



TEKLA

*Tekla Corporation
Annual Report 2000*

ANNUAL GENERAL MEETING

The Annual General Meeting of Tekla Corporation will be held on Thursday, April 5, 2001 at 15.00 in the Leonardo auditorium of Innopoli, Tekniikantie 12, 02150 Espoo.

Shareholders entered in the company shareholders' register kept by the Finnish Central Securities Depository Ltd. on March 26, 2001 at the latest are entitled to attend.

Shareholders who wish to attend the AGM should register by 16.00 at the latest on April 2, 2001, by letter addressed to Tekla Corporation, Communications, Koronakatu 1, 02210 Espoo, by phone to +358 9 8879 518/Elina Hollo, by telefax to +358 9 8039 489, or by e-mail to elina.hollo@tekla.com. Any powers of attorney should be presented at such advance registration.

DIVIDEND PAYMENT

The Board of Directors proposes to the Annual General Meeting payment of a dividend of 0.02 euros per share for 2000. The dividend will be paid to all shareholders entered in the company shareholders' register kept by the Finnish Central Securities Depository Ltd. on the dividend record date, April 10, 2001. The dividend pay-out date is April 19, 2001, assuming the AGM approves the Board dividend distribution proposal.

FINANCIAL INFORMATION IN 2001

In 2001, Tekla Corporation will release the following financial information

Financial statements 2000 bulletin	February 28, 2001
Annual Report 2000	March 28, 2001
Interim report January-March 2001	May 15, 2001
Interim report January-June 2001	August 14, 2001
Interim report January-September 2001	November 6, 2001

The financial information will be published in Finnish and English and will be made available at the web site www.tekla.com immediately after publication.

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Annual Report 2000

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The Model that Works

Tekla supplies model-based software products based on progressive open technology for builders, owners and mobile people of intelligent infrastructure in the information society.

2000 IN BRIEF

2000 was a time of successful growth and internationalization in Tekla's 34-year history.

- > Net sales rose 46.3%, to 26.47 million euros.
- > International operations accounted for 70% of net sales, up 95%.
- > Investment in product development and international markets continued. Product development accounted for 28% of net sales.
- > An operating profit of 0.84 million euros was recorded, four times the 1999 level.
- > Tekla Corporation listed on in spring 2000. The listing issue added 19.6 million euros to shareholders' equity. At year end the equity ratio was 75.4% (1999: 31.9%).

LASTING VALUES – STRONG SUCCESS FACTORS

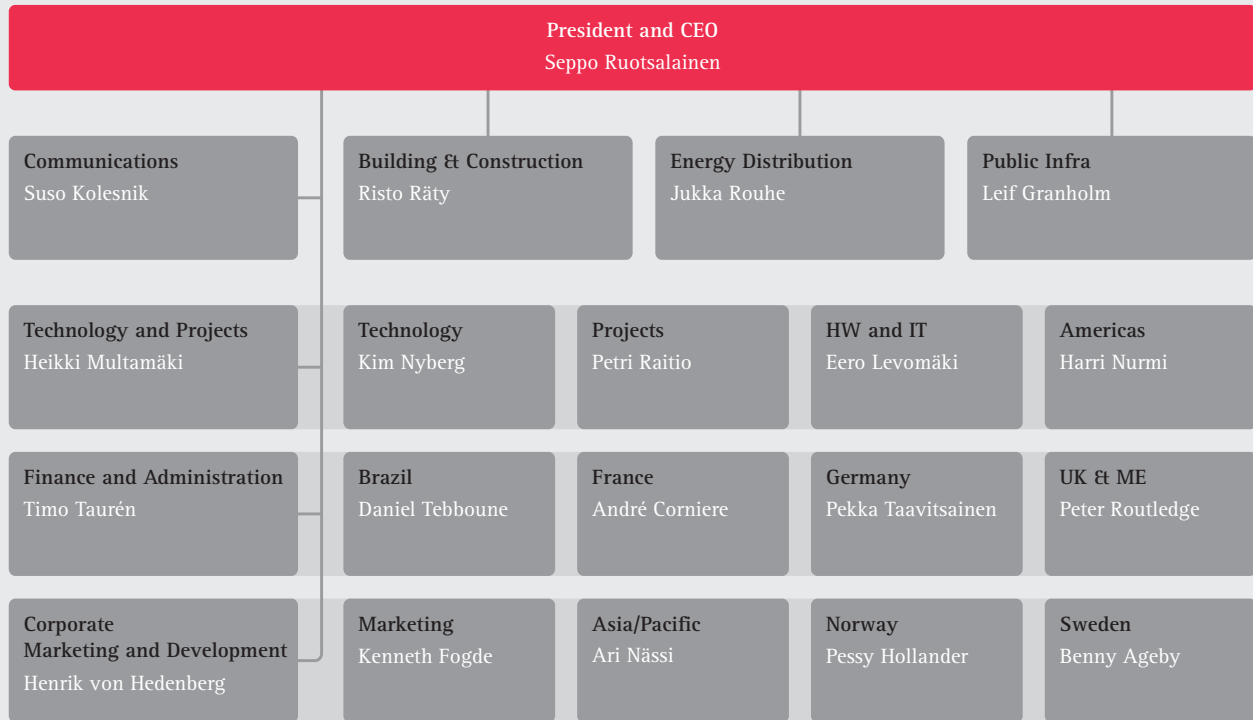
In 1999 Tekla sharpened its strategies and created the platform for its international growth. In 2000 the Group became an international player.

The Group has also set impressive targets for the next few years: to triple net sales by the end of 2003, to boost operating profit substantially and to further improve the effectiveness of product development.

Tekla's operating values are innovation, professionalism and long-term relationships. Its strategic intent is crystallized as follows:

- > To aim at high growth and profitability
- > To focus on selected attractive market segments and areas
- > Lead the trend from document-based to model-based solutions for operative information management
- > Drive the change towards solutions providing life-cycle support for infrastructure management
- > Excel in customer service and satisfaction
- > To strengthen the Tekla brand
- > To be an attractive and respected employer
- > To achieve a steady growth in share value

Group Structure



TEKLA – A TRULY INTERNATIONAL SOFTWARE HOUSE

At the start of 2001 Tekla is an internationally operating software house.

The decision taken a few years back to go international meant systematically building up the necessary basic preconditions, from product offering and partnership network right through to our own competence capital. The organizational change at year end, regrouping Tekla operations into three business areas – Building & Construction, Energy Distribution and Public Infra – set the seal on this phase of our development. The focusing of resources is driven by the markets.

The year 2000 was a time of successful internationalization in Tekla's 34-year history. Building & Construction witnessed the global breakthrough of its top product, Xsteel. This is verified by over 3,000 user licenses, operations surging forward in the USA, a successful company acquisition and expansion in France, a good market opening in Japan, and most recently, a first investment in Brazil.

Tekla is now a major player in Europe in Energy Distribution. It has a strong presence on Nordic energy markets, and Xpower also has impressive references on the Continent. The first step toward a global presence is the system delivery to Malaysia.

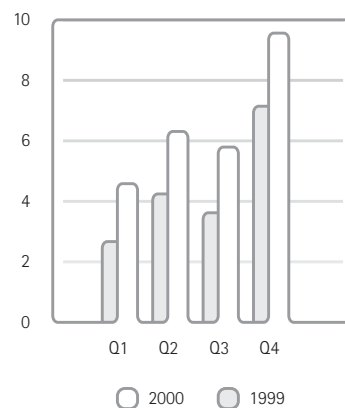
Our third pillar, Public Infra, develops applications for public infrastructure, and has convincing position in Finland. Based on the first references in Sweden and Malaysia this business area has a good potential for international success in the future.

Tekla's net sales rose 46.3% in 2000, to 26.47 million euros. International operations grew 95% and accounted for over 70% of net sales. The input into product development and internationalization continued to be strong during the fiscal period. Nevertheless the result for the second half of the year turned out positive. The operating profit for the whole year was 0.84 million euros. This was up 290.8% from 1999 and accounted for 3.2% of net sales. The adjacent charts show net sales and the operating result on a quarterly basis over the last two years. They reflect rapid growth and seasonal fluctuation.

BALANCED PROGRESS

Going international has called for new inputs, but has also meant giving up some things. Resources have been reallocated so as to back up the new international approach. Balanced progress has meant scaling resources to well defined targets and also allowing enough time for the necessary mental development, preparation and study. In an expert organization, the most crucial success factor is the personnel. Several projects have been launched to boost expertise and skills, specifically the TRIM – Tekla Resources & Information Management – project. The informa-

Net sales by quarter, million euros





"The listing issue showed that staff commitment and confidence in our future success are strong."

"The year-end reorganization set the seal on our internationalization phase."

tion system now adopted is the foundation for global growth, profitability and business management.

Focusing on growth also means assuring the necessary financial resources. The 2000 listing on Helsinki Exchanges was an important step forward. The shares and the whole Group gained a market value and the international status of a listed company. Practically the entire personnel subscribed Tekla shares in the issue, seizing this chance to share in the company's future development as owners as well as employees. It was a demonstration of commitment and solid confidence in Tekla's future success.

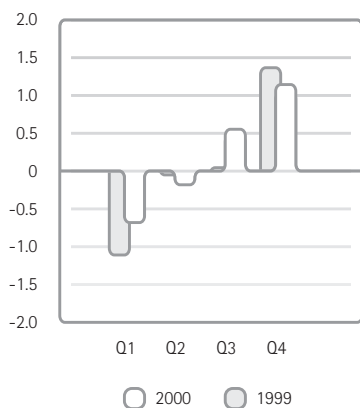
A GLOBAL PLAYER

In 1999, Tekla sharpened its strategies and speeded up its growth. In 2000, it became an international player. The personnel needed to show the same dedication as in 1999 – or even more. I would like to thank our customers for the confidence in us and also our entire personnel and partners for working with us to achieve our common goals.

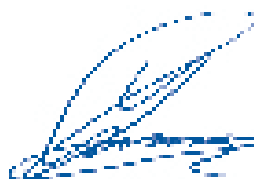
We have set ourselves demanding targets for the next few years, too. In figures, we have clear goals: to triple the net sales by 2003, a significant boosting of operating profit and a product development program marked by maximum efficiency.

Tekla is fast becoming a truly international software house. Our aim is to be a leading global enterprise in our selected business areas, with good profitability and its sights set on future opportunities.

Operating profit by quarter, million euros



March 2001



Seppo Ruotsalainen
Chief Executive Officer

Building & Construction

“None of our competitors has such an extensively localized product or as comprehensive a global presence as we have,” points out Risto Rätty, M.Sc.Eng.,b.1961, Director of Tekla’s Building & Construction business area.

BREAKTHROUGH ONTO THE GLOBAL MARKET

The Business Area's international success and fast growth are based on Xsteel, a high-quality global product, intensive product development and a strong presence on local markets. Building & Construction also believes growth will continue: the best prospects are in North America and Japan.



> Building & Construction develops integrated model-based applications and services for the construction industry.

Xsteel was developed for design work on steel constructions. Used by detailers and structural engineers, it is Tekla's most international product, with thousands of users in over 50 countries.

The business area's net sales rose 115.4% in 2000, and totaled 13.58 million euros. International operations accounted for 98% of net sales.

Behind this impressive growth lie intensified marketing, the sales efforts of Tekla's partners, and the fact that the benefits of 3D modeling are now well understood, especially in the European construction industry. In North America, too, deter-

mined efforts have brought results and 2000 can be described as Xsteel's breakthrough year in the USA and Canada. Xsteel also strengthened its foothold in new market areas in northern Asia, especially Japan, and in South America.

Half of net sales came from Europe. Xsteel has clear market leader status in the Nordic countries, the UK, the Benelux countries and now also in France, where it sold extremely well in 2000. Outside Europe Xsteel is the market leader in Malaysia, Indonesia, Singapore, The Philippines, Australia, New Zealand and Canada and it is the runner-up in the US. North America brought one fourth of net sales. The remainder came mostly from Japan, but partly also from the other Asian countries and South America.

HIGHLIGHTS OF THE YEAR

Success in North America

Xsteel made a real breakthrough in North America. Net sales in the area rose 171% and the number of Xsteel users doubled.

The main success factors are effective product development that meets customers' needs, and the local support provided by Tekla and our partners. A customer satisfaction survey made in the spring gave Tekla very high ratings, and users in North America seemed even more satisfied than average. They valued not only the quality product but also Tekla's service-mindedness and ability to exceed the normal expectations customers have of software suppliers.

Xsteel goes Japanese

3D modeling is still a rather unfamiliar concept in Japan, which accounts for about one third of world steel construction. How-

ever, the Japanese building industry is keen to exploit IT, and Tekla has gradually been consolidating its position. One indication is the enthusiastic reception given to the Japanese-language version of the Xsteel software published in the summer. Tekla expects a break-through on the Japanese market within the next two years

Product development doubled

The business area continues to invest significantly in product development. Measured in financial terms, input in product development nearly doubled during the year.

