

ANNUAL REPORT 2001



FINANCIAL INFORMATION

Novo Group plc will Publish Three Interim Reports in 2002:

- For the 1-3/2002 period on Tuesday, 7 May 2002 at 9.a.m.
- For the 1-6/2002 period on Tuesday, 6 August 2002 at 9.a.m.
- For the 1-9/2002 period on Wednesday, 30 October 2002 at 9.a.m.

Investor Relations

- Mr Jorma Kielenniva, President and CEO
- Mr Martti Ala-Härkönen, Senior Vice President, Finance and Business Development
- Ms Saara Raitanen, Communications Director

Financial reports and other stock exchange releases are available in Finnish and in English. All releases are also available in Novo's internet pages www.novogroup.com. To order interim reports and other releases, please contact Novo's Corporate Communications:

- by mail: Valimotie 17, FIN-00380 Helsinki
- by e-mail: info@novogroup.com
- by telefax +358 (0)205 66 3830
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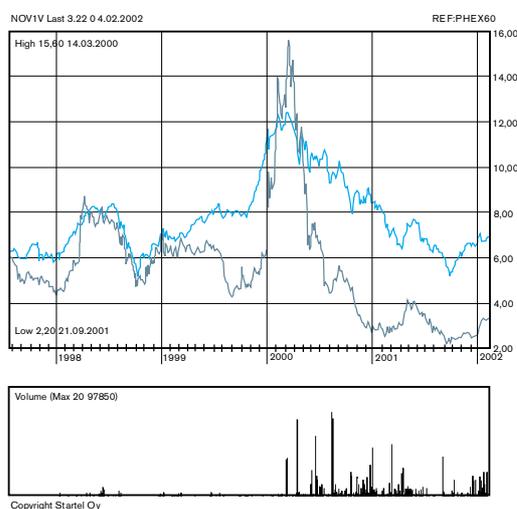
*Novo will celebrate its'
30th anniversary on
10 October 2002.*

SHAREHOLDER INFORMATION

Novo Group plc has one share series. Each share entitles its holder to one vote at the shareholders' meeting. At the end of 2001, the company's fully paid-up share capital registered with the Trade Register was EUR 5.9 million, consisting of a total of 35,099,785 shares.

Share Performance and Trading Volume

The trading code for Novo shares on the Helsinki Exchanges is NOVIV. The trading lot amounts to 50 shares.



■ Novo
■ HEX-portfolio

In 2001, the trading volume of Novo shares totalled 15,533,000, accounting for 45,9 per cent of the total number of the company's shares. The highest quotation for the year was valued at EUR 4.3 and the lowest at EUR 2.05. Novo's year-end market capitalisation was EUR 88,2 million.

Shareholders' Register

The Finnish Central Security Depository Ltd maintains Novo's shareholder information in its database. Shareholders are requested to inform their account operator, with whom they hold their book-entry security account, of any changes in their contact information.

Annual General Meeting in 2002

The Annual General Meeting of Novo Group plc will be held at 10.00 a.m. on Tuesday, 19 March 2002 at Novo Group plc's headquarters in Pitäjänmäki, Valimotie 17, 00380 Helsinki.

A shareholder who was registered as a sharehold-

er in Novo Group plc's shareholders' register, maintained by the Finnish Central Securities Depository Ltd, no later than 8.3.2002, is entitled to attend the Annual General Meeting.

Furthermore, shareholders whose shares have not been transferred to the book-entry securities system are also entitled to participate in the shareholders' meetings, provided that they were registered as shareholders in the company shareholders' register prior to 9.9.1997, or that they have notified the company of their title and provided the required evidence thereof. In such cases, the shareholders shall produce their share certificates at the meeting or be able to account for their whereabouts or provide an explanation as to why their titles have not been recorded in the book-entry securities account.

Shareholders wishing to attend the shareholders' meeting shall notify Tuula MacIntosh either in writing to Novo Group plc, P.O. Box 38, FIN-00381 Helsinki, or by telephone +358 205 662 301, or by fax +358 205 662 770, no later than 15.3.2002 04.00. p.m.

When registering for the meeting in writing, the letter should reach the company by the end of the registration day. Any proxies should be sent to the same address within the registration period.

Items on the AGM's agenda

The Annual General Meeting will deal with the issues specified by the Articles of Association and with Board proposals to the Annual General Meeting. Board proposals for the items to be dealt with at the Annual General Meeting of 2002 were announced in the Stock Exchange Release on 14 February 2002.

Dividend Distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid for the financial year ended on 31 December 2001. The dividend record date is 22.3.2002 and the dividend will be paid on 2.4.2002.

Those shareholders whose share certificates have not been transferred to the book-entry securities system by the record date will receive their dividend payment after the relevant transfer.

Dividend Policy

Novo Group plc's objective is to pursue a dividend

policy consistent with each year's financial performance with a view to maintaining, however, the amount of annual dividend constant. Nevertheless, dividend payments depend on the company's anticipated financial standing, financial performance, cash flows, working capital requirements and other factors, which the Novo Group plc's Board of Directors deems relevant, and, ultimately, on the decisions made by the Annual General Meeting.

Share Issues and Share Buy-Back

Novo Group plc's Annual General Meeting 21.3.2001 authorised the Board of Directors to increase share capital and buy back and transfer own shares.

The Board of Directors exercised the authorisation to issue new shares on 19 December 2001. The number of issued shares totalled 720,805, accounting for 2.05 per cent of the share capital. Based on private placing, the shares were sold directly to Digital Open Network Environment Corporation Done in accordance with the share-swap agreement with regard to the company's acquisition.

Detailed information on the new shares and subscription prices is presented in the Notes to the Financial Statements. The basis for the share subscription price has been the book net asset value to the Group.

On 4 April 2001, a total of 22,116 own shares were sold in public trading for the payment of Board member emoluments in a manner decided by the Annual General Meeting. On 19 December 2001, 616,234 shares were transferred to Solteq Oy in accordance with the share-swap agreement with regard to the company's acquisition. Novo was not engaged in any other share buy-backs during the financial year. The number of treasury shares totalled 111,650 at the end of the year, accounting for 0.3 per cent of Group shares and share capital.

Stock-Option Schemes

The AGM altered Novo's stock-option schemes to the extent that the subscribers for the 1998, 1999 and 2000 stock options were offered the new 2001 stock options against the old ones. As a consequence of all stock-option schemes, Novo's share dilution may rise to a maximum of 10.6 per cent.

Detailed information on Novo's stock-option schemes is available in the Notes to the Financial Statements.

Shareholders 1.2.2002, %

1. LEL Employment Pension Fund	6.99
2. Tapiola Mutual Pension Insurance Company	4.66
3. Sampo Finance Ltd.	2.59
4. OP-Delta Unit Trust	2.02
5. Nordea Fennia	1.65
6. Association of Finnish Local and Regional Authorities	1.57
7. The Finnish National Fund for Research and Development (SITRA)	1.54
8. Placeringsfonden Aktia Secura	1.49
9. Tapiola General Mutual Insurance Company	1.48
10. Mutual Insurance Company Kaleva	1.42
11. Alfred Berg Small Cap Unit Trust	1.41
12. Varma-Sampo Mutual Pension Insurance Company	1.32
13. Alfred Berg Portfolio Unit Trust	1.25
14. Alfred Berg Finland Unit Trust	1.24
15. Tapiola Mutual Life Assurance Company	1.23
16. Veikko Laine Oy	1.19
17. Suomen Postin Eläkesäätiö	1.12
18. OP-Pirkka Unit Trust	1.07
19. Gyllenberg Optimum Fund	0.94
20. Gyllenberg Small Firm Fund	0.91
21. Others	62.91
Novo Group plc	0.32

Novo has a total of 4466 shareholders. The ten largest shareholders account for 25.4 per cent of shares and the share capital while the twenty largest shareholders account for 37.1 per cent of shares and the share capital. A total of 15.4 per cent of Novo shares are nominee registered shares or in foreign ownership.

These Financial Analysts, Among Others, Follow Novo's Performance:

Mr Paavo Ahonental +358 10 247 5000
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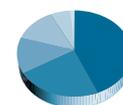
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Mr Jeffrey Roberts tel. +44 (0)20 7284 3937
Impivaara Securities

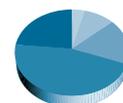
Updated Information: www.novogroup.com in the investors' pages.

Holdings by sector, % of shares



Financial institutions and insurance companies	43.7% (76 pcs.)
General government	22.6 % (201 pcs.)
Households	13.5 % (3 748 pcs.)
Companies	12.9 % (359 pcs.)
Non-profit organisations	6.1 % (50 pcs.)
Foreign	1.0 % (32 pcs.)
Joint account	0.2 %

Holdings by the number of shares, % of holdings



1-100 shares,	0.1 % of shareholders
101-1,000 shares,	3.8 % of shareholders
1,001-10,000 shares,	9.5 % of shareholders
10,001-100,000 shares,	17.3 % of shareholders
100,001-1,000,000 shares,	45.7 % of shareholders
>1 million shares,	23.4 % of shareholders

NOVO IN BRIEF

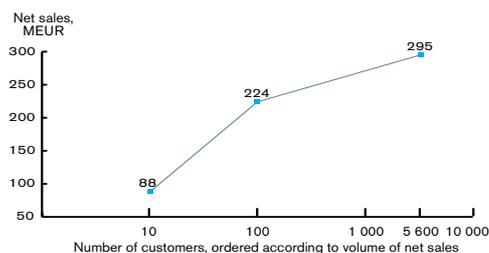
With a staff of approximately 2,000, Novo's net sales for 2001 totalled EUR 295,0 million. Novo is one of the largest companies providing complete services in the Nordic business-to-business (b-to-b) market.

Finland is currently Novo's main market area. The company's business areas in Finland include software services, IT operating and network services, and hardware services. Novo caters for customers in the corporate and public sectors. Novo is not engaged in business-to-consumer (b-to-c) services.

With a 30-year history in the business, Novo has a broad customer base. The most long-standing customer relationships have lasted for several decades. Company net sales derive from both long-term customer contracts and new business.

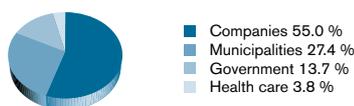
In early 2002, Novo had subsidiaries in Estonia, Germany, The Netherlands, UK and USA, and in two places in China. Foreign operations accounted for approximately 6,9 per cent of net sales in 2001.

Net Sales and Customers in 2001



The ten largest customers accounted for approximately 30 per cent of net sales in 2001. The total number of accounts amounted to 5,600. The 100 largest of them accounted for 76 per cent of net sales.

Net Sales by Customer Sector, %



The company-sector figure includes foreign net sales.

Net Sales by Business 1997-2001, %

	1997	1998	1999	2000	2001
Software services	25,1	26,6	32,2	40,5	43,1
Operating and network services	14,9	15,5	14,9	21,8	21,9
Hardware	60,0	57,9	50,9	37,7	35,0
Total %	100	100	100	100	100

Within five years the proportion of sales of high value added software and operating and network services have grown from 40 % to 65 %.

Key Figures and Ratios

	2000	2001	Change
Change Net sales, EUR million	319,4	295,0	-7,6
Operating profit before goodwill amortisation	6,1	13,5	121,3
Operating profit	1,7	8,6	-
Profit before extraordinary items, EUR million	2,7	9,9	-
Profit for the period, EUR million	1,3	6,8	-
Balance sheet total, EUR million	144,4	133,7	-7,4
Return on investment, EUR million	4,4	12,2	-
Equity ratio	49,7	58,2	-
Gross capital expenditure, EUR million	16,4	18,2	-
Earnings per share, EUR	0,04	0,20	-
Shareholders' equity per share, EUR2,0	2,2	10,0	-
Average number of personnel	2026	2016	-0,5

A fully detailed table of Novo's key figures and ratios for the past five years including their formulae is available on page 47.

NOVO'S OPERATING ENVIRONMENT

One of the key global trends is the transformation into an information society. Even today, an increasing number of companies derive their key competitive advantages from information technology. Information and telecommunications technologies will also be change drivers from the perspective of communities, the social fabric and ordinary citizens.

IT service companies are the driving force behind progress and enable this rapid development to occur. IT markets have been burgeoning during the past few years, and in the 1990s especially the annual European IT market growth rate was extremely rapid, reaching a staggering 15 per cent. As we entered the 21st century, the annual market growth slowed down, but is still at almost 10 per cent. Considering factors such as the pursuit of competitive advantage through information technology, growing technological potential and persistent demands for easier use of technology, the future growth rate is also likely to remain higher in the industry than in other sectors. Various market research companies in the industry, such as International Data Corporation (IDC) and Market Visio, share this view of the next few years.

The software business, the core of the industry, is forecast to show the strongest growth. As information technology becomes more and more critical to business, outsourcing – contracting out the use and development of technology to a partner – is expected to win ever-greater popularity. Similarly, various niche solutions for specific markets, such as service markets for GIS solutions, are expected to proliferate.

Stirring IT Sector

According to Statistics Finland, there are more than 4,000 companies engaged in the IT business in Finland and only one-fifth of them have a staff of more than five. The number of IT service companies employing more than 250 people is less than 20.

Low barriers to entry are typical of the IT industry. By and large, the industry is globally characterised by a rapidly growing number of start-ups, mergers and acquisitions, networking and other restructuring. During the past few years, skilled labour has been scarce and this has become the most severe bottleneck in the industry.

The Entire Chain Needed for Service Creation

IT infra, i.e. equipment and software as well as services combining them, is always needed for the creation of an IT solution. The structure and growth of sales in the industry are mostly reviewed on the basis of these three aspects. During the past few years, according to software and service sales have accounted for some 50–60 per cent of the total Finnish IT market valued at about EUR 4 billion, with equipment sales accounting for the rest.

Future Growth – a Combination of Many Factors

IDC and Market Visio predict that the next few years will see several factors boosting industry sales in all sectors. The need for server and disk-space solutions with the aim of standardised information systems,

their more reliable use and improved safety will sustain the demand for infra within an organisation. Replacing terminal and server equipment is chiefly related to the need to intensify the use of the entire systems environment.

The driving forces behind the software business are related to the growing need for improved operational efficiency in customer-relationship and supply-chain management, among other things. Demand for, say, financial-management value-added solutions as well as those for electronic transactions and communications is also expected to increase. In addition, demand for software-development and support-service outsourcing is expected to be on the rise.

Organisations need to re-engineer and streamline their operations as well as to ensure their systems usability in all circumstances will give a boost to the operating and network services business. Similarly, outsourcing can be useful in streamlining entire business processes.

Continuously operational information technology that is based on specific in-house requirements and supports the key processes within an organisation is the critical success factor. Moreover, it is senior management that is most often involved in IT-related decisions. The proliferation of the use of the Internet and laptops including services provided via them will make IT-related issues increasingly critical to an organisation.

The needs of large organisations to develop their information technology will not change in tandem with the market launch of new IT innovations. Innovations will not be adopted until they bring added value to the business. And creating added value requires competent partners. In addition to its technological expertise, a competent partner must have the capabilities of developing the customer's systems environment and integrating new solutions into the existing systems, equipment and service environments.



According to an estimate, there were 550 million workstations in operation in the world at the end of 2001. The number of mobile Internet users was estimated to be 150 million. An increasing number of knowledge workers do their daily work at home via the network.

BUSINESSES

Software Services



The software business is Novo's core competence. The employees working for this business accounted for approximately 60 per cent of all Group personnel, amounting to a total of 1200 employees. Novo's software-product and customised solutions are separate business divisions within the Group.

One of the most pivotal operating processes within an organisation includes financial and human-resource management, enterprise resource planning (ERP) and communication solutions. Novo markets software products that support these functions, and a variety of product-related development, support and maintenance services. Many of software products are market leaders among their users in the corporate sector, municipalities and the health-care sector in Finland.

It is mainly large organisations that call for customised systems services. The major customers of Novo's customised solutions, integration and consulting services include large companies as well as major cities and government-sector units.

An IT user organisation can outsource part of its application development to an IT partner. Users of these services may also include smaller companies and public-administration organisations.

Novo's excellence also lies in its capabilities of combining information technology based on information on location and its features, i.e. expertise in GIS applications, data and technologies.

Some of its GIS experts work in its subsidiary in Beijing, China. The establishment of the subsidiary in Beijing was preceded by a long-standing, local cooperative project.

International growth is being sought through software services in sectors which are already areas of strength for Novo in the domestic market. In addition to Beijing, Novo has software sector companies in Holland and Great Britain, and a sub-contracting software provider in Estonia. A sales company has been established in the United States in Novo's most important business sector with respect

to its on-going internationalisation: for customers within the travel and transportation sector.

The starting point for Novo's project implementation, both on a customisation and outsourcing basis, is adherence to the quality-certified methods based on the Novo model consistent throughout the Group.

Competitive edges of software services include:

- customer and industry knowledge
- high-quality production processes
- established process development methods
- broad-based technological expertise

Operating and Network Services



Novo is one of the largest operating and network services providers in Finland. The number of employees in the business amounts to 520, accounting for 25 per cent of all Group personnel.

The more information technology proliferates, the more dependent companies become on it. The pursuit of ensuring the reliability of these business-critical systems will boost demand for operating and network services and the related consulting services. Operating and network services contracts with customers are based on the provision of secure, reliable and cost-efficient information technology solutions so that the customers concentrate only on making use of the technology.

Novo has provided its customers with outsourcing services since the 1980s. Novo's operating and user support service centres ensure that the information-technology solutions used by hundreds of large and mid-size Finnish companies as well as government- and municipal-sector organisations function as intended.

