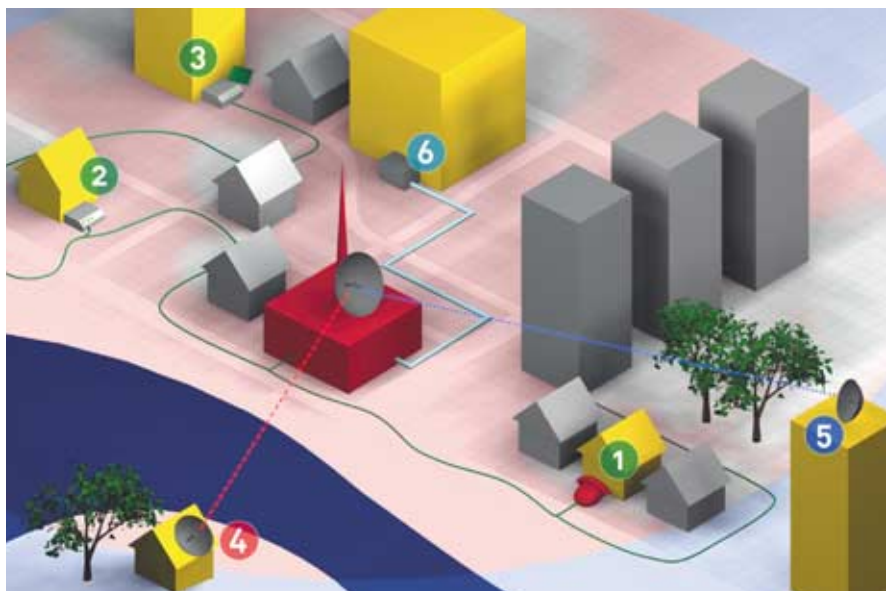
The size of the carrier sales market is in general expected to be many billions of euros in 2001. In the present year, the Group's objective is to claim 5-10 per cent of traffic to Scandinavia. The scale of business operations will grow in step with the expansion of the Group's backbone network. All in all, carrier sales will represent about 10-15% of the Group's turnover in 2001.

HSP/ASP

The popularity of Jippii Group's hosting services (HSP, Hosting Service Provider) grew rapidly during the report year. Due to the acquisitions that were carried out, the range of services expanded to cover all subareas of hosting. Jippii Group's HSP unit unveiled its Server City brand for the marketing of dedicated servers. The Group's individualised, efficient and high-performance solutions meet the needs of even the most demanding companies. Jippii's constantly evolving service range comprises not only dedicated servers but also web-hosting, rental of server space, SMS hosting and domain services.

An advanced infrastructure always serves as a competitive platform for new products, which also include ASP (Application Service Provider) products. The share of the Group's turnover accounted for by hosting services has increased significantly – and will continue to grow in step with the increase in the number of products offered under business services.

Jippii's cutting-edge Server City data centres in London, Frankfurt and Helsinki (totalling over 10,000 m²) enable us to provide high-quality and reliable services ranging from basic solutions to customised service packages.



Connection types:

1. Modem

The most common type of connection used by home users and offices with only a few employees (max. 56 kbps).

2. ISDN

For homes and small offices, using either an ISDN card or a router (64-256 kbps).

3. SDSL (Symmetric Digital Subscriber Line)

A non-switched connection (272 kbps - 2.32 Mbps).

4. Wireless connection

A Point-to-Point connection utilising WLAN (Wireless Local Area Network) technology. The official standard is 802.11b, the frequency band is 2.4 GHz and the maximum speed is 11 Mbps. A wireless connection requires a clear field of vision between the transmitter and receiver, with a maximum range of 6.5 km.

5. Microlink

A very reliable and fast connection (as fast as 155 Mbps).

An SLA (Service Level Agreement) can be specified for a Point-to-Point link.

6. Fibre

A connection implemented with optical fibre (as fast as 622 Mbps); usually hooked up to the data centre of an internal network, from where the connection is distributed to the end users.

In a building network, the connection is distributed from the main distribution frame and can be implemented using one of the following technologies depending on the prevailing conditions and needs:

Connected Ethernet, HomePNA, WLAN, Fibre

What the future has in store:

LRE (Long Range Ethernet)
and

HDSL (High-bit-rate Digital Subscriber Line).



Consumer Services Division

Access

The Consumer Services Division's Access unit develops and markets Internet and telecommunications services, packaging them as products for private customers the world over. These services include switched modem and ISDN Internet connections, non-switched Internet connections, GSM connections, international calling and domestic long-distance calling as well as VoIP connections (Voice over Internet Protocol). The unit is subdivided into teams which are devoted to their own product areas. The unit's internal marketing department attends to the marketing of the products.

In 2000, Jippii Group's own backbone network was expanded to cover all of Europe; the network also extends to the United States. The backbone network can be used for the transmission of both voice and data traffic, and this generates synergy benefits and cost-savings for Jippii Group. The Group can provide high-quality telecommunications and Internet services in many European countries both affordably and reliably. The Group's own around-

the-clock network monitoring ensures that all of its services function as they should.

Internet services

With 230,000 consumer customers, Jippii Group is Finland's second-largest Internet operator. At the turn of the year, the Jippii Multilevel Connection won KotiPC magazine's roundup of Internet connections – no wonder, as the Multilevel Connection is the most versatile and advanced Internet connection on the market. During 2001, the Group will begin to offer Internet connections in many European countries.

Jippii Group has successfully combined the features of its Internet and telecommunications services. Customers can register for all the services over the Internet and also keep abreast of their own invoicing via Jippii's site.

In 2000, Jippii Group also developed low-cost non-switched Internet connections targeted at consumers. The benefits of the non-switched connections Jippii offers to consumers are their affordability and functional reliability. Jippii Kotikiinteä is a low-cost, non-switched broadband

connection for households implemented with HomePNA technology, boasting a connection speed of 1 Mbit/s. With xDSL technology, speeds of 2.3 Mbit/s can be achieved.

The Group also offers an alternative broadband connection: Jippii Freedom, which is based on WLAN technology (Wireless Local Area Network). Freedom offers a connection that does not rely on telephone cables or local telephone companies. Access points will also be set up on public premises, enabling users to log on outside their homes using their laptops or PDA devices.

Telecommunications services

In October 2000, Jippii Group became a GSM operator in Finland. GSM operations commenced in Norway in December. In Finland, Jippii Group acts as a service operator in Sonera's mobile phone network; in Norway, the network of the local company NetCom is employed. As a service operator, Jippii Group rents mobile phone network capacity from a network operator and is responsible under its own brand for the customer interface, invoicing, customer service, development of additional services and marketing.

Thanks to its technology and cost structure, Jippii Group can offer the market's most affordable and advanced GSM connections in both of these countries. During the three months of the autumn 2000 season in Finland, Jippii GSM landed close to 25,000 customers. Sales were racked up via cost-effective marketing, in which the Saunalahti.fi portal played a major role. The Group plans to make inroads into the GSM operator business in other European countries in 2001.

Jippii Group already offers voice services in six European countries. In Finland, Jippii Group's international calling prefix is 991 and its domestic long-distance calling prefix is 10532. All in all, Jippii Group has over 100,000 voice service customers. Jippii Group's international and

domestic long-distance calls are low-cost and of a high quality. Voice traffic utilises the company's own backbone network and agreements with international wholesale operators.

The deal closed early in 2001, in which Jippii Group acquired Supertel Oy, will expedite the start-up of teleoperator activities in new European countries in 2001. The changes in legislation in Finland and all of Europe will enable Jippii Group to venture into this vast market area once the markets are opened to competition. Jippii Group's existing customers also comprise a good clientele in local-calling markets.

VoIP (Voice over Internet Protocol), that is, Internet calls, offers entirely new opportunities for companies in particular to transmit all their voice communications as data. In 2000, Jippii Group's VoIP development efforts progressed to pilot projects; the results of these projects were encouraging. Jippii Group firmly believes that VoIP will revolutionise the voice solutions employed by companies. VoIP services targeted at consumers will be launched in 2001.





Portal

Jippii Group Oyj's Portal unit is responsible for the production, development and updating of the company's portals, i.e. their wide range of web content services. By the end of 2000, Jippii Group Oyj had opened portal services in 12 European countries apart from Finland. Portals serve as the company's advertising venues as well as distribution channels for e- and m-commerce products.

In 2000, outlays on portal development were earmarked not only for community and entertainment services, but also to a greater degree for the development of other content, of which the Portal unit's own news agency is a good example. Thanks to the portal's extensive and high-quality content, the Finnish portal service won over numerous new users in 2000. The portal was set up in the first half of 1999 and is now Finland's second most popular network medium. During the report year, the number of individual weekly users grew to over 350,000 from last year's figure of slightly under 200,000. At the monthly level, individual users numbered close to 900,000 by the end of the year. The number of page impressions, which is the best indicator of the extent of

usage, saw the greatest increase: whereas 4.5 million pages' worth of services were downloaded per week at the end of 1999, the corresponding figure was over 11 million towards the end of 2000.

During 2000, Jippii Group Oyj opened foreign portals in 12 countries, the first of which was opened in Norway in spring 2000. All these new foreign portals have increased their user volumes steadily. By the end of the year, the largest user rates had been registered by the portals in Norway, the UK, Switzerland and the Netherlands – that is, the portals which were the first to go online. The portal service which has seen the greatest international success is Pasiworld, the Java-based online arcade. During the first week of 2000, the total number of games played at foreign portals had already surpassed the number of games played in Finland.

In 2001, portal development efforts will continue, both via the upgrading of existing services and the production of completely new services. As in 2000, the Finnish portal will serve as a versatile development platform with a demanding clientele – the services developed for this portal will be gradually implemented on the Jippii portals in other countries.