At the end of 2000, Tekla launched the latest version of Xsteel (6.0), and received very favorable feedback worldwide. New software has been developed side by side with Xsteel which also provides the tools for analysis and design. The product concept was presented at the 2001 CeBIT Fair in Hanover.

THE FUTURE

Tekla's goal is to be the global no.1 supplier of structural engineering and design software, with products that cover the whole chain, from design to production. This means extending the product range from steel to other materials, that is, to multimaterial modeling, and incorporating dimensioning and analysis tools

into products. The new software is a first step in this chosen direction.

As a supplier of modeling and detailing software, Tekla already stands out from its competitors because of its extremely strong local presence. Users get not only a localized product but also support and training services in their own language.

Tekla software can be used in a multi-user environment where design teams working on the same project in different parts of the world can use the same model regardless of time and place. This is particularly appreciated by large global engineering and construction companies. Faster and cheaper network links make such shared use interesting to the building industry in other ways, too.

In future Building & Construction will be investing even more in developing its global approach. That calls for skillful marketing, good partner support backup, and close collaboration with customers.

The business area believes today's rapid growth will continue. The best prospects are in North America and Japan, as well as Europe. The importance of South America is also increasing, and Tekla is well prepared, following the establishment of its own subsidiary in Brazil. The representative office in Dubai strengthens Tekla's visibility on the Middle Eastern construction market.

BLACK & VEATCH CHOSE THE VERSATILE AND EFFECTIVE XSTEEL PRODUCT

Black & Veatch is a global US engineering and construction company employing 9,000 people with exceptionally long experience of 3D modeling. That's why B&V values Tekla Xsteel's progressive properties.

B&V selected Xsteel a few years ago based on an extensive evaluation of steel modeling and detailing packages. The company's IT specialists played a significant role in the evaluation and selection process.

According to B&V, Xsteel was selected primarily for the following reasons. "First, it

represents good value in terms of price and performance. In addition, Tekla and Xsteel clearly demonstrated the same kind of commitment to and focus on effective 3D modeling that B&V has shown for many years," says Mark McFate, Senior Technical Analyst at B&V Company.

B&V also needed a detailing tool that could be effectively customized and easily integrated to work with their systems and others'. B&V was also impressed with Xsteel's references globally.

Tekla's plan to expand its product range to include multimaterial modeling and

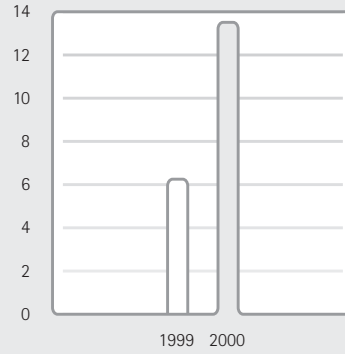
detailing is much welcomed according to B&V. "Effectively integrating the tools, models, disciplines and materials into the whole engineering process is a key element in compressing schedules and improving quality and productivity."

In the near future B&V also expects to see more cooperation between engineers, detailers, fabricators, construction companies and software developers. The issue is primarily one of information sharing.

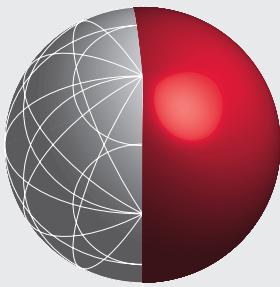
Key figures of the business area

	2000	1999	Change %
Net sales, million euros	13.58	6.30	115.4
Share of international operations	98%	—	—
Operating profit, million euros	3.34	—	—
Share of net sales, %	24.6	—	—

Net sales, million euros



Share of consolidated net sales, 51.3%



THE OBJECTIVE

To be the world's no. 1 supplier of model-based software for modeling and detailing buildings in various materials by 2003.



Tekla Xsteel®

- > A modeling and detailing system for steel structures.
- > Model-based. Uses object technology and a high-powered database to process the model.
- > Means several detailers can work on the model simultaneously, and permits modeling of large complex structures.
- > Makes for greater flexibility, quality and efficiency in design and fabrication, and reduces through-put times.
- > Is sold to customers as user licenses.

Distribution Energy

"Proven, reliable and easy to use – the demonstrated benefits of our flexible solution, our commitment to delivery dates and constant product development are our strengths," explains Jukka Rouhe, M.Sc.Eng., b. 1963, Director of the Tekla Energy Distribution Business Area.

DISTRIBUTION QUALITY AND PRODUCTIVITY THROUGH PROVEN PRODUCTS AND SERVICES

Tekla's Energy Distribution develops and supplies solutions for energy companies that sharpen their commercial and operative edge amid keener international competition.

In 2000 Tekla's Xpower product consolidated its standing in Europe and was the clear market leader in Scandinavia.



➤ Energy Distribution develops and supplies complete solutions to handle the design, operation and maintenance of energy distribution networks. Its customers are electricity distributors, and district heating and multiutility distribution companies.

In addition to product development, sales and marketing the business area has its own customer service unit. Operations still focus on Europe, but will be global in the future.

Tekla's Xpower manages the whole distribution network, from design to maintenance during its entire life-cycle. Applications supply users with visualized real-time data and graphic results of analysis, speeding up daily decision-making and boosting its quality. Xpower also makes for more efficient asset management and return on investments.

Now that energy distribution companies are concentrating on their core businesses and streamlining operations i.e. by outsourcing it is increasingly important for information system suppliers to provide a complete service. In 2000, Energy Distribution invested heavily in developing and branding its service

packages. The Xpower solution provides a comprehensive service concept ranging from the conversion of network information to system start-up, maintenance and training.

Tekla has been developing its Xpower product since 1987 in close association with customers. Deliveries of the newest, 6.1 version started in December 2000 according to plan. This new version gives special attention to network calculations and outage management, and to the new standards now adopted in various countries. These are all essential aspects of management of day-to-day operational situations at today's energy distribution companies and are needed to produce the statistics and reports required by the authorities.

Xpower is used worldwide by over 70 companies, including numerous European electricity distributors, in Estonia, Germany, Sweden, Norway and Finland, for instance. Xpower is the clear market leader in Scandinavia.

Net sales by the business area rose 27.5% in 2000, to 6.01 million euros. Most of the growth was generated outside Finland, mainly in Europe. Xpower also won a foothold on the Asian market. International operations accounted for 83% of net sales.

HIGHLIGHTS OF THE YEAR

Hamburg's energy utility adopted Xpower

The Hamburg energy utility (Hamburgische Electricitäts-Werke HEW) chose Xpower as its network management software because it was best suited to HEW's future goals. The spring start-up was well on schedule. The scale of the project is illustrated by the fact that HEW has over 900,000 customers.

Major deal with Norway

In autumn Tekla boosted its share of the Norwegian market when a consortium of five local energy distributors opted for Xpower. At the turn of 2000 these companies merged to form the Skagerrak Group, which has altogether 170,000 customers. It will adopt Xpower in the course of 2001. Tekla will also be in charge of installation, user training and technical support.

First deal in Asia

In August the Malaysian national power utility Tenaga Nasional Berhad (TNB) announced that it was opting for the Xpower network information system. This was Tekla's first Xpower deal in Asia. It is also significant because it will cover the Multimedia Super Corridor constructed for top technology companies in the environs of Kuala Lumpur, which is a hub of Southeast Asia operations in general. Tekla's Malaysian subsidiary is sited in the same area. The agreement with TNB was signed in February 2001.

THE FUTURE

Growing deregulation of electricity markets in the Nordic countries and distributors' need to exploit top technology provides an excellent foundation for Xpower development work. The fact that the Tekla product has won market leadership in Scandinavia proves its competitiveness.

Electricity markets are being deregulated elsewhere in Europe, too. Xpower meets distributors' changing needs excellently, giving it fine marketing prospects in the near future.

Norway has been an important market area for Tekla for a couple of years now. Restructuring of the local electricity market, combined with new technologies, clears the ground for the competitive advantages that Tekla can offer, responding to customer needs both locally and globally. Tekla will continue to put a major effort into the Norwegian market, an endeavor where it will be supported by the subsidiary set up in Norway in the autumn.

In January 2001, the Latvian national energy company Latvenergo announced it was starting talks on the purchase of a Tekla Xpower solution.

The Business Area is also actively charting the market situation on the European Continent and in Asia and Australia.

As well as being able to supply a proven, reliable and easy-to-use product, Tekla is working to further reduce the lead time needed in introducing systems for network information management. Product development focuses on further work on applications to support customers' changing processes and on making the tools used for network information conversion yet more efficient. On global markets, constant improvement and expansion of the product and service range are also vital.

XPOWER IS THE HEART OF HEW'S DISTRIBUTION NETWORK

"When the world changes, we have to change with it, and that means having top-quality information systems," says Dr.-Ing Dietrich Graf of the Hamburg electrical utility Hamburgische Electricitäts-Werke HEW.

It was HEW's strategy to obtain not only efficient new software for network management but also a good platform for later applications. The utility was also looking for an open solution that could be used from different

operating units, and would allow information to be retrieved from other databases and network information management to be extended to new application areas. In the pilot project set up by the utility, Xpower completed the assignments set far faster and better than its rivals. The most demanding stage of the final installation was converting the data on HEW's close to a million customers to the Xpower database. Start-up took place to the agreed schedule in spring 2000. Tekla won an 'excellent' from its Ham-

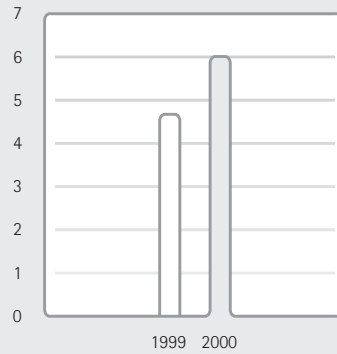
burg partner, not least for its communications skills.

The technical complexity of the HEW network is illustrated by its mere size, over 50 million network components operating in real time. Today, Xpower is the heart of HEW's distribution system, and HEW also sees ways of using it in other areas of its operations.

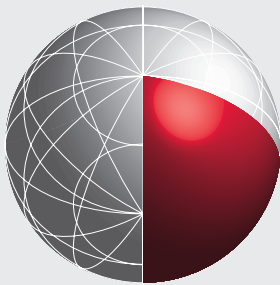
Key figures of the business area

	2000	1999	Change %
Net sales, million euros	6.01	4.72	27.5
Share of international operations	83%	—	—
Operating profit, million euros	-1.08	—	—
Share of net sales, %	-18.0	—	—

Net sales, million euros



Share of consolidated net sales, 22.7%



THE OBJECTIVE

To be a very strong supplier in Europe, with footholds on other continents, to ensure distributors greater commercial and operative efficiency by supplying the market's top information management solutions.

Tekla Xpower®



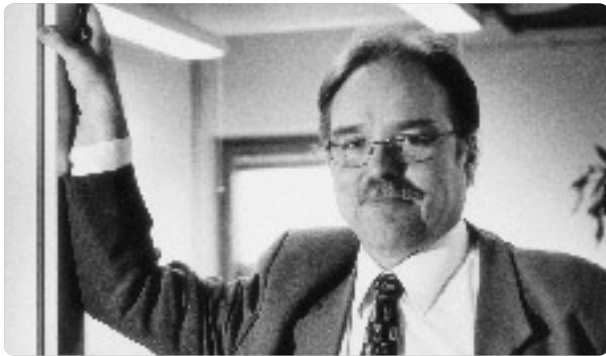
- > An integrated network information management solution for cost-effective management of assets and resources in distribution utilities
- > Provides utilities with added value and strategic competitive advantage in the deregulated energy market by optimising the operation of distribution networks, increasing the efficiency of work processes and improving customer service and distribution quality
- > The solution covers the whole Xpower system, including software and hardware as well as services to help customers implement and maintain the system
- > The advanced modelling technology and integrated applications in Xpower software support the distribution utility's business processes throughout the whole network life cycle: documentation, planning, operational management and maintenance management, plus customer service.

Public Infra

*“Our unique concept Infrastructure Resource Management provides local authorities with high-quality, cost-effective tools for setting up the kinds of service – including e-services – that improve the quality of people’s lives and make it easier for companies to operate,” explains **Leif Granholm**, M.Sc.Eng., b.1955, Director of Tekla’s Public Infra business area.*

PROVEN PRODUCTS FOR MUNICIPAL INFORMATION MANAGEMENT

The Tekla-developed concept Infrastructure Resource Management and related products make for greater efficiency in municipalities and the organizations that serve them, and open up new potential for e-services designed for residents.