In accordance with its internationalisation strategy, Novo is internationalising in tandem with the customer. Subsidiaries have been established in Germany and in China's Guangzhou, on the basis of existing customer relationships to provide services for internationalising Finnish companies. In the main, these companies offer the customer infra-solutions such as operating and network services and their related expert services.

customer needs with a view to further decreasing their tied-up capital. Even today hardware sales are based on commission trade, with no inventory risks involved and no risk of outdated technology.

In addition to providing systems, Novo as an equipment vendor also standardises, pre-installs and implements the systems for customers as well as integrates new complete IT solutions. Novo has been granted a number of major international certificates in recognition of its high industry expertise and service capabilities.

Competitive edges of operating and network services include:

- standardised service provision processes
- efficient automated large-scale production
- nation-wide services
- availability of services on an ongoing basis (24/7/365)
- strong expertise in software applications

Competitive edges of hardware services include:

- flexibility brought about by vendor-independence
- high-quality production processes
- wide product range
- capacity for large-scale and international deliveries

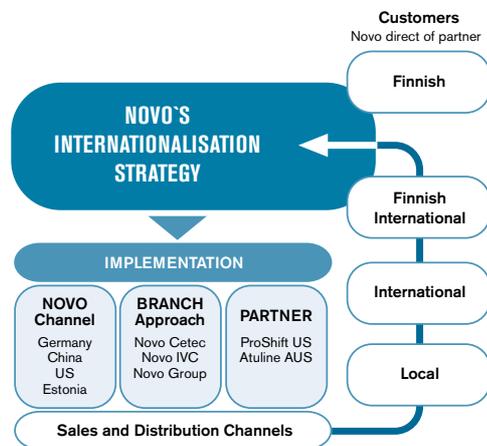
Hardware Services



The infrastructure necessary for IT solutions includes terminal equipment, servers, networks and peripheral equipment. The number of employees in the hardware services business amounts to approximately 180, accounting for slightly less than 10 per cent of all Group personnel.

The selection criteria large organisations set for equipment vendors include their reliability and expertise. In Finland, Novo is the b-to-b market leader in this business.

Hardware service's share of Novo's net sales has been declining during the past few years due to the company's strategic goal of focusing on high value-added services, on the one hand, and to the contraction of the total hardware market, on the other hand. Novo is putting a dedicated effort into developing its hardware sales to more efficiently and flexibly meet



Novo's international strategy is two-tiered, based on Novo's focus on the travel and transport industries with its niche products, on the one hand, and on the simultaneous internationalisation process with its customers, on the other hand. The target set for Novo's foreign units is based on the customer- and market-driven operating model, according to which each unit serves both international, internationalised Finnish and local organisations abroad. The units not only provide knowledge of local conditions and traits for Novo's international product launches but also are part of Novo's international distribution channel. In addition to its own companies involved in distribution, Novo has international distribution partners.

STRATEGY



The Novo Group was granted a Group-wide ISO 9001:2000 quality certificate for its services on December 2001. Once again Novo was the first to adopt a new quality system. The SFS EN-ISO 9001 quality certificate, the first ever awarded to an IT company's entire service chain in Finland, was granted to Novo in June 1995.

Mission

Novo is a strong integrator and partner in the IT industry. Novo helps its customers to achieve their goals, increases shareholder value and provides its personnel with opportunities to further develop their skills and expertise.

Values

The aim of being attentive, authentic and active in all operations unites both all Novo employees and the corporate policies Novo conducts in implementing its corporate mission.

Each Novo employee's personal objective is to improve their knowledge of customers. This involves knowing customers, their operations and needs to the extent that we are continuously capable of offering customers solutions that are based on their specific needs and that best fulfil their business requirements.

Being authentic means being honest and fair, which forms the basis for mutual trust in customer relationships. We keep our promise.

Being active means being capable of reinventing oneself, in which Novo has 30 years of experience. Expertise and innovativeness, which are being nurtured at all organisational levels within the Group, are keys to continuous improvement and development.

Strategic Goals

In recent years, Novo has rapidly grown from a local technology house to an IT service company that also operates in the international market. Novo's goal is to achieve a position as an IT partner, specialising in high value-added solutions in Finland, and to achieve a strong international position in selected service segments.

Customer-drivenness

Novo's aim is to be a Finnish IT service company with international presence, capable of providing its customers with added value as their partner at all levels of the IT value chain. Guided by its corporate values, Novo bases its company performance on efficient and networked processes. Novo is renowned for its expertise and the development of its expertise in the industry.

Profitability

Based on the current business structure, Novo's long-term profitability target is an operating margin of 8 per cent.

Growth

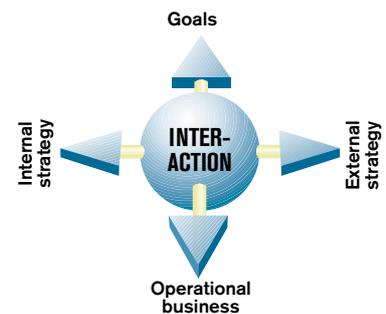
Novo's growth strategy involves expansion beyond the market growth rate and through company acquisitions.

Novo will seek growth in the software, operating and network services with potential for a significant or a leading market position. Growth will focus on high value-added services offered to the corporate and government sectors in particular. To achieve the targeted growth, Novo continues to develop outsourcing concepts for all customer industries.

Internationalisation

Growth in international markets will be based on the existing software sectors and strong expertise in industry-specific solutions. Novo will seek growth in the niche products designed for the travel and transport industries and also in the internationalisation with customers.

Strategic Steering



Novo's strategic steering model is described as a four-dimensional structure. Achieving the targets requires interaction between the dimensions and the consideration of all their relevant parts. Mission, values and strategic targets form the basis for common corporate goals and determine the direction of business and overall operational targets. The external strategy describes policies conducted in the customer interface while the internal strategy depicts strategic aspects, which must be developed for the implementation of the external strategy. Operational business depicts the focus of daily business operations, i.e. the methods of process and quality development.

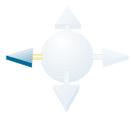


External Strategy

Capabilities of providing the customer with added value lead to Novo's successful performance and increase shareholder value.

Novo's organisational structure is built on a customer-driven approach so that our customers find it easy to reach exactly the right expert knowledgeable of their needs and business. Customer-service skills are based on the combination of the employees' personal skills and qualifications and our strong and well-established operating processes. Novo measures and develops its expertise and customer service skills on an ongoing basis. When necessary, Novo also caters for its customers in co-operation with its partners.

Novo develops further its product and service offerings on the basis of customer needs.



Internal Strategy

The development of Novo's in-house expertise and capabilities as well as the product and service competitiveness is the cornerstone of the successful implementation of the customer-driven strategy.

Novo's capabilities are based on appreciating, managing and developing expertise at the individual's level and the effectiveness of the processes. Human-resource development and the right resource allocation are among the most vital success factors at Novo. As a company that is also rapidly expanding through acquisitions, Novo pays particular attention to integration expertise.



Operational Business

Novo measures, analyses and develops its key operating processes on an ongoing basis.

Operational efficiency is the linchpin of profitability. With high efficiency targets, Novo aims to keep its offerings competitive. Efficiency is created through appropriate management. Novo is involved in the ongoing development of technology, process and performance management.

Business Risks

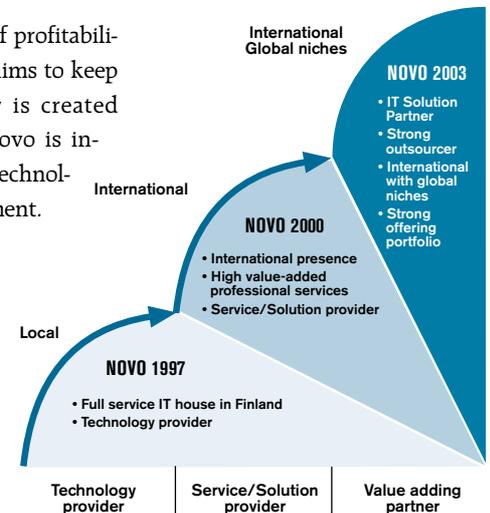
IT development requires investment, for which the overall economic situation determines conditions. The pace at which the information society develops, coupled with the overall economic development, will form the basis for Novo's business success.

The majority of Novo's business operations are based on the persistent, long-term development of customers' business, and a considerable amount of net sales originates from sales based on long-term contracts. These factors alleviate the cyclical nature of the business.

The key success factor in IT service provision is the customers' trust in their partners. Competent personnel willing to further upgrade their skills provide the solid foundations for overall expertise at the company. One of Novo's greatest challenges for its business success has to do with the successful development of existing in-house capabilities on an ongoing basis.

Customer relationships that lead to expanding co-operation can be created only through long-term partnerships. Novo's 30 years of experience, coupled with the company's goal-oriented high-quality work, are reflected in the company's efficient production processes. Novo has also put dedicated effort into developing its processes of integrating acquired companies and businesses into the Group. The management of business expansion and successful business operations in new industries and market areas are also critical success factors.

The capabilities of creating added value will build the customers' confidence in the IT partner. These capabilities are not only based on the expertise of individual professionals but also on expertise in co-operation and networking.



In recent years, Novo has grown from a local technology house to an IT service company that also operates in the international market. Novo's goal is to achieve a position as an IT partner specialising in high value-added solutions in Finland and to achieve a strong international position in selected service segments.

NOVO GROUP'S MANAGEMENT TEAM



Novo Group's Management Team is responsible, in accordance with the Board of Directors' guidelines, for the concern's operational leadership and development. In the year 2001, the Management Team oversaw the structural development of the concern by combining its business operations into units that were more customer orientated and redefining both the management structure and managerial responsibilities. The picture shows, on the upper row and from left to right, Chief Shop Steward Jouko Malinen, Director Matti Mäkelin, Senior Vice Presidents Kimmo Koivisto, Harri Mäkitie and Heikki Tiihonen, Director Raimo Anttila and Senior Vice President Martti Ala-Härkönen. Sitting (from left to right) are Shop Steward Olli Ahovaara, Senior Vice President Kari Kontula, President and CEO Jorma Kielemniva and Senior Vice President Tarja Virkala.

PRESIDENT'S REVIEW

IT firms that were used to level growth rates in the second half of the 1990 have found themselves cast in the unfamiliar role of preaching life's uncertainties.

During the year 2001, economic and market research institutes repeatedly revised their economic forecasts downwards and, while at the year's beginning the growth rate of the Finnish IT market was estimated at 12 percent, according to the latest figures, it actually remained at 5.7 percent.

By mid-2000 it was already apparent that the uncertainty in the market associated with the so-called millennium hangover was no fleeting phenomenon. Within Novo we began, even at that early stage, to adapt our operations to the new market conditions and it was in many respects this promptitude that brought about better results in 2001.

A Year of Improved Efficiency and Profitability

After what were, in many ways, the hectic years of 1999 and 2000, 2001 was a year of internal development and improved profitability for Novo.

A higher level of effectiveness was achieved through the development of new technical skills in our personnel, and improved knowledge of the market areas which we believed would produce the fastest growth in demand. Organisationally, the company's operations were improved through the combination of different units to work in closer co-operation in areas such as data security and Internet expert services. The structure of the whole concern was simplified by fusing subsidiaries, or absorbing them into the mother-company. Hardware installation support services were outsourced, and process outsourcing services were moved into a new, public company.

Through both company acquisitions and our business activities, we reinforced Novo's market position in what were already areas of strength.

Our profitability underwent a clear improvement on last year's, although it did not meet our long-term targets. Operational profits were 8.6 MEUR or 2.9 per cent of net sales, when for 2000 they were 1.7 MEUR and 0.5 per cent.

Novo's turnover, 295 million euros, remained below last year's. This fall arose from the hardware market.

A high level of quality management within a company is an indispensable prerequisite for profit-

ability and customer satisfaction. Novo's long standing work to improve quality was rewarded at the end of the year with the SFS-EN ISO 9001:2000 quality certificate. Novo was the first IT service provider in Finland to receive this award, which applies to the entire company.

Reliability a Prerequisite for the Information Society

One of our aims is to grow high value-added services as a proportion of our general offering. In this we succeeded in 2000, with software business, and operation and Web services growing as a proportion of our turnover, from 49.7 to 64.9 per cent.

The growing ubiquity of IT in every area of public life demands IT systems that operate smoothly in all conditions, regardless of the time of day. Globalisation's effect with the time differences emphasises the same needs. Bearing these factors in mind, Novo continued the development of its operation and Web services, and their supporting operations.

While the adoption of the euro increased the level of demand for expert services in software, the development of software services in other respects was also promising.

Regional co-operation between municipalities and public organisations is growing. Shared services, databases and systems based on the use of data are increasing in number and founded with ever greater frequency on shared IT solutions and new technologies. Examples of this can be found in the public companies to handle the co-operative activities of municipalities, intermunicipality procurement partnerships, and the seamless transfer of data from one healthcare and social work unit to another. Novo has actively participated in the development of co-operation between regions and occupies an important position in many regional projects. Novo's market leadership as a developer of healthcare and personnel management solutions has also been reinforced.

The economic slowdown has increased the level of interest in outsourcing. Traditionally, savings in the IT area were sought through the outsourcing



of user services. Recently, outsourcing in solution development and maintenance services has clearly increased. Solutions for outsourced operations are one of Novo's core businesses and new concepts have again been developed.

Outsourcing is a good example of a service that customers expect from a modern IT service provider. Indeed, there is no longer the same level of interest as before in the technology upon which systems are built, the customer focusing purely on the outcome. The details of technology and hardware apparatus are ever more often left to the expertise of the provider.

Location and positioning-based solutions and services are among Novo's core skills. Both private companies and the public sector are showing a growing interest in value-adding location-based services. The general availability of mobile terminals with positioning capabilities and upgraded telecommunications networks will, it is believed, accelerate the growth of the location-based services market over the next two or three years.

Integration Ever More Important

In exploiting IT to the full, the formulation of integrated systems is becoming ever more crucial as is, for example, the combination of location-based services and e-commerce solutions as part of an organisation's IT systems.

Multichannel technologies, mobile terminals and wireless and open systems are increasing the need of integration. In Novo, we understand that the capability to integrate a broad range of services, itself the result of long experience in the field and extensive knowledge of new and old techniques, is becoming a more decisive competitive factor. These competitive advantage of Novo are supported by the long-term development of our service processes.

Our Goals: Profitable Growth and the Strengthening of our Market Position

Our aim in 2002 is to grow the level of our competencies in high added-value services as a proportion of our business and further improve our profitability. We seek to reinforce our position in those software service markets in which Novo is already a market leader or about to become an important

player. We seek strong growth in areas such as insurance services and government office solutions, and outsourced services. We view private and public sector location-based solutions as a new, growing market.

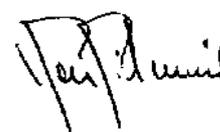
To Novo, growth is an important strategic aim. We seek to grow faster than the market rate on a continual basis, via organic growth as well as company and business acquisitions. In January of 2002, we strengthened our competencies in the area of private sector e-commerce and services by buying Stonesoft e-Solutions Oy. A decisive pre-requisite for the growth of profitability is, naturally, a sustained economic recovery and its production of sufficient levels of market demand.

In the year 2002, the IT and telecommunications share of the market will grow, according to forecasts, more rapidly on average than Finland's gross national product.

In 1972, our newly established company had no computers of its own and it was thought that one computer would be sufficient for the needs of all of Finland's municipalities. With hindsight such an assessment of the situation is amusing, but it also reminds us of how difficult it is to make accurate predictions about the information society.

We believe that 30 years of experience of change in both markets and technology creates an excellent basis for our capability to renew ourselves today. Knowledge of our customers and their needs, the cornerstone of customer satisfaction, guides our business more strongly than ever.

May I take this opportunity to thank our customers, partners, shareholders and Novo employees for the year gone by. It is my firm belief that the ongoing success and improvement of our business operations will only serve to lend further impetus to our collaborative efforts.



Jorma Kielenniva
President and CEO

NOVO'S WELL-MANAGED PARTNER NETWORKS

Networking enables companies to focus on their own core skills. Business activity which issues from companies operating in tandem accelerates product development and increases flexibility and competitiveness. To business sectors in which change is rapid, and adapting to it requires special attention, networking is a tried and trusted method of enhancing competitiveness. Novo has adopted partner networking as part of its business strategy.

Cooperation with Skilled Partners

In accordance with its networking principles, Novo retains its vital core skills in-house, while its partners can function as its product and service dealers, support service providers, production sub-contractors and providers of value-added products.

Novo licenses its partners, and in doing so seeks to develop the skills of those employees who work with its products, assuring the retention and development of their competencies, and consistency in the quality of their work.

Dealers Have an Important Role

In addition to Novo's own sales organisation, there are around 30 dealers who handle the products prepared and acquired by Novo and their related licence and service sales. Solutions are sold to those customers whose technical environments have been verified by Novo as being suitable for its products. This dealer network is worldwide, Novo's partners being geographically close to the customer and some of them specialising in selected business areas. The aim is that the dealer be licensed for six months subsequent to the signing of the contract with Novo.

Providers an Important Part of the Service Chain

Novo is broadening its skills base in customer services through co-operation, involving a nation-wide service network and an array of sectors which demand specialist

skills. Local-based competencies are used for maintenance and installation work in particular, in different parts of Finland. Sub-contractors work in seamless co-operation with Novo and its customers, while Novo's quality requirements cover all parts of the production chain.

Novo's partners in hardware procurement are all well-known brands, Novo's co-operation with them including sales, marketing and training projects in addition to hardware logistics.

Where Novo's responsibility lies in the broader area of providing and maintaining whole solutions, both local and global experts are used for operating and web services, and the provision of telecommunications connections.

