



INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Jippii Group Corporation's Annual General Meeting for the 2002 financial year will be held at 10 a.m. on Thursday, 30 May 2002, at the Tennispalatsi multi-plex, Salomonkatu 15, 00100 Helsinki, Finland.

Shareholders must notify the company of their intention to attend the Annual General Meeting by 4 p.m., 24 May 2002, at the latest, either in writing to the address Jippii Group Corporation, Annankatu 44, 00100 Helsinki, Finland, by faxing +358 9 4243 0777 or by e-mailing raija.johannesdahl@jippiigroup.com. We request that any proxies be submitted in advance by fax.

Dividend payout

The Board of Directors proposes that no dividend be paid and the loss for the financial year be transferred to accumulated loss/retained earnings.

Financial information

Jippii Group Corporation will publish the following Interim Reports in 2002:

Interim Report, January–March, 15 May 2002

Interim Report, April–June, 15 August 2002

Interim Report, July–September, 15 November 2002

The Annual Report and Interim Reports are published in Finnish and English. Interim Reports will not be printed; rather, they will be published as stock exchange releases and on the company's site, www.jippiigroup.com. Copies of Interim Reports can be ordered from Jippii Group's Communications Unit:

Jippii Group Corporation, Communications Unit, Annankatu 44 A, 00100 Helsinki, Finland, e-mail: communications@jippiigroup.com, tel. +358 9 4243 0001, fax +358 9 4243 0829

Changes in personal and address information

We request shareholders to inform the book-entry register in which the book-entry account is kept of any changes in personal and address information. If the custodian is Finnish Central Securities Depository Ltd, send such notifications to Finnish Central Securities Depository Ltd, P.O. Box 361, 00131 Helsinki, Finland.

Investor relations

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

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JIPPII GROUP CORPORATION IN BRIEF

Jippii Group Corporation is a cutting-edge telecommunications services company that focuses on two core areas in its operations: multiservice operator activities in Finland and mobile entertainment in the international arena.

In Finland, Jippii is a multiservice operator offering Internet, telecommunications and mobile services for both consumer and corporate customers. Services provided to consumer customers include both modem/ISDN and non-switched Internet connections, international calls with the 991/9977 prefixes, long-distance calls in Finland with the 10532/10577 prefixes and GSM numbers with the prefix 045. Jippii's services targeted at SMEs include modem/ISDN and non-switched Internet connections, telephone services, domain names and ASP/HSP services.

One of the Group's Internet services is the Jippii.fi portal, which was Finland's second most popular online service in 2001. Jippii.fi's content includes news, e-mail, chat rooms, Java games and value-added services for mobile phones, such as downloadable ring tones and logos. At the end of 2001,

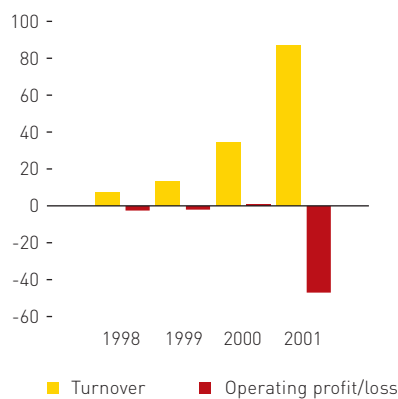
the Jippii.fi portal had about 1.1 million individual visitors per month.

Internationally, Jippii is a player in the rapidly growing market for mobile entertainment, in which it seeks to achieve rapid, controlled and profitable growth. Mobile entertainment services include logos, ring tones and other services that are offered through localised Jippii portals.

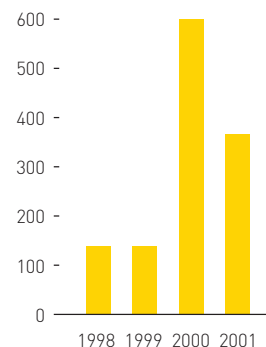
Jippii's competitive edge is its distribution and invoicing network, which has been linked to the invoicing channels of Europe's major mobile operators. At the end of 2001, about 161 million potential European mobile phone customers were covered by Jippii's invoicing agreements. In addition, Jippii sells its J-MAP service platform, which it developed, to other operators.

Mobile phone technologies are evolving at a rapid clip. The newest generation of phone models that will be launched in 2002 will open the door to considerably more advanced entertainment services. Jippii is actively developing content and services for the new Java, i-mode™ and MMS technologies implemented in mobile phones.

Group turnover and operating profit/loss, EUR million



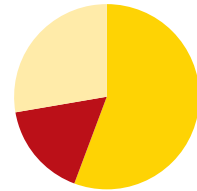
Group personnel at the end of the financial year



2001 IN BRIEF

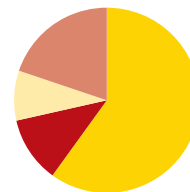
- Due to changes in the business environment and the greater difficulties faced in securing funding, Jippii Group had to divest itself of its international operator functions and refocus its operations on multiservice operator activities in Finland and on mobile entertainment in the international market.
- The rapid winding down of operator functions abroad and financing difficulties led the Group voluntarily to submit a restructuring application. However, the application could be withdrawn at the beginning of 2002.
- The Group acquired the Finnish company Supertel Oy and the foreign operators Gigabell Ibérica S.L. (Spain) and Constellation Internet Ltd (UK).
- Jippii portals went online in the following new countries: Sweden, the United States, Hong Kong, Denmark, Russia and Lithuania.
- Jippii made partnership agreements concerning mobile content production with parties such as Cartoon Network and the Real Madrid football club.

Turnover by business unit



55.7% ● Multiservice operator
16.6% ● Mobile entertainment
27.7% ● Non-core

Turnover by country



59.9% ● Finland
11.5% ● Germany
8.7% ● UK
19.8% ● Others

JIPPII GROUP CORPORATION'S BUSINESS AREAS

Mobile Entertainment

B-to-B sales and marketing
Jippii Club mobile portal

Production
Technology
Application development

Jippii Finland

Internet services
GSM/tele-
communications services
Portal services

Customer service
Sales and marketing
Technology

Support Services

Finance & accounting
Communications
Legal affairs

CEO'S REVIEW

Business operations during the year now ended were quite unusual. During the first part of the year, the Group pursued a strategy of strong growth, with the aim of acting as a Europe-wide multiservice operator. In line with this strategy, the company continued to seek growth both organically and by means of acquisitions.

As the financial year went on, the company spiralled into an operational and financial crisis due to upheavals in the business environment and shortcomings in the company's ability to manage its growth. Consequently, the business strategy was realigned. In accordance with the new strategy, the

company shall engage in two types of business operations: multiservice operator activities related to telecommunications and Internet products in Finland and mobile entertainment services in the international arena. In a controlled but expeditious manner, the company will divest itself of functions that do not have a bearing on these two business areas.

The major challenges in multiservice business operations in Finland are upgrading the efficiency of customer service, improving product quality, maintaining innovation and the company's role as a pioneer and ensuring profitability.

The key challenges facing the Mobile Entertainment unit are continuously to retool its current range of entertainment products (ring tones, logos and games) in line with customers' needs, expanding and deepening its market area and co-operation with its partners, streamlining delivery processes as well as managing technology changeovers and, when necessary, boldly exploiting such transitions. It is expected that the market for mobile entertainment services will see extremely strong growth in the next few years. Our goal is to grow profitably.

The company's management principles were revised during the year now ended. Both the Board



of Directors and the operational management were reshuffled almost in their entirety. The major change in management principles entailed drawing a clear line between membership of operational management and the Board of Directors – none of the members of the Board of Directors is now in the Group’s employ, and they do not take part in day-to-day business operations.

When I stepped into the position of CEO in mid-December last year, the most important short-term objective was to ensure the solvency and hence the operational viability of Jippii Group over the next few years.

The voluntary financing arrangement settled on in February 2002 and the related strengthening of the financial position thanks to capital injections from investors allow the company to develop its two business areas in a goal-oriented and controlled fashion. This in turn makes it possible to repay outstanding debts in line with our agreements.

I would like to thank the company’s partners and shareholders for their firm support and understanding during the difficult liquidity situation. The stabilisation of the company’s finances that was achieved with their support allows the company to develop its business operations in

a goal-oriented manner. I would also like to extend my warmest thanks to the company’s employees for their commitment to upholding and developing our operations, especially during these challenging times.

During the present financial year, we can face up to the challenges of the business environment and achieve our objectives thanks to the determination, input and expertise of our co-operation partners and personnel.

Helsinki, April 2002



Matti Vikkula
CEO



Jippii's Mobile Entertainment

unit provides value-added services for mobile phones and wireless devices.

From day one, the business unit has focused on mobile entertainment applications of all stripes, from ring tones to games.



MOBILE ENTERTAINMENT

Jippii began offering mobile services in Finland in October 1999. One of the first products to be launched by the company was operator logos that could be ordered for Nokia mobile phones with a text message, replacing the name of the operator displayed on the screen. The great success of this service encouraged the company to expand its product range to other text message-based utility and entertainment services such as ring tones and text-based information services.

The Mobile Entertainment unit itself was established in spring 2000. The goal of the business unit was to launch Jippii's mobile entertainment services in the international arena and commercialise them. During that same year, Jippii launched mobile services in Norway, Holland, Switzerland, the UK and Spain. The company's product range also grew to encompass mobile games, picture messages and screensavers.

In 2001, the company continued to go international with a vengeance. At the end of 2001, Jippii's own mobile portal was active in 15 countries and the Mobile Entertainment unit had a payroll of around 80 employees.

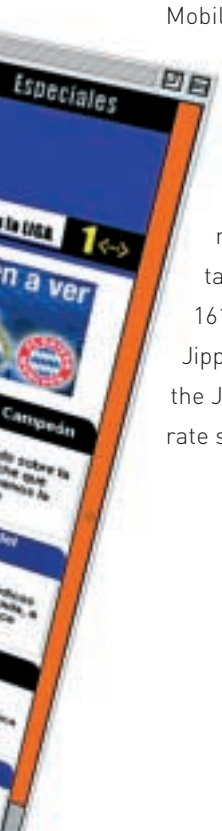
Due to the rapid internationalisation, the sales volumes are now ten times higher than at the end of 2000. The bulk of the growth materialised through Jippii's own mobile portals, the Jippii Clubs. At the end of 2001, about 161 million potential GSM users were covered by Jippii's distribution and invoicing services through the Jippii Group's SMS agreements and premium rate service numbers.