E-Commerce

The E-Commerce unit is responsible for sales of advertising on Jippii Group Oyj's portals, revenues from web malls and alliances with e-commerce companies.

The E-Commerce unit went into business in spring 2000. Jippii Group Oyj's advertising sales have grown buoyantly after the founding of the unit and in step with the growth of the portals' visitor volumes and the increase in Finnish advertising monies streaming into the Internet. At the end of 2000, the unit opened the Kaupakeskus Jippii web mall on its Saunalahti.fi and Jippii.fi portals. Kaupakeskus Jippii successfully brought Finnish online merchants under a single umbrella

thanks to its open and affordable operating model, and enabled dozens of new entrepreneurs to venture into the world of e-commerce.

Jippii Group Oyj expects the Internet to keep bolstering its status as a popular medium and as an advertising tool. Sales of advertising on Jippii's portals are expected to grow significantly in Finland in 2001. The company will also start to sell advertising space on its other European portals.

The E-Commerce unit will also publicise new e-commerce co-operation agreements in 2001. In line with its selected strategy, these co-operation agreements focus on goods and services distributed in a digital format.



Billiards is only one of the many games you can play at Jippii's popular Pasiworld.



Jippii Group's portal offers services for Internet and mobile users. At the end of 2000, the portal was the second most popular web service in Finland.





M-Commerce

The m-Commerce unit produces value-added services for mobile phones. In Finland, Jippii Group began offering value-added services that can be ordered for mobile phones in October 1999. The first products to be launched were logos and ring tones that can be ordered to personalise your mobile phone. This service was immediately successful and so the product range was expanded to provide other SMS based information and entertainment services such as cartoons, screen savers, caller group icons and games.

The m-Commerce unit was formed in August 2000 to spearhead the internationalisation of Jippii and constantly provide customers with mobile information and entertainment services for current and future mobile phones. In 2000, mobile services were introduced to several European countries including Norway, the Netherlands, Switzerland, the United Kingdom, Estonia and Spain. In 2001, this expansion will continue into Germany, Italy, France, Sweden, USA and selected Asian countries.

The m-Commerce unit not only provides a wide range of SMS services but also develops all the content and platforms for these services. The ring tone platform includes a database of over 1,500 ring tones across a variety of genres created by several in-house, full-time musicians. Over 10,000 logos and picture messaging icons created by graphic designers and animators are available. Information-based services such as news, weather, joke of the day and horoscopes are also developed in-house, and the content is created and localised for each country.

The division is continuously creating new platforms, services and content for the current mobile phone network whilst making strong investments in the development of new and innovative products for the mobile networks of the future. One example of Jippii Group's product development is that it was the first to launch ring tones for Motorola phones in 2000. The m-Commerce unit will continue to work closely with mobile phone manufacturers and network operators in 2001 to develop a range of applications and services for GPRS networks, Java enabled phones and enhanced SMS.

Wireless Gaming

After two years of development, the Group created a Java-based online arcade, Pasiworld. At the end of 2000, the arcade had become highly popular and the games had been localised for 14 countries. At the beginning of 2001, over 600,000 Pasiworld games were started each week. Over half of the games were initiated at portals outside Finland, and the share accounted for by foreign players is expected to grow substantially by the end of 2001.

From day one, the Pasiworld gaming environment was designed to be independent of any given hardware configuration, so that anyone with a Java-compatible mobile phone can also play the games. As the year 2001 goes on, all major mobile phone manufacturers are expected to unveil phone models that are based on

Symbian's open EPOC platform with support for GPRS. Even more significant for wireless gaming is that the new phone models will also include support for open Java technologies based on the PersonalJava platform (pJava) and the Java 2 Micro Edition (J2ME) platform.

Jippii's combined Internet and wireless game portal will support all these new wireless Java technologies. Many of the Jippii multiplayer games will also be suitable for GPRS enabled devices with WAP browsers. This means that the same multiplayer Jippii games that are played using PCs can also be played using mobile phones.

The earnings model is based on monthly or daily payments for games and on the gaming features incorporated into Jippii Group's connection products.





Review by the Chairman of the Board of Directors

I have had the great honour and pleasure of being able to witness – and to do my own part in – the birth and evolution of Jippii Group Oyj, this cutting-edge European Internet and telecommunications operator.

The years now passed have been eventful both within the company and in its field of operations as a whole. The Internet has taken on a new and commercialised form and has emerged as a global force. The scepticism expressed towards the Net in the past is heard no more, and it is an accepted fact that people and companies now live on Internet time.

The company is still young, but during its few years in the business it has carried out dozens of acquisitions of companies and business functions, its payroll has mushroomed from about ten people to over six hundred, and the company's turnover has grown hundredfold from FIM 2 million to FIM 200 million as the company has expanded its operations into 15 European countries.

I dare say that Jippii Group Oyj ranks among the best new Internet and telecommunications companies in the world. The company's present annual growth rate of 200 per cent, its profitability which far outclasses the average for the field, innovative and rapid product development cycle, extensive SMS value-added services, pioneering work on WLAN Internet and its unprejudiced entry into the GSM service operator business and the field of traditional telephony are all strong indications of the breadth of the company's expertise. Our company firmly believes that as the Europe-wide deregulation of competition in the field of telecommunications progresses, our business model – providing an extensive palette of communications, media and entertainment services for customers – will, in months and years to come, be adopted by many other highly successful companies.

The company carried out an IPO in spring 2000. The funds obtained from the Offering have enabled the company to expand rapidly into 15 European countries. Since the date of listing, the trend in the company's share price has been significantly better than the average for the field. On behalf of the company, I would like to express my gratitude for the confidence that our shareholders have shown towards the company.

By far the most important factor underpinning Jippii Group Oyj's success is the company's management and personnel. Among the company's management are many founding parents of Internet operators – real Internet guys who have worked on the Internet for a decade. They have the experience and the entrepreneurial spirit that this field needs. I would like to extend my warmest thanks to all members of management and our personnel.

A handwritten signature in black ink, appearing to be 'Ilpo Kuokkanen', written over a light blue horizontal line.

Ilpo Kuokkanen

Chairman of the Board of Directors

Jippii Group Oyj

The Board's report of operations 2000

General

The trend in the demand for telecommunications services was favourable in 2000 and Finland reinforced its position as a global trailblazer in the use of the Internet and mobile phone services. The report year was momentous and eventful for Jippii Group: the parent company was listed on the stock exchange, went international at a rapid clip while making numerous acquisitions and changed its name from Saunalahti Oyj to Jippii Group Oyj.

During the report year, Jippii nailed down its strategy: the company's ambition is to be a multi-service operator offering companies and consumers innovative, cutting-edge and affordably-priced telecommunications services under a service operator principle. The deregulation of competition in telecommunications has opened the market to a new breed of players that can offer a complete range of products while generating synergy and additional value-added between their services.

Portals are the most important distribution channels employed in service provision: a portal is a highly cost-effective means of reaching customers. Value-added is generated by combining services to form easy-to-sell product packages, which also increases ARPU (average revenue per user).

The Group's competitive advantage is its extensive and innovative range of services that have been developed and tested in Finland – the world's foremost market for Internet and mobile services. The most important target group is comprised of active consumers of communications and content services, both private individuals and companies.

Internationalisation

At the end of 1999 and the beginning of 2000, the Group assessed its prospects of landing a strategic partner through which it could go international. However, foreign industrial partners would not have been able to contribute enough to Jippii's evolution. Once the company had come to this conclusion, it sought a listing on Helsinki Exchanges and decided to go international at a rapid clip under its own brand, Jippii.

The drive to go international began in Norway, where the first Jippii portal outside Finland went online at the end of March 2000. The content of the portal was produced in Finland, but translated into Norwegian and otherwise localised. In October 2000, the Group began to sell GSM connections in Norway on a test basis, acting as a service operator in Netcom's network.

In May 2000, the Group established a local office in Switzerland to attend to functions in continental Europe. Markets were surveyed during the report year and agreements were made with GSM operators active in different countries.

During 2000, local Jippii portals were opened not only in Norway but also in the UK (May), Switzerland (June), Estonia (August), the Netherlands (August), Latvia (October), Germany (October), Spain (November), Belgium (December), Italy (December), Austria (December) and Ireland (December). At the end of 2000, about 650,000 games were being played each week in the Pasi-world online arcade; the average duration of play was 20 minutes/game. Half of the games were initiated through foreign portals.

The opening of portals and the forging of SMS gateway agreements with local GSM operators in various countries required outlays of approximately FIM 15 million. This investment laid a good foundation for growth in 2001. Most of the outlays were non-recurring expenses that will not burden the Group's result in 2001. Jippii has achieved a lasting competitive advantage thanks to these agreements and portals.

Finnish operations

During the report year, the Group launched numerous new services in Finland. In February, it began to provide international calls under the prefix 991 and domestic long-distance calls under the prefix 10532. The Group's fixed pricing policy, based on rounded even figures around the clock, was well received and at the end of the year Jippii's market share was five per cent. GSM services were started up in early autumn in Sonera's network using the prefix 045, and by the end of February 2001 the Group had landed about 35,000 GSM customers.

The construction of WLAN access points began in the summer. The Group's WLAN product development piqued international interest; with WLAN, operators that have not been granted UMTS permits would be able to offer faster wireless data transfer rates than with UMTS and would not have to pay licensing fees. Wireless data transfer using WLAN employs existing technology and thus makes it possible to provide wireless Internet services today, and not years from now as is the case with UMTS.

Weekly averages for page impressions:

	Dec./2000	Dec./1999	Change
Sonera Corporation	11 086 100	7 892 200	+ 40%
Jippii	10 426 300	4 616 200	+ 126%
MTV 3	4 933 200	2 925 500	+ 68%

Source: Taloustutkimus Oy's Web Traffic Monitor

At the end of the year, Jippii Group was Finland's second largest Internet operator with its approximately 230,000 private and 35,000 corporate customers. Following the Cabinet acquisition, the domain name and ASP/HSP services offered to companies were strengthened significantly. The data centre required for telehousing operations was completed in the heart of Helsinki in the summer.