Sub-Contracted Production Partners

Some of Novo's partners function as production sub-contractors. Typical applications of this concept are in the areas of solution development, maintenance work and user and Internet related services. These sub-contractors abide by Novo's approved standards, quality criteria and timetables and are responsible for ensuring that the work they perform complies with possible legislative demands.

Added Value for Novo's Products

There are companies within Novo's network whose own products and solutions are sold alongside Novo's software services. Demand for value added products has grown considerably and their significance as a part of Novo's offering continues to increase. Value added products are either found among our partners' own, independently developed products, those that belong to Novo's product family, or new technology, multi-level-architecture and browser-based user solutions.

Value added products do not belong to Novo's core business but neatly complement those that do.



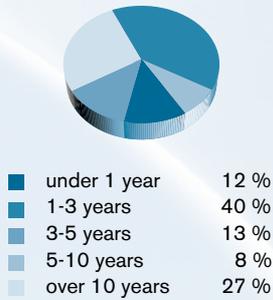
One of the foundations of Novo's integrative skills lies in its technology partners, such as telecommunications companies or application providers, who produce basic components for its application environments. IT Mill Oy, based in Turku, is Novo's partner in the over-the-Internet Atuline virtual hospital, medical consulting services and software development related to the health-care services network.



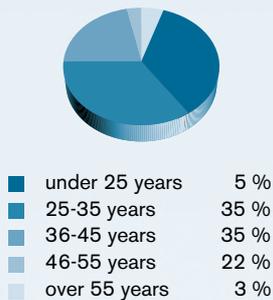
Our partner network, covering many brands, is very broad. By combining competencies we are able to offer expertise which covers both technical knowledge of the product, and services on an individual basis built on knowledge of the customer.

PERSONNEL

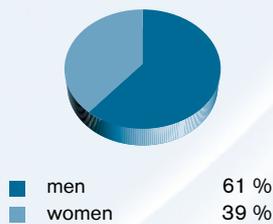
Breakdown for work attendance rates



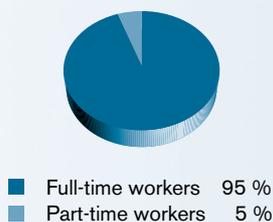
Age Profile



Gender Profile



Breakdown by full and part-time workers



At the end of 2001, 2090 staff were employed by Novo Group, the concern's staffing complement rising in comparison with the previous year by 65. The overall effect of business and company acquisitions on Novo's staffing levels was to raise them by around 100. Staff turnover was 18 %. 136 employees were located in Novo's offices abroad.

During 2001, the labour market stabilised and the availability of labour improved on the previous year.

Skill requirements change rapidly within the IT sector. Solutions are developed using new techniques and methods and user system environments and network technologies are transformed. Correspondingly, the ability to understand the customer's business and obtain a comprehensive view of what is happening within the sector is more important than before. For this reason, we organised an extensive training programme in 2001, the aim of which was to develop Novo's professional competencies in its chosen technological focus areas. Staff participated from all of the Group's business sectors. Personnel development also received emphases in project management, sales work, customer services and preparatory work for internationalisation.

The wise management of its competencies is one of the critical factors in Novo's success. In the year 2001, the skills management projects begun in the previous year were continued, the aim being to create tools and processes for managing competencies both in terms of their quality and quantity.

Employee Welfare

The most important motivational factor in the work of skilled experts is professional development. Our aim in personnel management is to ensure that the quantity and quality of work is right from both the employee and employer's perspective. Novo aspires through its employee welfare procedures to ensure that working conditions are good and the employee is cared for in every respect - in other words, that he/she is in good condition physically, psychologically and socially.

Co-operation and Representation

In Finland, Novo's employee consultation model is organised to embrace the concern as a whole, in part through the YT Committee, which represents the whole Group and assembles five times a year to con-

sider issues agreed in the business plan. Novo's employees have two representatives on the Group's management team. In terms of external co-operation, Novo has links with many of the IT sector's educational institutions and with universities and colleges.

Integration

From the point of view of benefiting from the many business synergies which arise from acquiring new business and firms, the question of how well and how quickly new staff adapt to Novo's business practices and culture is important. Novo has produced a model for its integration process, Operational Practices and Methods, which in a coherent way seeks to enable, through planned activities, the realisation of synergistic benefits in our business operations in as short a time as possible.

Staff Options Plan

It was decided at Novo Group plc's annual general meeting of 21.3.2001 to grant stock option rights to the Group's key personnel.

In 1998, 1999 and 2000, notwithstanding the subscription privileges of shareholders, stock options were offered to those holding company-allocated option rights, and later to key employees of Novo Group named by the board. These option rights are intended to form part of the incentive scheme for key staff and, as such, have been combined with the Group's earlier incentive-building initiatives.

As stated above, the purpose of the options programme is to act as an incentive to key staff, namely to grow the value of their shares through long-term work and commitment to Novo. In the wake of this development, Novo's stock option holders increased in number to 763 people.

After the exchange, the company-allocated stock option rights under Novo Group's control in the years 1998, 1999 and 2000 were annulled.

Quality

In 2001 Novo moved to a process-based quality control system. This means that all of Novo's business activities are defined as belonging to processes which are connected to the concern's core activities - namely, its development, sales, production and service processes. Management processes have been clarified in such a way that strategic and operation-

al planning and their common functions are pictured within the same processes.

At the end of 2001, Novo attained a level in the development of its quality processes which made it the first comprehensive IT services provider in Finland to earn the ISO 9001:2000 quality certificate, embracing the entire company. The certificate covers all of Novo's domestic operations, the main goal for 2002 being the achievement of the same for all of Novo's international businesses.

Customer the Best Judge of Quality

It is beyond doubt that the opinion of the customer is crucial to the development of quality processes. While measures of quality can be the flawlessness of the product or adherence to production timetables, a study of our key customers in 2001 showed that we have proved able to improve our production quality, especially in project work and the smoothness of our co-operative activities. The customer is more and more in a position to demand quality, requiring an attachment to tenders giving clear details of the tenderer's quality system.

The greatest challenges for quality systems arise when new businesses or entire companies are brought into the concern. Gaining firm control over such an integration process is facilitated by charting the relevant production processes.

In the Autumn of 2001, forty Novo employees from various parts of the company participated in its project review training. Project review is an important element in the 'Novo Model's' quality assurance scheme (the Novo Model is a framework of guidelines designed to help guarantee quality within the company). In 2002 the focus will be on training staff in the use of processes and the improvement and development of current operational methods.

At the end of 2001, 2090 staff were employed by Novo Group. In the picture from left to right Pia Danska, Sirpa Räsänen, Jussi Salmela, Lena Ojala, Sari Salminen, Timo Heiniö, Arja Mäkelä, Pentti Pitkänen, Helena Hannuksela, Saara Temisevä, Janne Rajala, Hanna Nederström, Kaija Kopra, Sanna Heinsalo, Kari Ylisen, Ilkka Matti, Tea Stenberg, Janne Rantala ja Lauri Rajala.



INFRA SOLUTIONS



- The right solution models are not enough, for one must also be capable of acting at the right time, emphasises Senior Vice President Raimo Anttila, Head of Infra Solutions division.

The Infra Solutions division offers operating and network services, consulting and expert services as well as hardware and systems required for the use of information systems.

The division's reported net sales for 2001 was EUR 190.0 million (EUR 227.8 million in the previous year), accounting for 64.4 per cent of consolidated net sales (71.3 per cent). The number of employees working for the division totalled 701 (727) at the end of the financial year.

Novo is one of the most remarkable providers of IT infrastructure and operating services in Finland. The Infra Solutions business includes sales operating, network and expert services and sales of hardware, systems and standard software under licence. The offerings also include customer support, direct marketing and printout services.

The division's competitive advantages – high technological and integration expertise coupled with product and service excellence – result in correct and well-timed solutions for the customers' business needs.

The division runs service offices in over 20 locations in Finland and is also based in Germany and China. The division's Senior Vice President is Raimo Anttila until 28 February 2002. From 1st March 2002 Harri Mäkitie will lead the division.

Novo aims to strengthen its position as a high value-added IT services provider. In the final quarter, Novo entered into joint discussions with employees regarding reductions in the workforce involved in on-site support services and pre-installation and field installation services related to hardware sales (Stock Exchange Release on 4 October 2001). The outcome of the discussions was an agreement to reduce the workforce by 35. Demand for installation and on-site support services has been

sharply decreasing in recent years since the equipment provided by vendors is pre-installed. In addition the equipment is more reliable and the users more adept at using it.

In June, Novo bought the production and hardware sales of operating service from Tietonauhayhtiö Oy. As a result of the acquisition, a total of 16 employees joined the Infra Solutions division.

More Emphasis on Information-System Management and Control

Operating and network services ensure that customers have 24-hour access to their information systems. Demand for the management services of application servers and telecom equipment was brisk, which was reflected in a 10 per cent growth in business volume year-on-year. Servers are used for, among other things, operating platforms for ERP, HRM and e-mail solutions. Growth was most vigorous in the demand for services relating to human-resource and logistics management solutions.

IT infrastructure outsourcing ranged from the outsourcing of individual application environments and business processes to that of information

processing environment on a comprehensive basis. During the financial year, several major long-term operating service contracts were concluded and renewed. We continued to develop management and control services.

Novo aims to develop operating and network services to put an ever-increasing emphasis on customer-specific requirements. This requires

expertise in equipment and application technologies as well as thorough knowledge of customer business.

Open Systems Give Pronounced Meaning to Data Security

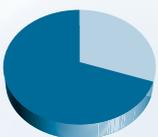
Since multi-channel solutions and wireless and open systems have become widespread, it has become increasingly important to integrate telecommunications, data security and systems into operational systems, which has resulted in a growth in demand for technology consulting services in these fields.

Our product development placed particular em-

“The sale of hardware and applications is transforming ever more into service integration”



Net sales accounted for 64.4 per cent of consolidated net sales.



The number of employees accounted for 33.5 per cent of all Group employees.



ISS Services provides, among other things, real estate, work facility, hospital and welfare services. - It is extremely important that we can place our trust in the reliability of the IT system and its security, since our customers, in their turn, trust us, emphasises IT Manager Esa Rantamäki (on the background) of ISS Services. Cooperation between Novo and ISS began in 1998.

phasis on the utilisation of open networks for operational information systems and on the development of data-security solutions. The Global Security Solutions data-security service package was completed. We continued to develop our Mediantti service, which enables the use of operational systems via the open network, by integrating user identification and data-security services into the system.

The greater number of uses for mobile terminal equipment will also necessitate centralised management. For the management and control services we developed the Smart Terminal Management service, which can be used for the remote management of wireless terminal equipment when carrying out work supervision.

Modernisation of Workstation Architectures, Outsourcing of Equipment Purchase and Supply Chains

Projects related to the adoption of the euro and Windows 2000, among other things, increased the demand for IT infrastructure planning.

Portable workstations, servers and the storage and certification solutions that ensure high usability of workstation and server environments increased their share in our product services. The structure of product sales was confronted with changes, i.e. the focus shifted from workstation de-

liveries to systems solution sales. In particular, certification and storage systems showed a significant growth in sales.

There was increasing interest in the outsourcing of workstation architectures and hardware-purchase and -supply chains. We responded to this need by developing the Basis concept, which makes it easier for customers to maintain their workstation environment through standardised hardware, standardised supply process and, at its greatest extent, through the maintenance outsourcing of the entire workstation.

Integration of New Technologies Requires Change-Management Capabilities

Novo estimates that the market for expert services and operating and network services will continue to develop favourably, with growth expectations focusing on consulting services and multi-channel solutions as well as on telecommunications and data-security services. There will be a growing need for customers and their customers to integrate the existing applications and systems into one another. At the same time, there will also be a growing need to integrate the terminal equipment of mobile employees into these systems. The focus will also shift from the sale of infra products and applications to the integration of products and services.

Business outsourcing will increase demand for operating and network services. Partial outsourcing will become more common in the IT sector. Demand is expected to focus on the terminal-equipment-independent operating services (e.g. SAP R/3, MS Exchange, human-resource and financial-management applications, electronic invoicing) that support business processes.

The Basis workstation service will specialise in the development of services related to the remote management of workstations and mobile equipment and to stock-taking and asset-liability management. The aim is to contribute to the more efficient maintenance and usability of our customers' workstation environment.



Wärtsilä is the world's leading producer of propulsion systems for ships and an important provider of generators intended for decentralised energy production, as well as maintenance and operational services. Over the last two years, the company has already made use of Novo's experts for a workstation environment standardisation project. This standardisation project covers all of Wärtsilä's bases in over 50 countries. Pictured is Wärtsilä's Communications Director, Bodil Berggren.

SOFTWARE PRODUCT SOLUTIONS



- Knowledgeable personnel, software that meets customer needs, high-quality processes and a broad customer base give us every reason to be confident about the future, says Senior Vice President Kari Kontula, Head of Software Product Solutions.



Net sales accounted for 19.8 per cent of consolidated net sales.



The number of employees accounted for 28.8 per cent of all Group employees.

The business of the Software Product Solutions division is based on high value-added software products and on services related to their use. The division develops software products for the corporate sector, public-administration organisations and health-care service providers, including solutions used in the fields of financial and human-resource management as well as products designed for social and health-care services.

The division's reported net sales totalled EUR 58.5 million (44.3 me), accounting for 19.8 per cent (13.9 per cent) of consolidated net sales. The number of employees totalled 602 (517) at the end of 2001.

Several company and business acquisitions in 2001 reinforced the division providing Novo with a total of 120 new professionals. As a provider of high value-added software solutions, the division was successful in strengthening its market position in a number of different industries.

Based on the agreement concluded in June, Novo bought human-resource management software and service businesses from Tietonauha-yhtiö Oy. This business acquisition strengthened Novo's position as a solutions provider in the corporate sector, chiefly in the fields of trade and industry. And in early December, Novo sold the payroll management services, included in this human resource management software business, to Silta Oy, Novo's associated company.

In September, Novo signed an agreement with Digital Open Network Environment Corporation Done on buying the entire share capital of Unikko-

Soft Jyväskylä Oy and its subsidiary UST-DataTeam Oy. As a result of the acquisition, almost 900 small and medium enterprises joined Novo's customer base. (Stock Exchange Release on 19 September, 2001)

In October, Novo signed an agreement with WM-data Consulting Oy whereby Novo acquired WM-data's health-care and nursing software businesses.

In December, Novo bought the Solteq Group's software businesses of general systems designed for SMEs as well as those of human-resource and financial management. The number of customers using these software products totals approximately 3,000. (Stock Exchange Release on 19 December, 2001)

Based on the agreement signed on 31 December, Novo bought the resource-allocation and allocation-planning product business as well as student-administration products from Hidecode Oy, a subsidiary of Ami-foundation.

The majority of the e-business solutions included in the New Business Solutions division became part of the Software Solutions division at the beginning of December.

Euro Adoption, Value-Added Products and e-Solutions Gave Boost to Demand

The first half of 2001 was characterised by weak demand for basic software products in particular. Mar-

Number of customers by sector

retail and wholesale	1600
services	2300
manufacturing	2500
health care	320
municipalities	730
parishes	300
government	60

This breakdown by business sector shows the total number of purchases of Novo's financial management, human resource management and enterprise resource management software products.

kets, however, perked up towards the end of the year. The Sonet software designed for the corporate sector reached a level of 1,200 customers. Measures relating

to the adoption of the euro increased the demand for these services. Demand for value-added products and e-business solutions was strong throughout the financial year. The sales of Rondo, a software for digital invoice processing and archiving, and the related rollout services were at a sustainable level throughout the year. Electronic tender procedure and browser-based electronic order processing met with a favourable reception among customers.

Novo strengthened its position in services regarding electronic data transfer from companies and other organisations to the public authorities.

Increasing regional co-operation in public-administration issues raised interest in systems and service concepts targeted at municipalities. The Pro Consona solution that integrates various health-care professionals into the same service chain has within a few years obtained a leading position in the health-care sector. During the financial year, Helsinki, Tampere and Lahti saw the large-scale implementation of projects using the Pro Consona solution.

Electronic Solutions and Industry-Drivenness as Engines of Product Development

Novo's Software Product Solutions offerings consist



of software products meeting the needs of the basic functions in different sectors as well as of value-added products supplementing this product range, and of modules fulfilling the specific requirements in various industries.

During the financial year, Novo intro-

Raunion Saha, a user of Novo's financial and personnel management products, is one of Finland's leading SMEs in its field. - Our business processes typically consist of long-term, confidential co-operative arrangements with the customer and the development of powerful and innovative production technology. The guarantor of quality is the ISO 9002 quality system, says the Financial Director of Raunion Saha, Risto Raunio. Pictured are Juha-Matti Malinen and Risto Raunio.

duced a modern financial-management solution package based on electronic service chains. The Pro Economica solution includes, in addition to its basic features, an analysis and reporting system for financial management as well as features such as digital archiving and paperless purchase invoice processing. It can be smoothly integrated as part of the enterprise resource planning chain of companies and public-sector organisations. The number of corporate customers and public-sector customers using Novo's financial-management solutions totals approximately 3,300 and almost 1,400, respectively.

Novo also introduced a host of new web-based value-added products during the year to supplement the company's payroll accounting solutions. These products included a data-capture application for processing working hours, annual leave and employee absence and days off; a managerial tool for assessing employee compensation; and a management reporting system. The number of corporate and public-sector customers using Novo's human-resource management solutions totals approximately 1,800 and about 900, respectively.