The products developed by Tekla for managing public infrastructure are market leaders in Finland. Xcity, for instance, designed for the production and management of spatial information, is used by 30 of the biggest towns and cities in Finland, and also elsewhere in the Nordic countries. Xcity gained its first customer in Asia in 2000, when Kuching, Malaysia's third largest city, acquired it.

One reason for Xcity's success is municipalities' growing interest in developing and using e-services. Combining spatial information and other data – such as demographic data – makes it possible for Tekla customers to produce a greater diversity of better quality services.

> The Public Infra business area develops information systems for managing and using local government infrastructures. The systems also provide efficient tools for various electronic services for local residents. The main customers are municipalities – particularly their engineering and infrastructure units – and organizations serving local government.

The Public Infra product family includes Xcity, a system developed for the management of municipal information, and Xpipe, designed for water and sewer networks.

The business area's net sales in 2000 rose 31.6% to 2.54 million euros.

HIGHLIGHTS OF THE YEAR

New concept Infrastructure Resource Management

Public Infra product development took a great leap in a more strategic direction by devising the Infrastructure Resource Management concept, which efficiently combines spatial with demographic and infrastructure information to form a single data source.

The information stored in a single system is modeled on the real world. The community model thus created is saved in an open database from which a wide range of information and other services containing all kinds of data can be generated. These services can also be used in a mobile environment. The system supports many types of use employing a variety of terminals, e.g. desktop, web, WAP, mobile communication equipment and various other devices.

Major agreement with Finnish cities

At the end of the year Tekla signed an agreement on the development of an information system based on the Infrastructure Resource Management concept with 14 Finnish cities. There is also broad interest in the concept elsewhere.

Implementation of the new information system combining spatial, demographic and infrastructure data in the cities will take place during 2002.

THE FUTURE

Local government is expected to be cost-effective. At the same time, advances in the information society give residents a better chance of comparing the services offered by their local authority. Competition between municipalities for taxpayers – both residents and corporations – is getting keener.

Tekla can offer municipalities tools that allow them to be more efficient and to set up a wide range of information and other electronic services.

The role played by services is also growing: to get their full benefit from systems, customers need not only services related to data conversion and system start-up but also training and in future an increasing amount of consultation. Services also play a key role in ensuring customer satisfaction.

Finland will remain the most important market area for Public Infra in 2001. However, the business area will constantly be honing its readiness for international operations via the Tekla subsidiaries.

Though the standing of local government varies from country to country, the authorities need the same kind of data about population, business and industry, buildings, real estate and operating locations. Thanks to the technology Tekla has developed for information management, its systems can easily be adapted to meet the varying needs of local government internationally, and this bodes well for Public Infra globalization in the future.

THE ANSWER FOR FUTURE NEEDS

The City of Turku and Tekla have been working together since 1987. "Luckily, we realized that early just how beneficial a database system can be," says Ilkka Saarimäki of the City real estate department's survey and site unit.

Turku was the first city in Finland to adopt an Internet service for local people based on Tekla technology. The service combines cartographic and attribute data and is based on a division into areas, showing, for instance, the location of the nearest daycare center or school, or a bus route, or the name of a family doctor allocated by the local health care center.

"By combining cartographic and attribute data we can quickly generate material that would have been far too laborious and time-consuming in the manual era. There has to be an Internet connection to the database, otherwise data have to be copied and you find yourself in a situation where local people are being given outdated information," explains Saarimäki.

Turku is also one of the cities that are developing a new information system based on Tekla's Infrastructure Resource Management concept. "We started cooperating in development work with Tekla because we wanted to get our cartographic and register data more closely integrated. This makes the

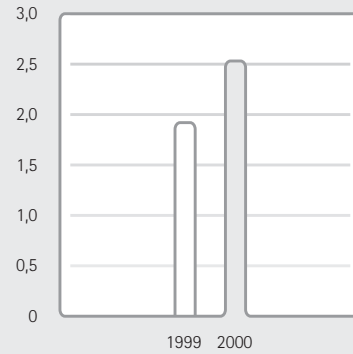
city's internal processes clearer and opens up new opportunities for e-services for residents," Saarimäki adds.

Turku is also involved in an EU project aimed at generating maps illustrating people's welfare and health practices as a tool for health service planning and management. Tekla is designing the technology. The system will be integrated closely into Turku's other spatial information.

Key figures of the business area

	2000	1999	Change %
Net sales, million euros	2.54	1.93	31.6
Operating profit, million euros	-0.69	-	-
Share of net sales, %	-27.2	-	-

Net sales, million euros



Share of consolidated net sales, 9.6%



THE OBJECTIVE

By 2003, to be an international supplier of information systems using infrastructure data in an innovative and efficient way and to continue to be widely respected among organizations in local government.

Xcity®

- > An information system developed for the production, maintenance and use of spatial information by municipalities.



Xpipe®

- > An operational network information system for water and sewer networks to support planning, documentation, maintenance and network management.



FOCUS ON PRODUCT PILOTS AND MOBILE PROJECTS

National defense and Internet and wireless applications are the growth sectors in the Projects business area. Tekla's expertise really comes into its own in real time mobile services based on positioning data both in professional use and on the consumer market.

> National defense and Internet and wireless applications are the growth sectors in the Projects business area. Tekla's expertise really comes into its own in real time mobile services based on positioning data both in professional use and on the consumer market.

The Projects business area carries out customer-specific development projects related to Tekla's technological core competence. It also plays an important role in product development, where new candidates for the Tekla X product family are generated as a result of projects implemented with pilot customers. Projects also utilize the latest technology, thus accumulating expertise that Tekla uses in developing its own technology.

Projects is divided into four sectors: Defense Systems, Forestry, Web & Wireless and Infocom. The main focus is on the Finnish market, but the business area is also involved in some major international projects.

Customer-specific development projects are typically long-range partnerships. Some projects involve ambitious technological experiments that Tekla may never turn into products but which generate new expertise. In the best cases, results can be sold on a licensing basis to other customers in the same sector.

The Finnish Defence Forces, with which Tekla is developing new-generation operations systems utilizing its model-based technology, continued to be Projects' biggest customer in 2000.

In Web & Wireless, Tekla worked with Nokia to develop mobile services intended for professional use, including WAP solutions for Helsinki Energy's digital TETRA network. Web & Wireless also carried out a Java-based technology pilot with distributed information systems. The first operative system deliveries took place late in the year.

Xforest, a member of the Tekla X product family serving use and management of forest resources, was the outcome of a



project with customers in the forest industry. In 2000 cooperation in this area continued on a project basis with Stora Enso and the Central Forestry Board Tapio, and on a product basis with various forestry districts.

A development project that was launched with the National Road Administration in 1998, concerning a new-generation road and street planning system, came to an end as agreed at the turn of the year.

Projects net sales in 2000 came to 2.22 million euros, 13.3% down from 1999. The main reason for the decline was the transfer of invoicing for major projects already agreed on to 2001.

Projects

“Management of real time spatial information in a mobile environment means combining modeling expertise with wireless telecom technology. It’s vital that we ensure Tekla is one of the leaders of mobile technology and services development,” explains Petri Raitio, b. 1966, Director of Tekla’s Projects business area.

THE FUTURE

The biggest Projects growth areas are Defense Systems and Web & Wireless. The letter of intent negotiated in 2000 and signed early in 2001 on location-sensitive mobile services for the Spanish MyAlert service operator marks a major move into consumer markets. The third party to the agreement, the Finnish company Future 121, represents expertise in mass personification.

The availability of positioning data in mobile phone networks and the new terminals with multimedia capability offer an excellent opportunity for the application of Tekla expertise in utilizing real time, location-based information. Tekla offers mobile services for both professional use and the consumer market. First services will become available to consumers during spring 2001.

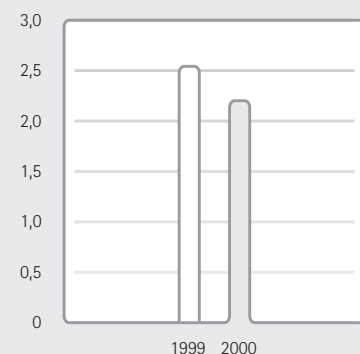
Share of consolidated net sales, 8.4%



Key figures of the business area

	2000	1999	Change %
Net sales, million euros	2.21	2.55	-13.3
Operating profit, million euros	-0.18	–	–
Share of net sales, %	-8.1	–	–

Net sales, million euros



A MODEL-BASED FUTURE

**Tekla's model-based technology cuts design times,
reduces errors and ensures that infrastructures can be managed more
efficiently throughout their life cycle.**

➤ Tekla develops model-based, real-time software products founded on relational databases.

The technology platform currently used in our applications is the outcome of Tekla developments that started in the early 1990s. The technology is open, constantly developing and independent of hardware type or supplier. It also ensures full utilization of the customer's most valuable asset – data and information – in future generations of technology.

Tekla believes in the future of the model-based approach and will work to ensure its all-encompassing integration in software development. For this reason, Tekla is contributing to the formulation of the ISO 19100 standard and is actively monitoring developments in this field.

TOTALITY IN SINGLE STORAGE OF INFORMATION

The uniqueness of Tekla technology derives from the fact that the information in the database is not document-based, but is modeled on the real world. In conventional systems, geometry, spatial information and data on the properties of objects are all kept separate; in Tekla applications, however, they are all in the same database, meaning that data only has to be input once and can be easily manipulated according to user's desires. This guarantees the uniformity of data because references between the documentation and the databases become superfluous.

The special features of Tekla's model-based approach include the raw material principle, which speeds up data processing and makes it easier to convert data from one form into another. The objects are stored in the database using the simplest possible descriptions. Thanks to application-specific algorithms – which can be adjusted without altering the application itself – the desired entities can be derived from the 'raw material' while the application is in use.

Databases built using Tekla technology have a ready basic structure related to the application area, specified to meet the needs of the relevant customers. Customer-specific information,



such as 'free attributes' can be integrated into the basic database using Tekla-developed tools. This ready basic structure speeds up the introduction of applications and ensures they perform better.

A SMART PRODUCT MODEL

The information model constructed by Tekla for its product applications is a smart model that supports the life cycle principle and is based on the real world. This model contains information on all the objects to be handled and includes spatial data. The model can be viewed in multiple ways and can be used to produce whatever viewpoints or documentation the user wants.

In the smart product model, an object understands what other object it can link up with and how this linkage takes place. For instance, the product model for power distribution networks can first be used to generate a window showing the high voltage lines and individual transformers as dotted targets.

Modeling means that reality is depicted through a model constructed using IT that acts just like its source in the real world.

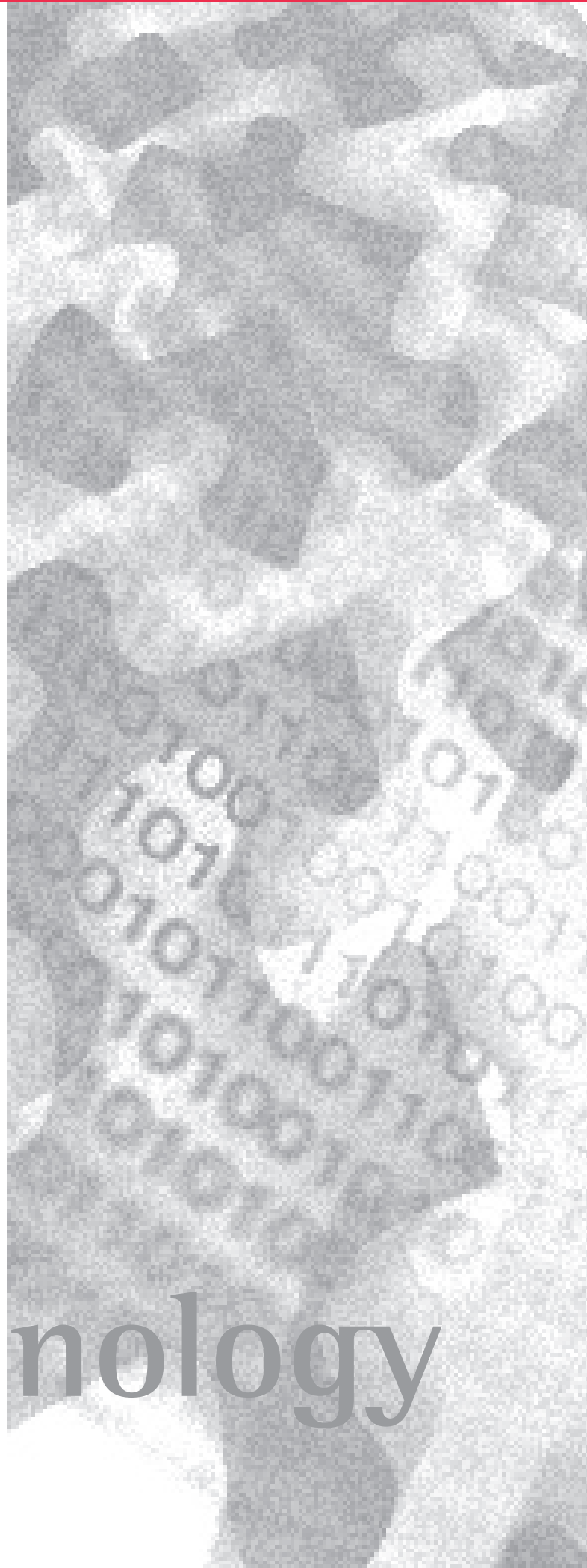
A more detailed view can then be produced, displaying switching diagrams for each transformer. Both displays can be produced using the same product model.