The high number of end-customers enabled the company to add the J-MAP mobile portal platform (Jippii Mobile Application Platform) to its product portfolio. The portal platform enables customer companies to use the mobile distribution and invoicing channel developed by Jippii in the distribution of their content. Among the users of the J-MAP portal platform are BT Genie – the mobile portal of the UK GSM operator BT Cellnet – and the Spanish football club Real Madrid, which offers mobile services produced by Jippii to its own fans. In the UK, the Cartoon Network satellite channel, owned by the media giant AOL Time Warner, bought from Jippii a mobile portal solution featuring cartoon characters that allows users to download popular characters such as the Flintstones into their mobile phones.

Strategy

Jippii's goal is to be Europe's leading profitable provider of mobile entertainment services for consumers, operators, content producers and owners of trademark rights. Its services include content production, aggregation and a complete distribution and invoicing platform. Jippii produces and sells mobile entertainment services that are primarily targeted at youth in Europe and other significant growing mobile markets. Mobile entertainment services may comprise content, applications or service packages produced by third parties.

In order to achieve its objective, Jippii strives to grow at a pace that at least matches overall market growth in the countries where it is already active. The focus areas are J-MAP customers, its own





Jippii Club portals and sales of Jippii's own content to third parties.

In addition, Jippii is expanding the number of consumer customers it can reach in new emerging markets by partnering up with local mobile operators. Jippii prepares itself for the future by developing new and innovative services that utilise the features of new networks and devices.

J-MAP for companies

J-MAP works on a turnkey principle as a "Private Label" mobile portal solution including content production, sales and invoicing in the main European markets. The portal is implemented in accordance with the customer's instructions regarding the desired visual look and its brand, and it is integrated into Jippii's mobile invoicing network, providing content owners and brands with a simple means of tapping into mobile network earnings models in the international market. The major customers at year's end were: Cartoon Network, a TV channel owned by AOL Time Warner, AOL Benelux, BT Genie, Real Madrid and United Magazines Ltd. in Finland.

Growth is sought primarily by working on establishing future customer relationships and fostering long-term customer relationships by offering corporate customers mobile portal solutions that allow them to grow their earnings and increase their customer loyalty and brand recognition on the market.

The most important future target groups are Internet and mobile portals, media houses, mobile operators, TV companies and owners of trademark rights.

Jippii Club for consumers

At the end of 2001, Jippii's own mobile portal, the Jippii Club, was the leading provider of mobile entertainment services in Europe. In December 2001, the Jippii Club was active in the following countries: Belgium, Denmark, Estonia, Finland, Germany, Holland, Hong Kong, Ireland, Latvia, Lithuania, Norway, Spain, Sweden, Switzerland and the UK.

The content portfolio of the Jippii Club mobile portal includes a multiplayer Java gaming community, free e-mail, chat and a mobile entertainment section. The fact that the company has its own portal enables it to launch new products quickly and assess the latest trends in consumer demand.

In future, Jippii Club will focus on deepening customer loyalty and utilising the mobile invoicing network by incorporating fee-charging additional features into the games offered on the portal. A new growth area will be Java applications that can be downloaded into phones. At the end of 2001, Jippii unveiled the JEX Java gaming community, through which application developers can distribute their games to consumers using Jippii's invoicing network.

Content sales

The latest product area in Jippii's Mobile Entertainment portfolio is content sales. Jippii offers content produced in-house for sale to third parties. At the end of the year, Jippii's ring tone library contained over 4,000 mobile ring tones and 8,000 graphic elements. Content is provided to customers on a CD and the earnings model of the product is based on profit distribution.

CONTENT GROUPS OF JIPPII'S MOBILE ENTERTAINMENT

Ring tones

Ring tones meant for downloading into mobile phones are currently the most popular form of mobile entertainment. Their popularity is based on the target group's desire to emphasise their own individuality. The world of value-added services will grow in the near future, as most device manufacturers are devoting greater effort to improving the personalisation options of their mobile phones. This opens up greater growth potential for mobile entertainment.

The greatest changes in audio in 2002 will be the advent of multichannel ring tones and EMS/MMS-based services, which allow for the combination of ring tones, graphics and text written by the consumer. In addition, it is expected that users will be



able to personalise the alert, button and application sounds of their phones in the future.

Images

The second most popular form of mobile entertainment comprises logos and picture messages loaded on to mobile phone screens. The latest stage of development is animation that can be downloaded as the background image/profile logo of the phone.

2002 will see the arrival of colour phone displays. Combining them with package-switched data transfer enables the transfer of ever-larger images on to wireless devices. Colours will allow users to use themes to personalise their phones in an entirely new way, with the phone's visual look changing to suit the function, time and profile.

Games

The third source of revenue in mobile entertainment is mobile games, which are currently single player or multiplayer text games based on SMS traffic.

With the emergence of Java-compliant, colour display-equipped devices and the GPRS network, the age of mobile games is dawning. Java will revolutionise phone user interfaces, allowing users to easily purchase additional features and new levels for their downloaded games directly from the Internet. Thanks to its Pasiworld Internet portal, Jippii has solid experience of Java-based entertainment applications.

Competitions and chat services

Text message-based competitions, polls, chat and dating services also play an important role in the product range offered to J-MAP customers in particular.

One of Jippii's J-MAP customers that has successfully carried out text message competitions is United Magazines Ltd. When it comes to competitions and chat services, it is expected that there will be international growth in 2002, especially as TV stations and media houses are taking an active stance towards the utilisation of text messages as a channel for interactive service provision.

Outlook for the future

2002 will be a year of changes for the mobile business. The US market is opening up and the i-Mode™

service, successful in Japan, is landing in Europe. GPRS technology supports the breakthrough of WAP-based services and the provision of real-time applications. Multichannel ring tones will further increase the popularity of downloadable ring tones. Large colour displays will stimulate demand for background images, animations and operator logos as well as promote the development of new mobile phone applications.

Mobile Java sets the scene for a breakthrough in the sale of downloadable games and multiplayer games for mobile phones. In addition, mobile phones will be increasingly significant payment channels for multichannel applications. For example, the billing of many entertainment services offered on TV is handled via mobile phones. Special fee-charging text messages are consolidating their position as the billing mechanism for small transactions and are competing with the return channel of digital TV, for example.

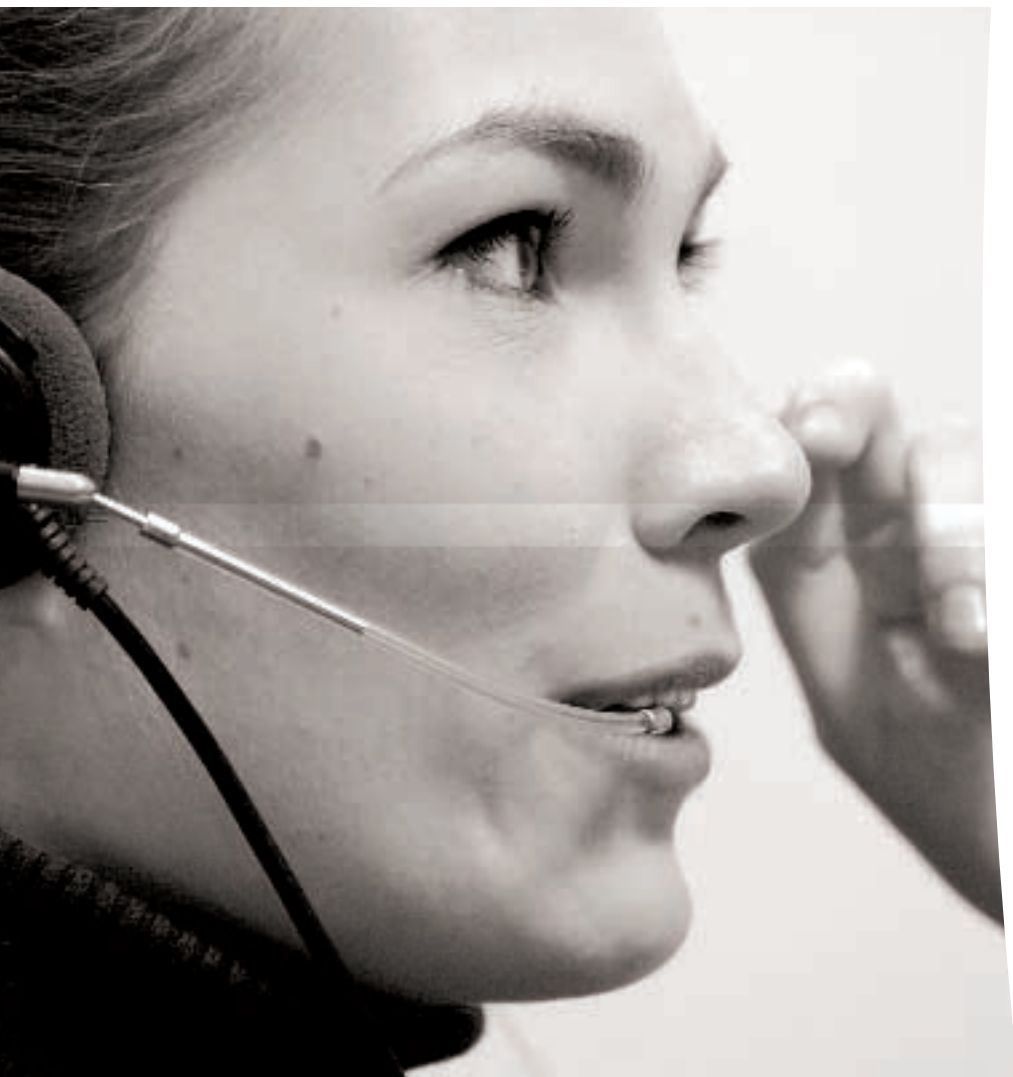
These forces driving change support each other and the aggregate market for mobile services is expected to grow vigorously in 2002. In particular, the emergence of GPRS and Java technology on wireless devices enables the creation of simpler user interfaces that will provide more appealing

user experiences in personalisable information and entertainment services.