Modules customised for specific industries and the browser-based portal solution for electronic tender procedures supplemented Novo's ERP (Enterprise Resource Planning) product range. Industry-specific product offerings were supplemented with solutions designed for engineering agencies and the textile and clothing industry. The number of corporate customers and public-sector customers using Novo's ERP solutions totals approximately 2,000 and about 500, respectively.

Consolidating the Already Strong Market Position

As a consequence of organic growth and especially company and business acquisitions, Novo's Software Product Solutions has been successful in gaining a significant market position in products designed for Finnish municipalities, the health-care sector, parishes and SMEs. Novo aims to remain strong in these sectors and seeks to strengthen further its market position for products targeted at large corporations and government-sector organisations.



HUS or the Joint Authority for the Hospital District of Helsinki and Uusimaa, is a network which produces healthcare services for its member local authorities. In total, there are 1.3 million residents in its 32 local authorities. The system solutions produced by Novo are in use within the Hospital District for personnel, materials and patient management. Pictured is Human Resource Manager Marja Salmela.



- The Hämeenlinna-region is the first to standardise its financial administration across municipal borders. The aim is to have an entirely electronic system of data transfer for financial administration and single recording of data, and to enable a regional consolidation structure. The fulfilment of this plan demands a new kind of IT partner, affirms the Managing Director of Seutukeskus Oy Häme, Veikko Syyrakki.

CUSTOMISED SOLUTIONS



Head of Division, Senior Vice President Kimmo Koivisto stresses the importance of employee skills and skills management as factors of the customised solutions's success.

The Customised Solutions division offers IT expert services adapted to customer needs. The division's reported net sales rose to EUR 32.1 million (EUR 30.9 million in the previous year). Net sales deriving from domestic operations increased about 20 per cent and those of foreign subsidiaries decreased about 40 per cent. Customised Solutions accounted for 10.9 per cent (9.7 per cent) of consolidated net sales. At the end of 2001, the number of division employees totalled 395 (344). The increase in the number of personnel was due to employee transfers within the Group.

In Finland, the Customised Solutions division offers planning, implementation and consulting services for extensive customised systems. Domestic business operations are characterised by labour-intensive expert services built on strong industry expertise, long-standing customer relations and high-quality project-management capabilities.

Specific expertise is required in services related to information-system integration, project management, data warehousing, electronic transactions, customer relationship management and human-resource management. The division has staff in eight locations in Finland.

Foreign subsidiaries offer software solutions for sales and logistics as well as for human-resource optimisation designed for the travel and transportation sectors. The division has subsidiaries in the UK, the Netherlands, Estonia and the USA.

Expertise in combining traditional and new technologies is an asset

During the financial year, the division focused on strengthening its expertise in new technologies and on integrating this into its expertise in traditional

technologies. This successful process included an extensive employee-training programme and the integration of Group units, specialising in new technologies, as part of Customised Solutions.

The management of project planning and systems work methods is based on wide experience. Novo stresses a working model that favours a well organised, systematic and high-quality working method required by large-scale project management.

We continued to further develop consistent methods and processes with a view to improving competitiveness through more efficient operations. One of our goals is to increase component reusability. The Novo model, which provides guidelines for systems work, was reshaped to support the component-based working method.

Integration of Closed Systems to Open Ones Requires Component-Technology Expertise

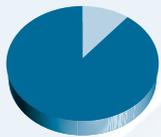
Domestic demand for customised solutions was at a healthy level in all sectors during the report year. Especially telecom clusters and the government sector showed the most vigorous growth in demand.

The focus in financing-sector solutions was placed on the development of pension insurance information systems. Pension systems will face great changes in the near future, and, considering the competition, Novo is confident that it is capable of relying on its long experience in the pension-system architecture.

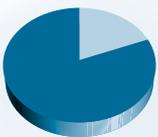
In the municipal sector, we focused on projects related to data warehousing solutions, euro projects and the development of web-based information systems. When it came to the government sector, we launched several projects making use of new technologies and component technology. In future, customers in the municipal and government sectors will have

to modernise their operational systems and increase the systems' usability by, among other things, integrating them into the systems for electronic transactions. This will further increase the demand for systems integration and architecture-consulting services based on component-technology expertise.

“There will be a greater need for integrating new technologies into basic information systems”



Net sales accounted for 10.9 per cent of consolidated net sales.



The number of employees accounted for 18.9 per cent of all Group employees.

Novo completed its CRM (Customer Relationship Management) concept. The concept emphasises that customer relationship management often requires the integration and customer-specific adaptation of a number of existing systems. This is where Novo can demonstrate its expertise.

The focus of product development during the financial year was on human-resource development and management solutions and on human-resource optimisation solutions. In January, we launched Pro Shift, a human-resource optimisation solution designed for transport and service businesses. In the Netherlands, Novo's Caress information system gained a leading position in the home-care systems market.

Net sales of the division's foreign subsidiaries fell due to the weakening world economy. In particular, international demand for point-of-sale systems designed for airlines did not come up to expectations.

Public Administration will Increase Electronic Transactions

Demand for customised solutions is expected to remain high during the next few years. The insurance sector in particular is expected to show the strongest growth. In the municipal and government sectors, electronic transaction solutions will be developed for administrative purposes and for the needs of inhabitants in municipalities.

Novo is confident that the critical feature of IT solutions will have greater emphasis in business strategy implementation. This will require basic technological expertise and knowledge of wider issues. There will be a greater need for integrating new technologies into basic information systems. This will require systematic systems architecture and component technologies. Demand for the tools for human-resource development and management will also be on the increase.



The Local Government Pensions Institution (known in Finland as Keva) takes care of the local government sector's employment pensions scheme and its funding. The partnership between Keva and Novo began as early as the end of the 1970s. Since then, Novo has provided Keva with customised solutions and IT infrastructure expert services in support of its employee pension scheme. Pictured is IT Manager, Sirpa Laatikainen.

Novo's e-Solution Expertise will Strengthen

On January 2002 Novo acquired Stonesoft eSolutions Oy from Stonesoft Corporation. Stonesoft eSolutions is a leading Finnish Provider of e-business and e-process solutions involving strategic consulting, system design and integration and support services for clients in the telecommunications, manufacturing and service industries. The transaction was closed on 28 February 2002. The business employs 160 professionals.

eSolutions became a part of Novo's Customised Solutions Division. The e-solution expert services of Novo were also integrated into the same division. The competencies and solution-based services of the different elements, which will form the new business unit, will complement one another.

The new unit's customers will be, among others, Nokia, Sonera, Posti, Kesko, The Local Government Pensions Institution, the Ministry of Justice, ABB, Suomen Asiakastieto, Finnish Customs, Finnair, Metso and Finland's main cities.

Among the most important strengths to emerge from the formation of the new business unit will be its broad customer base, the very high level of its technical competencies, the demanding level of quality control exercised over its operational processes and its strong partners.



The renewal of Finnish Customs' billing, payment monitoring and pay-desk systems, which began in 2001, is a broad-ranging and demanding undertaking. - It requires a long-term working approach from the provider of the system, the ability to follow technological developments and strong project management skills. The provider must also maintain a range of competencies which cover the whole organisation, states Finnish Customs' Director of Information Technology, Kari Suvila.

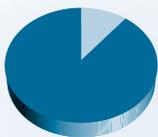
NEW BUSINESS SOLUTIONS



- When new technology becomes an everyday tool, it is no longer a novelty. This is what is happening to Internet-based software, which is about to integrate as part of larger information systems, says Senior Vice President Heikki Tiihonen, Head of New Business Solutions.



Net sales accounted for 4.9 per cent of consolidated net sales.



The number of employees accounted for 10.7 per cent of all Group employees.

The New Business Solutions division's offerings for 2001 included business process outsourcing services and solutions based on GIS, authentication and expertise in the Internet, helping organisations to increase their operational efficiency. These solutions consist of software, services, consultancy and GIS data services. In addition to units in Finland, the division also runs a company specialising in GIS solutions in China.

The New Business Solutions net sales was EUR 14.4 million (EUR 16.7 million in the previous financial year). The share of New Business Solutions net sales of consolidated net sales was 4.9 per cent (5.0 %). The year-end number of employees totalled 224 (324).

Mobile and Authentication Markets Keep Waiting

Uncertainties about the IT market growth rate and the focus of market growth, which dates back to 2000, gathered momentum in the field of new business solutions in particular. Product launches were postponed in the mobile market, as the development of wireless and fast telecommunications was slower than expected. Demand for new solutions was slacker than expected due to the difficulties faced by telecom companies. This was reflected in the demand for Internet services and especially demand for GIS (Geographical Information System) services, which did not grow as expected. Due to the hitches in the mobile market, Novo decided in the latter half of the year to postpone GIS service investments until 2002.

Contrary to what was generally expected at the turn of the millennium, a single Internet-based software market has not been created. Instead, the existing information systems are being extended to make use of Internet technology. This development has meant closures of small Internet companies or mergers into larger IT service companies. Novo's response to the changing Internet market conditions included focusing especially on technologies used in large business systems. At the end of the year, Novo decided to integrate its Internet expert services and electronic communications solutions more closely into other software and consulting services within

the Group. At the same time, Novo initiated joint discussions with employees, the outcome of which reduced staff levels by 34 (Stock Exchange Release on 3 December 2001).

The creation of the authentication market was held up by the overall uncertainties in the IT market and the delayed passage of the law on electronic signature. Since demand for authentication solutions remained unexpectedly low, Novo decided to integrate its authentication services into the Group's other data-security business.

There was a positive trend in the demand for outsourcing services. Novo Group plc, Mutual Pension Insurance Company Varma-Sampo, Teollisuusvakuutus Oy and the State of Finland established Silta Oy, a new company specialising in human-resource management services. Novo's unit providing business process outsourcing services was transferred on 1 May 2001 to this associated company, in which Novo's shareholding amounts to 44.9 per cent. (Stock Exchange Release on 20 March 2001)



DNA is using Novo's map content and GIS-based technology in its location based services. "Naturally, we are already testing GIS-based services which work in third generation mobile messaging network", explains DNA's Research and Technology Department Leader, Jarkko Utriainen. DNA Finland plc is a mobile operator, which began operating in February 2001, offering nationwide mobile messaging services.

Focus on a Complete Range of GIS Services

Novo's GIS solutions focused on developing a complete GIS offering consisting of software, data and services. As part of the total offering, Novo also began to provide online GIS data services.

In June, the acquisition of Dipec-Com Oy, a company specialising in the development of route planning and timetable services for public transport, strengthened Novo's GIS service expertise in solutions designed for consumers.

Novo's library business operations were divested to the TietoEnator Group in December.

Novo's Internet expert services developed electronic-commerce and communication solutions to meet the requirements of large organisations in the telecom, transport and wholesale sectors in particular. One of the most significant product-development projects in GIS solutions included mTravel, a server-based public-transport route search facility. The real-time satellite-based TV tracking system was used for the first time in the World Orienteering Championships in Tampere. This system, originally designed for transport tracking purposes, has grown from Novo's product development.

Strong Integration Expertise Required

Integrating expertise in Internet, wireless and GIS technologies more closely into the organisations' other information systems requires ever-more sophisticated and versatile systems integration skills and an extensive knowledge of information systems. Novo's particular strengths lie in its superior integration skills combined with its complete range of IT services and deep knowledge of both new and older technologies as well.

Business Applications as Driving Forces in the GIS Market

Demand for GIS applications is expected to grow in 2002 but at a more moderate rate than some market forecasts have so far estimated. Novo is confident that, during the next few years, demand will primarily focus on corporate solutions and, secondarily, on consumer solutions. Forecasts suggest that there will be 800 million mobile-service users in the world in 2006 (ABI 2001).

Novo continues to develop its GIS services pri-



The most significant customer delivery of Beijing Novo included implementing a GIS-based resource-management system for China Unicom, the second largest mobile operator in China. Measured by the number of mobile-phone users, China became the world's largest country in July.

marily for businesses and other organisations, which exploit geographical information in their efforts to improve operational efficiency. The greatest growth in the demand for these services is expected to come from telecom cluster, the transport, security and forest industries. In the development of tracking systems, Novo will particularly concentrate on tracking applications designed for the networks of the public-sector authorities, such as solutions for rescue services and applications for other public security activities. It has become ever more vital for public-sector services, consumer services and business applications that GIS solutions be used in the organisations' existing information systems.

The utilisation of GIS solutions both in general and public-service authority networks is becoming increasingly mobile. Novo continues to focus on providing its mobile services in Finland, the forerunner in the global mobile markets. Novo's internationalisation will primarily be carried out through its customers.

GIS technology required by the location-based services is already available. Growth expectations are based on the wider currency of phones with positioning capacity and on the forthcoming wireless and fast telecommunications. Demand for business and public-sector applications is expected to perk up significantly in 2003, while that for consumer applications will see growth in the following year.

FINANCIAL STATEMENT



Novo's history dates back to 1972, when its predecessor Kunnallistieto Oy was registered with the Trade Register. Novo also has its origin in the Helsinki City ADP unit, which later became PTK-tietokeskus (data centre consisting of municipalities in the Helsinki Metropolitan Area). In the photo, Kunnallistieto Oy's Board members in October 1972: from left top Urpo Ryönänkoski and Matti Haapala from the Federation of Cities, Martti Jokinen from the Finnish Municipal Association, Kunnallistieto's Managing Director Harri Havia, Juhani Romppanen from the City of Kemi and Heikki Hallantie from Kunnallistieto. From left bottom K.J.Brunström from Finland's svenska kommunförbund, Antero Raitamäki from Kunnallispaino, Eero Koivukoski from the Finnish Municipal Association, L.O.Johanson from the Federation of Cities, Teemu Hiltunen from the City of Lahti and Erkki Linturi from the City of Helsinki. The annual report released by the City of Helsinki's ADP Centre in the same year dealt with, among other things, the use of D22 computers by function. Kunnallistieto and PTK-tietokeskus merged in 1990 to become KT-tietokeskus, which is currently known as Novo.

BOARD OF DIRECTOR'S REVIEW

Novo Considerably Improved its Profitability in 2001

Operating profit before goodwill amortisation amounted to EUR 13.5 million (MEUR 6.1 in the previous year) and after goodwill amortisation to EUR 8.6 million (EUR 1.7 million). Profit before extraordinary items and taxes totalled EUR 9.9 million (EUR 2.7 million) and earnings per share were EUR 0.20 (EUR 0.04). Equity per share was EUR 2.2 (EUR 2.0). Consolidated net sales for the period amounted to EUR 295.0 million (EUR 319.4 million). Pro forma net sales remained at the previous year's level. One of Novo's key targets for 2002 includes deepening co-operation with customers at all levels. Novo also aims to continue to expand and improve company profitability.

The year 2001 remained unstable for the IT industry while the global economy slowed down. Market research firms revised down their forecasts for the industry market growth several times during the year. According to preliminary data (issued by International Data Corporation Oy), market growth in the IT sector in Finland and the rest of Europe was 5.7 per cent and 5.5 per cent, respectively. The figures lagged far behind the forecasts at the beginning of 2001.

Novo Group plc's (Novo) main market area is Finland. Novo's offerings in Finland include software services, IT operating and network services, as well as hardware services. Novo's customers are both companies and public-sector organisations. In international markets, Novo offers niche software solutions designed for selected target groups. These solutions include point-of-sale systems for passenger traffic, human-resource planning systems and GIS solutions. The emphasis of Novo's internationalisation is placed on solutions for the travel and transport industries as well as for telecom clusters.

Novo's long-term growth target is to continue to expand beyond the average market growth rate in the industry. Growth will focus on high value-added services. Novo will also seek growth in international markets, supported by company acquisitions.

The key target for 2002 is to improve Group profitability. Considering the prevailing market conditions, Novo succeeded in raising its profitability to a satisfactory level in 2001, showing a considerable

improvement on the previous year, but failed to achieve the long-term target. The high value-added software business and operating and network services accounted for a larger chunk of net sales according to plans, rising from 49.7 per cent to 64.9 per cent year-on-year.

In calculating the financial indicators, the number of the company's own shares has been subtracted from the overall number of shares and fund value from the shareholders equity.

Development of Consolidated Net Sales

Consolidated net sales dropped by 7.6 per cent from the previous year to EUR 295.0 million (EUR 319.4). Parent-company net sales grew by 18.2 per cent from the year before to EUR 122.3 million (EUR 103.5).

Net sales of Infra Solutions totalled EUR 190.0 million (EUR 227.8 million), accounting for 64.4 per cent of consolidated net sales. The year-end number of staff in the division totalled 701. Net sales of Software Product Solutions amounted to EUR 58.5 million (EUR 44.3 million), representing 19.8 per cent of consolidated net sales. The division had a staff of 602 at the end of the financial year. Customised Solutions reported net sales of EUR 32.1 million (EUR 30.9), accounting for 10.9 per cent of consolidated net sales. The year-end number of personnel in the division amounted to 395. Net sales of New Business Solutions were EUR 14.4 million (EUR 16.7), accounting for 4.9 per cent of consolidated net sales. The division had a staff of 224 at the end of the year.

Profit and Financial Position

Novo's consolidated operating profit amounted to EUR 8.6 million (EUR 1.7 million). Operating profit before goodwill amortisation was EUR 13.5 million (EUR 6.1 million). Pre-tax profit totalled EUR 9.9 million (EUR 2.7 million). Earnings per share were EUR 0.2 (EUR 0.04). Equity ratio was at 58.2 per cent (49.7 per cent) and liquid assets totalled EUR 16.2 million (EUR 15.8 million). Net gearing was -7.5 % (3.4 %).

The parent company Novo Group plc's operating profit amounted to EUR 13.3 million (EUR 5.5 million) and profit before appropriations and taxes totalled EUR 11.7 million (EUR 8.0 million).