*"Information is our customers' most precious commodity. We are developing more reliable, efficient and flexible tools for information management, maintenance and utilization. Tekla has always had the ability to meet highly-strung customer expectations," says **Kim Nyberg**, M.Sc.Eng., b. 1969, Technology Director.*

One of the most important Technology projects in 2000 was development of a new-generation platform based on component technology. This new platform means customer data can also be processed in mobile equipment.

As part of this major product development project, the Technology Unit developed standard tools for producing conversion programs that speed up transfer of data from old systems to new applications and improve the reliability of conversions.

Technology



TOWARDS A SINGLE GLOBAL APPROACH: THE TEKLA WAY OF WORKING

In its personnel administration Tekla concentrated on building a unique creative approach to ensuring high efficiency and quality in its operation: The Tekla Way of Working. This also involved charting present competencies and assessing skills needed for the future.

> Growing very fast and expanding globally, Tekla is now at a stage where it must formulate uniform operating models on a global scale.

"We now have an up-to-date, future-oriented structure for developing and managing competence. We also have a good idea on how we should develop our global competence in the near future", says Henrik von Hedenberg, M.Sc.Eng., b. 1952, Director in charge of Tekla Human Resources Management, Information Management and Corporate Marketing.

By Tekla's own past standards, staff turnover in 2000 was exceptionally high. The main reasons were that the company focused its business operations and streamlined its product range strongly.

A large proportion of the staff members are shareholders of the company. The issue, directed at personnel in Finland, in connection with the Initial Public Offering of the company's stock was oversubscribed. The personnel were allocated 3% of the offered stocks in the IPO.



The most important personnel development programs in 2000 concentrated on building the Tekla Way of Leading, Sales and Services. Some 100 employees took part in the training programs.

Tekla also created a foundation for managing its key competencies. The overhaul of the personnel administration information system included developing tools for competence management. This work was part of a comprehensive project called TRIM (Tekla Resource and Information Management system), aimed at enhancing efficiency and quality in key areas of the company's operation. The new ERP system was introduced at the turn of the year 2000-2001.

Tekla succeeded well in recruiting new employees in a challenging labor market. It managed to get the kind of people it wanted largely because it has a good reputation among IT professionals.

The main channel by which Tekla supports its personnel in networking and general well-being is through the Tekla Club, which operates across departmental boundaries. The staff itself is responsible for developing the diversified club activities.

The entire personnel is covered by a stock option program. All employees are likewise covered by an incentive program, which is linked to performance indicators evaluating the financial performance of the company. Key personnel also have individual targets, which are not based solely on financial indicators but also on process performance indicators.

The Group personnel averaged 268 in the fiscal period 2000. Out of total personnel an average of 64 worked outside Finland. At the end of the year the Tekla Group had 297 employees part-time staff included.

THE FUTURE

The challenges faced by personnel administration in implementing the "Tekla Way of Working" include shifting the focus to international operations and providing the network of subsidiaries with global support in personnel issues as well.

The most important individual training program is the "Tekla Way of Product Development" program starting up in 2001, which focuses on enhancing the competences needed in product development.

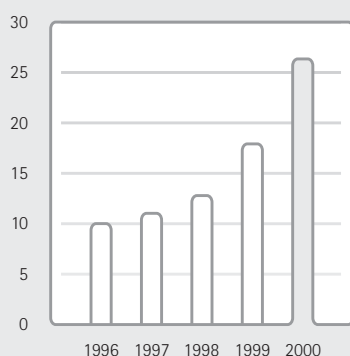
Financial Statements 2000

REVIEW BY THE BOARD OF DIRECTORS 2000

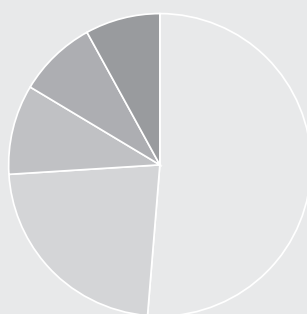
GENERAL

Tekla's consolidated net sales for 2000 grew by 46.3% compared to the previous fiscal year, rising to 26.47 million euros (1999: 18.09 million euros). International operations accounted for 70% of net sales (52%). Operating profit increased significantly, reaching 0.84 million euros (0.22 million euros), or 3.2% (1.2%) of net sales. The outlook for 2001 remains positive for all Tekla's international business areas. The Board proposes payment of a dividend of 0.02 euros per share, for a total dividend payment of 389,770 euros for the fiscal year 2000.

Net sales, million euros



Net sales by business area



- Building & Construction 51.3%
- Energy Distribution 22.7%
- Public Infra 9.6%
- Projects 8.4%
- Others 8.0%

THE FINANCIAL STATEMENTS

Tekla Corporation used the Finnish markka as its accounting and reporting currency and adopted the euro as of 2001. The figures in the financial statements for the year 2000 are presented in euros.

GROUP STRUCTURE

Tekla's new organization took effect from January 1, 2001. The new organization is based on three international business areas: Building & Construction, Energy Distribution and Public Infra. The previous business areas of Products, Customer Service and Projects, as well as the X-product family business units, were regrouped according to the new structure. Tekla adopted the new structure for reporting purposes from the beginning of 2001. Net sales and operating profit are presented according to both the previous and the new business structure.

At the turn of January-February 2000 Tekla acquired a company in France, which was transformed into a Tekla subsidiary under the name Tekla Sarl. In the last quarter of the fiscal year Tekla also established a subsidiary in Norway. Initially the parent company and the management of the Norwegian subsidiary will hold shares in Tekla AS. Tekla has an option to acquire the shares held by minority shareholders within three years. At the end of the fiscal year a decision was made to establish a subsidiary in Brazil. An office covering operations in the Middle East was established in Dubai. A new office with the business focus on Energy Distribution was also opened in Kuopio, Finland.

MARKET DEVELOPMENT

The year 2000 marked a successful year of internationalization in Tekla's 34-year history. In the Building & Construction business area, the product Xsteel consolidated its position as international market leader; as evidenced by sales growth, appreciable progress by US operations, a successful acquisition and expansion in France, a good debut on the Japanese market and new ventures in both China and Brazil.

In Energy Distribution Tekla has now become the market leader in the Nordic region. The product Xpower also has significant references in other parts of Europe. A system delivered to Malaysia marked this business area's first steps towards becoming a global player.

The Group's third major building block, Public Infra, develops applications for the public sector. The products are market leaders in Finland and also have significant references in Sweden and in Malaysia. Public Infra is an excellent candidate for future internationalization.

NET SALES AND RESULTS

Tekla's net sales grew by 46.3% in 2000, reaching 26.47 million euros. International operations accounted for 70%, showing a growth rate of 95%. Investments in product development and international markets continued strong. In 2000, 28% of net sales was invested in product development. Despite the strong input, results turned positive in the second half of the year, as expected. Operating profit was 0.84 million euros, an improvement on the previous year of 290.8%, accounting for 3.2% of net sales.

Tekla's consolidated net sales and results were made up as indicated in the tables below:

Net sales and operating profit according to the organizational structure in 2000:

Net sales, EUR million

1.1.–31.12.	10–12/00	2000	1999	Change %
Products	6.40	16.76	11.34	47.8
Customer Service	2.35	7.49	4.20	78.3
Projects	0.87	2.22	2.55	-13.3
Total	9.62	26.47	18.09	46.3

Operating profit, EUR million

1.1.–31.12.	10–12/00	2000
Products	1.04	1.18
Customer Service	-0.19	-0.16
Projects	0.31	-0.18
Total	1.16	0.84

Net sales and operating profit according to the organizational structure which took effect on January 1, 2001:

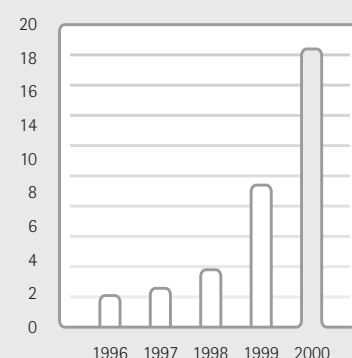
Net sales, EUR million

1.1.–31.12. Pro forma	2000	1999	Change %	Share %
Building & Construction	13.58	6.30	115.4	51.3
Energy Distribution	6.01	4.72	27.5	22.7
Public Infra	2.54	1.93	31.6	9.6
Projects	2.22	2.55	-13.3	8.4
Others	2.12	2.59	-17.2	8.0
Total	26.47	18.09	46.3	100.0

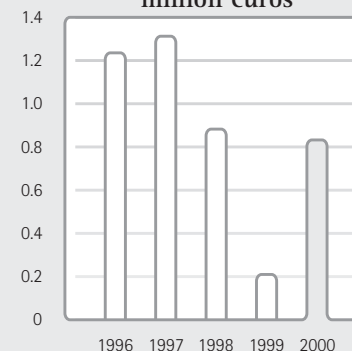
Operating profit, EUR million

1.1.–31.12. Pro forma	2000	% of net sales
Building & Construction	3.34	24.6
Energy Distribution	-1.08	-18.0
Public Infra	-0.69	-27.2
Projects	-0.18	-8.1
Others	-0.55	-25.8
Total	0.84	3.2

International operations, million euros



Operating profit, million euros

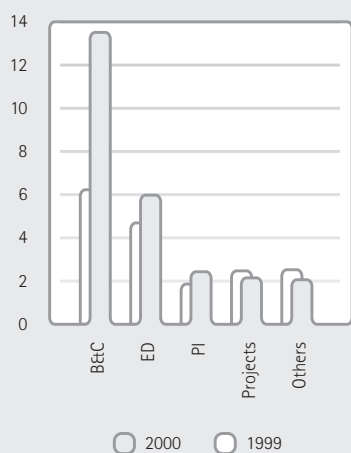


BUSINESS AREAS

Building & Construction

Building & Construction net sales grew by 115.4%, reaching 13.58 million euros. International operations accounted for 98% of net sales, half of which were generated in Europe. Xsteel is the clear market leader in the Nordic region, the UK, the Benelux countries and in France, where considerable sales successes were recorded in 2000. Outside Europe, Xsteel is the market leader in Malaysia, Indonesia, Singapore, the Philippines, Australia, New Zealand and Canada. In the USA, Xsteel took second place on the market, and one fourth of its net sales were generated in North America. The balance came mainly from Japan and also, in part, from the rest of Asia and South America.

Net sales by business area, million euros



Energy Distribution

Energy Distribution net sales grew by 27.5%, reaching 6.01 million euros. The share of international operations was 83%. Most of the growth was generated outside Finland, mainly in Northern Europe. Xpower also gained a foothold in Asian markets. Internationally, more than 70 distribution companies use Xpower. It has been acquired by a number of European electricity distributors in, for example, the Baltic countries, Germany, Sweden, Norway and Finland. Xpower is a clear market leader in the Nordic countries and Estonia.

Public Infra

Public Infra net sales grew by 31.6%, reaching 2.54 million euros. Tekla products for the administration of public infrastructure are market leaders in Finland. Xcity, used for the generation and administration of spatial information, is used by 30 of the biggest municipalities in Finland. Xcity also has customers in Sweden. Xcity attracted its first customer in Asia in spring 2000, when the third biggest city in Malaysia, Kuching, chose the Xcity solution.

Projects

Projects business area net sales came to 2.22 million euros, 13.3% below last year's. The main reason for the decrease in sales was that several large contracts were moved forward to 2001. The Finnish Defense Forces, a purchaser of model-based operations systems, remained Projects' biggest client in 2000. In the Web & Wireless sector, Tekla developed mobile services for professional users, in collaboration with the Nokia Corporation.

PROFITABILITY

Maintaining growth and successful internationalization requires dedicated investment in product development, marketing and the customer service organization. Development at Tekla has held to the path the company charted three years ago. Tekla's results showed a clear increase in the second half of the fiscal year, despite the strong product development investments, which were expensed in full. Operating profit for the full fiscal period improved significantly in comparison with the previous year.