The portal service opened in 1999 evolved and expanded rapidly and in the autumn became a strong medium that took over the position of Finland's most-used website. The opening of a web mall on the portal in November 2000 served to bolster its e-Commerce operations.

In December 2000, after Sonera had acquired the Ihmemaa search engine, the portal dropped to second place as measured by usage rates; nonetheless, its usage rates climbed at a significantly faster rate than its competitors'.

Jippii continued to engage in innovative product development and converted numerous SMS value-added services into products during the report year, among them a text message game that is subject to a charge. Many information services were provided alongside the logos and ring tones that are on offer. The demand for WAP services was deemed so slight that the company decided not to venture into the market at this

stage. In November 2000, Jippii was the first company in the world to launch ring tones that can be downloaded into Motorola phones. This service is significant especially in those international markets where Motorola has a substantial market share.

Other significant agreements that were made included a content partnership agreement with the Yhtyneet Kuvalehdet Group in August 2000 and an online share brokerage service agreement with FIM Securities Ltd in September 2000.

Financial performance

The Group's turnover in 2000 amounted to FIM 206.1 million, which exceeded the growth target the Group set in the summer and represented growth of 166.3% compared with the previous year. All the Group's business areas developed favourably. The table below shows the Group's turnover for 2000 by business unit (FIM 1,000):

Turnover	2000 (% share)		1999 (% share)	
Consumer services	51,734	(25.1%)	35,212	(45.5%)
Business services	65,710	(31.9%)	30,458	(39.4%)
Telecom services	50,796	(24.7%)	6,080	(7.9%)
Portal services	37,815	(18.4%)	5,628	(7.3%)
Group, total	206,055	(100%)	77,378	(100%)

The telecommunications services and portal services business units launched in 1999 saw the greatest growth. The turnover of the telecommunications unit increased by 735.5% and that of portal services by 571.9%. Consumer and business services also achieved their growth targets. The expansion of telecommunications services gathered speed towards the end of the year due to favourable sales of GSM connections.

In spite of the Group's rapid internationalisation, Finland remained its most important market area by far. Foreign countries accounted for 16.3% of the Group's turnover (29.6% in the last quarter of 2000). Germany's share of the Group's turnover for the whole financial year was 5.6% and that of the UK was 3.5%.

The Group's profitability was better than expected. The Group's operating profit for the report year amounted to FIM 4.2 million (FIM -12.1 million in 1999), or 2.0% of turnover (-15.7%). Operating profit before depreciation (EBITDA) was FIM 26.7 million (FIM -4.3 million), or 13.0% of the Group's turnover (-5.6%). The improvement in the Group's profitability compared with the previous year was due especially to the increase in sales of SMS value-added services and business services as well as the synergy benefits derived from acquisitions. The Group's net profit was FIM 0.1 million.

The Group's gross investments amounted to FIM 192.7 million in 2000. The largest investments were the acquisition of Gigabell business functions and the IRU agreement.

Financing

In April 2000, Jippii Group Oyj was listed on the NM list of Helsinki Exchanges. The Group obtained FIM 137.3 million in the offering. With the funds from the offering the Group improved its finance structure by settling FIM 31.8 million in long-term loans and FIM 5.0 million in short-term loans.

During the last quarter of 2000, the Group acquired short-term liabilities to finance the acquisition of Gigabell business functions and the IRU agreement

The Group's equity ratio was good on the date of closing. At the close of the financial year, the Group's interest-bearing liabilities amounted to FIM 72.6 million. The Group's liquidity was good throughout the report year. Total assets at the close of the financial year amounted to FIM 409.5 million (FIM 104.9 million).

The accounting policy within the Group was altered during the financial year regarding financial lease agreements. Within the Group, financial lease agreements have been capitalised in fixed assets in the balance sheet according to the instructions specified in the decision taken by the Ministry of Trade and Industry. The effect of the accounting policy change on the result of previous financial periods has been recorded in extraordinary items. The accounting policy change's net effect on the net profit for the financial year 2000 was FIM 3.5 million.

Listing

On 23 February, the Annual General Meeting authorised the Board of Directors to commence preparations for applying for a listing on the NM List of Helsinki Exchanges. In the offering, 7.1 million shares were

offered for subscription, representing 22.8 per cent of the company's shares after listing. The total amount of shares after the listing was 31.1 million. The primary and secondary offering began on 24 March 2000 and the retail offering was suspended at 17:00 on 24 March 2000 due to over-subscription. The employee offering ended at 17:00 on 27 March 2000 and the institutional offering at 17:00 on 29 March 2000. A total of about 25,000 investors made approved subscription commitments during the offering. Subscription commitments were made for over 45 million shares. Eighty per cent of those entitled to subscribe for shares in the employee offering did so.

In association with the lead manager, Evli Securities Plc, the subscription and offer price was set at EUR 9 in the institutional and retail offerings and at EUR 8.1 in the employee offering. Due to oversubscription, subscriptions were cut such that 150 shares were allocated for the Group's customers and 75 shares for other participants in the retail offering.

Trading on the Pre-list began on 10 April 2000 and on the NM List on 12 April 2000.

Changes in the corporate structure

The most significant acquisition was that of Gigabell AG, which began in September 2000 and was finalised on 30 October 2000; Jippii acquired the business functions of the company for approximately FIM 30 million. Gigabell is listed on Germany's NM List and had run into financial difficulties. The purchase price was low for the Group and it was able to choose the parts of Gigabell that it was interested in. This deal enabled Jippii to enter the largest telecommunications market in Europe.

On 31 August 2000, the business functions of MagicNet were acquired in Germany. On 1 December 2000, the business functions of Cross Telekom were also acquired in Germany. In the UK, the company acquired Gigabell UK, Net.Net Ltd and Webleicester Ltd on 11 October 2000, thereby paving the way for the start-up of business operations in the local market.

The major acquisitions in Finland were NIC Tietoverkot Oy on 4 July 2000 and the Cabinet Group on 29 September 2000. By means of the NIC deal, the Group landed about 100,000 new customers and entered the Free ISP business. In addition, the deal bolstered the personnel resources the Group needs in its drive to go international and in the start-up of foreign functions. The acquisition of Cabinet and that of THK.Net, which came with it, strengthened the Group's telehousing and domain name businesses substantially.

Product development

The Group's most significant product development outlays have been the development of WLAN products, services and network, mobile games as well as the development of an international Jippii mobile portal platform. The product development expenses for WLAN products and the Jippii mobile portal have been capitalised in fixed assets as product development expenses.

Extraordinary general meetings of shareholders

In 2000, Jippii Group held two extraordinary general meetings.

At the extraordinary general meeting of shareholders held on 22 June, the Board of Directors was authorised to decide on increasing the share capital in one or more instalments through a rights issue or to decide on floating an issue of convertible bonds or the granting of share options. Under this authorisation, the company's share capital can be increased by a maximum of EUR 250,000 such that on the basis of the rights issue, convertible bonds or share options a maximum total of 5,000,000 shares having an accounting countervalue of EUR 0.05 can be subscribed for or issued. The approved share issue authorisation represented 16% of the company's total share capital.

At the same meeting, the number of Board members was raised from five to six and Jukka Peltola, Chairman of the Board of NIC Tietoverkot Oy, was elected as a new regular member.

The second extraordinary general meeting of shareholders was held on 13 October. The meeting decided to increase the company's share capital through a bonus issue by issuing one new share without consideration for each existing share. At the same time, the company's business name was changed to Jippii Group Oyj, which is more appropriate for the international market. The new name was officially adopted on 19 October. The name had already been adopted as a portal name in the previous year. The name Jippii was selected because it is short and it was possible to reserve Jippii domain names in each country.

At the same extraordinary general meeting, the Board of Directors was authorised to decide on increasing the share capital in one or more instalments through a rights issue or to decide on floating an issue of convertible bonds or the granting of share options. Under this authorisation, the company's share capital can

be increased by a maximum of EUR 150,366.15 such that on the basis of the rights issue, convertible bonds or share options a maximum total of 3,007,323 new shares with an accounting countervalue of EUR 0.05 can be issued or subscribed for. The proposed share issue authorisation represented about 8.94% of the company's entire share capital.

At the end of the financial period, the Board of Directors' unused share issue authorisations amounted to EUR 301,983.30, that is, 6,039,666 shares. This equals 9.0% of the company's entire share capital. The extraordinary general meeting decided to raise the number of members of the Board of Directors from six ordinary members to seven ordinary members. Matti Roto, Director, International operations, was elected as an ordinary member of the Board of Directors.

Ilpo Kuokkanen, who has acted as a member of the Company's Board of Directors since 23 February 2000, was elected Chairman of the Company's Board of Directors effective 14 October 2000. Jarmo Malin, the previous Chairman, is staying on as an ordinary member of the Board of Directors.

Other significant events

The Group sold most of its Telekarelia shares at a price of FIM 12.7 million, and the capital gains from the sale amounted to FIM 2.7 million. The Group has carried out joint projects related to network construction with Telekarelia and will continue to do so under a co-operation agreement.

At the end of 2000, the Group made an IRU agreement with KPN-Qwest on the acquisition of the capacity of a Europe-wide network. The total investment in the network amounted to about FIM 30 million. The IRU agreement includes a trans-

fer capacity of 2.5 gigabits, which will lower the costs of both voice and data transfer substantially. The transfer capacity specified in the IRU agreement will become available during the first half of 2001.