Company and Business Acquisitions and New Group Companies

Novo Information Technology Inc. started its operations in the USA early in 2001. The company markets Novo's IT solutions designed for passenger traffic and transport industry.

In January, Novo bought the entire share capital of its Estonian-based subsidiary Novo BCS AS. Previously, Novo's holding in the company was 65 per cent and Baltic Computer Systems' (BCS) holding was 35 per cent.

In March, Novo Group plc, Mutual Pension Insurance Company Varma-Sampo, Teollisuusvakuutus Oy and the State of Finland signed an agreement to establish Silta Oy, a new company specialising in human-resource management services. Novo's unit providing business-process outsourcing services was also transferred to the associated company Silta Oy, which became operational on 1 May 2001.

In June, Novo acquired Dipec-Com Oy, a company specialising in the development of route planning and timetable services for public transport.

In June, Novo agreed to buy the human-resource management software and service businesses as well as the infrastructure business from Tietonauha-yhtiö Oy, which is an IT service company specialising in the development of application software, the implementation of IT solutions, the provision of service-centre management and application services. Its customers include large and medium-sized companies in trade, industry and public administration.

As the founder of Novo Atuline Ltd, Novo transferred its Atuline virtual hospital business to this company in August. Atuline offers over-the-Internet professional medical services also on an international scale.

In September, Novo agreed to buy the share capital of Unikko-Soft Jyväskylä Oy and its subsidiary UST-Datateam Oy from Digital Open Network Environment Corporation Done. Unikko-Soft specialises in financial and human-resource management standard software as well as in enterprise-resource planning (ERP) solutions for small and medium-sized companies. This acquisition strengthened Novo's position as a provider of software product solutions designed for SMEs.

In October, Novo strengthened its market posi-

tion as a provider of basic and special health-care solutions in Finland by buying WM-Data's health-care software service businesses in Finland.

In November, Novo sold the payroll-accounting services it had acquired from Tietonauha, and part of its human-resource management services to the associated company Silta Oy.

In December, Novo bought the Solteq Group's business of general systems designed for SMEs and human-resource and financial-management software businesses. The acquisition further strengthened Novo's market position as a provider of high value-added software product solutions in the corporate sector.

In December, Novo divested its library business to TietoEnator Plc and bought 15.7 per cent of Novotrust Ltd's share capital from Pietarsaaren Puhelin Oy and Efektia Oy, making Novotrust Ltd Novo's wholly-owned subsidiary.

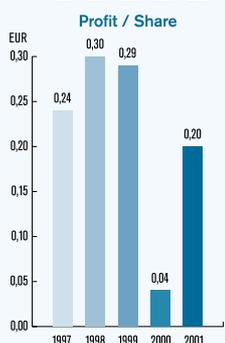
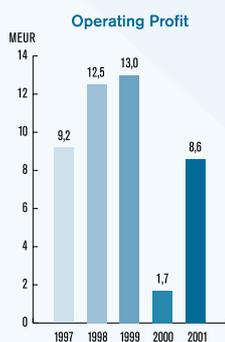
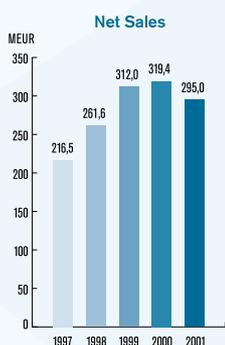
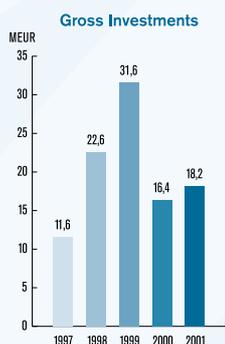
Group Structure and Development

The Novo Group's parent company is Novo Group plc. In 2001 the parent company was engaged in business operations through four divisions. At the end of the year, the subsidiaries included Novosys Ltd and its subsidiary Nouveltech Ltd within the Infra Solutions division; Novobit Ltd, Citisoft Oy, Unikko-Soft Jyväskylä Oy and its subsidiary UST-Datateam Oy within the Software Product Solutions division; HM&V Research Ltd and its subsidiary HM&V Telecommunications Ltd within the Customised Solutions division; and Novo Meridian Ltd, Novo Extend Ltd, Novosat Ltd, Novotrust Ltd and Novo Astra Ltd within the New Business Solutions division.

In addition, the Group included the following companies at the end of the year: Kiinteistö Oy Novo Estate and the foreign subsidiaries Beijing Novo Information Technology Co. Ltd, Guangzhou Novo Information Technology Development Co., Novo BCS AS, Novo Cetec B.V., Novo Group GmbH, Novo Information Technology Inc. Ltd. and Novo Ivc Ltd.

Karjalan Tietovalta Oy was merged into the parent company on 31 December 2001 and Pohjolan Paikkatieto Oy and Dipec-Com Oy were merged into Novo Meridian Ltd. Novosys Ltd's subsidiary Nouveltech Ltd will be dissolved early in 2002.

The Group's associated companies include IT-



Solicom Oy (holding of 40.0 per cent), Medici Data Oy (36.3 per cent), Komartek Oy (29.8 per cent) and Silta Oy (44.9 per cent).

Shares and Share Capital

Novo Group plc's Annual General Meeting (AGM) authorised the Board of Directors to increase share capital and buy back and transfer own shares.

The Board of Directors exercised the authorisation to issue new shares on 19 December 2001. The number of issued shares totalled 720,805, accounting for 2.05 per cent of the share capital. Based on private placing, the shares were sold directly to Digital Open Network Environment Corporation Done in accordance with the share-swap agreement with regard to the company's acquisition.

Detailed information on the new shares and subscription prices is presented in the Notes to the Financial Statements. The basis for the share subscription price has been the book net asset value to the Group.

On 4 April 2001, a total of 22,116 own shares were sold in public trading for the payment of Board member emoluments in a manner decided by the AGM. On 19 December 2001, shares were transferred to Solteq Oy in accordance with the share-swap agreement with regard to the company's acquisition. Novo was not engaged in any other share buy-backs during the financial year. The number of treasury shares totalled 111,650 at the end of the year, accounting for 0.3 per cent of Group shares and share capital.

Stock-Option Schemes

The Board of Directors exercised the authorisation given by the AGM to issue stock options to the subscribers of shares based on the 1998, 1999 and 2000 stock-option schemes. Stock options are part of the key employee incentive system. All Novo's issued stock options entitle their holders to subscribe for a total of 4,230,750 Novo shares. As a result of all Novo's stock-option schemes, the company's share dilution may rise to a maximum of 10.8 per cent.

Share Trading Volume and Share Performance

During 2001, the lowest quotation for Novo Group plc shares on the Helsinki Exchanges ran into EUR

2.05 and the highest quotation amounted to EUR 4.30. The volume of Novo shares traded during the year totalled 15,533,000, accounting for 45.9 per cent of the company's shares and share capital.

Novo's market capitalisation at the end of 2001 totalled EUR 88.3 million (EUR 100.9).

Human Resources and its Development

The total number of Group employees was 2,090 (2,025) at the end of the financial year. The average number of employees for the year amounted to 2,016 (2,026). The parent company had a staff of 1,224 (1,099) at the end of the year, while the period average totalled 1,182 (1,023). The number of personnel abroad and at foreign subsidiaries amounted to 136 (129).

In 2001, Novo launched an extensive training scheme with a view to improving employee skills in selected new technologies. In addition, human-resource development focused on improving project-management and sales and customer-service skills as well as on developing internationalisation capacities.

Development of Quality and Customer Service

The Sales and Account Management organisation was remodelled from 2001. The new organisation is based on responsibilities built around customer sectors in line with the Group's customer strategy.

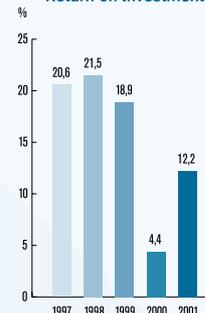
In recognition of Novo's long-term approach to quality improvement measures, the company, as the first IT service company in Finland, received the ISO 9001:2000 quality standard at the end of the year.

Events After the Financial Year

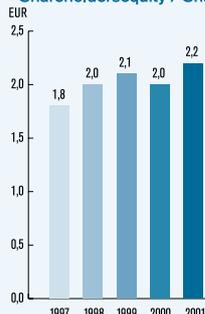
On 1 January 2002, Novo supplemented its product portfolio designed for schools and universities by buying the OK2000 product-family business from the Ami Foundation's subsidiary Hidecode Oy. This product family is designed for the reservation of the organisation's premises, equipment and personnel, including the planning of reservations, as well as for student management for schools and universities.

On 24 January 2002, Novo agreed to buy the Keybox software from Liinos plc. The acquisition included the materials-management software designed for hospitals as well as the related maintenance and consulting businesses.

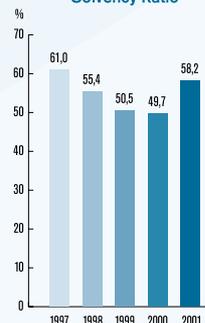
Return on Investment



Shareholdersequity / Share



Solvency Ratio



Net Sales by Divisions



On 21 January 2002, Novo agreed to buy the entire share capital of Stonesoft e-solutions Oy from Stonesoft Plc. With a staff of approximately 160, Stonesoft e-solutions Oy is a provider of high value-added consulting services. The acquisition will be carried out through a share swap on 28 February 2002. The number of new shares to be issued ranges from 4,111,111 to 4,316,667, accounting for 10.48–10.95 per cent of Novo's share capital.

Novo has decided to close down the New Business Solutions division from 1 March 2002. The companies which specialise in GIS solutions within the division will join the Software Product Solutions division. The businesses of Novo Extend Ltd, specialising in e-business solutions and expert services, will be divided among the Software Product Solutions division and the Customised Solutions division.

Management

Jorma Kielessen is Novo Group plc's President and CEO. Veikko Kasurinen chairs the Board of Directors while Ilkka Hallavo acts as the Vice-Chairman. Other Board members include Matti Packalén, Juha Voittis, Risto Parjanne, Reijo Pajanen and Jorma Kielessen. The Board of Directors convened 13 times during the financial year.

The company's auditors were Arto Kuusiola, Authorised Public Accountant and Tilintarkastajien Oy – Ernst & Young public accountant firm, with Mikael Holmström, Authorised Public Accountant, acting as the principal auditor. Authorised Public Accountants Kunto Pekkala and Anu Ojala acted as deputy auditors.

Future Prospects

Novo's strategic goal is to serve its customers as a partner who enables them to find and utilise the IT solutions that most efficiently cater for their business needs and also provide added value. One of Novo's key targets for 2002 include deepening cooperation with customers at all levels. Novo will celebrate its thirtieth anniversary in 2002.

The most vital future goals include sustaining business growth and improving profitability. Novo will seek growth through company and business acquisitions in addition to organic growth. The aim is to further increase the share of high value-added

services and foreign sales of consolidated net sales. The company will go international through its niche products targeted at selected segments and in tandem with its customers.

In particular, Novo aims to expand by strengthening its position in the areas of software business with potential for a significant or leading market position. The highest growth expectations for 2002 are set particularly for the domestic software market and operating and network services. The software business expects growth in solutions for product- and customer-specific software. The greatest growth potential will be in telecom clusters, the service sector, manufacturing companies and the government sector. Demand for GIS solutions is expected to speed up in the latter half of 2002.

IT development always requires investment, for which the overall economic situation determines the conditions. An economic downturn boosts demand for solutions that aim to improve operational efficiency. If the global and domestic economic slowdown turns into growth in 2002, it will also accelerate the investments postponed due to the investments projects related to the Euro adoption and Y2K.

The key future challenges include profitable growth, a stronger market position in new industries and markets, and the further development of in-house capabilities.

Based on the current business structure, Novo's long-term profitability target is to achieve an operating margin of 8 per cent. The pace at which the information society develops and overall economic development will provide the foundation as to what extent these goals are achieved. If the predicted economic growth materialises, Novo also expects its company performance for 2002 to be better than in the preceding year.

Proposal for Profit Distribution

The Board of Directors proposes that a dividend of EUR 0.12 per share be paid from the distributable profit and that the remainder be entered in the shareholders' equity.

BOARD OF DIRECTORS

THE NOVO GROUP

CONSOLIDATED INCOME STATEMENT

	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
NET SALES	295 000	319 389
Other operating income	1 664	2 592
Materials and services		
Materials and supplies		
Purchases	111 127	168 814
Increase/decrease in inventories	7 328	-1 631
Outsourced and subcontracted services	8 920	5 513
Total materials and services	127 375	172 696
Personnel expenses		
Salaries and wages	76 429	69 895
Social expenses		
Pensions	11 528	10 380
Other social expenses	6 711	6 251
Total personnel expenses	94 668	86 526
Depreciation and write-downs		
Depreciation according to plan	13 482	13 110
Amortisation on Group goodwill	2 251	1 959
Write-downs on goodwill	157	-
Total depreciation and write-downs	15 890	15 069
Other operating expenses	50 084	45 980
OPERATING PROFIT	8 647	1 710
Financial income and expenses		
Income from holdings in associated companies	969	1 117
Income from		
associated companies' investments	-	15
other investments	211	39
Interest and financial income		
from associated companies	-	2
other interest and financial income	714	841
Interest expenses other financial expenses	-643	-985
Total financial income and expenses	1 251	1 029
PROFIT BEFORE TAXES	9 898	2 739
Change in imputed tax liability/asset	-597	1 366
Direct tax	-2 697	-2 992
Profit before minority interest	6 604	1 113
Minority interest of the financial year's profit	240	230
Profit for the financial year	6 844	1 343

THE NOVO GROUP

CONSOLIDATED BALANCE SHEET

ASSETS	31 December 2001	31 December 2000
FIXED AND OTHER NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	5 157	5 198
Goodwill	13 359	12 673
Group goodwill	6 788	7 905
Other non-current assets	415	153
Total intangible assets	25 719	25 929
Tangible assets		
Land	1 163	1 163
Buildings and structures	5 708	5 819
Machinery and equipment	14 524	14 217
Other tangible assets	375	405
Total tangible assets	21 770	21 604
Long-term investments		
Holdings in associated companies	3 986	2 518
Receivables from associated companies	130	9
Treasury shares	403	2 709
Other shares and holdings	1 498	1 498
Other receivables	1 119	1 152
Total long-term investments	7 136	7 886
TOTAL FIXED AND OTHER NON-CURRENT ASSETS	54 625	55 419
INVENTORIES AND CURRENT ASSETS		
Inventories		
Goods and other inventories	6 050	13 378
Receivables		
Imputed tax asset	41	638
Accounts receivable	44 318	47 116
Receivables from associated companies	750	703
Loan receivables	123	210
Other receivables	227	253
Accrued income and prepaid expenses	11 311	10 860
Total current receivables	56 770	59 780
Short-term investments		
Other investments	227	2 983
Cash and bank	16 011	12 890
TOTAL INVENTORIES AND CURRENT ASSETS	79 058	89 031
	133 683	144 450

THE NOVO GROUP

CONSOLIDATED BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	31 Dec. 2001	31 Dec. 2000
SHAREHOLDERS' EQUITY		
Share capital	5 903	5 782
Issue premium fund	33 059	32 511
Reserve for treasury shares	403	2 709
Retained earnings/losses	29 492	27 818
Translation difference	131	116
Profit for the financial year	6 844	1 343
TOTAL SHAREHOLDERS' EQUITY	75 832	70 279
MINORITY INTEREST	429	630
OBLIGATORY RESERVES		
Other obligatory reserves	579	650
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	4 555	5 843
Pension loans	3 882	4 187
Other long-term liabilities	250	1 231
Total long-term liabilities	8 687	11 261
Short-term liabilities		
Loans from financial institutions	1 565	6 576
Pension loans	305	322
Advances received	3 034	4 547
Accounts payable	16 399	22 937
Payables to associated companies	91	543
Other payables	8 459	7 914
Accruals	18 303	18 791
Total short-term liabilities	48 156	61 630
TOTAL LIABILITIES	56 843	72 891
	133 683	144 450

THE NOVO GROUP

CONSOLIDATED FUNDS FLOW STATEMENT	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Cash flow from operations		
Operating profit	8 647	1 710
Adjustments to operating profit		
Depreciation and write-down	15 890	15 069
Obligatory reserve/business transfer		-9
Change in obligatory reserves	-71	-195
Other adjustments	-56	-1 296
Change in working capital		
Inventories (- = increase)	7 328	-1 631
Short-term receivables (- = increase)	2 916	-337
Non-interest bearing liabilities (+ = increase)	-7 212	-2 504
Financial income and expenses		
Received dividends	576	341
Received interests	916	879
Paid interests	-726	-886
Taxes	-4 056	-3 690
Total	24 152	7 451
Cash flow from investments		
Cash flow from investments	-7	-523
Investments in tangible and intangible assets	-16 666	-15 861
Income from other financial assets	-	1 656
Income from tangible and intangible assets	2 990	5 137
Income from other fixed and non-current assets	211	-
Loans granted	-114	-560
Repayment of loans receivable	26	393
Total	-13 560	-9 758
Cash flow before financing	10 592	-2 307
Cash flow from financial operations		
Withdrawal of long-term loans	245	4 366
Repayment of long-term loans	-7 846	-381
Dividends paid	-2 010	-3 972
Rights issue parent/minorities	-	1 233
Other extraordinary items	-	-
Total	-9 611	1 246
Net change in cash equivalents	981	-1 061
Cash and cash equivalents 1 Jan.	15 873	16 934
Cash and cash equivalents 31 Dec.	16 238	15 873
Carried forward due to business transfer	616	-