Changes in the market open up opportunities for Jippii. The company offers content owners services for the mobile conversion of distribution channels, billing and content. At present, there are only a handful of companies such as Jippii in Europe that offer total solutions in numerous countries. Jippii's competitive edge is its distribution and invoicing network, which has been linked to the invoicing channels of Europe's major mobile operators. At the end of 2001, Jippii's network comprised the systems of 28 mobile operators in 13 countries. The focus areas in expansion are the most rapidly growing significant mobile entertainment markets that are opening up to competition.

Jippii's own strong technological organisation zeroes in on the development of GPRS, Java, WAP, EMS and MMS content and content for specific phone manufacturers (ring tones, logos, games) as well as the further development of Jippii's own portal platform. Its expertise provides a firm foundation for the development of new and innovative solutions.





Jippii Finland's business operations comprise Internet, GSM and telecommunications services that are primarily offered to consumers and SMEs in Finland. In addition, the unit's range of services includes Finland's second most popular portal, Jippii.fi, whose business hinges on sales of advertising.



JIPPII FINLAND

Compared with its domestic competitors, Jippii is a swift and youthful service operator whose strengths are its extensive customer base, motivated employees and ability to develop services that cater to the needs of its target groups. Jippii can sell services to customers with small marketing costs and without having to make significant investments, which improves the company's competitiveness.

Jippii is well poised to grow as a service operator in Finland, because the broadband Internet market is expanding and the local call market will be opened to competition in the near future. The company's growth potential is increased by its active sales of services to its existing customers.

JIPPII FINLAND'S BUSINESS OPERATIONS

Jippii Finland's business operations are divided into three separate areas: Internet services, GSM/telecommunications services and advertising sales via the portal. In addition, the company has three support functions: Customer service, Sales and marketing and Technology.

Internet services

Jippii offers its consumer and corporate customers both dial-up and non-switched Internet subscriptions. Customers primarily use modem, ISDN or xDSL technology to connect to Jippii's Internet services. In addition, Jippii has actively developed other connection types, such as cable-TV modems, HomePNA and WLAN, through which affordable connections can be offered to an ever-larger customer base. Jippii is

Finland's second largest Internet operator, boasting 230,000 customers.

In spring 2002, an ADSL connection providing coverage for the widest possible geographical area will be introduced into the service range; in the product elaboration of this connection, the company is devoting great effort to ease of installation.

Domain names comprise a key Internet business area for Jippii, which has 15,000 domain name customers in Finland. In addition to domain names, Jippii offers its customers server space for Internet sites. Value-added services typically include maintenance of corporate domain names, information security services and e-mail services.

GSM and telecommunications services

Jippii has about 42,000 GSM customers. Jippii's main target group comprises young people and customers who use text messages frequently. The target group already uses many of the gaming and entertainment services provided on Jippii's portal. In the first half of 2002, the Mobile Entertainment unit will devote considerable effort to developing these services so that they function on mobile phones. Immediately once the new devices required for the services are in the hands of the users, outlays on GSM services will also be made in this service segment. General market trends are tracked continuously. This enables the launch of new service packages in accordance with market demand.

In technical terms, Jippii acts as a GSM service operator in Sonera's mobile phone network. Jippii's customers have access to a similar network as Sonera's GSM customers in terms of both international coverage and the technical quality of the





network. Because Sonera is Finland's leading mobile phone operator, calls from a Jippii connection

to another Jippii or a Sonera connection are cheap. In addition, Jippii's customer acquisition is based on cross-marketing and the use of the portal as a sales channel. This imparts further cost-efficiency to the company compared with its competitors.

Telecommunications services include international calls, long-distance calls in Finland and termination compensation paid by other telecommunications companies. In the third quarter of 2001, Jippii carried about nine million minutes of phone calls per month (long-distance and international calls). In Finland, Jippii's domestic long-distance call prefixes are 10532 and 10577 and its international call prefixes are 991 and 9977. Jippii has 4,200 companies and 51,500 private individuals as telecommunications service customers. In addition, all of Jippii's GSM customers can use the 991 prefix to make international calls.

Local call services will be started up immediately once the prospect is commercially appealing. Jippii seeks to bring its influence to bear in this matter so that the pricing of "last mile" services will be reasonable as well, as is already the case in many other EU countries.

Portal/advertising sales

Jippii.fi is Finland's second most popular portal. Its key services are news, games, utility channels and sections for youth and children. The portal also serves as a channel for the sale and distribution

of services and as a site where customers can change and maintain their services. Jippii's portal service is used by about 1.3 million individual visitors and over 80 million pages are accessed each month.

Content agreements for various target and service groups have been made with the following companies: Ifi, Digibag, Nettiauto.com, Kameralehti magazine, Trimalkio, Sportti.com, Smilehouse, United Magazines Ltd, Medixine, Foreca and Finnish News Agency (STT). In addition, the most significant annual agreements in ad sales have been made with Hobby Hall, DOSE, UIP and Altia.

SUPPORT FUNCTIONS

Sales and marketing

In addition to traditional media – such as magazines and newspapers, electronic media, outdoor advertising and fairs – the company markets its services to the company's extensive clientele through the portal and e-mail.

Services are sold to consumers not only on the Internet but also through channels such as department stores and IT stores, with the sales outlets numbering around 300. Marketing to consumer customers is based on product marketing, with prices as the key selling point.

Jippii has its own sales organisation for corporate customers in Finland. It comprises field salespeople, telecommunications services salespeople and a telemarketing unit. Customers are also approached through the retail sales network. Sales are mainly supported by means of product marketing in magazines and newspapers.

Customer service

Customer service comprises three units. The Customer deliveries unit is mainly responsible for providing services for corporate customers and changes in services. The Helpdesk unit helps existing customers to use Jippii services over the telephone and e-mail and fixes service defects. The Customer service unit assists new customers with any questions they may have concerning Jippii's services and attends to invoicing matters, credit monitoring and managing changes in the services provided to customers.

Customer service occupies a very important role in Jippii's operating model for customer satisfaction. For this reason, Customer service seeks to work as a positive and expert unit linking Jippii and its customers, operating with properly dimensioned resources.

Technology

The Technology unit is responsible for Jippii Finland's technology, comprising a geographically comprehensive backbone network, regional networks in the largest growth centres and a service platform. The SDH/ATM-based secured backbone network connecting the largest cities features a connection speed of 155–622 Mbps, providing possibilities for employing new connection methods and transferring telecommunications and Internet traffic cost-efficiently both in Finland and to foreign locations.

In line with the company's network strategy, the SDH/ATM-based backbone network will cover all the major interconnection cities in 2002. The SDH/ATM-based backbone network has been rounded

out with slower connections. A regional network encompassing the largest growth centres allows the company to implement the latest connection methods flexibly and to provide corporate connections of different speeds cost-efficiently.

The most important areas of responsibility for the Technology unit with regard to improving cost-efficiency and customer satisfaction are project management, the management of core processes and maintaining and upgrading a reliable and cost-efficient network and service platform.

OUTLOOK FOR 2002

At the beginning of 2002, Jippii Finland will focus on attending to the basics. Even in the spring, Jippii will provide users with new services, of which the launch of Jippii's ADSL service is the most important in strategic terms.

Other major overhauls concern improving the quality of customer service and revamping the product range such that customers will perceive Jippii's services as increasingly distinct packages. For example, a large share of Jippii's Internet service customers became Jippii customers following an acquisition, and one of the goals in 2002 is to streamline the Internet service package so that it is more practical and cost-efficient. Market growth can be achieved by providing distinct, versatile and competitive service concepts. Outlays will be made on the product elaboration of these concepts in 2002.



THE BOARD'S REPORT OF OPERATIONS 2001

GENERAL

The market for telecommunications and network services underwent major upheavals in 2001. The market stalled after many years of rapid growth and in spring 2001 the markets' confidence in this field of business was also put to the test, which in turn led to the drying up of access to capital.

The changes in the business environment forced Jippii Group, like many other companies, to review its own business strategy. Its former strategy of focusing on the international multiservice operator business was realigned. In its new strategy released in November, Jippii decided to concentrate on mobile entertainment in the international arena and on multiservice operator activities in Finland.

The terrorist strikes in the United States in September led to worldwide financial and political uncertainty. Investments were pushed back and signed agreements were reassessed. Jippii survived these problems with better-than-average success and demand for consumer mobile services remained consistently strong during the last months of the year.

During the autumn, the Group's operations were overhauled to match the new strategy and the changes in the market situation. The Group started divesting itself of its operator functions abroad and decreased its number of employees. Business expenses were reviewed critically in all aspects of operations and further business efficiency was achieved by cutting costs.

A new CEO and Board of Directors took over at Jippii in the autumn. In September, Matti Copeland was appointed as CEO, and he was succeeded by Matti Vikkula in December. The operational management was also reshuffled, virtually in its entirety. Attending to the financial difficulties that were mainly

caused by international operations and patching up the company's tight liquidity situation emerged as the most important tasks facing the new management. In December 2001, the company submitted a restructuring application; after the company's favourable negotiations with its creditors, it was able to withdraw the application in February 2002.

It is believed that the recession will swing back into growth in the latter half of 2002. The first signs of this are already in evidence. The company's financing situation has been stabilised and Jippii is confident about its future. Further growth is expected in the demand for telecommunications services in Finland, and it is also expected that international mobile entertainment services will continue to grow at a rapid clip. New mobile phone models and the new technologies that are around the corner, such as UMTS and MMS, will enable Jippii to grow at a faster rate than the market and to consolidate its position as an international pioneer in mobile entertainment.

Jippii Group Corporation employs insider regulations that are in line with the Guidelines for Insiders approved by Helsinki Exchanges.

INTERNATIONAL OPERATIONS

In January 2001, Jippii acquired a 94 per cent stake in the teleoperator Supertel Oy. Later in the spring, the Group purchased Supertel Oy shares from individual investors, increasing the company's holding to about 99.2 per cent. The deal expanded Jippii's teleoperator business into Sweden, Denmark and the UK. The purchase price was EUR 3.75 million, of which 51 per cent was paid with cash and the remainder with Jippii Group Corporation shares.