Return on investment (ROI) was 9.3% (1999: 7.6%) and return on equity (ROE) 6.7% (7.8%). Earnings per share were 0.05 euros (0.01 euros) and equity per share at the end of the period was 1.19 euros (0.18 euros).

BALANCE SHEET AND FINANCING

The balance sheet totalled 30.8 million euros (9.8 million euros). The listing issue carried out in spring boosted Tekla's equity by around 19.6 million euros. The equity ratio improved to 75.4 % compared with 31.9 % at the end of 1999.

Tekla's solidity is reflected in an increase in the equity/assets ratio and the fact that net gearing was -73.7% compared to 48.3% a year ago. Interest-bearing debt at the end of the period was 2.2 million euros (2.1 million euros). At the end of December, cash and cash equivalents and marketable securities stood at 19.3 million euros, constituting 62.5% of the balance sheet total.

PERSONNEL AND DEVELOPMENT

The main personnel development programs focused on leadership, sales and service: the Tekla Way of Leading, Tekla Way of Sales and Tekla Way of Service. Some 100 Tekla employees participated in the training programs, i.e. 37% of the total personnel. Tekla also strengthened the basis for management of strategic competences in the whole organization. A new information system to manage operations was adopted at the beginning of 2001. The system encompasses sales, services, personnel administration and financial control. The first stage saw the system put into operation at the parent company. It will be extended to the subsidiaries during 2001.

Tekla's recruitment efforts were successful, despite the competitive market for professional personnel. The recruitment drive was aided by Tekla's good reputation among IT professionals. Business operations were put in sharp focus during the year, which also affected the personnel structure. In the fiscal year 2000, turnover of personnel was around 16%, an unusually high rate in the history of the company (1999: 11%).

The number of employees in the Group averaged 268 in 2000; on average 64 worked outside Finland. The corresponding figures for the previous fiscal year were 205 and 35. At the end of the year Tekla personnel totaled 297 (241) including part-time staff.

ANNUAL GENERAL MEETING

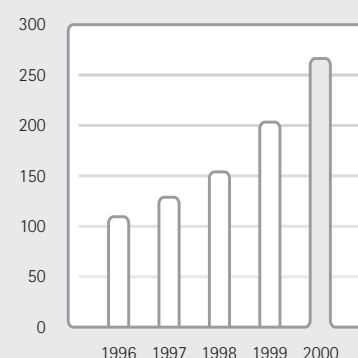
Tekla Corporation's Annual General Meeting on April 12, 2000 confirmed the 1999 dividend of FIM 18 per share (3.03 euros), for a total dividend payment of FIM 0.6 million (0.1 million euros). The AGM re-elected Aaro Kohonen, Risto Siirilä, Reino Heinonen and Seppo Ruotsalainen, President, as Board members. Heikki Marttinen was elected as a new Board Member. SVH PricewaterhouseCoopers were appointed auditors, with Jukka Ala-Mello, A.P.A, as the responsible auditor.

EXTRAORDINARY GENERAL MEETINGS

The Extraordinary General Meeting held on April 25, 2000 decided to convert Tekla into a public company and to reword the Articles of Association, e.g. in respect of business operations.

The Extraordinary General Meeting held on May 16, 2000 decided to increase the company's share capital in a directed share issue. The meeting also authorized the Board to decide on the issue of options to the personnel of the parent company and its subsidiaries. One million options may be granted, entitling holders to subscribe a total of one

Personnel, on average



million Tekla Corporation shares. The subscription periods for all options end on October 31, 2005.

The Board was authorized to carry out a new share issue of a maximum of 3,097,700 shares, waiving the pre-emptive rights of shareholders for the purpose of directing shares in connection with acquisitions, or other ownership issues. The authorization is for a maximum of 15.9% of the company's share capital after the listing issue and it is valid for one year from this meeting, i.e. until May 16, 2001.

The Board has no other authorizations for the issue of shares, warrant bonds and/or convertible bonds, or for acquisition of the company's own shares.

LISTING

Based on the authorization granted on April 28, 2000, Tekla's Board decided to start preparations for listing the company's A shares on the Main List of Helsinki Exchanges. On May 8-15, 2000, Tekla Corporation and the company's main owner Gerako Oy offered company shares for subscription. On May 16 the offer price was set at EUR 5 per share and the size of the issue set at 4,300,000 shares.

The subscriptions and allocations of shares were confirmed at the Board meeting on May 16, 2000. A total of 4,000,000 new shares were issued. The company raised around 19 million euros in equity capital, mainly to finance growth and internationalization, product development and acquisition investments. The share sale comprised 300,000 shares. A total of 3,686,750 shares were allocated to institutional investors and 412,150 shares to the public in Finland. A total of 201,100 shares were subscribed in the personnel issue.

DIVIDEND POLICY

Tekla follows a dividend policy that reflects profit trends. It intends to distribute one third of net profit as dividend on average; two thirds then remains in the company for use in promoting business development and rapid internationalization. Tekla aims to build up the value of its share systematically by operating in the international front line of experts in its chosen field.

The Board's dividend proposal for 2000, 0.02 euros per share, is based on this policy.

INSIDER TRADING

Tekla operations comply with the recommendations of Helsinki Exchanges concerning insider trading.

CORPORATE GOVERNANCE

The company's administration complies with the provisions of the Finnish Companies Act and the Articles of Association. Board members have no particular duties or separately specified supervisory responsibilities.

ENVIRONMENT

Tekla's own operations do not give rise to any environmental risks. The waste generated in IT activities is normal office waste.

SHARE PRICE TRENDS

Tekla shares held steady in the turbulent securities markets of 2000. The share index for the share was far steadier than the overall index for telecommunications and electronics and the general index of Helsinki Exchanges.

During the period May 24-December 31, 2000 total turnover of Tekla Corporation's shares was 11.2 million euros. In that period, a total of 2,259,608 shares changed hands, amounting to 11.6% of the entire share capital. The highest quotation during the period was 5.25 euros, the lowest 4.00 euros and the average quotation 4.97 euros. At the end of the year Tekla Corporation's shares stood at 5.18 euros. The taxation value for 2000 was set at 3.57 euros.

PROSPECTS

During 1999 Tekla sharpened its strategies and created a platform for international growth. In the course of 2000 the Group became an international player. Challenging objectives have also been set for the years ahead. The achievement of these objectives would see net sales triple by the year 2003, operating profit boosted substantially and product development become even more efficient.

The prospects for 2001 are good for all Tekla's international business areas: Building & Construction, Energy Distribution and Public Infra. Net sales are expected to grow by 40-60% in the current fiscal year and it is anticipated that the relative share of operating profit will improve significantly compared with last year. Seasonal fluctuations in net sales are expected to remain much the same as in previous years. The majority of the company's results are therefore expected to accumulate during the second half of the year.

SHARES AND SHAREHOLDERS

Share capital

The total number of Tekla Corporation shares at the end of 2000 was 19,488,500, all being series A. Shareholders have equal voting and dividend rights. The nominal value of the share is 0.03 euros. At year end, share capital stood at 584,655 euros. Tekla Corporation is domiciled in Espoo; its Trade Register number is 183.128 and its business code 0196634-1.

Listing

Under the authorization it received on April 28, 2000 the Tekla Board decided to start preparations for listing the share on the Main List of Helsinki Exchanges. Between May 8 and 15, 2000 Tekla Corporation and its main shareholder, Gerako Oy, offered company shares for subscription. On May 16, the subscription price was set at 5 euros per share, and the initial offering at 4,300,000 shares.

The subscription commitments and share allocation were approved at the Board meeting on May 16, 2000. Altogether 4,000,000 new shares were issued. The company thus acquired

some 19 million euros for future investments, primarily in growth and internationalization, product development and acquisitions. A total of 300,000 shares were sold in the share sale. A total of 3,686,750 shares were allocated to institutional investors and 412,150 to the public in Finland. 201,100 shares were subscribed in the staff issue.

Market place

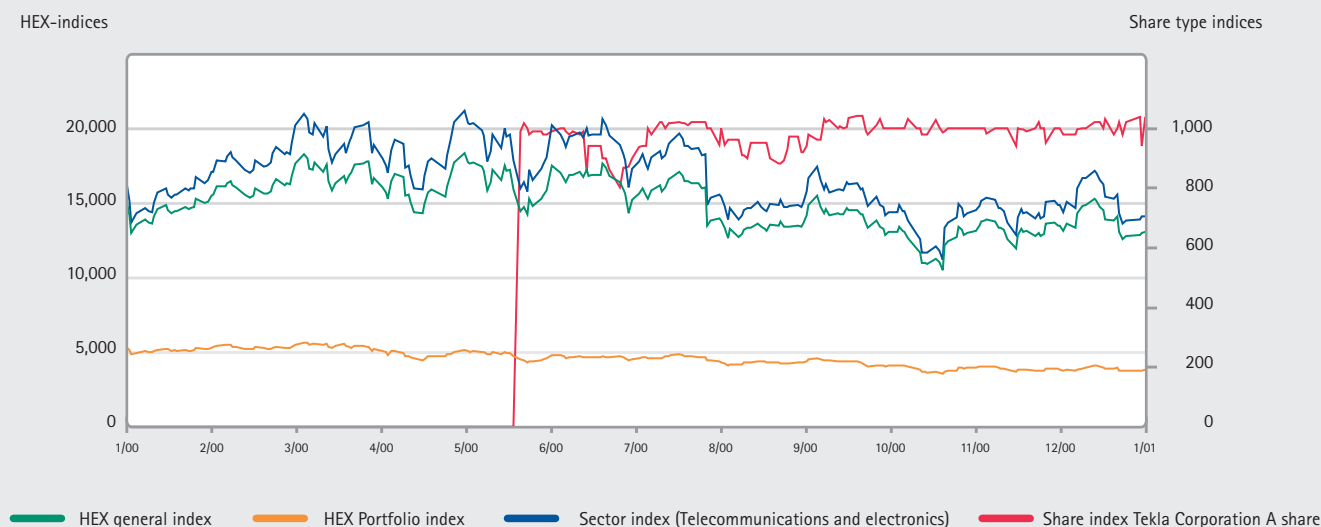
The first date on which Tekla Oyj shares were quoted on the Helsinki Exchanges Main List was May 24, 2000. The trading code is TLAAY and the round lot 200 shares. The ISIN code used for international securities clearing is FI000900883

Authorizations

The extraordinary shareholders' meeting on May 16, 2000 decided to authorize the Board to decide on the issue of options rights to staff members of the company and its subsidiaries. One million option rights can be issued, entitling holders to

HEX indices and share type index

January 3, 2000 - December 29, 2000



subscribe altogether one million Tekla Oyj shares. The subscription period under all options ends on October 31, 2005.

The Board was also authorized to decide on a new issue of up to 3,097,700 shares, waiving the pre-emptive right of shareholders, to be offered in connection with corporate acquisitions and other ownership arrangements to such parties as the Board specifies; this corresponds to some 15.9% of shares after the listing issue. The authorization is valid for one year from the date of the said meeting, i.e. up to May 16, 2001.

The Board has no other valid authorizations to issue shares, warrant bonds and/or convertible bonds or to acquire the company's own shares.

Share price trends and trading

The Tekla share held steady in the turbulent securities markets of 2000. The share index for the A share was far steadier than the overall index for telecommunications and electronics and the general index of Helsinki Exchanges.

During the period May 24-December 31, 2000 total turnover of Tekla Corporation shares was 11.2 million euros. Altogether 2,259,608 shares were traded, i.e. 11.6% of the entire capital stock. The highest quotation during this period was 5.25 euros, the lowest 4.00 euros and the average quotation 4.97 euros. At year end, the Tekla Corporation share stood at 5.18 euros. The taxation value for 2000 was set at 3.57 euros.