During the report year, the volume of the Group's telecommunications traffic grew from about 80 million minutes in January 2000 to over 200 million minutes in January 2001. The following table shows the volume of transmitted traffic by service and country:

Minutes by service	January 2001	% share
Internet	187,671,182	92.3%
Telecommunications services	11,276,846	5.5%
GSM	4,407,943	2.2%
TOTAL	203,355,971	100.0%

Minutes per country	January 2001	% share
Finland	162,392,008	79.9%
Germany	28,164,378	13.8%
UK	8,920,934	4.4%
Others	3,878,650	1.9%
TOTAL	203,355,971	100.0%

Personnel

At the end of the 2000 financial year, the Group had a payroll of 600 people, an increase of 461 people compared with the previous year (331.7%). At the end of the financial year, 255 (42.5%) of the total number of the Group's employees worked abroad. Of them, 169 worked in Germany, 21 in the UK and 65 in other countries. The number of employees in the parent company was 289 at the end of the financial year. In the financial year, the average number of the Group's employees was 387.

No significant difficulties were encountered in the integration of the acquisitions performed during the report year. The turnover of Group

employees was slight, and no problems were experienced in labour availability.

In order to commit employees to the company, it implemented a new share option programme in 2000. All the company's employees are covered by the share option programme.

Events after the date of closing

In January 2001, Jippii Group acquired the Spanish Internet operator Gigabell Ibèrica S.L. so as to gain entry into the markets of Spain and South America. The deal was the sequel to the arrangement whereby Jippii acquired the central business functions of the German parent company Gigabell AG in October 2000.

In January 2001, Jippii Group acquired the capital stock in the English Internet firm Constellation Internet Ltd – which provides services for companies – in its entirety at a purchase price of GBP 700,000. Of this sum, GBP 200,000 were paid for with cash and the remaining GBP 500,000 with Jippii shares so that the value of one share was calculated as being EUR 4.5. The deal strengthened the Group's position in the UK's Internet market for hosting and corporate customers.

Likewise in January 2001, Jippii Group acquired the Finnish tele-operator Supertel Oy at a cost of FIM 22.7 million, of which 51 per cent was paid with cash and the remainder with Jippii shares. Supertel operates not only in Finland, but also in Sweden, Denmark and the UK. This deal expedited Jippii's entry into the competition for the European long-distance and international calling market.

In January, Jippii GmbH entered into a carrier sales agreement with the American company Alpha Omega International whose subsidiary Global Telecom GmbH is the market leader in prepaid tele-

phone cards in Germany. According to the agreement, Jippii GmbH will offer Global Telecom domestic and international call transfer capacity in its own network. Mr S. Piracha, Senior Marketing and Sales Manager of Global Telecom, estimates the value of the agreement to be approximately FIM 41 million per year.

The Group decided to spin off its WLAN business as from the beginning of February. The spin-off will allow for upgrading efficiency in network construction and opening up the network for the use of other operators under the service operator principle. The spin-off also facilitates initiating WLAN business operations in the international market.

Full-year outlook

The outlook for the Group's business functions is upbeat. The investments, acquisitions and product elaboration efforts carried out in 2000 in line with the strategy chosen by management will generate results in 2001 both in Finland and abroad, especially in the UK and Germany. This positive trend has been evident in the significant increase in turnover since the beginning of 2001 and is expected to become apparent in earnings growth from the second quarter onwards, when the overlapping capacity agreements in Germany will have been dissolved.

Due to the international acquisitions carried out last year and the deregulation of competition, the Group's growth prospects are good, and management has accordingly raised its forecast of the present year's turnover from FIM 600 million to FIM 700 million, while retaining its assessment of relative profitability unchanged (5%, FIM 30-35 million).

This year, the Group will expand its multiservice operator model into new European countries. During the first half of the year, how-

ever, the Group will focus on stabilising functions in Germany, the UK and Scandinavia. As part of its growth strategy, the Group will continue to make acquisitions.

The expansion of the backbone network that began in 2000 will continue such that it will cover 15 European countries. In addition, the network in continental and Northern Europe will be changed to country-specific 2.5 Gbit/s connections in place of the current, mainly 155 Mbit/s connections (Finland, Sweden, Norway, Denmark, Germany, the Netherlands, Belgium, France and the UK). The IRU agreement includes the raising of the capacity to 10 Gbit/s within the next 18 months.

Auditor

SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants, acted as the company's auditor.

Board of Directors

In 2000, Ilpo Kuokkanen, Jukka Pelto and Matti Roto were elected as new ordinary members of the Board of Directors. Tarmo Hahto, Petteri Järvinen, Arto Karila and Jarmo Malin continued as ordinary members of the Board of Directors. Ilpo Kuokkanen was elected Chairman of the Board of Directors effective 14 October 2000, after which Jarmo Malin, the previous Chairman, stayed on as an ordinary member of the Board of Directors.

The Board's proposal on the disposal of earnings

The Board of Directors proposes that no dividend be paid and that the net profit for the financial period be transferred to retained earnings in the balance sheet.

Consolidated profit and loss account

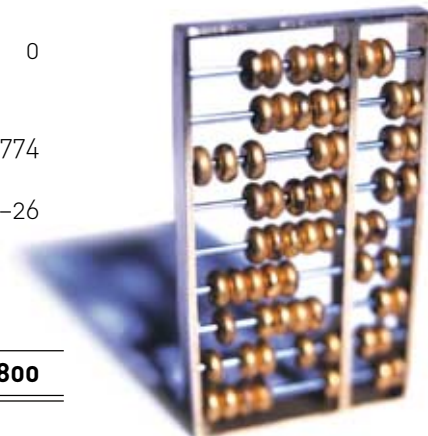
FIM 1000	Note	1 Jan. – 31 Dec. 2000	1 Jan. – 31 Dec. 1999
TURNOVER	1.1	206 055	77 378
Share in associated comp. profit		812	2 131
Other operating income	1.3	4 591	26
Materials and services	1.4	64 760	30 393
Personnel expenses	1.5	55 942	27 248
Depreciation and amortisation	1.7	22 500	7 756
Other operating expenses		64 046	26 261
Total		207 248	91 658
OPERATING PROFIT/LOSS		4 210	-12 123
Financial income and expenses	1.8	-1 436	-2 002
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		2 774	-14 125
Extraordinary items	1.9	556	5 630
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		3 330	-8 495
Income taxes	1.10	-3 256	3 794
Minority interest		53	
NET PROFIT/LOSS		127	-4 701

Consolidated balance sheet

FIM 1000	Note	31 Dec. 2000	31 Dec. 1999	Note	31 Dec. 2000	31 Dec. 1999
Assets				Shareholders' equity and liabilities		
FIXED ASSETS				SHAREHOLDERS' EQUITY 2.9		
Intangible assets	2.1	102 981	10 865	Share capital	19 998	5 354
Goodwill on consolidation	2.1	42 447	20 078	Share premium fund	155 360	44 723
Tangible assets	2.1	86 661	21 524	Accumulated profit/loss	7 424	-21 101
Investments	2.2			Net profit/loss for the period	127	-4 701
Shares in associated companies		564	9 173	TOTAL SHAREHOLDERS' EQUITY	182 909	24 275
Other investments		1 948	2 772			
Total investments		2 512	11 945			
TOTAL FIXED ASSETS		234 601	64 412	LIABILITIES		
CURRENT ASSETS				Long-term liabilities	20 141	44 670
Inventories	2.5	7 471	539	Short-term liabilities	206 410	35 925
Long-term receivables	2.6	300	1 299	TOTAL LIABILITIES	226 551	80 595
Current receivables	2.6	128 094	17 789			
Deferred tax asset	2.7	8 713	9 479			
Cash and bank receivables		30 281	11 352			
TOTAL CURRENT ASSETS		174 859	40 458			
		409 460	104 870		409 460	104 870

Parent company profit and loss account

FIM 1000	Note	1 Jan. – 31 Dec. 2000	1 Jan. – 31 Dec. 1999
TURNOVER	1.1	159 086	65 966
Other operating income	1.3	12 831	266
Materials and services	1.4	60 620	26 361
Personnel expenses	1.5	36 716	25 542
Depreciation and amortisation	1.7	11 747	4 333
Other operating expenses		52 523	22 018
Total		161 606	78 254
OPERATING PROFIT/LOSS		10 311	-12 022
Financial income and expenses	1.8	1 142	-1 752
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		11 453	-13 774
Extraordinary items	1.9	-6 785	0
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		4 668	-13 774
Income taxes	1.10	-3	-26
NET PROFIT/LOSS		4 665	-13 800



Parent company balance sheet

FIM 1000	Note	31 Dec. 2000	31 Dec. 1999	Note	31 Dec. 2000	31 Dec. 1999
Assets				Shareholders' equity and liabilities		
FIXED ASSETS				SHAREHOLDERS' EQUITY	2.9	
Intangible assets	2.1	81 383	11 541	Share capital		19 998
Tangible assets	2.1	44 589	19 116	Share premium fund		155 360
Investments	2.2			Accumulated profit/loss		0
Shares in subsidiaries		43 603	21 628	Net profit/loss for the period		4 665
Other investments		2 831	9 878	TOTAL SHAREHOLDERS' EQUITY		180 023
Total Investments		46 434	31 506			
TOTAL FIXED ASSETS		172 406	62 163	LIABILITIES		
CURRENT ASSETS				Long-term liabilities	2.11	3 500
Inventories	2.5	7 126	445	Short-term liabilities	2.13	173 048
Long-term receivables	2.6	487	1 299	TOTAL LIABILITIES		176 548
Current receivables	2.6	156 259	19 183			
Cash and bank receivables		20 293	10 413			
TOTAL CURRENT ASSETS		184 165	31 340			
		356 571	93 503		356 571	93 503