Likewise in January, Jippii's Spanish subsidiary Jippii Internet Services Spain acquired the Spanish

Internet operator Gigabell Ibérica S.L. The deal was the sequel to the arrangement whereby Jippii acquired the business operations of the Spanish operator's parent company Gigabell AG, which was listed on Frankfurt's Neuer Markt, in October 2000.

Also in January, Jippii acquired the capital stock in the English Internet firm Constellation Internet Ltd in its entirety. The final purchase price was GBP 0.1 million.

In Germany, the network connection supplier ran into difficulties, which led to delays in the opening of local information network services, and the obligations arising from the Gigabell deal could not be discharged fast enough. The changed market situation and the problems encountered in Germany led the company to re-evaluate its international functions and to decide to phase out all such services with the exception of portals and mobile entertainment. Consequently, the company took a decision to terminate its German business functions. In November 2001, Jippii GmbH's operational management submitted an application to the local authorities to declare the company insolvent as defined in German legislation.

In October, the company divested itself of its GSM service operator business in Norway.

During the report year, the company opened new Jippii portals in the following countries: Sweden (April), the United States (May), Hong Kong (July), Denmark (July), Russia (July) and Lithuania (August).

FINANCIAL PERFORMANCE

The Group's turnover in 2001 amounted to EUR 87.2 million, up 151.8% on the previous year.

Foreign countries accounted for 40.1% of the Group's turnover (32.9% in the last quarter). Germany's share of the Group's full-year turnover was 11.5% and that of the UK was 8.7%.

The Group's profitability was weak. The Group's operating result for the report year amounted to EUR -47.0 million (EUR 0.7 million in 2000), representing -53.9% of turnover (2.0%). The operating result before depreciation (EBITDA) was EUR -26.2 million (4.5 million), or -30.0% of the Group's turnover (13.0%). The Group's depreciation amounted to EUR 20.8 million, including EUR 11.8 million in non-recurring write-downs and value adjustments of fixed assets and goodwill on consolidation. The result for the period was burdened by taxes amounting to EUR 3.2 million that primarily comprised the expensing of the deferred tax asset. The Group's net loss was EUR 53.0 million.

INVESTMENTS

The Group's gross investments totalled EUR 20.6 million in 2001.

FINANCING, SOLVENCY AND WRITE-DOWNS

In the spring, the company put together a financing package of the type required for rapid international growth and expansion. Although the investors were favourably inclined at first, the rapid change in the market situation at the cusp of summer made them withdraw from the venture.

In September, an extraordinary general meeting approved a directed issue for the company's largest shareholders, in which the old shareholders were offered 21.9 million shares at a price of EUR 0.50 per share. The directed issue strengthened the company's shareholders' equity by about EUR 11

million. A total of three fourths of the subscriptions were paid for by offsetting them against outstanding loans.

In November, the company's Board of Directors decided to float an issue of convertible bonds totalling EUR 2 million. It was offered for subscription to the Swiss asset management company Moncheur & Cie SA. The loan period was from 21 November 2001 to 21 November 2003. The convertible bonds were converted into 3,921,570 new Jippii Group Corporation shares having an accounting counter-value of EUR 0.05 each. The conversion price was EUR 0.51 per share. The subscription was entered into the Trade Register on 16 January 2002.

In November–December 2001, the company prepared to carry out a new directed issue. However, the trends in the general business environment and the fact that the company's share fell below the set offering price made it impossible to carry out the offering. Consequently, the company decided to submit a restructuring application to the Helsinki District Court on 13 December 2001. On the date the application was submitted, Jippii's liabilities amounted to EUR 39.2 million.

JIPPII GROUP CORPORATION'S SHAREHOLDERS' EQUITY

Jippii Group Corporation's shareholders' equity at the end of the financial year amounted to EUR –3.3 million. A total of EUR 36.5 million in non-recurring write-downs and value adjustments of fixed assets, shares in subsidiaries and receivables from subsidiaries were recorded in 2001, burdening the result of the parent company. If the effect of all the financing arrangements, totalling EUR 13.3 million, that were carried out in February – which served to improve the equity ratio – had been accounted

for in the calculation of shareholders' equity at the end of the financial year, Jippii Group Corporation's shareholders' equity would have amounted to EUR 10 million.

CHANGES IN THE CORPORATE STRUCTURE

During the report year, Internet Connections Finland Oy, Netti Finland Oy and Shoe B2 Consulting Oy merged into Jippii Group Corporation.

EXTRAORDINARY GENERAL MEETINGS

Jippii Group held an extraordinary general meeting on 28 September 2001. The meeting elected a new Board of Directors. In addition, the meeting resolved to raise the share capital by EUR 1,096,876.70 by means of a directed issue (21,937,534 shares).

OTHER SIGNIFICANT EVENTS

In February, Jippii spun off its WLAN operations. The new company was named Wireless Network Services WNS Oy. About 20 employees transferred from Jippii to the new company. During the rest of the spring and the summer, WNS sought financing to no avail. WNS discontinued its growth-seeking strategy for the time being. WNS' present task is the maintenance of the established WLAN.

Helsinki Exchanges transferred Jippii Group Corporation's share and share options to the watch list as from 13 December 2001.

In December, Helsinki Exchanges' disciplinary board admonished Jippii and fined the company EUR 50,000 for neglecting its communications responsibilities. The board viewed that Jippii had violated the instructions on the communications of listed companies by neglecting to release information on the substantial changes in its financial position in summer 2001.

PERSONNEL

Co-determination negotiations were started up at Jippii in June as part of the general adaptation of operations to the changes in the market situation. The negotiations continued in the autumn. Due to the winding down of the international operator business, the number of employees abroad declined greatly.

At the end of the year, Jippii Group had a payroll of 366 employees. In 2001, the average number of the Group's employees was 548.

EVENTS AFTER THE DATE OF CLOSING

At the beginning of 2002, Jippii concentrated on focusing its functions, developing its basic businesses and financial arrangements.

The company held two extraordinary general meetings at the beginning of 2002. The first, held in January, resolved to delay the decision to continue with the restructuring application to the continued extraordinary general meeting in February. In addition, it was decided not to organise the planned directed issue and the Board of Directors was authorised to decide on raising the company's share capital.

The second extraordinary general meeting, held in February, resolved to issue three convertible bonds in accordance with the proposal by the Board of Directors. Jippii Group's Board of Directors confirmed the arrangement of the company's liabilities made with its creditors. The two issued convertible capital loans and one convertible bond with a maximum total capital of EUR 16.4 million were subscribed for with almost EUR 15.1 million in total. Of this amount, EUR 5.1 million are subscriptions for the capital loan improving the company's liquidity. This capital loan was subscribed for in full.

In addition, the meeting approved a share option programme for the Board of Directors, top management, personnel and key employees.

As the bonds were subscribed for successfully, the company's Board of Directors decided, on 28 February 2002, to withdraw the restructuring application. The repayment schedules have been agreed upon with the creditors.

In January 2002, the Group sold back its 50.1% holding in Helsingin Samtele Oy to the latter company's operational management through an MBO arrangement. The sold business operations were not part of the Group's core business functions.

In March 2002, the Group completed the reorganisation of the functions of its Czech company, whereby Jippii divested itself of all its business operations in the Czech Republic.

OUTLOOK FOR 2002

In 2002, the telecommunications market will be stimulated by new mobile phone models equipped with advanced Java and ring tone features as well GPRS technology, the start-up of multimedia communications, the first functional third-generation mobile phone services and the arrival of iMode™ services in the European market. The new Java technologies that enable users to purchase and download games into their phones are especially significant for Jippii.

Jippii anticipates substantial growth in international mobile entertainment in particular. The company will utilise the new mobile phone technologies and open mobile portals in new European countries. Jippii expects to make numerous significant co-operation agreements and J-MAP service platform

sales during 2002. At present, there are only a handful of companies such as Jippii in Europe that offer total solutions in numerous countries. Jippii's competitive edge is its distribution and invoicing network, which has been linked to the invoicing channels of Europe's major mobile operators. In its international operations, Jippii aims to grow in a rapid, controlled and profitable manner.

In Finland, Jippii will strive to hold on to its position as Finland's second largest Internet operator and the country's second most popular portal. Jippii Free consumer connections, for which no monthly charges are billed, reduce sales of Internet connections, but a substantial share of these losses are recouped in the form of termination compensation paid by telcos to other telcos. The market for fast broadband connections for households is also expected to grow at a rapid clip in 2002. Jippii has previously offered a HomePNA broadband solution, and will also launch an ADSL solution in the spring.

In the service operator business in Finland, outlays will be made on improving customer service and on product quality and R&D. The aim is to streamline Internet services as a whole so that they are more practical and cost-efficient than at present.

The company expects that full-year turnover for 2002 will amount to about EUR 90 million. The divestiture of foreign operator functions reduces turnover; however, mobile entertainment is growing fast in the international market. The operating profit is expected to be positive.

AUDITORS

PricewaterhouseCoopers Oy, Authorised Public Accountants, acted as the company's auditor, with Kari Miettinen, Authorised Public Accountant, as chief auditor.

BOARD OF DIRECTORS AND CEO

From 1 January to 6 June 2001, the Board of Directors was composed of the following persons: Ilpo Kuokkanen (chairman), Tarmo Hahto, Petteri Järvinen, Arto Karila, Jarmo Malin, Jukka Peltola and Matti Roto.

The Annual General Meeting, held on 6 June 2001, elected the following persons to the Board of Directors: Ilpo Kuokkanen (chairman), Matti Copeland, Tarmo Hahto, Arto Karila and Niilo Neuvo. Arto Karila resigned from the Board of Directors on 26 August 2001.

The extraordinary general meeting held on 28 September 2001 elected a new Board of Directors, whose members are: Pekka Vennamo (chairman), Matti Hietala, M.Sc. (Eng.), Thomas Hoyer, M.Sc. (Econ.), Esa Kerttula, D. Sc. (Tech.), Lassi Kurki-lahti, M.Sc. (Econ.), and Rauno Puolimatka, BBA.