Ownership

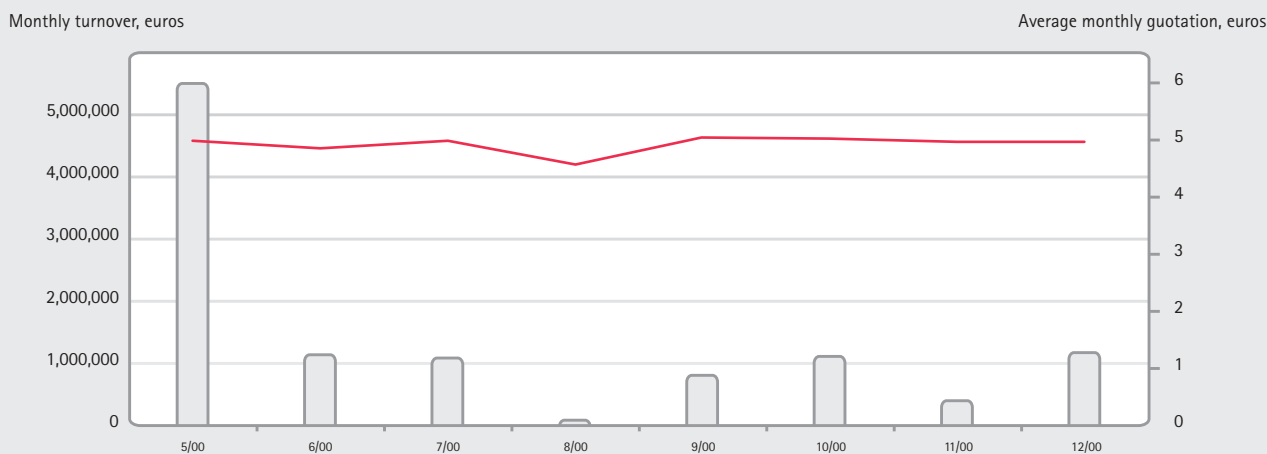
After the listing issue, on July 7, the company was informed that the number of Tekla Corporation shares and votes held by Sampo Oyj Insurance Company had slipped below 5%. No other major ownership changes took place thereafter.

On February 26, 2001 the company had 1,133 shareholders. Nominee-registered holdings accounted for 0.18% of share capital and votes. The ten largest owners held altogether 79.7% of Tekla Corporation stock. Examined on a sectoral basis, the bulk of shareholders (62.0%) were companies.

The Board of Directors and CEO owned 12,291,100 shares of Tekla Corporation. These shares represented 63.1% of share capital and votes. Based on the options, they can subscribe for 88,616 shares which represents 0.4% of share capital and votes.

Tekla share trading and average quotation

May 22, 2000 – December 29, 2000



The largest shareholders, February 26, 2001

	No. of shares	% of shares and votes
1. Gerako Oy	11,204,500	57.5
2. Mutual Pension Insurance Company Varma-Sampo	775,400	4.0
3. Leonia Equity Investment Fund	561,000	2.9
4. Mutual Pension Insurance Company Tapiola	542,000	2.8
5. Mutual Insurance Company Tapiola	542,000	2.8
6. Ereka Oy	533,500	2.7
7. Sampo-Leonia Insurance Company Plc	470,000	2.4
8. Mutual Life Assurance Company Tapiola	309,500	1.6
9. LEL Employment Pension Fund	300,000	1.5
10. Evli-Select Investment Fund	300,000	1.5
Ten largest, total	15,537,900	79.7
Other shareholders	3,950,600	20.3
Total	19,488,500	100.0

Ownership breakdown by sector, February 26, 2001

	Shares, %	Votes, %
Companies	61.95	61.95
Financial and insurance institutions	17.95	17.95
Public-sector corporations	9.22	9.22
Non-profit organizations	0.61	0.61
Households	9.82	9.82
Foreign shareholders	0.45	0.45
Total	100.00	100.00

The number of nominee-registered shares 35,834, representing 0.18% of total stock, is included under 'Foreign shareholders'.

Ownership breakdown by number of shares, February 26, 2001

	No. of shareholders	%	No. of shares	%
1–1,000	988	87.20	321,860	1.65
1,001–10,000	99	8.73	260,110	1.33
10,001–100,000	20	1.77	755,930	3.88
100,001–500,000	20	1.77	3,992,200	20.49
500,001–1,000,000	5	0.44	2,953,900	15.16
1,000,001–	1	0.09	11,204,500	57.49
Total	1,133	100.00	19,488,500	100.00

INCOME STATEMENT

1,000 euros	Note	Consolidated 2000	Consolidated 1999	Parent company 2000	Parent company 1999
Net sales	1	26,468	18,094	22,087	16,991
Change in inventories of finished products and in work in progress (+/-)		-73	25	39	-87
Other operating income	2	1,380	1,082	1,647	5,428
Materials and services	3	-2,806	-2,022	-3,397	-13,806
Personnel expenses	4	-14,060	-9,812	-10,551	-2,039
Depreciation and value adjustments	5	-1,037	-1,027	-738	-654
Other operating expenses		-9,028	-6,124	-8,737	-5,499
Operating profit		844	216	350	334
Financial income and expenses	6	478	73	539	216
Profit before extraordinary items		1,322	289	889	550
Extraordinary items	7	0	720	0	499
Profit before appropriations and taxes		1,322	1,009	889	1,049
Income taxes	8	-451	-313	-301	-305
Net profit for the period		871	696	588	744

BALANCE SHEET

1,000 euros	Note	Consolidated 2000	Consolidated 1999	Parent company 2000	Parent company 1999
ASSETS					
Fixed assets and other long-term investments					
Intangible assets	9	1,309	1,030	1,249	1,007
Goodwill on consolidation		288	0		
Tangible assets		1,028	925	454	414
Long-term investments		41	35	643	250
Total fixed assets and long-term investments		2,666	1,990	2,346	1,671
Current assets					
Inventories	10	69	142	69	30
Deferred tax assets		125	58		
Short-term receivables	11	8,673	6,834	8,308	7,245
Marketable securities		17,168	0	17,168	0
Cash and cash equivalents		2,089	792	687	225
Total current assets		28,124	7,826	26,232	7,500
TOTAL ASSETS		30,790	9,816	28,578	9,171
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity					
Capital stock	12	585	521	585	521
Share premium account		19,710	168	19,710	168
Legal reserve		1,323	1,323	1,323	1,323
Translation differences		13	7		
Retained earnings		636	38	711	113
Net profit for the year		871	696	588	744
Shareholders' equity total		23,138	2,753	22,917	2,869
Minority interest		3			
Liabilities					
Long-term liabilities	13	1,526	1,423	1,526	1,423
Short-term liabilities	14	6,123	5,640	4,135	4,879
Liabilities total		7,649	7,063	5,661	6,302
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		30,790	9,816	28,578	9,171

CASH FLOW STATEMENT

1,000 euros	Consolidated 2000	Consolidated 1999	Parent company 2000	Parent company 1999
Cash flow from operating activities				
Profit before extraordinary items	1,322	289	889	550
Adjustments:				
Depreciation according to plan	1,037	1,027	738	654
Other operating income and expenses (not received or paid)	0	158	0	0
Financial income and expenses	-478	-73	-539	-216
Other adjustments	135	93	145	93
Cash flow before change in working capital	2,016	1,494	1,233	1,081
Change in working capital:				
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	-1,373	-2,452	-764	-2,157
Increase (-) / decrease (+) in inventories	73	-25	-39	87
Increase (-) / decrease (+) in non-interest-bearing short-term liabilities	93	1,325	68	863
Cash flow from operations before financial items and taxes	809	342	498	-126
Interest paid and payments of other financial expenses	-65	-178	-74	-59
Dividends received	0	1	0	1
Interest received	510	88	558	112
Other financial income	33	162	55	162
Income taxes paid	-913	-99	-752	-95
Cash flow before extraordinary items	374	316	285	-5
Net cash provided by (used in) operating activities (A)	374	316	285	-5
Cash flow from investing activities:				
Investments in tangible and intangible assets	-1,332	-1,228	-831	-873
Proceeds from sale of tangible and intangible assets	86	4,417	5	4,416
Increase (-) / decrease (+) in loans receivable	-3	140	-163	-528
Investments in Group companies	-146	-32	-146	-32
Proceeds from sale of shares in Group companies	0	-26	0	0
Other investments	-7	-18	-7	-18
Proceeds from sale of other investments	0	95	0	95
Investments in subsidiaries	-91	0	-313	-122
Net cash used in (provided by) investing activities (B)	-1,493	3,348	-1,455	2,938
Cash flow from financing activities:				
Share issue	19,605	226	19,605	226
Increase (-) / decrease (+) in short-term debt	-154	-1,271	-938	-677
Increase (-) / decrease (+) in capital loan	0	-1,682	0	-1,682
Proceeds from long-term debt	631	521	631	521
Repayments of long-term debt	-404	-1,037	-404	-1,037
Dividends paid and other distribution of profits	-94	0	-94	0
Corporate internal contributions	0	0	0	-221
Net cash provided by (used in) financing activities (C)	19,584	-3,243	18,800	-2,870
Increase (-) / decrease (+) in cash and cash equivalents (A+B+C)	18,465	421	17,630	63
Cash and cash equivalents at beginning of year	792	371	225	162
Cash and cash equivalents at end of year	19,257	792	17,855	225

NOTES TO THE FINANCIAL STATEMENTS

Tekla's parent company is Gerako Oy, domiciled in Espoo
Copies of the Gerako Group Financial Statements are available
from Gerako Oy, Koronakatu 2, 02210 Espoo

ACCOUNTING PRINCIPLES

Principles used for the consolidated financial statements

The consolidated financial statements include the parent company Tekla Corporation and the subsidiaries in which the parent company owns over 50% of the voting rights, either directly or indirectly. The subsidiaries acquired during the year are included from the date of acquisition.

All inter-Group transactions, unrealized margins, liabilities and receivables, and profit distribution are eliminated.

In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euros at the average rate for the year and balance sheets at the exchange rate of the balance sheet date. An exchange rate difference resulting from translation of the income statement and balance sheet at different rates is entered under 'retained consolidated earnings'.

Acquisitions of companies are accounted for using the purchase method. The exchange differences arising from the application of the purchase method are entered under 'consolidated shareholders' entity'.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction dates. At the end of the accounting period the unsettled receivables and debts are valued at the exchange rate of the balance sheet date. All foreign exchange gains and losses are entered as exchange rate differences in the income statement under 'financial income and expenses'.

Derivative contracts

The Group makes forward exchange contracts to hedge against the exchange rate risks of prospective sales agreements. Foreign exchange gains and losses on forward contracts are recognized in the income at the same time as the hedged cash flow.

Revenue recognition

When net sales are calculated, indirect sales taxes and discounts are deducted from sales income.

Revenue from goods or services sold is recognized at the time of delivery, except for revenue on significant long-term contracts, which is recognized on the percentage of completion method. The degree of completion is calculated on the basis of the actual expenses and the total cost estimate.

Research and product development expenses

As of the beginning of 1999, all research and product development costs are expensed in the financial period during which they are incurred. The development costs capitalized in former years are related to the development of the X product family. The amortization period on capitalized development costs is 4 years.

Fixed assets

The balance sheet figures for fixed assets are based on historical cost. The fixed assets are depreciated or amortized using the straight-line method, based on the useful life of the asset. The useful lives are as follows:

Intangible rights	10 years
Other capitalized expenditures	2-4 years
Machinery and equipment	2-5 years

Fixed assets are stated in the Notes at acquisition cost less accumulated depreciation. Acquisition cost includes only the commodities for which the acquisition cost has not yet been depreciated or amortized totally according to plan.

Ordinary sales gains and losses on intangible fixed assets and machinery and equipment are included in 'other operating income and expenses'.

Leasing

Operating lease payments are treated as monthly rental expenses. Outstanding rents on leasing contracts are presented as contingent liabilities in the Notes.

Pension arrangements

The Group companies' pension expenses entered in the consolidated financial statements are calculated according to the local practice of each country.

The pension arrangements of the Group companies comply with local regulations and practices. Employee pension security is organized through outside pension insurance companies.

Income taxes

Income taxes include taxes based on the results of the Group companies and are calculated according to the local tax rules of each country. Income taxes include tax adjustments on previous years and deferred taxes. The deferred tax asset has been calculated with extreme prudence for temporary differences between the tax basis of assets and liabilities and their values in financial reporting.

Dividends

Dividends proposed to the Annual General Meeting by the Board of Directors will only be recorded in the financial statements, when they have been approved at the meeting.

CALCULATION OF FINANCIAL INDICATORS

Equity ratio, %	$\frac{\text{Shareholders' equity - capital loan}}{\text{Balance sheet total - advances received}}$	x 100
Net gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity - capital loan}}$	x 100
Return on investment, %	$\frac{\text{Profit before extraordinary items + financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}}$	x 100
Return on equity, %	$\frac{\text{Profit before extraordinary items - taxes}}{\text{Shareholders' equity - capital loan (average for the year)}}$	x 100
Earnings per share	$\frac{\text{Profit before extraordinary items - taxes}}{\text{Average number of shares}}$	
Equity per share	$\frac{\text{Shareholders' equity - capital loan}}{\text{Number of shares at the end of the year}}$	
Dividend to earnings ratio, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Share price at the end of the year}}$	x 100
Price / earnings ratio	$\frac{\text{Share price at the end of the year}}{\text{Earnings per share}}$	

NOTES TO THE FINANCIAL STATEMENTS 2000

In 1,000 euros unless otherwise noted.