FIM 1000

Consolidated cash flow statement

	1 Jan. – 31 Dec. 2000	1 Jan. – 31 Dec. 1999
Cash flow from operations		
Operating profit	4 210	-12 123
Adjustments to operating profit	22 489	7 756
Change in net working capital	-5 788	-12 963
Interest received	2 170	131
Interest paid	-3 094	-1 805
Other financial items	-512	-328
Taxes	-3 256	3 794
Extraordinary items	556	5 630
Net cash flow from operations	16 775	-9 908
Investments		
Purchase of shares	0	-11 845
Sale of shares	9 433	0
Purchases of other fixed assets	-202 122	-34 040
Sales of other fixed assets	0	375
Cash flow from investments	-192 689	-45 510
Cash flow before financing	-175 914	-55 418
Financing		
Increase long-term liabilities	7 270	42 174
Decrease long-term liabilities	-31 800	0
Increase/decrease in long-term receivables	999	-1 299
Increase/decrease in short-term liabilities	59 803	-3 045
Decrease in capital loans	0	-5 526
Share issue	158 571	33 910
Cash flow from financing	194 843	66 214
Change in cash and equivalents	18 929	10 796
Cash and equivalents, 1 Jan.	11 352	556
Cash and equivalents, 31 Dec.	30 281	11 352

Parent company cash flow statement

	1 Jan. – 31 Dec. 2000	1 Jan. – 31 Dec. 1999
Cash flow from operations		
Operating profit	10 311	-12 022
Adjustments to operating profit	11 746	4 333
Change in net working capital	-64 554	-3 077
Interest received	2 829	128
Interest paid	-1 281	-1 558
Other financial items	-406	-322
Taxes	-3	-25
Extraordinary items	-6 785	0
Net cash flow from operations	-48 143	-12 543
Investments		
Purchase of shares	-14 884	-23 279
Purchases of other fixed assets	-107 062	-24 012
Increase in other long-term investments	-44	0
Decrease in other long-term investments	0	170
Cash flow from investments	-121 990	-47 121
Cash flow before financing	-170 133	-59 664
Financing		
Increase in long-term liabilities	3 500	42 249
Decrease in long-term liabilities	-42 699	0
Increase/decrease in long-term receivables	812	-1 299
Increase in short-term liabilities	59 828	440
Decrease in capital loans	0	-5 526
Share issue	158 571	33 910
Cash flow from financing	180 012	69 774
Change in cash and equivalents	9 879	10 110
Cash and equivalents, 1 Jan.	10 414	304
Cash and equivalents, 31 Dec.	20 293	10 414

Accounting principles employed in the consolidated accounts

Accounting policy

Jippii Group Oyj's consolidated accounts have been prepared in accordance with the Finnish Accounting Act and Finnish GAAP.

Principles of consolidation

The consolidated accounts include Jippii Group Oyj and subsidiaries that it owns either directly or indirectly (over 50% of the votes). The consolidated accounts also include companies in which the parent company has a controlling interest. Subsidiaries acquired during the financial period are consolidated as from the time of acquisition. All inter-company transactions are eliminated in the consolidation. Minority interest is separated from earnings and is presented as a separate item in the profit and loss account. Minority interest is also presented as a separate item in the balance sheet. Inter-company share ownership is eliminated using the purchase method. In the calculation of goodwill, the Group's share of the shareholders' equity in the acquired companies is deducted from the acquisition cost. Goodwill is amortised according to plan on a straight-line basis over its economic life. The amortisation period is five years provided that the economic life does not exceed five years, but shall not exceed 10 years. Investments in associated companies are included in the consolidated accounts using the equity method. The consolidated profit and loss account includes the Group's share of the results of the associated companies. In the consolidated balance sheet, the Group's share of the net assets generated by the associated company after it has been acquired are added to the acquisition cost of the associated companies and the Group's retained earnings in the consolidated balance sheet. Investments in other companies (voting rights of less than 20%) are booked at the acquisition cost. The acquisition cost-based book value of these shares is written down to correspond to their market value, provided that the write-down of their value is not temporary.

Transactions in foreign currency

Transactions in foreign currency are recorded using the exchange rate in force on the date of the transaction. Receivables and liabilities in foreign

currency which remained unsettled at the close of the financial period are valued using the exchange rates in force at the end of the year.

Foreign Group companies

In the consolidated accounts, the profit and loss accounts of foreign Group companies are converted to Finnish markkaa using the average rates for the year, which are calculated on the basis of the exchange rates at the end of the period. All items in the balance sheet are translated into Finnish markkaa using the exchange rates in force at the end of the year. Translation differences due to the use of the purchase method and the translation difference arising from the translation of the profit and loss account and balance sheet using different exchange rates are treated as an item adjusting the consolidated shareholders' equity.

Recognition of income

Indirect taxes and discounts granted have been deducted from sales revenue when calculating turnover. Sales revenue is recorded as income in accordance with its nature either on delivery or over time.

Research and development

Research and development costs are recorded as expenses in the financial period during which they were incurred, with the exception of certain development costs that are capitalised when given criteria have been fulfilled. Capitalised development costs are depreciated over their economic life. The depreciation period is 3-5 years.

Pensions and covering pension liabilities

The pension security of the personnel of the Group's Finnish companies has been attended to by outside pension insurance companies. Foreign subsidiaries have attended to the pension arrangements of their personnel in accordance with local regulations and practices.

Fixed assets and depreciation

The values of fixed assets are based on the original purchase price. Depreciation on fixed assets subject to wear and tear is calculated on a straight-line basis over the estimated economic lifetime of the assets. The typical depreciation periods are as follows:

Establishment expenses	4 years
Intangible rights	3-10 years
Other capitalised expenditure	3-10 years
Machinery and equipment	3-10 years

Leasing

Operating lease payments are treated as rental costs. Financial leasing agreements are treated as fixed assets in the consolidated accounts and as rental costs in the separate accounts.

Inventories

In accordance with the FIFO principle, inventories are presented in the balance sheet at the acquisition and manufacturing cost or the market cost, whichever is lower. In addition to acquisition cost, indirect costs of production are not included in the value of inventories.

Income taxes

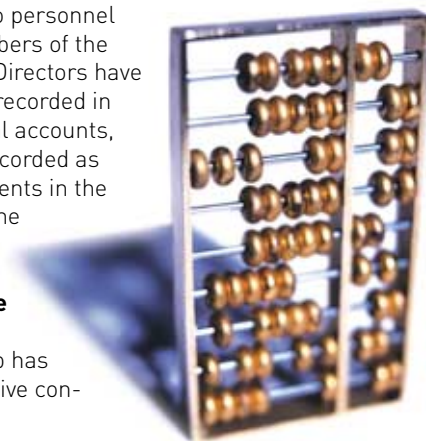
The consolidated accounts include taxes calculated from the Group companies' financial results for the period in line with local tax legislation and in accordance with the tax rate in force on the date of closing. The deferred tax asset has been calculated on the basis of the financial result of the Group companies for the financial year and the confirmed losses for previous years using the tax rate in force on the date of closing. The deferred tax liability incurred from the handling of financial leasing agreements has been set off against the deferred tax asset. Deferred tax assets have been recorded in the consolidated accounts only.

Social security contribution commitments arising from the granting of share options

The imputed social security costs resulting from the share options granted to personnel and members of the Board of Directors have not been recorded in the annual accounts, but are recorded as commitments in the notes to the accounts.

Derivative contracts

The Group has no derivative contracts.



FIM 1000

	Group		Parent company	
	2000	1999	2000	1999
1.1 Turnover by business unit				
Portal services	37 815	5 628	24 518	5 628
Telecommunications services	50 796	6 080	49 108	6 080
Business services	65 710	30 458	50 026	25 073
Consumer services	51 734	35 212	35 434	29 185
Total	206 055	77 378	159 086	65 966
1.2 Turnover by country				
Finland	172 441	77 378	159 086	65 966
Germany	11 483	0	0	0
UK	7 158	0	0	0
Other	14 973	0	0	0
Total	206 055	77 378	159 086	65 966
1.3 Other operating income				
Invoicing of Group companies	0	0	7 059	240
Capital gains	4 051	0	5 672	0
Other income	540	26	100	26
Total	4 591	26	12 831	266
1.4 Materials and services				
Materials				
Purchases during review period	62 974	29 154	52 076	25 208
Change in inventory	-711	90	-834	4
	62 263	29 244	51 242	25 212
External services	2 497	1 150	9 378	1 149
Total	64 760	30 393	60 620	26 361
1.5 Personnel expenses				
Salaries, wages and remuneration	45 227	22 801	29 189	21 139
Pension expenses	6 601	2 328	5 096	2 292
Other social expenses	4 114	2 119	2 431	2 111
Total	55 942	27 248	36 716	25 542
FIM 2.1 million in salaries and remuneration has been paid to the Group's CEOs, Vice Presidents and the members of the Board of Directors.				
1.6 Average number of personnel				
Average number of personnel	387	154	174	131
1.7 Depreciation and amortisation				
Establishment expenses	10	10	10	10
Research & development expenses	453	72	429	73
Intangible rights	635	213	427	153
Goodwill	228	152	1 267	198
Other capitalised expenditure	4 806	1 878	3 472	1 561
Goodwill on consolidation	4 725	2 234		
Machinery and equipment	11 643	3 197	6 142	2 338
Total	22 500	7 756	11 747	4 333

FIM 1000

1.8 Financial income and expenses	Group		Parent company	
	2000	1999	2000	1999
Other interest and financial income				
From Group companies	0	0	917	0
From others	2 170	134	2 018	128
Other interest and financial income, total	2 170	134	2 935	128
Interest and other financial expenses				
To Group companies	0	0,00	-63	0
To others	-3 606	-2 136	-1 730	-1 880
Interest and other financial expenses, total	-3 606	-2 136	-1 793	-1 880
Total	-1 436	-2 002	1 142	-1 752
Interest and financial income includes gains/losses on foreign exchange (net), total	-92	0	-32	0
1.9 Extraordinary items	2000	1999	2000	1999
Extraordinary income	556	5 630	1 572	0
Extraordinary expenses	0	0	-8 357	0
Total	556	5 630	-6 785	0

Group

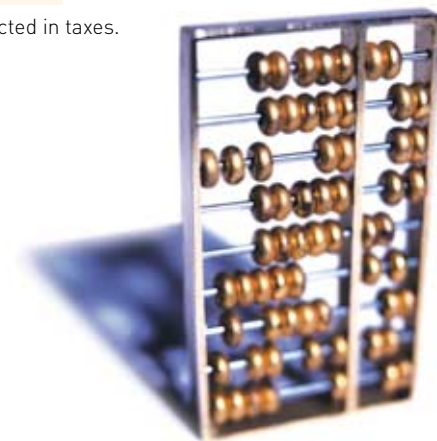
The effect of the accounting policy change used for financial leasing agreements on the result of previous financial periods has been recorded in extraordinary income. The extraordinary income booked in 1999 represents the share of deferred tax assets that is based on confirmed losses for previous financial periods.