NOVO GROUP PLC

INCOME STATEMENT	1 Jan.-31 Dec. 2001	1 Jan.- 31 Dec. 2000
NET SALES	122 295	103 476
Other operating income	469	2 054
Materials and services		
Materials and supplies		
Purchases	4 758	4 344
Increase/decrease in inventories	131	-44
Outsourced and subcontracted services	8 793	7 160
Total materials and services	13 682	11 460
Personnel expenses		
Salaries and wages	45 341	39 914
Social expenses		
Pensions	7 027	5 790
Other social expenses	4 432	4 068
Total personnel expenses	56 800	49 772
Depreciation and write-downs		
Depreciation according to plan	10 110	9 667
Other operating expenses	28 885	29 090
OPERATING PROFIT	13 287	5 541
Financial income and expenses		
Income from holdings in		
Group companies	70	61
associated companies	770	467
Income from fixed-asset investments		
in Group companies	401	301
in associated companies	-	15
other investments	208	36
Interest income and financial income		
from Group companies	241	271
from associated companies	-	2
other interest income and financial income	590	593
Write-downs of fixed-asset investment		
from Group companies	-936	-
Interest and other financial expenses		
to Group companies	-184	-113
other interest and financial expenses	-519	-619
Total financial income and expenses	641	1 014
PROFIT BEFORE EXTRAORDINARY ITEMS	13 928	6 555
Extraordinary items		
Extraordinary income	5 633	1 682
Extraordinary expenses	-7 900	-220
PROFIT BEFORE APPROPRIATIONS AND TAXES	11 661	8 017
Appropriations		
Change in depreciation difference	280	1 912
Change in imputed tax asset	-209	317
Direct tax	-3 276	-2 543
PROFIT FOR THE FINANCIAL YEAR	8 456	7 703

NOVO GROUP PLC

BALANCE SHEET

ASSETS	31 Dec. 2001	31 Dec. 2000
FIXED AND OTHER NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	4 524	3 983
Goodwill	11 648	9 466
Other non-current assets	69	69
Total intangible assets	16 241	13 518
Tangible assets		
Land	341	341
Buildings and structures	4 573	4 650
Machinery and equipment	12 051	10 715
Other tangible assets	346	368
Total tangible assets	17 311	16 074
Long-term investments		
Holdings in Group companies	20 080	17 841
Receivables from Group companies	8 194	6 004
Holdings in associated companies	2 045	951
Receivables from associated companies	130	-
Treasury shares	403	2 700
Other shares and holdings	1 278	1 271
Other receivables	1 102	1 152
Total long-term investments	33 232	29 919
TOTAL FIXED AND NON-CURRENT ASSETS	66 784	59 511
INVENTORIES AND CURRENT ASSETS		
Inventories		
Goods and other inventories	570	701
Receivables		
Imputed tax asset	129	317
Accounts receivable	19 980	13 039
Receivables from Group companies	11 921	11 248
Receivables from associated companies	750	689
Loan receivables	56	56
Other receivables	137	106
Accrued income and prepaid expenses	4 781	2 842
Total current receivables	37 754	28 297
Short-term investments		
Other short-term investments	172	2 778
Cash and bank	12 082	9 179
TOTAL INVENTORIES AND CURRENT ASSETS	50 578	40 955
	117 362	100 466

NOVO GROUP PLC

LIABILITIES AND SHAREHOLDERS' EQUITY	31 Dec. 2001	31 Dec. 2000
SHAREHOLDERS' EQUITY		
Share capital	5 903	5 782
Issue premium fund	33 037	32 488
Reserve for treasury shares	403	2 700
Retained earnings/losses	19 553	11 508
Profit for the financial year	8 456	7 703
TOTAL SHAREHOLDERS' EQUITY	67 352	60 181
APPROPRIATIONS		
Depreciation difference	2 132	2 412
OBLIGATORY RESERVES		
Other obligatory reserves	417	613
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	4 202	5 530
Pension loans	2 600	2 796
Other long-term liabilities	180	1 198
Payables to Group companies	-	100
Total long-term liabilities	6 982	9 624
Short-term liabilities		
Loans from financial institutions	1 329	6 374
Pension loans	196	210
Advances received	742	456
Accounts payable	3 024	2 511
Loans from Group companies	19 378	5 025
Loans from associated companies	78	526
Other payables	4 448	3 503
Accruals	11 284	9 031
Total short-term liabilities	40 479	27 636
TOTAL LIABILITIES	47 461	37 260
	117 362	100 466

NOVO GROUP PLC

FUNDS FLOW STATEMENT	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Cash flow from operations		
Operating profit	13 287	5 541
Adjustments to operating profit		
Depreciations and write-downs	10 110	9 667
Change in obligatory reserves	-196	-27
Other adjustments	203	-1 126
Change in working capital		
Inventories (- = increase)	131	-44
Short-term receivables (- = increase)	-5 591	-2 539
Non-interest bearing liabilities (+ = increase)	6 093	680
Financial income and expenses		
Received dividends	600	383
Received interests	1 032	682
Paid interests	-785	-681
Taxes	-3 882	-2 356
Total	21 002	10 180
Cash flow from investments		
Investments in other financial assets	-2 629	-3 770
Investments in tangible and intangible assets	-13 696	-7 654
Income from other financial assets	-	1 982
Income from tangible and intangible assets	869	4 254
Income from other fixed and non-current assets	608	352
Loans granted	-3 400	-4 393
Repayment of loans receivable	1 130	1 593
Total	-17 118	-7 636
Cash flow before financing	3 884	2 544
Cash flow from financial operations		
Withdrawal of long-term loans	173	4 206
Repayment of long-term loans	-2 815	-226
Dividends paid	-2 010	-3 972
Received and paid Group contributions	1 682	1 850
Rights issue	-	937
Other extraordinary items	-	-220
Total	-2 970	2 575
Net change in cash equivalents	914	5 119
Cash and cash equivalents 1 Jan.	11 956	6 837
Cash and cash equivalents 31 Dec.	12 254	11 956
Carried forward due to business transfer	616	-

CONSOLIDATED FINANCIAL STATEMENTS

Scope of Consolidated Financial Statements

The consolidated financial statements include the figures for all Group companies and associated companies, apart from Kiinteistö Oy Rukavarri, which is not engaged in actual business operations and has no material effect on the Group's financial performance. More detailed information on Group companies and associated companies will be provided below under section 'investments'.

Accounting Principles

The consolidated financial statements have been prepared using the acquisition cost method. The price paid for the subsidiaries' shares in excess of shareholders' equity is shown in Group goodwill. "Inter-company transactions, the unrealised profit margins of inter-company deliveries, inter-company receivables and debts as well as inter-company profit distribution are eliminated as part of the consolidation process." Minority interests are presented separately from consolidated shareholders' equity and profit and are treated as a separate item. The income statements of foreign subsidiaries have been translated into Finnish markka using the financial year's average exchange rate, and balance sheets have been translated into Finnish markka at the exchange rate valid on the closing day of the accounts. These translation differences and the differences generated in the translation of shareholders' equities are treated as a separate item under shareholders' equity. Associated companies have been consolidated using the equity method. The Groups' proportion of the associated companies' profit for the financial year, in proportion to the Group's holding in these companies, is shown in financial items. Accrual-based imputed tax liabilities and assets due to periodisation differences are entered as separate items in the income statement and balance sheet.

Principles for the Preparation of Financial Statements

Research and development costs are expensed in the financial period during which they are incurred. The parent company employees' pension scheme is funded through payments to pension insurance companies. Pension costs are expensed in the financial year during which they are incurred. Income from long-term projects is recognised on the percentage of completion. The percentage of completion is calculated by proportioning the realised costs to the total cost estimate. Anticipated losses involved in the projects are expensed in full. Significant items not included in the company's business operations are treated as extraordinary items. Imputed tax asset is based on the indirect transient differences between taxation and the closing of the accounts using the tax rate confirmed for the coming years on the closing day of the accounts. The balance sheet includes the imputed tax liability in full. Management fee is entered in other fixed costs, and the 2000 financial statements have been adjusted to correspond to the new entry method. Capital losses from own shares and related taxes are entered in retained earnings.

Valuation Principles

Fixed assets are capitalised at the acquisition cost. Planned depreciation is recorded on a straight-line basis over the expected useful lives of the fixed assets. Investment assets are valued at cost or at a lower market value. In accordance with the FIFO principle, inventories are stated at the lower of cost or the probable net realisable value. The value of inventories is determined by using their average price. Short-term investments are valued at the acquisition cost or at a lower market value. Receivables, debts and other liabilities in foreign currencies are translated into Finnish markka at the exchange rate quoted by the Bank of Finland on the closing day of the accounts.

NOTES TO THE INCOME STATEMENT

1. Net sales and operating profit (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Net sales by operations				
Software services	77 057	60 828	127 108	104 670
Operating and network services	44 166	40 347	64 455	54 088
Hardware sales and commission income	1 072	2 301	103 437	160 631
Total	122 295	103 476	295 000	319 389

Net sales by market area

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Finland	121 888	102 012	274 636	284 794
Other European countries	362	1 447	17 929	25 736
Other countries	45	17	2 435	8 859
Total	122 295	103 476	295 000	319 389

Operating profit from domestic operations in 2001 totalled EUR 10,869,000, from other European countries EUR -1,782,000 and other countries EUR -440,000. Operating profit from domestic operations in 2000 amounted to EUR 3,380,000, from other European countries EUR -805,000 and other countries EUR -865,000

2. Partial income recognition (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Recognised income in net sales according to the percentage of completion	2 403	2 166	2 654	2 365
Total amount entered in net sales for non-delivered long-term projects	2 719	2 226	3 054	3 228
Total net sales of non-delivered projects	5 990	5 317	6 542	6 579

3. Other operating income (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Capital gains on fixed assets	153	1 264	407	1 486
Rental income	26	56	293	79
Other	290	734	964	1 027
Total	469	2 054	1 664	2 592

4. Consolidated financial performance, rolling figures for 12 months, (EUR, million)

	1-3/01	4-6/01	7-9/01	10-12/01	1-12/01
Net sales	81,2	70,9	57,5	85,4	295,0
Operating profit	2,3	0,9	0,7	4,7	8,6
Net financial income	0,5	0,4	0,2	0,2	1,3
Profit before taxes	2,8	1,3	0,9	4,9	9,9

5. Performance-related personnel expenses, fringe benefits and the average number of personnel

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Average number of personnel during the financial year	1 182	1 023	2 016	2 026
Personnel at year-end:	1 224	1 099	2 090	2 025
Design/engineering personnel	553	503	819	842
Operative personnel	279	267	520	536
Sales, marketing and customer service	274	218	479	429
Administration	88	111	142	186
Others	30	-	130	32
Total	1 224	1 099	2 090	2 025
Finland	1 221	1 093	1 954	1 896
Estonia	-	-	26	30
UK	1	-	10	18
China	1	1	35	29
Netherlands	1	-	21	16
Germany	-	4	43	35
USA	-	1	1	1
Total	1 224	1 099	2 090	2 025

Payments to Board members and President and CEO

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
- salaries	338	271	1 663	1 338
- remunerations and emoluments	26	-	96	12
- fringe benefits	11	7	95	75
Other salaries	44 977	39 643	74 670	68 545
Other fringe benefits	868	683	1 714	1 805
Pension expenses	7 027	5 790	11 528	10 380
Other social expenses	4 432	4 068	6 711	6 251
	57 679	50 462	96 477	88 406

A total of EUR 157,000 of Group-level emoluments were paid to Board members. Salaries to the Group's Vice Presidents amounted to EUR 1,484,000, fringe benefits to EUR 95,000 and remunerations to EUR 96,000.

6. Other operating expenses, significant items (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Software and hardware services	7 650	6 877	7 246	6 879
Rents	6 209	5 009	9 924	8 650
Fixed external services	4 830	4 828	4 090	4 708
Telecommunications	3 558	3 149	5 172	5 075
Other operating expenses include obligatory reserves of	24	186	7	214

7. Financial income and expenses (EUR 1,000)

Dividend income received

Dividend income from Group companies	50	44	-	-
avoir fiscal income	20	17	-	-
Total	70	61	-	-

Dividend income from associated companies	547	336	-	-
avoir fiscal income	223	131	-	-
Total	770	467	-	-

Dividend income from other companies	4	4	7	5
avoir fiscal income	1	1	2	2
Total	5	5	9	7

Interest exchange and financial income include exchange rate gains or losses (net)	5	54	-33	82
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8. Extraordinary items (EUR 1,000)

Group contribution	-2 384	1 682	-	-
Merger or dissolution gains	117	-	-	-
Merger or dissolution loss	-	220	-	-

Group

	Intangible rights and other non-current assets	Goodwill	Group goodwill	Total
Intangible assets				
Acquisition cost 1 Jan.	10 662	19 446	11 237	41 345
Translation difference	15	106	-	121
Increases	2 926	3 894	1 134	7 954
Decreases	-660	-580	-	-1 240
Acquisition cost, 31 Dec.	12 943	22 866	12 371	48 180
Acquisition cost 1 Jan.	-5 311	-6 773	-3 332	-15 416
Accumulated depreciation, 1 Jan.	-55	-	-	-55
Translation difference	10	-71	-	-61
Depreciation on elimination 1 Jan.-31 Dec.	532	131	-	663
Depreciation 1 Jan.-31 Dec. 2000	-2 547	-2 637	-2 251	-7 435
Write-downs	-	-157	-	-157
Accumulated depreciation 31 Dec.	-7 371	-9 507	-5 583	-22 461
Book value 31 Dec.	5 572	13 359	6 788	25 719

The amount of non-depreciated Group assets held by associated companies on 31 Dec. 2001

13

	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Tangible assets					
Acquisition cost 1 Jan.	1 163	8 863	36 762	733	47 521
Translation difference	-	-	16	-	16
Increases	-	161	9 874	99	10 134
Decreases	-	-	-7 388	-	-7 388
Acquisition cost, 31 Dec.	1 163	9 024	39 264	832	50 283
Accumulated amortisation, 1 Jan.	-	-3 044	-22 545	-328	-25 917
Accumulated depreciation, new companies	-	-	-24	-	-24
Translation difference	-	-	-7	-	-7
Depreciation on elimination 1 Jan.-31 Dec.	-	-	5 733	-	5 733
Depreciation 1 Jan.-31 Dec. 2000	-	-272	-7 897	-129	-8 298
Accumulated depreciation 31 Dec.	-	-3 316	-24 740	-457	-28 513
Book value 31 Dec.	1 163	5 708	14 524	375	21 770

Balance sheet value of machinery and equipment on 31 Dec.

12 864

9. Direct taxes (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Income tax on extraordinary items	-692	487	-	-
Imputed tax on treasury shares	-651	-	-654	-
Direct tax on actual business operations	4 619	2 056	3 351	2 992
Change in imputed tax liability/asset	209	-317	597	-1 366
Total	3 485	2 226	3 294	1 626

NOTES TO THE BALANCE SHEET

10. Fixed assets and other long-term investments (EUR 1,000) Depreciation and amortisation periods according to plan are as follows:

INTANGIBLE ASSETS	years
PC software	3
Software	5
Goodwill	5-10
Other long-term assets	5
Group goodwill	5-10

BUILDINGS AND STRUCTURES

Buildings	35
Building material	15
Fallout shelters	35
Asphalt work	5

MACHINERY AND EQUIPMENT

Computer hardware	5
Personal computers	3
Other fixed assets	5
Cars	5

OTHER TANGIBLE ASSETS

Other tangible assets	5
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Amortisation period for the goodwill acquisition cost is determined case by case. If the effect of goodwill is longer than five years, the acquisition cost is amortised over the period of effectiveness or no later than over 10 years.

Parent company

Intangible assets	Intangible rights and other non-current assets		Goodwill	Total
Acquisition cost 1 Jan.		8 164	12 031	20 195
Increases		2 446	4 087	6 533
Decreases		-493	-318	-811
Acquisition cost, 31 Dec.		10 117	15 800	25 917
Accumulated amortisation, 1 Jan.		-4 112	-2 565	-6 677
Amortisation on elimination 1 Jan.-31 Dec.		479	32	511
Amortisation 1 Jan.-31 Dec. 2000		-1 891	-1 462	-3 353
Write-downs		-	-157	-157
Accumulated amortisation 31 Dec.		-5 524	-4 152	-9 676
Book value 31 Dec.		4 593	11 648	16 241

Tangible assets	Land	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	341	7 694	26 137	692	34 864
Increases	-	161	8 585	99	8 845
Decreases	-	-	-6 594	-	-6 594
Acquisition cost, 31 Dec.	341	7 855	28 128	791	37 115
Accumulated depreciation, 1 Jan.	-	-3 044	-15 422	-324	-18 790
Depreciation on elimination 1 Jan.-31 Dec.	-	-	5 586	-	5 586
Depreciation 1 Jan.-31 Dec. 2000	-	-238	-6 241	-121	-6 600
Accumulated depreciation 31 Dec.	-	-3 282	-16 077	-445	-19 804
Book value 31 Dec.	341	4 573	12 051	346	17 311
Balance sheet value of machinery and equipment on 31 Dec.			10 792		

The acquisition cost of non-depreciated assets in active use are presented only.