From 1 January to 3 September 2001, Harri Johannesdahl served as the company's CEO. From 3 September 2001 to 13 December 2001, the CEO was Matti Copeland. Matti Vikkula has served as the company's CEO since 13 December 2001.

THE BOARD'S PROPOSAL ON THE DISPOSAL OF EARNINGS

The Board of Directors proposes that no dividend be paid and that the net loss for the financial period be transferred to accumulated loss/retained earnings.

Jippii Group Corporation

Board of Directors

PROFIT AND LOSS ACCOUNT

		GROUP		PARENT COMPANY	
EUR 1,000	Note	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
TURNOVER	1.1; 1.2	87,250	34,656	47,530	26,756
Share in associated company profit		0	137		
Other operating income	1.3	1,138	772	2,217	2,158
Materials and services	1.4	58,986	10,892	33,356	10,195
Personnel expenses	1.5	21,662	9,409	10,852	6,175
Depreciation and value adjustments	1.7	20,779	3,784	7,130	1,976
Other operating expenses		33,966	10,772	13,789	8,834
		135,393	34,857	65,127	27,180
OPERATING PROFIT/LOSS		-47,005	708	-15,380	1,734
Financial income and expenses	1.8	-2,408	-241	-34,306	192
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		-49,413	467	-49,686	1,926
Extraordinary items	1.9	-407	93	718	-1,141
PROFIT/LOSS BEFORE TAXES		-49,820	560	-48,968	785
Income taxes	1.10	-3,182	-548	0	0
Minority interest		0	9		
NET PROFIT/LOSS		-53,002	21	-48,968	785

BALANCE SHEET

		GROUP		PARENT COMPANY	
EUR 1,000	Note	31 Dec. 2001	31 Dec. 2000	31 Dec. 2001	31 Dec. 2000
ASSETS					
FIXED ASSETS					
Intangible assets	2.1	5,610	17,320	7,934	13,688
Goodwill on consolidation	2.1	6,824	7,139		
Tangible assets	2.1	17,808	14,575	6,026	7,499
Investments	2.2				
Shares in Group companies				6,736	7,334
Shares in associated companies		9	95		
Other investments		347	328	391	476
Investments, total		356	423	7,127	7,810
FIXED ASSETS, TOTAL		30,598	39,457	21,087	28,997
CURRENT ASSETS					
Inventories	2.5	315	1,257	240	1,199
Long-term receivables	2.6	499	50	0	82
Current receivables	2.6; 2.8	16,119	21,544	17,185	26,281
Deferred tax asset	2.7	0	1,465		
Cash and bank receivables		2,635	5,093	1,134	3,412
CURRENT ASSETS, TOTAL		19,568	29,409	18,559	30,974
		50,166	68,866	39,646	59,971
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY 2.9					
Share capital		4,527	3,363	4,527	3,363
Share issue		2,000	0	2,000	0
Share premium fund		38,402	26,130	38,402	26,130
Retained earnings		1,251	1,249	785	0
Net profit/loss for the period		-53,002	21	-48,968	785
SHAREHOLDERS' EQUITY, TOTAL		-6,822	30,763	-3,254	30,278
OBLIGATORY PROVISIONS	2.11	521	0		
LIABILITIES					
Long-term liabilities	2.12; 2.13	5,441	3,388	1,172	589
Short-term liabilities	2.14; 2.15	50,521	34,715	41,728	29,104
Deferred tax liability	2.7	505	0		
LIABILITIES, TOTAL		56,467	38,103	42,900	29,693
		50,166	68,866	39,646	59,971

CASH FLOW STATEMENT

EUR 1,000	GROUP		PARENT COMPANY	
	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000	1 Jan.–31 Dec. 2001	1 Jan.–31 Dec. 2000
CASH FLOW FROM OPERATIONS				
Operating profit/loss	-47,005	708	-15,380	1,734
Adjustments to operating profit/loss	21,281	3,782	7,130	1,976
Change in net working capital	14,143	-974	-699	-10,859
Interest income	212	365	238	476
Interest expenses	-1,641	-520	-1,153	-215
Other financial items	-979	-86	-735	-68
Taxes	-91	-548	0	-1
Extraordinary items	-407	94	718	-1,141
Net cash flow from operations	-14,487	2,821	-9,881	-8,098
INVESTMENTS				
Purchase of shares	-17	0	-5,894	-2,503
Sale of shares	84	1,586	86	0
Purchases of other fixed assets	-20,637	-33,994	-6,055	-18,007
Sales of other fixed assets	10,495	0	1,306	0
Increase in other long-term investments			0	-7
Decrease in other long-term investments			0	0
Cash flow from investments, total	-10,075	-32,408	-10,557	-20,517
Cash flow before financing	-24,562	-29,587	-20,438	-28,615
FINANCING				
Increase in long-term liabilities	2,822	1,223	557	589
Decrease in long-term liabilities	-769	-5,348	-769	-7,182
Increase/decrease in long-term receivables	-449	168	82	137
Increase/decrease in short-term financing	5,065	10,058	2,855	10,062
Share issue	15,435	26,670	15,435	26,670
Financing, total	22,104	32,771	18,160	30,276
Change in cash and equivalents	-2,458	3,184	-2,278	1,661
Cash and equivalents, 1 Jan.	5,093	1,909	3,412	1,751
Cash and equivalents, 31 Dec.	2,635	5,093	1,134	3,412

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES EMPLOYED IN THE CONSOLIDATED ACCOUNTS

Jippii Group Corporation's consolidated accounts have been drawn up in accordance with the Finnish Accounting Act and Finnish GAAP.

Principles of consolidation

The consolidated accounts include Jippii Group Corporation and subsidiaries that it owns either directly or indirectly (over 50% of the votes). Subsidiaries acquired during the report year are consolidated as from the time of acquisition. Companies sold during the report year are consolidated until the time of sale. All intra-Group transactions are eliminated during consolidation. Minority interest is separated from earnings and is presented as a separate item in the profit and loss account. Minority interest is also presented as a separate item in the balance sheet. Inter-company share ownership is eliminated using the acquisition cost method. In the calculation of goodwill, the Group's share of the shareholders' equity in the acquired companies is deducted from the acquisition cost. Goodwill is amortised according to plan on a straight-line basis over its economic life. The amortisation period is five years provided that the economic life does not exceed five years, but shall not exceed 10 years.

Investments in associated companies are included in the consolidated accounts using the equity method. The consolidated profit and loss account includes the Group's share of the results of the associated companies. In the consolidated balance sheet, the Group's share of the net assets generated by the associated company after it has been acquired are added to the acquisition cost of the associated companies and the Group's accumulated loss/retained earnings in the consolidated balance sheet.

Investments in other companies (voting rights of less than 20%) are booked at the acquisition cost. The acquisition cost-based book value of these shares is written down to correspond to their market value, provided that the write-down of their value is not temporary.

Transactions denominated in a foreign currency

Transactions denominated in a foreign currency are recorded using the exchange rate in force on the date of the transaction. Receivables and liabilities denominated in a foreign currency which remained unsettled at the close of the financial period are valued using the exchange rates in force at the end of the year.

Foreign Group companies

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

Recognition of income

Indirect taxes and discounts granted have been deducted from sales revenue when calculating turnover. Sales revenue is recorded

as income in accordance with its nature either on delivery or over time.

Research and development expenditures

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

Pensions and covering pension liabilities

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

Fixed assets and depreciation

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

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

Leasing

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

Inventories

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

Income taxes

The consolidated accounts include taxes calculated from the Group companies' financial results for the period in line with local tax legislation and in accordance with the tax rate in force on the date of closing. The deferred tax asset, based on the confirmed losses for previous years, has been recorded as expenses in accordance with conservative accounting practices. The deferred tax liability incurred from the handling of financial leasing agreements has been presented in the consolidated balance sheet. Deferred tax assets and liabilities have been recorded in the consolidated accounts only.

Social security contribution commitments arising from the granting of share options

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

Derivative contracts

The Group has no derivative contracts.

	GROUP		PARENT COMPANY	
EUR 1,000	2001	2000	2001	2000
1.1 Turnover by business unit				
Multiservice operator	48,585		46,183	
Mobile entertainment	14,504		1,347	
Non-core	24,161		0	
Total	87,250		47,530	
Comparison information corresponding to the new business strategy is not available.				
1.2 Turnover by country				
Finland	52,276	29,002	47,530	26,756
Germany	10,040	1,931	0	0
UK	7,627	1,204	0	0
Other	17,307	2,519	0	0
Total	87,250	34,656	47,530	26,756
1.3 Other operating income				
Invoicing of Group companies	0	0	2,020	1,187
Capital gains	79	681	43	954
Other income	1,059	91	154	17
Total	1,138	772	2,217	2,158
1.4 Materials and services				
Materials and supplies				
Purchases during review period	53,573	10,592	26,287	8,759
Change in inventories	82	-120	-105	-140
	53,655	10,472	26,182	8,619
External services	5,331	420	7,174	1,576
Total	58,986	10,892	33,356	10,195
1.5 Personnel expenses				
Salaries, wages and remuneration	17,577	7,607	8,663	4,909
Pension expenses	1,961	1,110	1,303	857
Other social expenses	2,124	692	886	409
Total	21,662	9,409	10,852	6,175
EUR 0.9 million in salaries and remuneration has been paid to the Group's Presidents, Vice Presidents and the members of the Board of Directors.				
1.6 Average number of personnel				
Average number of personnel	548	387	266	174
1.7 Depreciation and value adjustments				
Establishing and organising expenses	2	2	2	2
Research and development expenses	122	76	120	72
Intangible rights	489	107	221	72
Goodwill	28	38	397	213
Other capitalised expenditure	1,927	808	1,138	584
Goodwill on consolidation	1,952	795	0	0
Machinery and equipment	4,344	1,958	1,372	1,033
Other tangible assets	86	0	0	0
Depreciation on intangible and tangible assets, total	8,950	3,784	3,250	1,976