Parent company

The parent company's extraordinary income consists of group contributions received and extraordinary expenses of group contributions granted.

2.0 Income taxes	2000	1999	2000	1999
Income taxes on extraordinary items	0	0	0	0
Income taxes on ordinary income	-2 490	-72	-3	-26
Change in deferred tax asset	-766	3 849	0	0
Change in deferred tax liability	0	17	0	0
Total	-3 256	3 794	-3	-26

Income taxes are low in view of the parent company's earnings because confirmed losses could be deducted in taxes.



2.1 Intangible and tangible assets

FIM 1000

	Acquisition cost, 1 Jan. 2000	Increase	Decrease	Transfers between items	Acquisition cost, 31 Dec. 2000	Accumulated depreciation, 31 Dec. 2000	Book value, 31 Dec. 2000
Parent company							
Intangible assets							
Establishment expenses	41	0	0	0	41	31	10
Research & development expenses	870	2 776	0	0	3 646	501	3 145
Intangible rights	1 096	3 736	0	0	4 832	832	3 999
Goodwill	1 663	6 952	0	0	8 615	1 585	7 030
Other capitalised expenditure	12 185	10 311	0	0	22 497	7 079	15 419
Advance payments	0	51 780	0	0	51 780	0,00	51 780
Intangible assets, total	15 855	75 555	0	0	91 411	10 028	81 383
Tangible assets							
Machinery and equipment	25 929	28 573	0	0	54 502	13 235	41 266
Advance payments and uncompleted purchases	0	3 323	0	0	3 323	0	3 323
Tangible assets, total	25 929	31 896	0	0	57 825	13 235	44 589
Group							
Intangible assets							
Establishment expenses	41	0	0	0	41	31	11
Research & development expenses	870	2 899	0	0	3 770	529	3 241
Intangible rights	1 168	4 919	0	0	6 087	1 107	4 979
Goodwill	874	2 654	0	0	3 528	457	3 071
Other capitalised expenditure	12 480	36 322	0	0	48 801	8 903	39 899
Advance payments	0	51 780	0	0	51 780	0	51 780
Intangible assets, total	15 433	98 574	0	0	114 007	11 027	102 981
Goodwill on consolidation	23 073	27 095	0	0	50 168	7 721	42 447
Tangible assets							
Machinery and equipment	29 756	74 658	0	0	104 414	21 076	83 338
Advance payments and uncompleted purchases	0	3 323	0	0	3 323	0	3 323
Tangible assets, total	29 756	77 981	0	0	107 737	21 076	86 661

2.2 Investments

Parent company							
Shares, Group companies	21 628	19 409	0	2 566	43 603	0	43 603
Shares, associated companies	7 042	509	-7 042	0	509	0	509
Shares, other	2 616	2 007	0	-2 566	2 057	0	2 057
Receivables, Group companies	220	265	-220	0	265	0	265
Total	31 506	22 190	-7 262	0	46 434	0	46 434
Group							
Shares, associated companies	9 173	564	-9 173	0	564	0	564
Shares, other	2 772	1 733	0	-2 566	1 939	0	1 939
Other investments	0	9	0	0	9	0	9
Total	11 945	2 306	-9 173	-2 566	2 512	0	2 512

2.3 Group companies

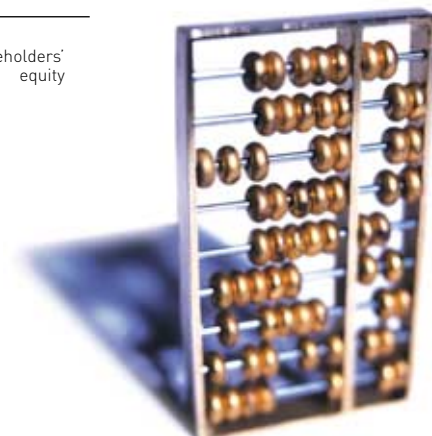
	Group's holding, %	Parent company's holding, %	Domicile	Shareholders' equity
NIC Tietoverkot Oy	100%	100%	Seinäjoki	
Q-Net Oy	100%	100%	Vaasa	
Jippii Internet Services a.s. (Norway)	100%	0%	Oslo	
Jippii Internet Services Plc (UK)	100%	100%	London	
Gigabell Ltd (UK)	100%	100%	Maidstone, Kent	
Webleicester Ltd (UK)	67%	67%	Maidstone, Kent	
Jippii GmbH (Germany)	100%	0%	Hanover	
Jippii Internet Services GmbH (Germany)	100%	0%	Hanover	
Jippii Czech Republic a.s.	68%	68%	Prague	
Mopos a.s. (Czech Republic)	0%	0%	Pardubice	**]
Jippii Internet Services AG (Switzerland)	100%	100%	St Gallen	
Jippii Internet Services B.V. (The Netherlands)	100%	0%	Amsterdam	
Jippii Internet Services Ges.m.b.H (Austria)	100%	100%	Vienna	
Jippii Internet Services S.A. (Belgium)	100%	0%	Brussels	
Jippii Internet Services S.L.(Spain)	100%	1%	Madrid	
Jippii Internet Services s.r.o (Slovakia)	100%	100%	Bratislava	
Jippii Internet Services UAB (Lithuania)	100%	100%	Vilna	
Jippii Internet Services Unipessoal LDA (Portugal)	100%	100%	Lisbon	
Jippii-Internetpalvelut Oy	100%	100%	Helsinki	
Jippii Holding BV (The Netherlands)	100%	100%	Almere	
Jippii Internet Services (Hungary)	100%	100%	Budapest	
Jippii Internet Services (Ireland)	100%	100%	Dublin	
Jippii Internet Services (Italy)	100%	100%	Milan	
Jippii Internet Services AB (Sweden)	100%	0%	Stockholm	
Jippii Internet Services Ltd (Iceland)	100%	100%	Reykjavik	
Jippii Denmark ApS	100%	100%	Copenhagen	
Supertel AG (Switzerland)	100%	100%	St Gallen	
Netinlevy Oy	95%	95%	Helsinki	
NetNet Ltd (UK)	100%	100%	London	
Netti Finland Oy	100%	100%	Turku	
Shoe B2 Consulting Oy	100%	100%	Tampere	
Suomalainen Pelikauppa Peliman Oy	100%	0%	Helsinki	
Cabinet Internetpalvelut Oy	100%	5%	Helsinki	
Cabinet Oy	100%	100%	Helsinki	
Cabinet Rahoitus Oy	100%	0%	Helsinki	
THK-Net (Germany)	100%	0%	Frankfurt	
THK-Net AB (Sweden)	100%	0%	Stockholm	
THK-Net S.A. (Belgium)	100%	0%	Brussels	
Saunalahti AS (Estonia)	100%	100%	Tallinn	
A/S Saunalahti (Latvia)	100%	100%	Riga	
Internet Connections Finland Oy	100%	100%	Helsinki	
Helsingin Netti Media Oy	100%	100%	Helsinki	50 000,00 *)
Kuituverkko Kahdeksan Oy	80%	80%	Helsinki	50 000,00 *)

*) The companies have not been consolidated because they are dormant.

***) Mopos a.s. has been consolidated in accordance with the Group's controlling interest.

2.4 Associated companies

	Group's holding, %	Parent company's holding, %	Domicile	Shareholders' equity
Fix Pankkiiriliike Oy	50%	50%	Helsinki *)	
Memecom Oy	50%	0%	Helsinki	
Web Development Finland Oy	33%	0%	Vantaa *)	



	Group		Parent company	
	2000	1999	2000	1999
2.5 Inventories				
Materials and goods	1 600	539	1 255	445
Work in process	5 871	0	5 871	0
Total	7 471	539	7 126	445
2.6 Receivables	2000	1999	2000	1999
LONG-TERM RECEIVABLES				
Receivables from others				
Other receivables	300	0	0	0
Prepayments and accrued income	0	1 299	487	1 299
Total	300	1 299	487	1 299
TOTAL	300	1 299	487	1 299
CURRENT RECEIVABLES				
Receivables from Group companies				
Accounts receivable			12 147	0
Loan receivables			84 156	0
Other receivables			0	3 215
Prepayments and accrued income			2 489	0
Total			98 792	3 215
Receivables from others				
Accounts receivable	80 151	14 518	30 296	13 130
Loan receivables	408	17	64	17
Other receivables	33 226	453	23 030	298
Prepayments and accrued income	14 309	2 801	4 077	2 523
Total	128 094	17 789	57 467	15 968
TOTAL	128 094	17 789	156 259	19 183
2.7 Deferred tax assets and liabilities	2000	1999	2000	1999
Deferred tax asset on confirmed losses and losses for the period	10 162	9 479		
Deferred tax liability on consolidation measures	-1 450	0		
Net amount booked in balance sheet	8 712	9 479		
2.8 Prepayments and accrued income	2000	1999	2000	1999
Prepaid expenses	7 095	0	1 382	0
Leasing payments	0	1 805	2 102	1 805
Other	7 214	996	593	718
Total	14 309	2 801	4 077	2 523
2.9 Shareholders' equity	2000	1999	2000	1999
Share capital, 1 Jan.	5 354	3 505	5 354	3 505
Rights issue	14 644	1 849	14 644	1 849
Share capital, 31 Dec.	19 998	5 354	19 998	5 354
Share issue, 1 Jan.	0	599	0	599
Increase/decrease	0	-599	0	-599
Share issue, 31 Dec.	0	0	0	0
Share premium fund, 1 Jan.	44 723	12 063	44 723	12 063
New issue premium	143 927	32 660	143 927	32 660
To cover accumulated losses	-33 290	0	-33 290	0
Share premium fund, 31 Dec.	155 360	44 723	155 360	44 723