11. Investments

Group	Associated companies	Others	Treasury shares	Total
Holdings				
Acquisition cost 1 Jan.	2 518	1 498	2 709	6 725
Translation difference	-	-	-	-
Increases	1 468	-	-	1 468
Decreases	-	-	-2 306	-2 306
Acquisition cost, 31 Dec.	3 986	1 498	403	5 887
Write-downs	-	-	-	-
Book value 31 Dec.	3 986	1 498	403	5 887

Long-term loan receivables	From associated companies		From others	Total
Acquisition cost 1 Jan.	9	1 152		1 161
Translation difference	-	-		-
Increases	232	17		249
Decreases	-111	-50		-161
Acquisition cost, 31 Dec.	130	1 119		1 249

Parent company

Holdings	Associated Subsidiaries companies		Others	Own shares	Total
Acquisition cost 1 Jan.	17 841	951	1 271	2 700	22 763
Increases	3 832	1 094	7	-	4 933
Decreases	-657	-	-	-2 297	-2 954
Acquisition cost, 31 Dec.	21 016	2 045	1 278	403	24 742
Write-downs	936	-	-	-	936
Book value 31 Dec.	20 080	2 045	1 278	403	23 806

Long-term loan receivables	Subsidiaries	Associated companies	Others	Total
Acquisition cost 1 Jan.	6 004	-	1 152	7 156
Increases	4 086	232	-	4 318
Decreases	-1 896	-102	-50	-2 048
Acquisition cost, 31 Dec.	8 194	130	1 102	9 426

12. Shares and holdings 31 Dec 2001

Group companies	Holding/ votes	No. of shares	Proportion of Equity		Nominal value	Book value
Held by parent company						
Novosys Oy, Helsinki	100 %	15 000	13 669		252	269
Novobit Oy, Helsinki	100 %	200	1 463		34	1 455
Novo Bcs AS, Tallinna, Viro	65 %	975	108	EEK	975	190
Novo Extend Oy, Helsinki	100 %	13 492	2 309		1 135	5 300
Novo IVC Ltd, Englanti	100 %	600 000	-584	£	600	918
Novo Meridian Oy, Espoo	100 %	27 510	1 501		463	3 459
HM & V Research Oy, Espoo, konserni	60,1 %	966	168		16	1 543
Novosat Oy, Helsinki	60 %	600	81		101	101
Citisoft Oy, Tampere	100 %	101	34		17	395
Novotrust Oy, Helsinki	100 %	3 540	289		595	23
Beijing Novo Information Technology Co. Ltd Beijing, Kiina	65 %		148	RMB	6 500	780
Novo Cetec B.V., Hollanti	100 %	440	268	NLG	44	3 000
Novo Group GmbH, Saksa	100 %		135		300	300
Guangzhou Novo Information Technology Development Co. Ltd, Kiina	100 %		-91	RMB	1 656	214
Novo Astra Oy, Helsinki	100 %	100 000	996		500	1 000
Unikko-Soft Jyväskylä Oy	100 %	622	756		52	618
Novo Atuline Oy	100 %		80		30	80
Novo Information Technology Inc, USA	100 %		429	USD	400	426
Kiinteistö Oy Novo Estate, Helsinki	100 %	50	8		8	8
Held by subsidiaries						
Nouveltech Oy, Lahti	100 %	2 000	312		34	312
UST-Data team Oy	100 %		133		102	427
HM & V Telecommunications Oy	77,5 %	1 550	part of the HM & V Research Group			
Associated companies						
Held by parent company						
Medici Data Oy, Oulu	36,34 %	250	473		42	252
Kiinteistö Oy Rukavarri, Kuusamo	33 %	10	322		2	363
IT Solicom Oy	40 %	100	1 378		168	336
Silta Oy	44,9 %	69	1 998		12	1 093
Held by subsidiaries						
Komartek Oy, Lappeenranta	29,8 %	2 107	228		18	212

'The Group companies' and associated companies' financial statements were prepared on 31 December 2001.

Other shares and holdings

	Holding	No. of shares	Nominal value	Book value
Held by parent company				
Treasury shares	2,2 %	111 650	19	403
Kiinteistö Oy Kuusankosken Ostoskeskus, Kuusankoski	6,91 %	225	25	136
Solid Information Technology Oy, Helsinki Puhelinosakkeet	12,7 %	6 818 002 10 551	23	1 041 89
Held by subsidiaries				
Other shares				
Lupporinki Oy	17 %	14	16	57
Asunto Oy Itätuulenukja 7	1,6 %	162	-	103
Shares in telephone companies		2 106		54

13. Long-term receivables

	Parent company 2001	Parent company 2000
Receivables from Group companies	536	286
Receivables from other companies	318	624
	<u>854</u>	<u>910</u>

The parent company has agreed to provide financial support to two foreign Group companies.

14. Inventories

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Goods	78	60	5 558	12 689
Other inventories	492	641	492	689
Total	<u>570</u>	<u>701</u>	<u>6 050</u>	<u>13 378</u>

15. Short-term receivables

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Short-term receivables from Group companies				
Accounts receivable	1 641	838	-	-
Loans receivable	2 248	3 538	-	-
Other receivables	-	-	-	-
Accrued income and deferred expenses	8 032	6 872	-	-
	<u>11 921</u>	<u>11 248</u>	<u>-</u>	<u>-</u>
Short-term receivables from associated companies				
Accounts receivable	727	689	727	699
Loans receivable	8	-	8	3
Other receivables	15	-	15	-
Accrued income and deferred expenses	-	-	-	1
	<u>750</u>	<u>689</u>	<u>750</u>	<u>703</u>

16. Receivables with maturity of one year or more

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Accrued income and deferred expenses	242	50	242	50

17. Significant items included in accrued income and deferred expenses (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Advances paid	3 818	2 045	4 617	2 343
Accrual of social security contributions	-	-	2 323	4 128
Non-invoiced sales revenue	358	617	569	1 122

18. Partial income recognition

Netting principle has been applied to income partially recognised in the balance sheet

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Accrued income and deferred expenses				
Non-invoiced receivables	467	2 226	674	3 203
Advances received	449	2 025	468	2 601

19. Short-term investments

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Market value	179	2 779	233	2 987
Book value	172	2 778	227	2 983
	<u>7</u>	<u>1</u>	<u>6</u>	<u>4</u>

20. Changes in shareholders' equity

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Share capital on 1 Jan.	5 782	5 563	5 782	5 563
Share issues	121	219	121	219
Share capital on 31 Dec.	5 903	5 782	5 903	5 782
Issue premium fund on 1 Jan.	32 488	31 770	32 487	31 770
Share premium	549	718	572	718
Capital gains on treasury shares	-	-	-	23
Issue premium fund on 31 Dec.	33 037	32 488	33 059	32 511
Total	38 940	38 270	38 962	38 293
Reserve for treasury shares on 1 Jan.	2 700	4 539	2 709	4 587
Reversal of write-downs	1 565	-	1 565	-
Transfer of acquisition cost of treasury shares	-3 862	-1 839	-3 871	-1 878
Reserve for treasury shares on 31 Dec.	403	2 700	403	2 709
Retained earnings on 1 Jan.	19 211	15 567	29 277	31 901
Net dividend	-1 927	-4 059	-1 927	-4 058
Transfer of acquisition cost of treasury shares	3 862	-	3 871	32
Transfer to issue premium fund	-	-	-	-5
Capital loss on treasury shares	-2 244	-	-2 267	-
Imputed tax on losses	651	-	654	-
Change in translation difference	-	-	15	64
Retained earnings on 31 Dec.	19 553	11 508	29 623	27 934
Profit for the financial year	8 456	7 703	6 844	1 343
Total 31 Dec.	28 009	19 211	36 467	29 277
Total	28 412	21 911	36 870	31 986
TOTAL SHAREHOLDERS' EQUITY	67 352	60 181	75 832	70 279

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Calculation on distributable funds				
Retained earnings	19 553	11 508	29 623	27 934
Profit for the financial year	8 456	7 703	6 844	1 343
- proportion of depreciation difference entered in shareholders' equity	-	-	-1 565	-1 749
	28 009	19 211	34 902	27 528

Parent company share capital consists of 35,099,785 shares, each with a counter-value of EUR 0.17 (one vote per share).

21. Obligatory reserves

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Guarantee reserves	403	553	403	572
Other reserves	14	60	176	78

22. Long-term liabilities

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Debts with maturity of five years or more				
Pension loans	1 945	2 092	2 926	3 146
Other long-term debt	-	420	48	454
	1 945	2 512	2 974	3 600

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Imputed tax liabilities/assets				
Imputed tax assets				
from accrual difference	108	317	680	1 353
transferred due to merger	21	-	-	-
Imputed tax liabilities				
from appropriations	-	-699	-639	-715
from accrual difference	-	-	-	-
	129	-382	41	638

23. Short-term liabilities

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Payables to Group companies				
Advances received	-	-	-	-
Accounts payable	2 688	1 649	-	-
Other payables	-	-	-	-
Accruals	16 690	3 376	-	-
	19 378	5 025	-	-
Payables to associated companies				
Advances received	-	-	-	-
Accounts payable	78	526	82	527
Other payables	-	-	-	-
Accruals	-	-	9	16
	78	526	91	543
Non-interest bearing liabilities	38 955	21 051	46 285	70 075

24. Significant items included in accruals (EUR 1,000)

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Holiday pay with social security expenses	6 867	6 128	10 914	10 105
Accrual of statutory insurance premiums	-	489	394	1 038
Pay reserve with social security expenses	1 774	487	2 773	1 002

25. Pledges and other contingent liabilities

	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Loans involving mortgages as security				
Pension loans	1 729	1 860	2 132	2 293
Mortgages given	2 523	2 523	3 196	3 196
Other collateral given				
For own debt				
Pledges	328	1 412	449	1 546
Mortgages on real estates	1 177	1 177	1 177	1 177
Mortgages on company assets	-	-	2 716	2 781
	1 505	2 589	4 342	5 504
For Group company's debt				
Pledges	-	-	-	-
Guarantees	4 584	14 563	-	-
Mortgages on real estates	673	673	-	-
Other contingent liabilities				
Other liabilities	6 009	7 885	6 176	8 198
Leasing contracts				
Leasing payments 2002 / 2001	2 144	2 116	3 009	2 966
Leasing payments 2003 / 2002 or later	4 151	4 362	5 120	5 414
Derivative contracts				
Forward rate contracts				
value of underlying asset	-	-	-	92
going price in 2001	-	-	-	8

26. Share issues

The Annual General Meeting of 7 April 1998 decided that 200,000 stock options be offered for subscription to the management of Novo Group and Group companies, entitling to subscribe for a total of 1,000,000 Novo Group plc shares. As a consequence of the subscription, the share capital of Novo Group plc may increase by a maximum of FIM 1,000,000. Of the bond with warrants, a total of 50,000 will be marked with the letter A, 50,000 with the letter B, 50,000 with the letter C and 50,000 with the letter D. The subscription period for A warrants begins no earlier than 1 June 2000, for B warrants no earlier than on 1 June 2001, for C warrants no earlier than on 1 June 2002 and for D warrants no earlier than on 1 June 2003. For all warrants, the subscription period will end on 30 June 2004. The subscription price of A warrants is the average trading price of Novo Group plc shares quoted on the Helsinki Exchanges from 1 May 1998 to 31 May 1998 plus FIM 5; with B warrants, the average trading price of Novo Group plc shares on the Helsinki Exchanges from 1 May 1998 to 31 May 1998 plus FIM 8; with C warrants, the average trading price of Novo Group plc shares on the Helsinki Exchanges from 1 May 1998 to 31 May 1998 on the Helsinki Exchanges plus FIM 11; and with D warrants, the average trading price of Novo Group plc shares on the Helsinki Exchanges from 1 May 1998 to 31 May 1998 plus FIM 14. Dividends payable after 1 May 1998 and prior to the subscription will be deducted from the share subscription price. The minimum share subscription price shall be the nominal value of the share.

The Annual General Meeting on 8 April 1999 decided that a bond with warrants at EUR 800,000 be offered for subscription by personnel regularly employed by Group companies or a company in which the Group is a majority holder. The bond with warrants is intended to be part of the employee incentive scheme. The bond was issued within the framework of the book-entry security system. The maturity of the bond is 3 years with a 3 per cent interest rate. A total of 40,000 bond certificates, each with a nominal value of EUR 20, were issued. Each bond certificate included a total of 10 stock options, of which five (5) were marked with the letter A and five (5) with the letter B. Stock options with the letter A shall be separated from the bond to form an independent type of security on 4 September 2001, and those marked with the letter B on 14 June 2002.

The Board of Directors exercised its authorisation given by the AGM of 11 April 2000 to issue options by placing a bond with warrants worth EUR 500,000 with its personnel. Based on the share subscription rights derived through the options, Novo Group's share capital can increase by a maximum of EUR 420,470, which corresponds to 2,500,000 shares. The subscription period for options is from 15 January 2003 to 20 September 2005 for A warrants and from 15 January 2004 to 20 September 2005 for B warrants.

On the basis of the authorisation given by the AGM on 21 March 2001, Novo Group plc's Board of Directors decided to issue stock options to Novo Group key employees and Novo Extend Ltd, Novo Group Plc's wholly-owned subsidiary. The stock options were offered to the option holders of the options issued in 1998, 1999 and 2000. The aim of the stock-option arrangement was to provide the option holders of the stock options issued in 1998, 1999 and 2000 with an opportunity to exchange their options for the 2001 stock options. The number of stock options A issued totalled 463,713, that of stock options B 463,713, that of stock options C 463,713 and that of stock options D 463,713. The remaining stock options were granted to Novo Extend Ltd, Novo Group plc's subsidiary, to be issued to the Group's current or future key employees at a later date based on the decision made by Novo Group plc's Board of Directors. The stock-option scheme does not apply to Novo Group plc's Board of Directors apart from the President and CEO. After the exchange of the stock options, the stock options held by the Novo Group issued in 1998, 1999 and 2000 were invalidated. The number of the 1998, 1999 and 2000 stock options invalidated by the Group amounted to 912,500, 1,583,700 and 2,373,050, respectively, i.e. a total of 4,869,250 stock options. As a result of the invalidation, the number of remaining stock options was as follows: the 1998 A stock options 21,875, the 1998 B stock options 21,875, the 1998 C stock options 21,875 and the 1998 D stock options 21,875; the 1999 A stock options 208,150, the 1999 B stock options 208,150, the 2000 A stock options 63,475, the 2000 B stock options 63,475. The total number of the remaining stock options amounted to 630,750.

The 2001 stock options entitle their holders to subscribe for a total of 3,600,000 Novo Group plc shares. The share subscription price for A stock option, B stock option, C stock option and D stock option is EUR 4.75, EUR 5.10, EUR 5.45, EUR 5.80, respectively. The subscription price will be reduced by the amount of dividend distributed after 1 June 2001 and prior to the share subscription. The subscription period for A stock option, B stock option, C stock option and D stock option will begin on 1 October 2002, 1 October 2003, 1 October 2004 and 1 October 2005, respectively. The share subscription period for all stock options will terminate on 31 October 2006.

The total number of stock options based on the 1998, 1999, 2000 and 2001 stock option schemes amounts to 4,230,750, which entitle to the subscription of a total of 4,230,750 new shares.

Pursuant to the Board authorisation given by the AGM on 21 March 2001, the Board of Directors decided on 19 September 2001 to increase share capital by EUR 121,230.71. The increase of share capital was carried out through a private placing issued to Done Logistics and Done Wireless, including a total of 720,805 shares. The share subscription price amounted to EUR 0.93, the increase of share capital was registered with the Trade Register on 2 October 2001.

*) The change in the share's book counter-value registered on 20 April 2000 has been taken into account in average share price calculations.

INFORMATION ON FINANCIAL INDICATORS

27. Increases in share capital from 1995 to 2001

	Subscription price, e1)	Subscription period	Increase of share capital EUR 1000	Right to dividend for financial year	Number of new shares 1)
Bonus issue 1996		1 May-30 June '96	1 573	1997	9 350 580
Private placement 1996					
Personnel	2,35	18-20 Dec. '96	22	1997	130 940
Institutional investors	2,61	30 Dec. '96	483	1997	2 869 060
Private placement 1997		Offer period			
Personnel	4,88	1-12 Sept. '97	13	1997	76 550
Institutional investors, general public	4,88	1-12 Sept. '97	626	1997	3 723 450
Private placement 1999		Subscription period			
To Siemens Business Services Oy	6,39	1 April '99	84	1999	500 000
Private placement 1999	1,65	29 June '99	35	1999	204 750
To shareholders of Citisoft Oy					
Private placement 1999	1,65	29 June '99	14	1999	84 000
To shareholders of Hebritt Oy					
Private placement 1999	2,49	18 June '99	42	1999	250 000
To shareholders of Sateenkaarisuunnittelu Oy					
Private placement 1999	0,17	15 Dec. '99	51	1999	300 000
To shareholders of SuperWeb Oy					
Private placement 2000	0,30	28 Jan. 2000	126	1999	750 000
To shareholders of Profit Mediat Oy					
Private placement 2000	0,78	30 March 2000	63	2000	375 000
To shareholders of Website Ltd					
Private placement 2000	2,32	30 March 2000	30	2000	180 290
To shareholders of Cetec B.V					
Private placement 2001	0,16	30 Sept. 2001	121	2001	720 805
To shareholders of Done Logistics Oy and Done Wireless Oy					

1) The subscription prices and the number of shares issued between 1996 and 1999 have been changed to correspond to the change from EUR 0.84094 to EUR 0.168188 made in the counter-value on 20 April 2000.