	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
EUR 1,000				
Establishing and organising expenses				
Research and development expenses	374		374	
Intangible rights	39		0	
Other capitalised expenditure	6,674		1,467	
Advance payments, intangible fixed assets	1,648		1,253	
Goodwill on consolidation	2,272		0	
Machinery and equipment	37		2	
Advance payments, tangible fixed assets	785		784	
Value adjustments of fixed assets and long-term investments, total	11,829		3,880	
Total	20,779	3,784	7,130	1,976
1.8 Financial income and expenses				
Interest and other financial income				
From Group companies	0	0	161	154
From others	212	365	77	340
Interest and other financial income, total	212	365	238	494
Value adjustments of shares in subsidiaries			-4,884	0
Value adjustments of Group loan receivables			-27,772	0
Value adjustments, total			-32,656	0
Interest expenses				
To Group companies	0	0	-24	-11
To others	-1,641	-591	-1,129	-194
Interest expenses, total	-1,641	-591	-1,153	-205
Other financial expenses				
From others	-979	-15	-735	-97
Other financial expenses, total	-979	-15	-735	-97
Financial income and expenses, total	-2,408	-241	-34,306	192
"Other financial income and expenses" includes gains/losses on foreign exchange (net), total	-104	-15	-48	-5
1.9 Extraordinary items				
Extraordinary income	0	93	1,125	264
Extraordinary expenses	-407	0	-407	-1,405
Total	-407	93	718	-1,141
GROUP Extraordinary expenses comprise a disciplinary fine and indemnities booked by the parent company. Extraordinary income for 2000 comprised the effect of the accounting policy change used for financial leasing agreements on the result of previous financial periods.				
PARENT COMPANY The parent company's extraordinary income for 2001 consists of group contributions received. Extraordinary expenses comprise the disciplinary fine imposed by Helsinki Exchanges as well as indemnities. Extraordinary items in 2000 consisted of group contributions.				
1.10 Income taxes				
Income taxes on extraordinary items	0	0	0	0
Income taxes on ordinary income	-91	-419	0	0
Change in deferred tax asset	-2,831	-129	0	0
Change in deferred tax liability	-260	0	0	0
Total	-3,182	-548	0	0

EUR,1 000	Acquisition cost,		Transfers		Accumulated depreciation		Book value,
	1 Jan. 2001	Increase	Decrease	between items and other changes	Acquisition cost, 31 Dec. 2001	and value adjustments, 31 Dec. 2001	
2.1 Intangible and tangible assets							
PARENT COMPANY							
Intangible assets							
Establishing and organising expenses	7	0	0	0	7	-7	0
Research and development expenses	601	0	0	0	601	-565	36
Intangible rights	813	495	0	898	2,206	-361	1,845
Goodwill	1,449	1,910	0	0	3,359	-663	2,696
Other capitalised expenditure	3,796	1,875	0	434	6,105	-3,803	2,302
Advance payments	8,709	691	-601	-6,490	2,308	-1,253	1,055
Intangible assets, total	15,374	4,971	-601	-5,158	14,586	-6,652	7,934
Tangible assets							
Machinery and equipment	9,167	1,674	-703	-412	9,726	-3,802	5,924
Other tangible assets	0	0	0	0	0	0	0
Advance payments and uncompleted purchases	559	1,320	-2	-990	887	-785	102
Tangible assets, total	9,725	2,994	-705	-1,401	10,613	-4,587	6,026
GROUP							
Intangible assets							
Establishing and organising expenses	7	0	0	0	7	-7	0
Research and development expenses	606	0	0	11	617	-568	49
Intangible rights	1,025	2,379	-1,838	1,246	2,812	-661	2,151
Goodwill	142	0	0	-4	137	-91	46
Other capitalised expenditure	8,527	2,469	-4,841	502	6,658	-4,378	2,280
Advance payments	8,709	703	-997	-5,682	2,733	-1,648	1,084
Intangible assets, total	19,016	5,550	-7,676	-3,927	12,964	-7,353	5,610
Goodwill on consolidation	8,452	3,885	-53	97	12,382	-5,558	6,824
Tangible assets							
Machinery and equipment	17,408	9,075	-1,774	746	25,456	-8,023	17,433
Other tangible assets	163	113	-218	303	361	-110	251
Advance payments and uncompleted purchases	559	2,013	-764	-899	909	-785	124
Tangible assets, total	18,130	11,202	-2,756	150	26,726	-8,919	17,808
2.2 Investments							
PARENT COMPANY							
Shares, Group companies	7,333	5,894	0	-1,608	11,620	-4,884	6,736
Shares, associated companies	86	0	-86	0	0	0	0
Shares, other	346	0	0	0	346	0	347
Receivables, Group companies	45	0	0	0	45	0	44
Total	7,810	5,894	-86	-1,608	12,011	-4,884	7,127
GROUP							
Shares, associated companies	95	0	-86	0	9	0	9
Shares, other	327	17	0	2	347	0	347
Other investments	0	0	0	0	0	0	0
Total	422	17	-86	2	356	0	356

	GROUP	PARENT COMPANY	
2.3 Group companies	Holding, %	Holding, %	Domicile
NIC Tietoverkot Oy	100.0	100.0	Seinäjoki
Q-Net Oy	100.0	100.0	Vaasa
Jippii Norway AS	100.0	0.0	Oslo
Jippii UK Plc	100.0	100.0	London
Gigabell Ltd (UK)	100.0	100.0	Maidstone, Kent
Webleicester Ltd (UK)	100.0	100.0	Maidstone, Kent
Jippii Internet Services GmbH (Germany)	100.0	0.0	Hanover
Jippii a.s. (Czech Republic)	68.0	68.0	Prague
Jippii Schweiz AG	100.0	100.0	St Gallen
Jippii Netherlands B.V.	100.0	0.0	Amsterdam
Jippii Internet Services Ges.m.b.H (Austria)	100.0	100.0	Vienna
Jippii Internet Services SA (Belgium)	100.0	0.0	Brussels
Jippii Spain S.L.	100.0	1.0	Madrid
Jippii Internet Services s.r.o (Slovakia)	100.0	100.0	Bratislava
Jippii Internet Services UAB (Lithuania)	100.0	100.0	Vilna
Jippii Internet Services Unipessoal LDA (Portugal)	100.0	100.0	Lisbon
Jippii-Internetpalvelut Oy	100.0	100.0	Helsinki
Jippii Holding BV (The Netherlands)	100.0	100.0	Almere
Jippii Internet Services Ltd (Hungary)	100.0	100.0	Budapest
Jippii Internet Services Ltd (Ireland)	100.0	100.0	Dublin
Jippii Italy S.r.l.	100.0	100.0	Milan
Jippii Sweden AB	100.0	0.0	Stockholm
Jippii Iceland ehf.	100.0	100.0	Reykjavik
Jippii Denmark ApS	100.0	100.0	Copenhagen
Netinlevy Oy	95.0	95.0	Helsinki
NetNet Ltd (UK)	100.0	100.0	London
Suomalainen Pelikauppa Peliman Oy	100.0	0.0	Helsinki
Cabinet Internetpalvelut Oy	100.0	5.0	Helsinki
Cabinet Oy - Cabin Ab	100.0	100.0	Helsinki
Wireless Network Services WNS Oy	100.0	99.4	Helsinki
Cabinet GmbH (Germany)	100.0	0.0	Frankfurt
THK-Net Sweden AB	100.0	0.0	Stockholm
THK-Net S.A. (Belgium)	100.0	0.0	Brussels
Saunalahti AS (Estonia)	100.0	100.0	Tallinn
AS Saunalahti (Latvia)	100.0	100.0	Riga
Helsingin Netti Media Oy	100.0	100.0	Helsinki *
Kuituverkko Kahdeksan Oy	80.0	80.0	Helsinki *
Constellation Internet Limited (UK)	100.0	100.0	London
Alcom Internetix Ltd (UK)	100.0	0.0	London
Jippii USA Inc.	100.0	0.0	Wilmington, Delaware
ZAO Saunalahti (Russia)	100.0	0.0	St Petersburg
Jippii Hong Kong Limited	100.0	100.0	Hong Kong
Jippii France SAS	100.0	100.0	Paris
Timeline Oy	100.0	0.0	Helsinki *
Jippii Czech Republic S.r.o.	100.0	100.0	Prague
Supertel Oy	99.2	99.2	Helsinki
Supertel Danmark ApS	99.2	0.0	Copenhagen
Supertel Sweden AB	99.2	0.0	Malmö
Supertel Eesti Oy	99.2	0.0	Helsinki
Superline Telecommunications Ltd (UK)	99.2	0.0	London
Helsingin Samtele Oy	50.1	50.1	Helsinki
2.4 Associated companies			
Memecom Oy	45.0	0.0	Helsinki *
Web Development Finland Oy	33.0	0.0	Vantaa *
*) the companies have not been consolidated, as they do not have a significant effect on the Group's shareholders' equities			

	GROUP		PARENT COMPANY	
EUR 1,000	2001	2000	2001	2000
2.5 Inventories				
Materials and goods	315	270	240	212
Work in process	0	987	0	987
Total	315	1,257	240	1,199
2.6 Receivables				
LONG-TERM RECEIVABLES				
Receivables from others				
Other receivables	486	50	0	0
Prepayments and accrued income	14	0	0	82
Total	499	50	0	82
LONG-TERM RECEIVABLES, TOTAL	499	50	0	82
CURRENT RECEIVABLES				
Receivables from Group companies				
Accounts receivable			1,394	2,043
Loan receivables			3,846	14,154
Prepayments and accrued income			541	419
Total			5,781	16,616
Receivables from others				
Accounts receivable	12,483	13,481	8,763	5,095
Loan receivables	435	69	387	11
Other receivables	1,344	5,587	737	3,873
Prepayments and accrued income	1,857	2,407	1,517	686
Total	16,119	21,544	11,404	9,665
CURRENT RECEIVABLES, TOTAL	16,119	21,544	17,185	26,281
2.7 Deferred tax assets and liabilities				
Deferred tax asset on confirmed losses and losses for the period	0	1,709		
Deferred tax liability on consolidation measures	-505	-244		
Net amount booked in balance sheet	-505	1,465		
2.8 Prepayments and accrued income				
Prepaid expenses	209	1,193	168	233
Leasing payments	451	0	391	354
Other	1,197	1,214	958	101
Total	1,857	2,407	1,517	686
2.9 Shareholders' equity				
Share capital, 1 Jan.	3,363	900	3,363	900
Rights issue	1,164	2,463	1,164	2,463
Share capital, 31 Dec.	4,527	3,363	4,527	3,363
Share issue, 1 Jan.	0	0	0	0
Increase/decrease	2,000	0	2,000	0
Share issue, 31 Dec.	2,000	0	2,000	0
Share premium fund, 1 Jan.	26,130	7,522	26,130	7,522
New issue premium	12,272	24,207	12,272	24,207
To cover accumulated losses	0	-5,599	0	-5,599
Share premium fund, 31 Dec.	38,402	26,130	38,402	26,130
Accumulated loss/retained earnings, 1 Jan.	1,270	-4,340	785	-5,599
Covered from the share premium fund	0	5,599	0	5,599
Translation difference	-19	-10	0	0
Accumulated loss/retained earnings, 31 Dec.	1,251	1,249	785	0
Net profit/loss	-53,002	21	-48,968	785
Shareholders' equity, total	-6,822	30,763	-3,254	30,278