	Group		Parent company	
Accumulated loss, 1 Jan.	-25 802	-21 101	-33 289	-19 490
Covered from the share premium fund	33 289	0	33 289	0
Change in translation difference	-63	0	0	0
Accumulated loss/retained earnings, 31. Dec.	7 424	-21 101	0	-19 490
Net profit/loss	127	-4 701	4 665	-13 800
Capital loans, 1 Jan.	0	5 526	0	5 526
Conversion of capital loans to shareholders' equity	0	-5 526	0	-5 526
Capital loans, 31 Dec.	0	0	0	0
Total	182 909	24 275	180 023	16 787
2.10 Distributable funds, 31 Dec.	2000	1999	2000	1999
Distributable funds	7 532	0	4 654	0
2.11 Long-term liabilities	2000	1999	2000	1999
Loans from financial institutions	6 500	14 754	3 500	14 533
Other long-term liabilities	13 641	29 916	0	28 166
Total	20 141	44 670	3 500	42 699
Of which interest-bearing liabilities	6 500	44 670	3 500	42 699
2.12 Long-term liabilities repayable after five years				
Total	0	0	0	0
2.13 Short-term liabilities	2000	1999	2000	1999
SHORT-TERM LIABILITIES				
Loans from financial institutions	66 123	6 370	66 032	6 203
Received prepayments	13 421	8 550	11 086	7 845
Accounts payable	45 029	7 884	31 690	7 461
Accrued liabilities	18 430	5 967	9 982	5 594
Other short-term liabilities	63 407	6 682	38 542	6 393
Total	206 410	35 453	157 332	33 496
Liabilities to Group companies				
Accounts payable			3 324	0
Accrued liabilities			8 421	0
Other short-term liabilities			3 971	49
Total			15 716	49
Liabilities to associated companies				
Accounts payable	0	40	0	40
Other short-term liabilities	0	432	0	432
Total	0	472	0	472
TOTAL	206 410	35 925	173 048	34 017
Of which interest-bearing liabilities	66 123	6 370	66 032	6 203
2.14 Accrued liabilities	2000	1999	2000	1999
Payroll and social expenses	11 324	3 469	8 169	3 221
Interest expenses	371	360	371	360
Other	6 735	2 138	1 442	2 012
Total	18 430	5 967	9 982	5 593

	FIM 1000			
	Group		Parent company	
	2000	1999	2000	1999
3.1 Liabilities with business mortgages as collateral				
Loans from financial institutions	65 500	18 113	65 500	17 750
Mortgages given	73 512	20 400	73 512	20 000
Liabilities with shares as collateral				
Other liabilities	0	10 600	0	10 600
Book value of pledged shares in the parent company's accounts	0	11 600	0	11 600
3.2 Other collateral				
Pledges	3 814	303	3 707	298
3.3 Contingent liabilities on behalf of Group companies				
Guarantees			362	0
3.4 Contingent liabilities on behalf of others				
Pledges	667	0	0	0
3.5 Leasing commitments				
Payable during the next financial year	38 286	4 193	8 437	3 638
Payable later	30 957	7 700	17 114	7 427
Total	69 243	11 893	25 551	11 065

The company's leasing agreements do not include commitments to buy the equipment.

FIM 31.6 million in goods acquired into the management of the Group through financial leasing agreements have been recorded in machinery and equipment in the consolidated balance sheet. FIM 13.6 million in long-term liabilities and FIM 10.1 in short-term liabilities arising from the agreements have been recorded in the consolidated balance sheet.

3.6 Other commitments

The imputed social security liabilities related to the company's share options on the date of closing, 31 December 2000, amounted to approximately FIM 1.5 million.

3.7 Legal disputes

Valelektro Oy has brought on a suit against Q-Net Oy in the Vaasa District Court. The suit amounts to a total of about FIM 750,000, inclusive of legal expenses. The claim is based on the contract agreement for the networking of student apartments in Vaasa which was made between Valelektro Oy and Q-Net Oy as well as Q-Net Oy's dissolution of the contract agreement. Jippii Group's management holds that there are no valid grounds for the claim and that it will not have a negative effect on Jippii Group's earnings in 2001.

Shares and shareholders

Shares and share capital

Jippii Group Oyj has one series of shares. The shares do not have a nominal value; the accounting countervalue of the shares is 5 cents. The company's shares are included in the book-entry system. At the end of the financial year, the company's registered share capital amounted to EUR 3,363,455.30, which is divided into 67,269,106 shares.

During the financial period, the company's share capital was increased as follows:

- The extraordinary general meeting held on 24 January 2000 targeted an issue of a total of 335,000 shares at the company's management and key employees, thereby increasing the share capital by FIM 335,000. The shares were issued at their going value at the time of issue.
- The Annual General Meeting on 23 February 2000 decided to redenominate the share capital to euros, delete the nominal value of shares, carry out a bonus issue and split each share into five shares. After these measures, the company's share capital amounted to EUR 1,422,284 which was divided into 28,445,680 shares, each having an accounting countervalue of 5 cents.
- On 2 March 2000, the Board of Directors decided to target an issue of 80,000 shares (post-split) to increase the company's share capital by EUR 4,000. The shares were issued at their going value at the time of issue.
- During the period from 24 to 29 March 2000, the company carried out an IPO in which 2,595,837 shares were subscribed for. The subscription price was EUR 9.00 in the institutional and retail offerings and EUR 8.10 in the employee offering. The share capital was increased by a total of EUR 129,791.85. After the issue, the company's registered share capital was EUR 1,556,075.85, consisting of a total of 31,121,517 shares.
- In connection with the NIC Tietoverkot Oy acquisition, an issue of 2,094,498 shares was targeted at the vendors in accordance with the decision taken by the Board of Directors on 4 July 2000, whereby the share capital was increased by EUR

104,724.90. The company's share capital after the issue amounted to EUR 1,660,800.75.

- In connection with the Cabinet Oy - Cabin Ab acquisition, an issue of 418,538 shares was targeted at the vendors in accordance with the decision taken by the Board of Directors on 28 September 2000, whereby the share capital was increased by EUR 20,926.90. The company's share capital after the issue amounted to EUR 1,681,727.65.
- The extraordinary general meeting held on 13 October 2000 decided to increase the company's share capital through a bonus issue by issuing one new share without consideration for each existing share. The company's share capital increased by EUR 1,681,727.65 from EUR 1,681,727.65 to a total of EUR 3,363,455.30.

At the end of the financial period, the Board of Directors' unused share issue authorisations amounted to EUR 301,983.30, that is, 6,039,666 shares. This equals 9.0% of the company's entire share capital.

The company's Board of Directors is not authorised to purchase its own shares (share buyback).

Quoting of Jippii Group Oyj's shares on the Pre-list of Helsinki Exchanges (JIP1V) began on 10 April 2000 and on the NM List on 12 April 2000. The extraordinary general meeting held on 13 October 2000 decided on a bonus issue in which shareholders would receive one new share for each existing share. The bonus issue doubled the number of shares and halved the market price of each share. The average price of the share in trading in 2000 was EUR 4.00. At the end of the year, the share price was EUR 3.38. The highest share price was EUR 5.00 and the lowest was EUR 1.85. Share turnover during the report year was 38,921,744 shares. The company's market capitalisation on 31 December 2000 was EUR 227,369,578.28.

Share option programmes

The company has a share option programme as part of its incentive scheme for management and personnel. On the basis of the options in the share option programme targeted at

personnel, 1,000,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 0.45 (FIM 2.70) per share. By 31 December 2000, 985,000 of the share options had been subscribed for on the basis of the programme. On the basis of the options in the second share option programme targeted at personnel, 410,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 1.01 (FIM 6.00) per share. By 31 December 2000, 405,000 of the share options had been subscribed for on the basis of the programme. On the basis of the options in the third share option programme targeted at personnel, 370,000 shares can be subscribed for at a price of EUR 4.50 per share. The subscription period is stepwise such that 40% of the shares can be subscribed for during the period from 1 June 2002 to 31 May 2003, 30% during the period from 1 June 2003 to 31 May 2004 and 30% during the period from 1 June 2004 to 31 May 2005. By 31 December 2000, 294,000 options were subscribed for under the programme. On the basis of the options in the share option programme directed at the company's Board of Directors, 650,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 0.50 (FIM 3.00) per share. The options in the share option programme had been fully subscribed for by 31 December 2000. On the basis of the share option programmes, the share capital can be increased by a maximum of EUR 121,500.

Management's shareholding

On 28 February 2001, Jippii Group Oyj's Board members, CEO, Vice Presidents and entities in which they have a controlling interest owned a total of 11.4 million shares, or 16.8% of the company's shares. In addition, Board members have 650,000 share options with which they can subscribe for 650,000 shares under the above-mentioned terms and conditions. These shares represent 1.0% of the company's shares outstanding on the date of closing.