28. Group key figures

	2001	2000	1999	1998	1997
Net sales, EUR million	295,0	319,4	312,0	261,6	216,5
Operating profit before goodwill amortisation	13,5	6,1	16,5	14,1	10,3
% of net sales	4,6	1,9	5,3	5,4	4,8
Operating profit, EUR million (incl. goodwill amortisation)	8,6	1,7	13,0	12,5	9,2
% of net sales	2,9	0,5	4,2	4,8	4,2
Profit before extraordinary items, EUR million	9,9	2,7	13,7	13,4	9,5
% of net sales	3,4	0,8	4,4	5,1	4,4
Pre-tax profit, EUR million	9,9	2,7	13,7	13,4	9,9
% of net sales	3,4	0,8	4,4	5,1	4,6
Net profit for the financial period, EUR million	6,8	1,3	9,1	9,6	7,2
% of net sales	2,3	0,4	2,9	3,7	3,3
Balance sheet total, EUR million	133,7	144,4	147,6	118,0	94,4
Return on investment, %	12,2	4,4	18,9	21,5	20,6
Return on equity, %	9,2	1,6	13,7	16,1	15,5
Equity ratio, %	58,2	49,7	50,5	55,4	61,0
Quick ratio	1,6	1,3	1,4	1,5	2,0
Gearing %	-7,5	3,4	-4,0	-22,3	-33,3
Gross capital expenditure, EUR million	18,2	16,4	31,6	22,6	11,6
% of net sales	6,2	5,1	10,1	8,6	5,3
Average no. of personnel	2016	2026	1762	1279	1063

The reserve value of treasury shares has been deducted from the shareholders' equity in key figure calculations.

29. Per-share ratios

	2001	2000	1999	1998	1997
Earnings per share, EUR	0,20	0,04	0,29	0,30	0,24
Dividend / share, EUR 1)	0,12	0,06	0,12	0,12	0,09
Dividend / profit, % (share issue adjusted) 2)	59,3	149,3	41,6	40,0	36,6
Equity / share	2,2	2,0	2,1	2,0	1,8
Effective dividend yield, %	4,8	2,0	1,3	1,8	2,0
Price / earnings ratio (P/E)	12,5	74,6	33,3	22,6	18,0
Share performance and trading volume					
- lowest quotation, EUR	2,1	2,6	4,2	4,2	4,3 ³⁾
- highest quotation, EUR	4,3	16,4	9,8	8,9	6,9
- closing day quotation, EUR	2,5	3,0	9,6	6,9	4,3
- average quotation, EUR	2,9	9,9	6,0	6,7	5,2
Market capitalisation, MEUR	88,2	100,9	310,2	215,2	136,6
No. of shares traded (1,000)	15 533	54 521	8 958	14 962	2 486
- % of share capital	45,9 %	163,1 %	28,3 %	47,2 %	8,6 %
Number of share issue adjusted shares (1,000)					
- average	33 830	33 420	31 599	31 715	28 985
- at the end of the financial period	34 988	33 626	32 316	31 360	31 735

In per-share ratio calculations, the number of treasury shares has been deducted from the total number of shares and the reserve value from shareholders' equity.

1) According to the proposal for dividend payment

2) Dividend per profit from years 2000 and 1999 has been calculated again

3) Share performance and trading volume are shown for periods of listing on the brokers' list as well as on the official list.

30. Shareholders by sector on 28 December 2001

	No. of shares**	%
Companies, total	4 586 801	13,1
Financial institutions and insurance companies, total	9 768 181	27,9
Non-corporate public sector, total	8 523 140	24,4
Non-profit organisations, total	2 101 010	6,0
Households, total	4 816 523	13,8
Registered with nominees and foreign	5 119 540	14,6
Joint account and waiting list	72 940	0,2
Total	34 988 135	100,0

31. Shareholders by number of shares held on 28 December 2001*

Number of shares held	Shareholders		Number of shares**	
	no. of	%	no. of	%
1 - 100	568	12,6	42 226	0,1
101 - 1.000	2646	58,5	1 348 675	3,9
1.001 - 10.000	1086	24,0	3 352 850	9,6
10.001 - 100.000	166	3,7	5 504 729	15,7
100.001 - 1.000.000	51	1,1	16 711 543	47,8
1.000.001 -	3	0,1	7 955 172	22,7
Total	4 520	100,0	34 915 195	99,8
Waiting list and joint account			72 940	0,2
Grand total	4 520	100,0	34 988 135	100,0

* The figures include a total of 4,800 shares in the joint account that were not distributed in the bonus issue of June 1996 (so-called remainder)

**The number of treasury shares, which totalled 111,650 shares on 28 December 2001, has been deducted from the total number of shares.

32. Major shareholders on 28 December 2001*

Shareholders	kpl-määrä**	%
LEL Työeläkekassa, employment pension fund	2 453 800	7,0
Tapiola Mutual Pension Insurance Company	1 636 850	4,7
Varma-Sampo Mutual Pension Insurance Company	950 000	2,7
Sampo Finance Ltd	909 185	2,6
OP-Delta sijoitusrahasto (equity fund)	709 700	2,0
Finnish National Fund for Research and Development, Sitra	627 400	1,8
Mutual Fund Nordea Fennia	579 750	1,7
Pension Fund of Finland Post	556 200	1,6
The Association of Finnish Local and Regional Authorities	547 990	1,6
Placeringsfonden Aktia Secura (mutual fund)	521 500	1,5
Others	25 495 760	72,8
TOTAL	34 988 135	100,0
Number of shareholders	4 520	
Nominee registered and foreign holdings	5 119 540	14,6 %
Total number of shares held by the Board of Directors and CEO and President ***	68 216 kpl	0,19 %
Proportion of warrants held by the CEO and President		0,1 %

* The figures include a total of 4,800 shares in the joint account that were not distributed in the bonus deducted from the total number of shares.

** The number of treasury shares, which totalled 111,650 shares on 28 December 2001, has been deducted from the total number of shares.

*** Pursuant to the AGM's decision, it is not allowed to sell the shares the Board of Directors has received as annual emoluments prior to the termination of Board membership. The number of these shares totalled 22,116.

Copies of Novo Group's consolidated financial statements are available at the Group headquarters,

Calculation of key ratios:

Return on equity (ROE)	$\frac{\text{Profit before extraordinary items - taxes}}{\text{Shareholders' equity} + \text{minority interest (average)}} \times 100$
Return on investment (ROI)	$\frac{\text{Profit before extraordinary items} + \text{interest and other financial expenses}}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}} \times 100$
Equity ratio	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Earnings per share	$\frac{\text{Profit before extraordinary items - taxes - minority interest}}{\text{Average share issue adjusted number of shares}} \times 100$
Equity per share	$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at period-end}} \times 100$
Dividend per share (share issue adjusted)	Dividend per share for the financial period divided by the adjustment factors based on subsequent share issues
Dividend per profit, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Price/earnings (P/E) ratio	$\frac{\text{Share issue adjusted average price on the closing date}}{\text{Earnings per share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Average price on the closing date}} \times 100$
Gearing	$\frac{\text{Interest-bearing liabilities} - \text{cash, bank and short-term investments}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$
Quick ratio	$\frac{\text{Financial assets}}{\text{Short-term liabilities} - \text{short-term advances received}}$

Helsinki, 13 February 2002.

Veikko Kasurinen

Ilkka Hallavo

Matti Packalén

Juha Voittis

Risto Parjanne

Reijo Paajanen

Jorma Kielemniva

AUDITORS REPORT

To the Shareholders of Novo Group plc

We have audited the accounts, the accounting record and the administration of Novo Group plc for the financial year from 1 January to 31 December 2000. The financial statements prepared by the Board of Directors and the President include a report on operations, an income statement and a balance sheet for both the Group and the parent company, and notes to the financial statements. Based on our audit, we give our opinion on the financial statements and administration.

We have conducted our audit in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that we examine the accounting record and the preparation principles, the contents and the presentation of the financial statements to a sufficient extent to obtain reasonable assurance that the financial statements are free of material mis-

statement or deficiencies. The purpose of our audit of company administration is to ensure that the Board of Directors and President have complied with the Companies Act.

The financial statements have been prepared in accordance with the Bookkeeping Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Bookkeeping Act, of the Group's and the parent company's result of operations, as well as of their financial position. The financial statements can be approved, and the President and the members of the parent company's Board of Directors can be discharged from liability for the period audited by us. The proposal by the Board of Directors on the disposal of profits is in compliance with the Companies Act.

Helsinki, 14 February 2002.

TILINTARKASTAJIEN OY - ERNST & YOUNG
Auditors

Mikael Holmström
Authorised Public Accountant

Arto Kuusiola
Authorised Public Accountant

CORPORATE GOVERNANCE

The Novo Group's administration is based on the Finnish Companies Act and the Articles of Association, according to which authority, control and management are divided among the Shareholders' Meeting, the Board of Directors, and the President and CEO.

Shareholders' Meeting

The shareholders' meeting is Novo Group plc's highest decision-making body. It decides issues authorised by the Companies Act. The most important issues include the amendment of Articles of Association, the adoption of financial statements, decisions on dividend distribution, the discharge of Board members and the President and CEO from liability as well as the election of Board members and auditors including decisions on their emoluments and remuneration.

Novo Group plc's Board of Directors comprises seven members elected annually at the Annual General Meeting. The term of a Board member lasts until the following Annual General Meeting. The Board of Directors elects from among its members a Chairman and a Vice-Chairman.

Duties and Responsibilities of the Parent Company's Board of Directors

The Board of Directors has the supreme responsibility for Novo Group's business operations, the compliance with corporate governance and the appropriate organisation of Group activities.

The Board of Directors shall decide on the Group's key targets and strategies to achieve them, guide-lines and instructions for Group operations as well as other issues with material effect considering the scope and size of Group operations. These issues include budgets and action plans, company and business acquisitions, human-resource and reward policies, intra-Group monitoring systems and audit, risk management as well as the Group's operational structure.

No permanent committees consisting of Board members have been set up to deal with issues separately defined, but all the members of the Board of Directors shall be involved in dealing with and de-

terminating the issues. If necessary, the Chairman of the Board of Directors together with the Group's President and CEO shall prepare certain issues to be submitted to the Board of Directors.

President and CEO

The Board of Directors shall appoint a President and CEO. The President may be an elected member of the Board. The Board of Directors shall decide on the compensation and other benefits payable to the President and CEO. The main terms and conditions of the President's service contract are defined in writing.

The President and CEO shall manage and supervise the Group's business in accordance with the instructions provided by the Board of Directors. The President and CEO shall chair the Group's Management Team.

Management Team

The Group's Management Team comprises President and CEO (Chairman) and, on the proposal of the President and CEO to the Parent Company Board of Directors, the Group divisions' Senior Vice-Presidents and the directors in Group administration.

The Management Team convenes once a month. Its duties include monitoring and supervising the implementation of mission-critical Group strategies and targets as well as that of consistent human-resource policy and reward practices. The Management Team acts on authority given by its Chairman.

Management and Supervision

The Group's management is based on the Group-level budget and Balanced Scorecard confirmed by the Board of Directors and on the unit-level scorecards, which the Management Team has deduced from the Group-level budget and Balanced Scorecard and confirmed for the divisions and Group administration.

The Group's pay-for-performance system is based on the profit targets and scorecards confirmed in the budget. Supervision aims to contribute to monitoring and achieving the targets. Supervision shall be in the responsibility of the Board of Directors, President and CEO, Management Team mem-

bers and other managers.

Management and financial accounting at Novo are centrally managed at the Group's Financial Administration.

Management Remuneration

The Annual General Meeting shall annually confirm the emoluments payable to the Board members. The total remuneration package payable to the President and CEO and all members of the Management Team is based on company performance.

The Board of Directors shall confirm the salaries and other benefits payable to the President and CEO and Management Team members. The President and CEO and the Management Team members are currently involved in the stock-option scheme covering all Novo's personnel.

Audit

Two (2) auditors and two (2) deputy auditors carry out the Group's external audit. One of the regular auditors and one of the deputy auditors must be authorised public accountants approved by the Central Chamber of Commerce. A public accountant firm, approved by the Central Chamber of Commerce, can be elected an auditor.

The auditors' term of office is for the same period as the company's financial year and terminates at the end of the first Annual General Meeting following the election. Based on their observations, auditors shall report to the Board of Directors, if necessary, and attend the Board meeting once a year.

Risk Management

The Group's risk management aims to identify and minimise the risks involved in financing, company assets, human resources, the environment and business operations.

Insider Rules

As for the Novo Group plc's insider policy, the company mainly follows the guidelines for insiders established in connection with the 1997 listing.

MANAGEMENT TEAM

The Novo Group plc's Management Team members as of 1 March 2002 and their holdings in Novo (information on shareholdings as of 28 December 2001) are as follows:

- Jorma Kielenniva, President and CEO (48,464 shares)
- Harri Mäkitie, Senior Vice President (250 shares)
- Kari Kontula, Senior Vice President (2,500 shares)
- Kimmo Koivisto, Senior Vice President (no shares)
- Martti Ala-Härkönen, Senior Vice President, Finance and Business Development (750 shares)
- Tarja Virmala, Senior Vice President, Communications, Marketing and Personnel (1,500 shares)
- Heikki Tiihonen, Senior Vice President, Sales and Account Management (no shares)
- Raimo Anttila, Director (1,000 shares)
- Matti Mäkelin, Managing Director (10,500 shares)
- Jouko Malinen, Chief Shop Steward (690 shares)
- Olli Ahovaara, Shop Steward (120 shares)

MANAGEMENT AND MANAGEMENT SHAREHOLDING

According to the share register on 28 December 2001, the President and CEO held a total of 48,464 shares in Novo Group plc, accounting for 0,14 per cent of Novo Group plc's share capital and voting rights.

According to the share register on 28 December 2001, the members of the Board of Directors held a total of 68,216 shares in Novo Group plc, representing 0,19 per cent of Novo Group plc's share capital and voting rights.

MEMBERS OF NOVO GROUP PLC'S BOARD OF DIRECTORS



Chairman
Veikko Kasurinen
D.Sc. (Econ. & Bus. Adm.), 55

Altia Group plc's President and CEO. Holds 3,876 Novo shares.

- Altia Group Ltd, Board member
- Havistra Ltd, Chairman
- Primalco Ltd, Chairman
- Finlandia Vodka Worldwide Ltd, Chairman
- Sampo Life Insurance Company Limited, Supervisory Board member
- Finnish Food and Drink Industries' Federation, Board member
- The Finnish Section of the International Chamber of Commerce, Board member



Vice-Chairman
Ilkka Hallavo
M.Sc. (Econ. & Bus. Adm.), 46

Sampo plc's Director. Holds 4,020 Novo shares.

- Managing Director, Sampo Bank plc, Group Executive Committee member
- Board Chairman of Sampo Finance Ltd, Sampo Business Properties Ltd, Sampo Credit Plc and Sampo MB Group Ltd
- MB Equity Partners Ltd, Board member
- The Finnish Bankers' Association, Vice-Chairman of the Board
- Advisory Office for Bank Customers, Member of the Board of Directors
- Finpro, Member of the Supervisory Board
- Eurogiro Network AIS, Board member



Jorma Kielemniva
Master of Laws, 56

Novo Group plc's President and CEO. Holds 48,464 Novo shares.

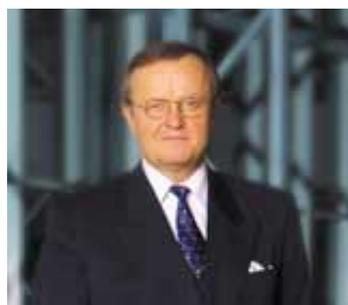
- Novo Group plc's Board member
- Board member of Novo Group plc's associated companies IT-Solicom Oy, Silta Oy and Medici Data Oy
- Board Chairman of the Federation of a Finnish Information Industries
- Supervisory Board member of Mutual Insurance Company Pension-Fennia
- Board member of Palvelutyöntäjät ry (Federation of Service Sector Employers)



Reijo Paajanen
M.Sc. (Tech.), 45

Minutor Oy's CEO. Holds 2,964 Novo shares.

- Digia Inc.'s Board member
- Infosto Mediat Oy's Board member
- Solid Information Technology Oy's Board member
- Wicom Communications Ltd's Board Chairman



Matti Packalén
M.Sc. (Tech.), M.Sc. (Econ. & Bus. Adm.), 54

Alma Media Corporation's President and CEO. Holds 2,964 Novo shares.

- TV4, Sweden, Board Chairman
- International Chamber of Commerce (ICC), Board member and Chairman of ICC's Finnish Section
- FinnMedia (Federation of Media Industries), Board Chairman
- Media Employer's Association, Board Chairman
- Confederation of Finnish Industry and Employers (TT), member of Board and Executive Committee
- Pension Insurance Company Ilmarinen, Vice-Chairman of Supervisory Board
- IIC International Institute of Communications, President



Risto Parjanne
M.Soc.Sc., 55

Managing Director of the Association of Finnish Local and Regional Authorities. Holds 2,964 Novo shares.

- Member of the Advisory Committee on Local Government Finances and Administration
- Member of Economic Council
- Member of the Board, Statistics Finland
- Member of the Negotiating Group Between the Government and the Municipal Sector
- Member of the National Board of Economic Defence
- Chairman of the Board of Municipality Finance plc



Juha Voittis
M.Sc. (Econ. & Bus. Adm.), 53

Talent Partners Ltd, Senior Adviser, New Business Development. Holds 2,964 Novo shares.

- Nanso Oy's Board Chairman
- Prefere Oy, Board Chairman

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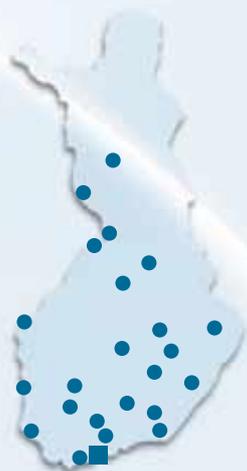
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