	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
EUR 1,000				
2.10 Distributable funds, 31 Dec. Distributable funds	0	1,267	0	783
2.11 Obligatory provisions Other obligatory provisions	521	0	0	0
Obligatory provisions are related to the costs of restructuring foreign functions. Provisions are recorded in other operating expenses.				
2.12 Long-term liabilities Loans from financial institutions	1,907	1,093	1,172	589
Other long-term liabilities	3,534	2,295	0	0
Total	5,441	3,388	1,172	589
Of which interest-bearing liabilities	5,441	1,093	1,172	589
2.13 Long-term liabilities repayable after five years Total	0	0	0	0
2.14 Short-term liabilities SHORT-TERM LIABILITIES Loans from financial institutions	10,465	11,121	10,223	11,106
Prepayments received	2,498	2,257	1,964	1,865
Accounts payable	17,001	7,573	12,091	5,329
Other liabilities	10,598	10,664	6,273	6,482
Accrued liabilities	9,959	3,100	8,006	1,679
Total	50,521	34,715	38,557	26,461
Liabilities to Group companies Accounts payable			1,785	559
Accrued liabilities			25	1,416
Other short-term liabilities			1,361	668
Total			3,171	2,643
SHORT-TERM LIABILITIES, TOTAL	50,521	34,715	41,728	29,104
Of which interest-bearing liabilities	16,186	11,121	13,165	11,106
2.15 Accrued liabilities Periodisation of salaries and social expenses	1,257	1,904	1,113	1,374
Interest expenses	980	62	929	62
KPNQwest	2,675	0	2,675	0
Contingent liabilities	2,395	0	2,395	0
Other	2,652	1,134	894	243
Total	9,959	3,100	8,006	1,679

	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
EUR 1,000				
3.1 Liabilities with corporate mortgages as collateral				
Loans from financial institutions	11,823	11,016	10,858	11,016
Mortgages given	12,952	12,364	12,364	12,364
Other liabilities	377	0	377	0
Mortgages given	0	0	0	0
Mortgages given as collateral, total	12,952	12,364	12,364	12,364
As collateral for other liabilities, the company has given a secondary pledge on the corporate mortgages given as collateral for loans from financial institutions.				
Liabilities with deposits as collateral				
Loans from financial institutions	535	0	535	0
Book value of pledged deposits	57	0	57	0
Pledges as collateral, total	57	0	57	0
3.2 Other collateral				
Pledges	727	641	672	623
3.3 Contingent liabilities on behalf of Group companies				
Guarantees			525	61
3.4 Leasing commitments				
Payable during the next financial year	4,082	6,439	3,254	1,419
Payable later	4,139	5,206	3,686	2,878
Total	8,221	11,645	6,940	4,297
The company's leasing agreements do not include commitments to buy the equipment.				
The Group has in its possession EUR 8.3 million in assets received through financial leasing agreements which are entered in "machinery and equipment" in the consolidated balance sheet. EUR 3.5 million in contractual long-term liabilities and EUR 2.6 million in contractual short-term liabilities are booked in the consolidated balance sheet.				
3.5 Other commitments				
There are no imputed social security liabilities related to the company's share options, as the redemption price of the options on the closing date, 31 December 2001, was higher than the share price.				
3.6 Legal disputes				
During the report year, the Foundation for Student Housing in the Helsinki Region (HOAS) unilaterally dissolved a co-operation agreement concerning a large-scale networking project. In March 2002, Jippii Group Corporation in turn disconnected the telecommunications connections related to said project due to unpaid bills.				
An extensive suit concerning international online deliveries was pending with KPNQwest during the report year. However, the issue had been settled by the time the financial statements were signed.				

FINANCIAL INDICATORS

	GROUP	GROUP	GROUP	GROUP	PARENT COMPANY
(EUR 1,000, financial period ended on 31 Dec.)	2001	2000	1999	1998	1997 ¹⁾
THE GROUP'S FINANCIAL INDICATORS					
Turnover	87,250	34,656	13,014	7,434	371
Growth in turnover, %	151.8	166.3	75.1	1,901.9	-
Operating profit/loss	-47,005	708	-2,039	-2,537	-766
% of turnover	-53.9	2.0	-15.7	-34.1	-206.2
Profit/loss before extraordinary items, provisions and taxes	-49,413	467	-2,376	-2,749	-801
% of turnover	-56.6	1.3	-18.3	-37.0	-215.8
Profit/loss before taxes	-49,820	560	-1,429	-2,749	-801
% of turnover	-57.1	1.6	-11.0	-37.0	-215.8
Net profit/loss	-53,002	21	-791	-2,745	-804
% of turnover	-60.7	0.1	-6.1	-36.9	-216.5
Return on equity, %	-440.3	-0.3	-106.8	- ²⁾	- ²⁾
Return on investment, %	-160.8	3.9	-29.2	- ²⁾	- ²⁾
Net gearing, %	- ⁴⁾	23.1	163.5	- ⁴⁾	- ⁴⁾
Equity ratio, %	-14.3	46.2	25.2	-16.4	-145.8
Gross investments in fixed assets	20,654	32,408	7,717	5,065	394
% of turnover	23.7	93.5	59.3	68.1	106.0
Research and development expenses	- ³⁾	- ³⁾	- ³⁾	- ³⁾	- ³⁾
% of turnover	- ³⁾	- ³⁾	- ³⁾	- ³⁾	- ³⁾
Market capitalisation at end of period	25,350,967	227,369,578	N/A	N/A	N/A
PER-SHARE INDICATORS					
Earnings per share	-0.73	0.00	-0.05	-0.08	-0.01
Earnings per share, diluted	-0.72	0.00	-0.05	-	-
Equity per share	-0.08	0.46	0.08	0.02	-0.01
Equity per share, diluted	-0.07	0.45	0.07	-	-
Dividend/share, EUR	0.00	0.00	0.00	0.00	0.00
Share issue adjusted number of shares at end of period	90,539,168	67,269,106	53,541,360	35,051,580	68,000,834
Share issue adjusted number of shares during the period, weighted average	72,688,712	62,803,518	45,297,643	35,051,580	-
Share issue adjusted number of shares at end of period (diluted)	91,229,068	68,974,343	54,541,360	-	-
Share issue adjusted number of shares during the period, weighted average (diluted)	73,715,254	64,468,685	46,297,643	-	-
Share issue adjusted closing price at end of period	0.28	3.38	N/A	N/A	N/A
¹⁾ The financial indicators for 1997 are the parent company's figures for the financial period from 21 August 1996 to 31 December 1997. The figures have not been adjusted to represent a 12-month period. ²⁾ Return on equity and return on investment have not been presented, as the numerators and nominators of the indicators are negative. ³⁾ Research and development expenses have not been presented, because they are not recorded separately in accounting. ⁴⁾ Net gearing is not presented, because shareholders' equity has been negative.					

FORMULAS FOR THE INDICATORS

<p>Return on equity, % (ROE)</p> $\frac{\text{Profit before extraordinary items - taxes} \times 100}{\text{Shareholders' equity} + \text{minority interest (average)}}$ <p>Return on investment, % (ROI)</p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses and other financial expenses} \times 100}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}}$ <p>Equity ratio, %</p> $\frac{\text{Shareholders' equity} + \text{minority interest} \times 100}{\text{Balance sheet total} - \text{advances received}}$ <p>Net gearing, %</p> $\frac{\text{Interest-bearing liabilities} - \text{liquid financial assets} \times 100}{\text{Shareholders' equity} + \text{minority interest}}$ <p>Earnings per share (EPS), diluted</p> $\frac{\text{Profit before extraordinary items} +/- \text{minority interest from profit/loss for the period} - \text{taxes}}{\text{Average share issue adjusted number of shares (diluted)}}$ <p>Equity per share, diluted</p> $\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares on the closing date (diluted)}}$	<p>Dividend per share, diluted</p> $\frac{\text{Dividend for the period}}{\text{Share issue adjusted number of shares on the closing date (diluted)}}$ <p>Earnings per share (EPS)</p> $\frac{\text{Profit before extraordinary items} +/- \text{minority interest from profit/loss for the period} - \text{taxes}}{\text{Average share issue adjusted number of shares}}$ <p>Equity per share</p> $\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares on the closing date}}$ <p>Dividend per share</p> $\frac{\text{Dividend for the period}}{\text{Share issue adjusted number of shares on the closing date}}$ <p>Dividend per earnings, %</p> $\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
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SHARES AND SHAREHOLDERS

Shares and share capital

Jippii Group Corporation has one series of shares. The shares do not have a nominal value; the accounting countervalue of the shares is 5 cents. The company's shares are included in the book-entry system. At the end of the financial year, the company's registered share capital amounted to EUR 4,526,958.40, which is divided into 90,539,168 shares.