	Consolidated		Parent company	
	2000	1999	2000	1999
1. Net sales by market area				
Finland	7,965	8,592	7,965	8,577
Rest of Europe	12,096	7,132	9,009	6,063
America	3,757	1,387	2,928	1,374
Asia and Australia	2,551	974	2,086	968
Other countries	99	9	99	9
Total	26,468	18,094	22,087	16,991

The revenue on long-term contracts entered under net sales according to the percentage of completion method amounted to 0.83 million euros. Sales receivable and advances received are presented as a net amount in the balance sheet.

2. Other operating income

Sales gains from fixed assets	12	80	1	80
Service charges from Group companies	0	26	278	4,378
Product development and other subsidies	1,368	976	1,368	970
Total	1,380	1,082	1,647	5,428

3. Materials and services

Purchase of materials during the year	1,324	1,288	1,207	1,258
External services	1,482	734	2,190	12,548
Total	2,806	2,022	3,397	13,806

4. Personnel expenses

Salaries and fees	11,300	7,966	8,348	1,636
Pension expenses	1,546	1,181	1,341	269
Other social expenses	1,214	665	862	134
Total	14,060	9,812	10,551	2,039

Salaries and fees paid to the Board members and the Managing Directors

1,029 593 289 257

Management pension arrangements:

Retirement ages in the Group companies are determined according to the pension legislation of each country.

Personnel:

On average	268	205	204	37
end of period,	297	241	224	49
of which part-time employees	36	33	35	3

	Consolidated		Parent company	
	2000	1999	2000	1999
5. Depreciation				
Intangible assets				
Development costs	161	217	161	217
Intangible rights	14	11	14	11
Goodwill on consolidation	65	0		
Other capitalized expenditure	273	193	259	178
Tangible assets				
Buildings and constructions		132		132
Machinery and equipment	524	474	304	116
Total	1,037	1,027	738	654
6. Financial income and expenses				
Dividend income from others	0	1	0	1
Other interest and financial income				
From Group companies	21	85	62	110
From others	489	3	496	2
Total	510	88	558	112
Exchange rate differences	33	162	55	162
Interest and financial expenses				
To Group companies	0	-116	0	0
To others	-65	-62	-74	-59
Total	-65	-178	-74	-59
Financial income and expenses total	478	73	539	216
7. Extraordinary items				
Extraordinary income				
Gains of sales of buildings		720		720
Extraordinary expenses				
Corporate internal contributions	0	0	0	-221
Total	0	720	0	499
8. Direct taxes				
Income taxes on operations	518	169	301	165
Income taxes on extraordinary items	0	202	0	140
Change in deferred tax assets	-67	-58		
Total	451	313	301	305

9. Fixed assets

Group	Intangible assets				Total	Tangible assets Machinery and equipment
	Capitalized development costs	Intangible rights	Goodwill on consolidation	Other capitalized expenditure		
Acquisition cost Jan. 1	869	131	0	1,097	2,097	1,865
Exchange rate difference				2	2	9
Additions		18	353	718	1,089	596
Disposals				-18	-18	-65
Acquisition cost Dec. 31	869	149	353	1,799	3,170	2,405
Accumulated depreciation Jan. 1	617	26	0	423	1,066	882
Exchange rate difference				1	1	-4
Accumulated depreciation on disposals				-7	-7	-25
Depreciation for the year	161	14	65	273	513	524
Accumulated depreciation Dec. 31	778	40	65	690	1,573	1,377
Net book value Dec. 31	91	109	288	1,109	1,597	1,028

Parent company	Intangible assets				Total	Tangible assets Machinery and equipment
	Capitalized development costs	Intangible rights	Goodwill on consolidation	Other capitalized expenditure		
Acquisition cost Jan. 1	869	131		1,053	2,053	1,282
Additions		18		658	676	156
Disposals					0	-4
Acquisition cost Dec. 31	869	149		1,711	2,729	1,434
Accumulated depreciation Jan. 1	617	26		403	1,046	676
Accumulated depreciation on disposals					0	0
Depreciation for the year	161	14		259	434	304
Accumulated depreciation Dec. 31	778	40		662	1,480	980
Net book value Dec. 31	91	109		1,049	1,249	454

Investments	Consolidated		Parent company			Total
	Other shares and holdings	Total	Shares in Group companies	Capital loan receivables from subsidiaries	Other shares and holdings	
Acquisition cost Jan. 1	34	34	145	70	34	249
Additions	7	7	467		7	474
Disposals		0	-10	-70		-80
Net book value Dec. 31	41	41	602	0	41	643

Shares in subsidiaries	Domicile	Holding %
Tekla AS	Norway	73.7
Tekla GmbH	Germany	100
Tekla Inc.	U.S.A.	100
Tekla (M) Sdn. Bhd.	Malaysia	100
Tekla Sarl	France	100
Tekla Software AB	Sweden	100
Tekla (UK) Ltd.	England	100

The Finnish subsidiaries, Tekla Erikoisjärjestelmät Oy, Tekla Ohjelmistomyynti Oy, Tekla Ohjelmistotuotteet Oy and Tekla Verkkotietojärjestelmät Oy, were merged into the parent company on March 31, 2000.

	Consolidated		Parent company	
	2000	1999	2000	1999
10. Inventories				
Work in progress	36	30	36	30
Finished goods	33	112	33	0
Total	69	142	69	30
11. Short-term receivables				
Receivables from others				
Accounts receivable	6,178	5,598	3,915	4,566
Loans receivable	0	0	0	0
Other receivables	196	346	72	328
Prepaid expenses and accrued income	2,288	873	2,048	803
Total	8,662	6,817	6,035	5,697
Receivables from Group companies				
Accounts receivable	8	17	1,060	664
Loans receivable	3	0	934	771
Other receivables	0	0	279	75
Prepaid expenses and accrued income	0	0	0	38
Total	11	17	2,273	1,548
Short-term receivables total	8,673	6,834	8,308	7,245
Prepaid expenses and accrued income				
Accrued product development and other subsidies	660	723	660	724
Accrued income related to long-term contracts	428	0	299	0
Accrued sales income	729	0	729	0
Other prepaid expenses and accrued income	471	150	360	117
Total	2,288	873	2,048	841

	Consolidated		Parent company	
	2000	1999	2000	1999
12. Shareholders' equity				
Capital stock Jan. 1	521	463	521	463
New share issue	64	58	64	58
Capital stock Dec. 31	585	521	585	521
Share premium account Jan. 1	168	0	168	0
Share premium	19,542	168	19,542	168
Share premium account Dec. 31	19,710	168	19,710	168
Legal reserve Jan. 1	1,323	1,323	1,323	1,323
Legal reserve Dec. 31	1,323	1,323	1,323	1,323
Translation differences	13	7		
Retained earnings Jan. 1	735	3	857	113
Payment of dividend	-94	0	-94	0
Changes in Group structure	0	36	-52	0
Exchange rate differences	-5	-1		
Retained earnings Dec. 31.	636	38	711	113
Net profit for the period	871	696	588	744
Capital loan Jan. 1	0	1,682	0	1,682
Change		-1,682		-1,682
Capital loan Dec. 31	0	0	0	0
Total shareholders' equity	23,138	2,753	22,917	2,869
Specification of distributable earnings				
Retained earnings Dec. 31	636	38	711	113
Net profit for the period	871	696	588	744
Total	1,507	734	1,299	857

	Consolidated		Parent company	
	2000	1999	2000	1999
13. Long-term liabilities				
Loans from financial institutions	0	193	0	193
Other long-term liabilities	1,526	1,230	1,526	1,230
Total	1,526	1,423	1,526	1,423
Loans maturing after more than five years				
Other long-term liabilities	174	172	174	172
14. Short-term liabilities				
Loans from others				
Loans from financial institutions	193	77	193	77
Advances received	100	1,181	100	355
Accounts payable	1,031	914	833	795
Other liabilities	1,693	1,441	1,011	530
Accrued expenses and deferred income	3,078	1,744	1,808	698
Total	6,095	5,357	3,945	2,455
Liabilities to Group companies				
Advances received	0	0	0	368
Accounts payable	28	51	177	280
Other liabilities	0	232	0	1,771
Accrued expenses and deferred income	0	0	13	5
Total	28	283	190	2,424
Short-term liabilities total	6,123	5,640	4,135	4,879
Accrued expenses and deferred income				
Accrued salaries and social expenses	1,796	1,367	1,658	437
Income taxes	57	316	0	254
Other accrued expenses and deferred income	1,225	61	163	12
Total	3,078	1,744	1,821	703

	Consolidated		Parent company	
	2000	1999	2000	1999
15. Collaterals, contingent liabilities and other commitments				
Liabilities and commitments for which business mortgages are pledged as collateral				
Loans from financial institutions	193	271	193	271
Guarantees on behalf of own commitments	699	1,086	598	908
Guarantees on behalf of subsidiaries' commitments			101	178
Other Group companies' liabilities	0	1,773	0	1,773
Total	892	3,130	892	3,130
Mortgages				
Business mortgages	505	505	505	505
Other contingent liabilities				
Guarantees on behalf of own commitments	135	0	0	0
Guarantees on behalf of subsidiaries' commitments			115	0
Total	135	0	115	0
Leasing and rental agreement commitments				
Premises				
Due during the next financial year	1,100	770	595	540
Due later	4,721	3,866	3,148	3,579
Total	5,821	4,636	3,743	4,119
Other				
Due during the next financial year	1,001	668	780	607
Due later	942	726	740	623
Total	1,943	1,394	1,520	1,230
Total	7,764	6,030	5,263	5,349
16. Derivatives contracts				
Currency forward contracts				
Nominal value of underlying instruments	4,788	0	4,788	0
Difference between market value and nominal value of underlying instruments	381	0	381	0

The forward contracts are used for hedging US dollar-based sales.

STOCK OPTION PROGRAM

1. Number of option rights and right to subscribe new shares

An Extraordinary General Meeting on May 16, 2000 authorized the Board of Directors to decide on the issue of option rights to staff members of the company and its subsidiaries. Up to 1,000,000 option warrants will be issued, divided into four 250,000 warrant tranches. The warrants are marked A, B, C or D.

Each warrant entitles the holder to subscribe one share, with a nominal value of 0.03 euros. Tekla Corporation's share capital can be raised by a total of 1,000,000 new shares or 30,000 euros as a result of subscriptions.

2. Subscription period

The share subscription period under the various warrants is as follows:

A	October 1, 2001
B	October 1, 2002
C	October 1, 2003
D	October 1, 2004

The subscription period for all the warrants ends on October 31, 2005

3. Subscription price

The subscription price for the various warrants is as follows:

A: the final subscription price paid for the share in the public issue (5.00 euros).

C: the mean between the final subscription price in the public issue and the average trading-weighted price in October 2001.

B: the mean between the final subscription price in the public issue and the average trading-weighted price in October 2000 (5.01 euros).

D: the mean between the final subscription price in the public issue and the average trading-weighted price in October 2002.

4. Shareholder rights

The shares entitle holders to full dividend for the financial year during which the shares are subscribed.

5. Management share of options

If all the warrants are used to subscribe company shares, the total number of shares will rise by 1,000,000, corresponding to

5% of the total stock. Members of the Board of Directors and the CEO will own 88,616 shares, i.e. 0.4% of total shares and votes.