Largest shareholders as of 28 February 2001

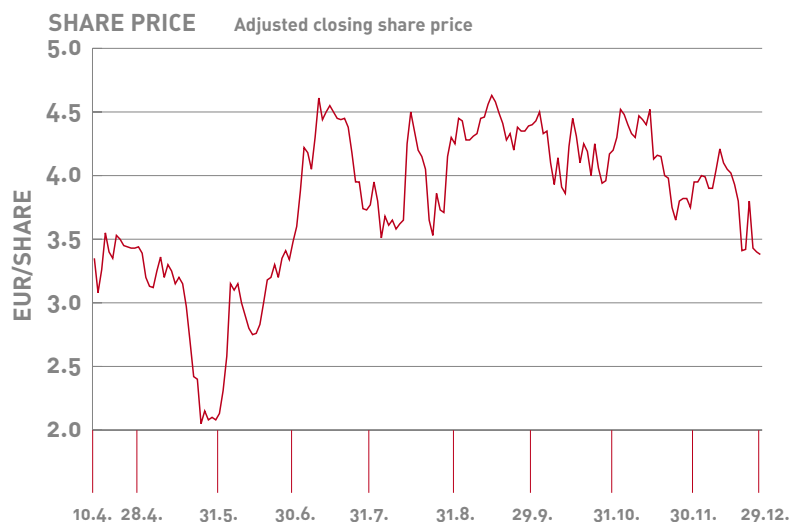
Shareholder	Number of shares	Holding, %
1. Auratum International S.A.	10 396 770	15.3
2. Turun Puhelin Oy telephone company	6 240 042	9.2
3. Tietoklusteri Oy	6 193 346	9.1
4. Ajanta Oy	3 257 960	4.8
5. Rytsölä Jaakko	2 148 262	3.2
6. Varma-Sampo Mutual Pension Insurance Company	2 090 000	3.1
7. PSS-Trade Ltd Oy	1 853 516	2.7
8. Hemmi Anne	1 696 920	2.5
9. Rytsölä Antti	1 453 288	2.1
10. Salmivuori Ari	1 399 820	2.1
11. Aura Capital Oy	1 110 722	1.6
12. Neuvo Niilo	1 051 606	1.6
13. Rausanne Oy	945 800	1.4
14. Risni-Yhtiö Oy	926 558	1.4
15. Johannesdahl Harri	720 666	1.1
16. Keinänen Kai	649 102	1.0
17. Media Invest Int. Oy	582 220	0.9
18. Roto Matti	563 708	0.8
19. Toivo Anssi	529 394	0.8
20. Vanhala Jari	525 816	0.8
Nominee-registered shares Merita Bank Plc	1 691 160	2.5
Other shareholders, total	21 803 610	32.1
Total	67 830 286	100.0

Shareholders by group as of 28 February 2001

Group	Number of shares	Holding, %
Private companies	24 378 507	35.94
Public companies		
Financial and insurance institutions	4 071 886	6.00
Public sector entities	3 313 109	4.88
Non-profit institutions	544 853	0.8
Households	24 733 807	36.46
Foreign owners	10 780 956	15.89
On the grand total account	7 168	0.01
Total	67 830 286	100.0

Distribution of shareholdings by size class as of 28 February 2001

Number of shares	Number of shareholders	Proportion of shareholders, %	Shares, total	Proportion of shares, %
1-100	1 026	4.54	74 635	0.11
101-500	19 253	85.27	3 649 507	5.38
501-1 000	1 133	5.02	891 076	1.31
1 001-10 000	995	4.41	2 762 233	4.07
10 001-100 000	114	0.50	3 478 668	5.13
100 001-1 000 000	46	0.20	16 516 101	24.35
over 1 000 000	13	0.06	40 450 898	59.64
On the grand total account			7 168	0.01
On the clearing list of the book-entry register			0	0.00
Total			67 830 286	100.00
Of which nominee-registered shares			1 422 357	2.10



The diagram on the left shows the trend in the price of Jippii Group Oyj's share during the financial year. The diagram uses the closing rates for the days in question as recorded in HEX's statistics. Share prices prior to the bonus issue have been divided by two for the sake of comparability with share prices at the year's end.

The Group's financial indicators

(FIM 1000, financial period ended on 31 Dec.)	Group 2000	Group 1999	Group 1998	Parent company 1997 ¹⁾
Turnover	206 055	77 378	44 203	2 208
Growth in turnover, %	166.3%	75.1%	1901.9%	N/A
Operating profit/loss	4 210	-12 123	-15 082	-4 553
% of turnover	2.0%	-15.7%	-34.1%	-206.2%
Profit before extraordinary items, provisions and taxes	2 774	-14 125	-16 343	-4 765
% of turnover	1.3%	-18.3%	-37.0%	-215.8%
Profit before appropriations and taxes	3 330	-8 495	-16 343	-4 765
% of turnover	1.6%	-11.0%	-37.0%	-215.8%
Net profit/loss	127	-4 701	-16 321	-4 780
% of turnover	0.1%	-6.1%	-36.9%	-216.5%
Return on equity, %	-0.3%	-106.8%	_ 2)	_ 2)
Return on investment, %	3.9%	-29.2%	_ 2)	_ 2)
Net gearing	23.1%	163.5%	-229.1%	-67.2%
Equity ratio, %	46.2%	25.2%	-16.4%	-145.8%
Gross investments in fixed assets	192 689	45 884	30 116	2 340
% of turnover	93.5%	59.3%	68.1%	106.0%
Research and development expenses	_ 3)	_ 3)	_ 3)	_ 3)
% of turnover	_ 3)	_ 3)	_ 3)	_ 3)

Per-share indicators

(FIM, financial period ended on 31 Dec.)	Group 2000	Group 1999	Group 1998	Parent company 1997 ¹⁾
Earnings per share	0.00	-0.15	-0.24	-0.07
Earnings per share, diluted	0.00	-0.15	-0.23	-0.07
Equity per share	2.72	0.36	-0.07	-0.06
Equity per share, diluted	2.62	0.35	-0.07	-0.06
Dividend/share, FIM	0.00	0.00	0.00	0.00
Number of shares, 31 Dec. 2000		67 269 106		
Number of shares, 31 Dec. 2000, accounting for the dilution effect		69 699 106		

¹⁾ The key indicators for 1997 are the parent company's figures for the financial period from 21 August 1996 to 31 December 1997. The figures have not been adjusted to correspond to a 12-month business period.

²⁾ Return on equity and return on investment are not shown, because the numerators and denominators of these key indicators are negative.

³⁾ Research and development expenses are not shown, because they were not monitored separately in accounting.

Formulas for the indicators

Return on equity, % (ROE)

$$\frac{\text{Profit before extraordinary items - taxes} \times 100}{\text{Shareholders' equity} + \text{minority interest (average)}}$$

Return on investment, % (ROI)

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

Equity ratio, %

$$\frac{\text{Shareholders' equity} + \text{minority interest} \times 100}{\text{Balance sheet total} - \text{advances received}}$$

Net gearing, %

$$\frac{\text{Interest-bearing liabilities} - \text{liquid financial assets} \times 100}{\text{Shareholders' equity} + \text{minority interest}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Profit before extraordinary items} +/- \text{minority interest from profit/loss for the period} - \text{taxes}}{\text{Share issue adjusted number of shares (diluted)}}$$

Equity per share, diluted

$$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares (diluted)}}$$

Dividend per share, diluted

$$\frac{\text{Dividend for the period}}{\text{Share issue adjusted number of shares (diluted)}}$$

Earnings per share (EPS)

$$\frac{\text{Profit before extraordinary items} +/- \text{minority interest from profit/loss for the period} - \text{taxes}}{\text{Share issue adjusted number of shares}}$$

Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares}}$$

Dividend per share

$$\frac{\text{Dividend for the period}}{\text{Share issue adjusted number of shares}}$$

Dividend per earnings, %

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

The board's proposal on the disposal of earnings

The Board of Directors proposes that no dividend be paid and that the net profit for the financial period be transferred to retained earnings in the balance sheet.

Helsinki, 28 February 2001

Ilpo Kuokkanen
Chairman

Tarmo Hahto

Jarmo Malin

Petteri Järvinen

Arto Karila

Matti Roto

Jukka Peltola

Harri Johannesdahl
CEO

Auditor's report

To the shareholders of Jippii Group Oyj

We have audited the accounting, the financial statements and the corporate governance of Jippii Group Oyj for the period 1 January – 31 December 2000. 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 Chief Executive Officer. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our audit in accordance with Finnish standards on auditing. Those standards require that we plan and 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 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 Chief Executive Officer have legally complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish 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 Finnish Accounting Act, of both the consolidated and parent company's result of operations and financial position. The financial statements with the consolidated financial statements can be adopted and the Members of the Board of Directors and the Chief Executive Officer of the parent company can be discharged from liability for the period audited by us. The proposal of the Board of Directors regarding the distribution of retained earnings is in compliance with the Finnish Companies Act.

Helsinki, 20 March, 2001

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Kari Miettinen
Authorised Public Accountant

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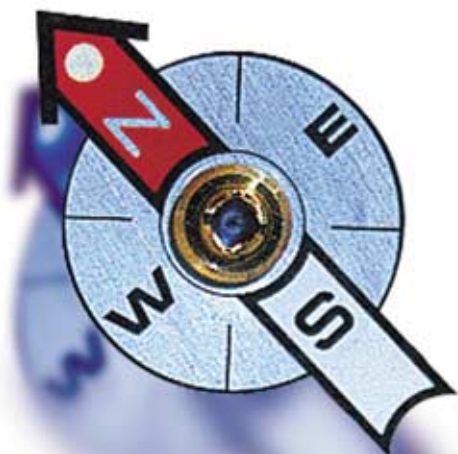
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Printing house:
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Paper:
Tintoretto

March 2001

Printing run:
Finnish 5 000
English 3 000

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