During the report year and immediately after its end, the company's share capital was increased as follows:

- On 16 January 2001, the Board of Directors decided to raise the company's share capital by EUR 28,059.00, or 561,180 shares, in connection with the acquisition of Supertel Oy.
- On 15 February 2001, the Board of Directors decided to increase the company's share capital by EUR 364.65, or 7,293 shares, in connection with the purchase of minority shareholdings in Supertel Oy. On that same date the Board of Directors also resolved to raise the company's share capital by EUR 1,068.20, or 21,364 shares, in connection with the acquisition of the UK company Webleicester Limited.
- On 11 April 2001, the Board of Directors decided to increase the company's share capital by EUR 5,219.55, or 104,391 shares, in connection with the acquisition of a majority stake in Helsingin Samtele Oy.
- On 28 May 2001, the Board of Directors decided to increase the company's share capital by EUR 1,875.00, or 37,500 shares, in connection with the acquisition of the business functions of Weblin NWF Oy.
- The extraordinary general meeting of shareholders held on 28 September 2001 resolved to raise the company's share capital by EUR 1,096,876.70, or 21,937,534 shares.
- During 2001, a total of 600,800 shares were subscribed for with Jippii Group Corporation's share

options from 1999 and 2000. The shares were made available for trading.

- In November 2001, the company's Board of Directors decided to float an issue of convertible bonds totalling EUR 2 million. It was offered for subscription to the Swiss asset management company Moncheur & Cie SA. The loan period was from 21 November 2001 to 21 November 2003. The convertible bonds were converted into 3,921,570 new Jippii Group Corporation shares. The subscription was entered into the Trade Register on 16 January 2002.

At the end of the financial period, the Board of Directors' unused share issue authorisations, which were granted by the Annual General Meeting held on 6 June 2001, totalled EUR 332,144.50. The unused authorisations were repealed at the extraordinary general meeting of shareholders held on 15 January 2002.

At the end of the report year, the company's Board of Directors did not have valid authorisations to purchase its own shares (share buyback).

The average price of the share in trading in 2001 was EUR 1.19. The highest share price was EUR 3.95 and the lowest was EUR 0.20. Share turnover during the report year amounted to 56,774,324 shares.

Share option programmes

The company has a share option programme as part of its incentive scheme for management and personnel.

On the basis of the options in the share option programme targeted at personnel in 1999, 1,000,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 0.45 (FIM 2.70) per share. By 31 December 2001, 975,000 of the share options had been subscribed for on the basis of the programme. After the beginning of the share option programme's subscription period, a total of 175,800 shares have

been subscribed for on the basis of the options; thus, 799,200 share options are left.

On the basis of the options in the share option programme targeted at personnel in 2000, 410,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 1.01 (FIM 6.00) per share. By 31 December 2001, 365,000 of the share options had been subscribed for on the basis of the programme. After the beginning of the share option programme's subscription period, a total of 25,000 shares have been subscribed for on the basis of the options; thus, 340,000 share options are left.

On the basis of the options in the share option programme targeted at personnel in 2001, 370,000 shares can be subscribed for at a price of EUR 4.50 per share. The subscription period is stepwise such that 40% of the shares can be subscribed for during the period from 1 June 2002 to 31 May 2003, 30% during the period from 1 June 2003 to 31 May 2004 and 30% during the period from 1 June 2004 to 31 May 2005. By 31 December 2001, 182,000 options had been subscribed for under the programme.

On the basis of the options in the share option programme directed at the company's Board of Directors in 1999, 650,000 shares can be subscribed for during the period from 1 June 2001 to 31 May 2003 at a price of about EUR 0.50 (FIM 3.00) per share. The options in the share option programme had been fully subscribed for by 31 December 2001. After the beginning of the share option programme's subscription period, a total of 400,000 shares have been subscribed for on the basis of the options; thus, 250,000 share options are left.

The Annual General Meeting, held on 6 June 2001, resolved to grant share options to the members of the company's Board of Directors and senior management. The options provided under the programme were not subscribed for during the subscription period, and the share option programme lapsed.

Largest shareholders as at 31 December 2001

Shareholder	Number of shares	Holding, %
1. Auratum International S.A.	20,793,540	22.97
2. Tietoklusteri Oy	8,940,292	9.87
3. Turun Puhelin Oy telephone company	6,240,042	6.89
4. Ajanta Oy	6,226,320	6.88
5. Oy Herttaässä Ab	3,473,982	3.84
6. PSS-Trade Ltd Oy	2,908,832	3.21
7. Salmivuori Ari	2,799,640	3.09
8. Varma-Sampo Mutual Pension Insurance Company	2,290,000	2.53
9. Rausanne Oy *)	1,998,000	2.21
10. Hemmi Anne	1,696,920	1.87
11. Aura Capital Oy	1,221,444	1.35
12. Neuvo Niilo	1,051,606	1.16
13. Royal Skandia Life Assurance Ltd	1,003,666	1.11
14. Rytsölä Jaakko	901,496	1.00
15. Risni-Yhtiö Oy	897,258	0.99
16. Monheur & Cie SA	672,732	0.74
17. Keinänen Kai	649,102	0.72
18. Toivo Anssi	529,394	0.58
19. Helin Arto	525,342	0.58
20. Manninen Mika	462,074	0.51
Nominee-registered shares		
Nordea Bank Finland Plc	1,937,852	2.14
D. Carnegie AB, Finland filial	466,500	0.52
Others	21,825	0.02
Other shareholders, total	22,831,309	25.22
Total	90,539,168	100.00

*) Board member Rauno Puolimatka owns 100% of the company Rausanne Oy, which is one of the ten largest shareholders.

Shareholders by group as at 31 December 2001

Group	Number of shares	Holding, %
Private companies	34,811,318	38.45
Public companies		
Financial and insurance institutions	2,660,598	2.94
Public sector entities	2,392,000	2.64
Non-profit institutions	191,180	0.21
Households	27,931,488	30.85
Foreign owners	22,552,584	24.91
On the grand total account	0	0.00
Total	90,539,168	100.00

On the basis of all the remaining share options, the share capital can be increased by a maximum total of EUR 78,560.00, representing 1,571,200 shares.

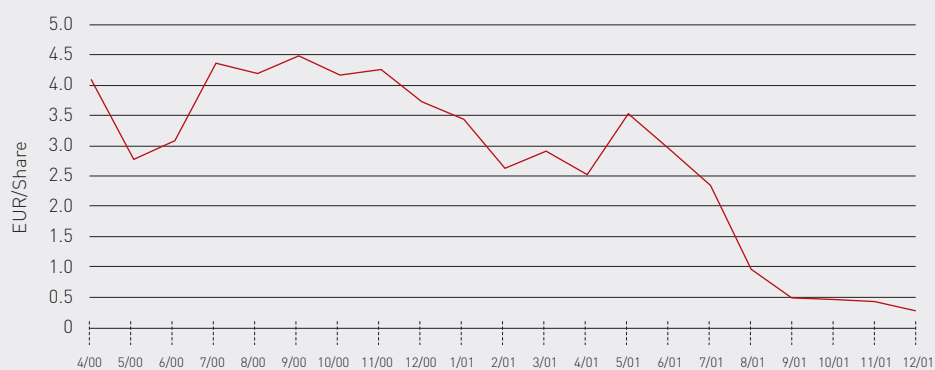
Management's shareholding

Jippii Group Corporation's Board members, CEO and entities in which they have a controlling interest owned a total of 1,998,000 million shares on 21 March 2002, or 2.21% of the company's shares.

Distribution of shareholdings by size class as at 31 December 2001

Number of shares	Number of shareholders	Proportion of shareholders, %	Shares, total	Proportion of shares, %
1-100	1,251	5.28	90,408	0.10
101-500	18,055	76.24	3,535,010	3.90
501-1,000	1,734	7.32	1,432,500	1.58
1,001-10,000	2,377	10.04	7,626,638	8.42
10,001-100,000	227	0.96	5,433,804	6.00
100,001-1,000,000	25	0.11	9,838,672	10.87
over 1,000,000	14	0.06	62,582,136	69.12
On the grand total account			0	0.00
On the clearing list of the book-entry register			0	
Total			90,539,168	100.00
Of which nominee-registered shares			2,426,177	2.68

Share price



The diagram on the left shows Jippii Group Corporation's share price trend since the company's listing on the stock exchange in April 2000. The average monthly prices indicated in HEX's statistics are used in the diagram. Share prices predating the bonus issue on 16 October 2000 have been divided by two so that they are comparable with later share prices.

PROPOSAL ON THE DISPOSAL OF EARNINGS

The Board of Directors proposes that no dividend be paid and that the net loss for the financial period be transferred to accumulated loss/retained earnings.

Helsinki, 21 March 2002

Pekka Vennamo
Chairman

Matti Hietala

Thomas Hoyer

Esa Kerttula

Lasse Kurkilahti

Rauno Puolimatka

Matti Vikkula
CEO

AUDITOR'S REPORT

To the shareholders of Jippii Group Corporation

We have audited the accounting, the financial statements and the corporate governance of Jippii Group Corporation for the period 1 January–31 December 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Chief Executive Officer. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and parent company's result of operations and financial position. The financial statements with the consolidated financial statements can be adopted and the Members of the Board of Directors and the Chief Executive Officer of the parent company can be discharged from liability for the period audited by us. The proposal of the Board of Directors on how to deal with the financial result is in compliance with the Finnish Companies' Act.

Helsinki, 12 April 2002

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kari Miettinen
Authorised Public Accountant

BOARD OF DIRECTORS



Esa Kerttula

Member of the Board of Directors,
CEO and Founder, Prof-Tel Oy Ltd
Professor, Lappeenranta
University of Technology, Finland

Rauno Puolimatka

Member of the Board of Directors,
CEO, Rausanne Group

Matti Hietala

Member of the Board of Directors,
Associated Partner,
Helmet Business Mentors Oy

Thomas Hoyer

Member of the Board of Directors,
Member of the Management Team,
Mach HiTECH AG

Pekka Vennamo

Chairman of the Board of Directors,
CEO and Chairman of the Board of Directors,
Sijoitus Oy

Lasse Kurkilahti

Member of the Board of Directors,
CEO, Elcoteq Network Corporation

MANAGEMENT BOARD



Harri Johannesdahl
Director, Jippii Finland

Matti Vikkula
CEO

Hannu Hakkarainen
Acting CFO

Kimmo Hellgrén
Director, Mobile Entertainment

Kari Kivelä
COO

Panu Lehti
CTO

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