FINANCIAL INDICATORS 1996–2000

(in million euros)	2000	1999	1998	1997	1996
SCALE OF OPERATIONS:					
Net sales	26.47	18.09	12.97	11.20	10.12
Change, %	46.3	39.5	15.8	10.7	46.5
Exports and international operations	18.50	9.50	3.94	2.70	2.11
Change, %	94.7	141.1	45.8	28.4	103.3
% of net sales	69.9	52.5	30.4	24.1	20.8
Balance sheet total	30.79	9.82	11.07	8.98	8.91
R&D expenses	7.41	5.07	3.37	2.69	2.33
% of net sales	28.0	28.0	26.0	24.0	23.0
Capital expenditures	1.33	1.27	1.06	1.13	4.63
% of net sales	5.0	7.0	8.2	10.1	45.7
Personnel, on average	268	205	156	130	111
Net sales / employee (1,000 euros)	98.8	88.3	83.1	86.2	91.1
Personnel expenses / employee (1,000 euros)	52.5	47.9	45.6	45.7	48.4
PROFITABILITY:					
Operating profit	0.84	0.22	0.89	1.32	1.24
% of net sales	3.2	1.2	6.9	11.8	12.3
Profit before extraordinary items	1.32	0.29	0.72	1.17	1.41
% of net sales	5.0	1.6	5.6	10.5	14.0
Profit/loss before appropriations and taxes	1.32	1.01	0.09	-0.54	0.01
% of net sales	5.0	5.6	0.7	-4.8	0.1
Return on equity (ROE), %	6.7	7.8	27.2	40.3	42.8
Return on investment (ROI), %	9.3	7.6	14.6	21.3	28.0
Operating profit / employee (1,000 euros)	3.1	1.1	5.7	10.2	11.2
FINANCING AND FINANCIAL POSITION:					
Shareholders' equity	23.14	2.75	1.79	1.85	2.31
Interest-bearing liabilities	2.19	2.12	5.63	4.37	4.22
Non-interest-bearing liabilities	5.45	4.94	3.65	2.77	2.39
Equity ratio, %	75.4	31.9	16.5	21.1	26.9
Net gearing, %	-73.7	48.3	293.6	223.5	170.5
SHARE RELATED DATA:					
Earnings per share, euros	0.05	0.01	0.04	0.06	0.07
Equity per share, euros	1.19	0.18	0.13	0.13	0.17
Dividend per share, euros	0.020 ¹⁾	0.006	0.000	0.004	0.005
Dividend to earnings ratio, %	41.3	51.4	0.0	6.6	7.0
Effective dividend yield, %	0.4				
Price / earnings ratio	106.8				
Share prices, euros					
– year's lowest	4.00				
– year's highest	5.25				
– year's average	4.97				
– on Dec. 29, 2000	5.18				
Market capitalization	100.95				
Share turnover (in 1,000s)	2,260				
Share turnover, %	11.6				
No. of issue-adjusted shares at year end	19,488,500	15,488,500	13,763,500	13,763,500	13,763,500
Average no. of issue-adjusted shares	17,969,374	15,104,125	13,763,500	13,763,500	13,763,500

¹⁾ The Board's proposal to the AGM

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF NET PROFIT

According to the consolidated balance sheet of December 31, 2000, the Group's distributable net profit is 1,506,916 euros.

The parent company profit for the year is 588,457 euros after which the distributable earnings in the parent company are 1,299,098 euros.

The Board of Directors proposes that a dividend of 0.02 euros per share, in total 389,770 euros, be distributed and that the remaining 909,328 euros be carried over under non-restricted shareholders' equity.

Espoo, February 27, 2001

Aaro Kohonen
Chairman

Risto Siirilä

Reino Heinonen

Heikki Marttinen

Seppo Ruotsalainen
CEO

AUDITORS' REPORT

To the shareholders of Tekla Corporation

We have audited the accounting, the financial statements and the corporate governance of Tekla Corporation for the financial year 2000. The financial statements compiled by the Board of Directors and CEO include a Board of Directors' report, and consolidated and parent company income statements, balance sheets and notes to the financial statements. 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.

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

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

Espoo, March 12, 2001

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Jukka Ala-Mello
Authorized Public Accountant

BOARD OF DIRECTORS



Aaro Kohonen, M.Sc.Eng.

Chairman of the Board of Tekla Corporation
Chairman of the Board of Gerako Oy



Risto Siirilä, M.Sc.Eng.

Deputy Chairman of the Board of Tekla Corporation
Member of the Board of Gerako Oy



Seppo Ruotsalainen, Lic.Tech.

Member of the Board of Tekla Corporation
Chief Executive Officer of Tekla Corporation



Reino Heinonen, M.Sc.Eng.

Member of the Board of Tekla Corporation
Chairman of the Board of Ereka Oy



Heikki Marttinen, M.Sc.Econ.

Member of the Board of Tekla Corporation
Chief Executive Officer of Eimo Oyj

MANAGEMENT TEAM



Seppo Ruotsalainen, Lic.Tech.
President and Chief Executive Officer



Heikki Multamäki, M.Sc.Eng.
Vice President; Director, Technology and Projects



Timo Taurén, M.Sc.Econ.
Chief Financial Officer



Henrik von Hedenberg, M.Sc.Eng.
Director, Corporate Marketing and Development



Jukka Rouhe, M.Sc.Eng.
Director, Energy Distribution



Risto Rätty, M.Sc.Eng.
Director, Building & Construction

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Tekla (M) Sdn Bhd

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(until June 2001)

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(from June 2001)

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Year 2000

- 25.1. Tekla and Aachen University of Technology start to collaborate
- 26.1. Tekla strengthens its position in French markets:
Tekla establishes a subsidiary Tekla Sarl
- 30.3. Tekla's international net sales grew by 141 %
- 14.4. Heikki Marttinen invited to Tekla's Board of Directors
- 17.4. Tekla strengthens its role as the software supplier for Swedish energy companies
- 2.5. Tekla seeks listing on the main list of the Helsinki Exchanges
- 2.5. Terms and conditions of Tekla Corporation's offering
- 2.5. Tekla Corporation applies for listing on Helsinki Exchange
- 8.5. Preliminary information about Tekla's results January 1 - March 31, 2000
- 12.5. Tekla Corporation extends offer period and decreases offer price
- 15.5. Tekla's subscription and offering price decided
- 16.5. Approval of subscriptions and allocation of shares in Tekla Corporation's initial public offering
- 16.5. Decisions of the extraordinary shareholders' meeting of Tekla Corporation
- 18.5. Notification under chapter 2, section 10 of the Finnish securities market act
- 18.5. A significant reference for Tekla in Asia: Xcity delivered to Malaysia
- 19.5. Tekla corporation's share capital increase registered
- 22.5. Stabilization of Tekla Corporation's share
- 22.5. Tekla purchases mySAP.com ERP solution from ICL
- 24.5. Conversion of Tekla Corporation's B-shares into A-shares
- 25.5. Notification under chapter 2, section 10 of the Finnish securities market act
- 29.5. The Tampere water utility purchases Tekla's Xpipe
- 30.5. Tekla Oyj interim report January 1 - March 31, 2000:
Strong growth in Tekla group net sales and order book
- 14.6. Tekla Xpower to improve Elnova's customer service
- 14.6. Overallotment option of Tekla Corporation's shares exercised
- 30.6. Tekla on the way to significantly reinforcing its position as the software supplier for the energy sector in Norway
- 7.7. Notification under chapter 2, section 9 of the Finnish securities market act
- 21.8. Announcement of Tekla Corporation's interim report
- 28.8. Tekla Corporation interim report January 1 - June 30, 2000
- 12.9. Tekla won a Xpower deal worth of FIM 10 million in Norway
- 19.9. Tekla establishes a subsidiary in Norway
- 14.11. Announcement of Tekla Corporation's interim report.
- 21.11. Tekla Corporation interim report January 1 - September 30, 2000
- 28.11. Tekla's new headquarters will be built in Espoo
- 12.12. Tekla signs contract to develop infrastructure management with a group of Finnish cities
- 18.12. Tekla establishes a subsidiary in Brazil
- 29.12. Tekla Corporation's financial reporting 2001

Year 2001

- 8.1. Tekla to develop location sensitive mobile services to the consumer market
- 23.1. Tekla strengthens its position in Northern Europe's energy distribution business:
Latvia's national power company chooses Xpower
- 8.2. Preliminary information on Tekla's financial results in 2000:
Net sales grew by 46 %, profit five times better than 1999
- 22.2. Announcement of Tekla Corporation's financial statement
- 28.2. Tekla Corporation Financial Statements Bulletin January 1- December 31, 2000:
Net sales grew by 46 % and operating profit increased several times over

Extranet

An information system using Internet technologies, which extends outside the maintaining organization, but is intended solely for a specific user group, e.g. customers. The public Internet system is used for data transfer but a password is needed to gain access.

GIS

Geographical Information System. A system for storing geographical data, presenting it in map form and analyzing it.

Internet

A worldwide computer network that can be used to carry messages or read documents using World Wide Web technology.

Internet technology

Software, programming languages and telecommunications protocols used in the Internet environment

Intranet

An internal information system based on Internet technologies, which does not extend outside the maintaining organization.

Java

A programming language used e.g. for Internet and mobile applications.

Component technology

A way of constructing software from independent reusable parts with highly specific interfaces.

Conversion

The process needed when data is transferred from one or more older applications to a new application.

Model, model-based

The depiction of reality using a model constructed using IT, which emulates its source in the real world. Software using model-based technology is not used for storing documents as such; instead, data modeled from the real world is stored in the database. A product model based on Tekla technology contains data on all the objects being processed, including spatial data. The model can be studied from different aspects and various displays can be generated from it, including documents, interfaces, links to other programs etc.

Raw material principle

The data modeled from the real world is stored in the database using the simplest geometry possible.

Real time

An event is visible on the user's screen immediately when it takes place. Likewise, updated information is immediately available to all users when a user alters existing data.

Relational database

Information management software in which the data is stored in table form (in columns and rows). Able to sort, filter and combine data in SQL (Structured Query Language) according to instructions given.

Application

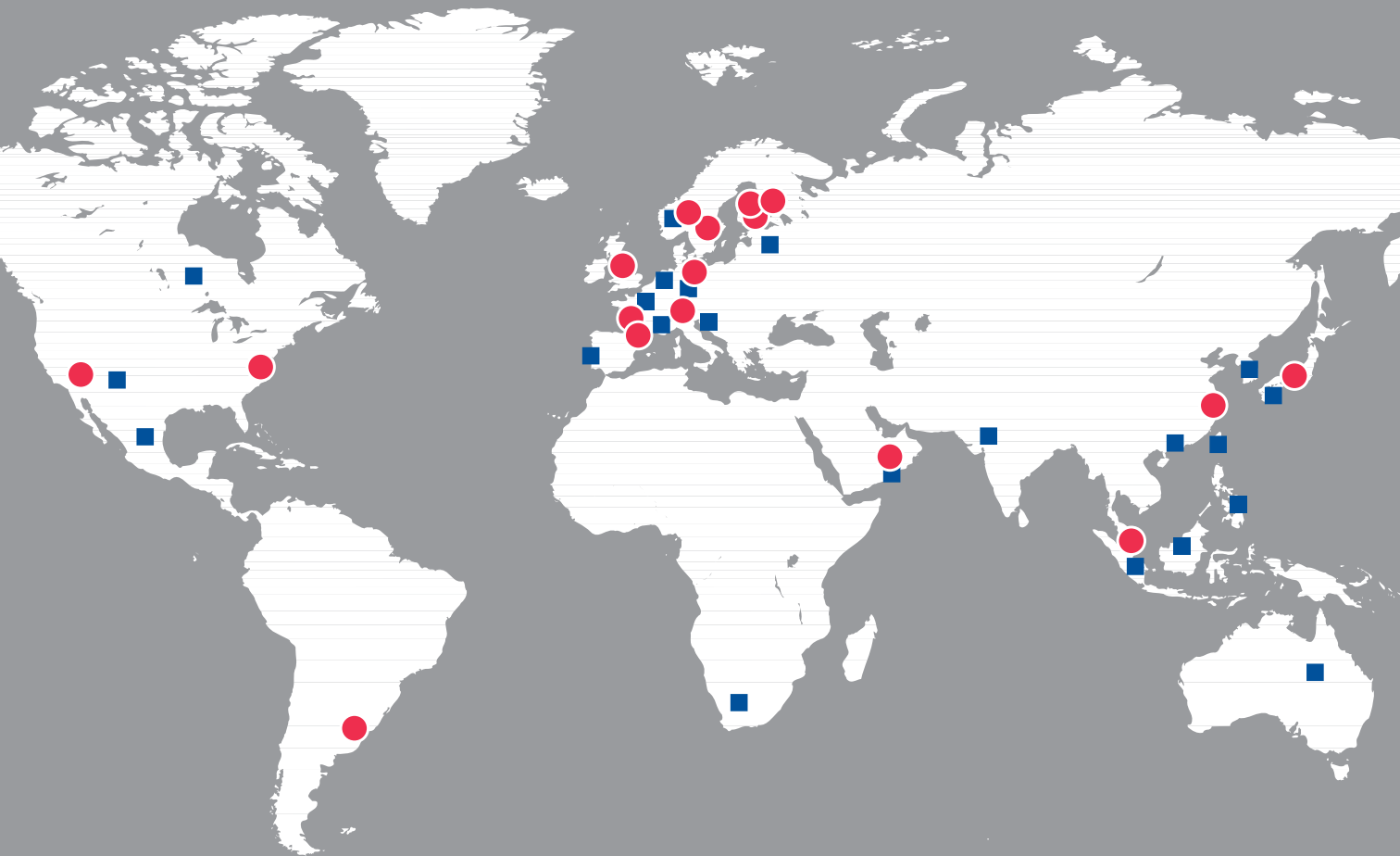
An IT package designed to solve a specific problem. It can be tailored to meet the special needs of a limited user group, or can be a universal tool and user interface for certain types of work, or for data storage or transfer.

Free attribute

Customer-specific attribute data that can be integrated into the main database.

WAP

Wireless Application Protocol. A common, open standard for bringing Internet-type content and advanced value-added services to mobile phones and other wireless devices.



 Tekla

 Partner*

*) In certain countries Tekla has several partners.

