



TECNOMEN
ANNUAL REPORT
2001



Changes in Tecnomen's Structure in 2001

Tecnomen underwent a restructuring in 2001, which resulted in the creation of Tecnomen Corporation as it is today.

At the start of 2001 Tecnomen was already listed on the Helsinki Exchanges and the parent company Kyro Corporation's holdings in Tecnomen fell from 100% to about 73%.

On 31 March 2001 Kyro Corporation was split into two companies, Tecnomen Holding Corporation and a new Kyro Corporation. Tecnomen Holding Corporation was created as a temporary measure to own the shares of Tecnomen Corporation that were previously owned by Kyro Corporation until the end of 2001. Tecnomen Holding Corporation's shares were listed on the main list of the Helsinki Exchanges as from 2 April 2001. The simultaneous listing of the shares of Tecnomen Corporation and Tecnomen Holding Corporation was a temporary stage in the restructuring process.

Tecnomen Corporation was merged with Tecnomen Holding Corporation on 31 December 2001 and at the same time the name of Tecnomen Holding Corporation was changed to Tecnomen Corporation. So at the start of 2002,

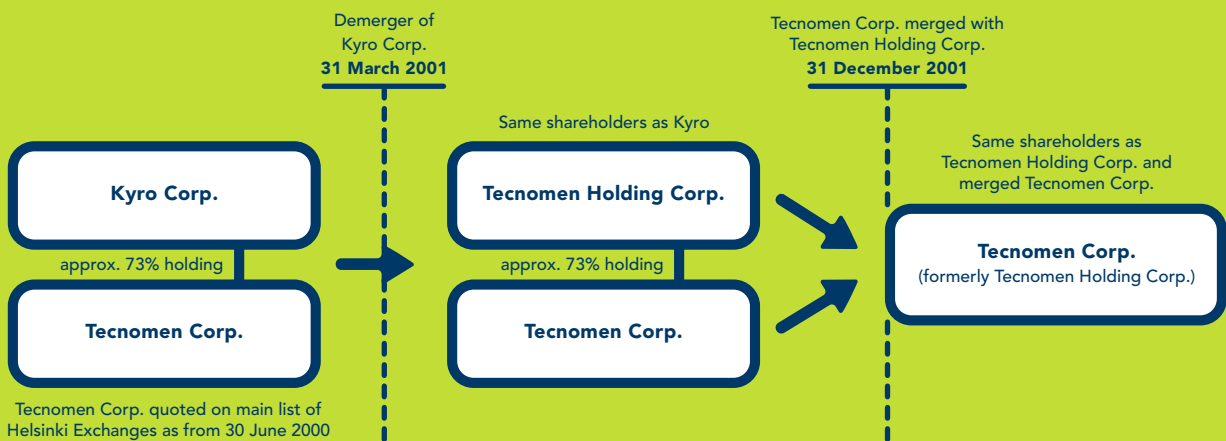
the old Tecnomen Corporation was dissolved. The merger had no direct impact on the operations of Tecnomen Group. Since the beginning of 2002, a single Tecnomen Corporation has been quoted on the main list of the Helsinki Exchanges with the trading code TEN1V. Trading in the new shares of Tecnomen Corporation began on 2 January 2002.

Because of the restructuring, the income statement for the whole of 2001 is reported in Pro forma form. The comparable result for 2001 has been calculated by deducting one-time costs arising from the restructuring from the Pro forma result.

The restructuring is described in more detail on page 20.

This Annual Report describes the Tecnomen Corporation formed in the merger on 31 December 2001 unless otherwise stated.

Changes in Tecnomen's structure and ownership in 2001





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Tecnomen in a Nutshell

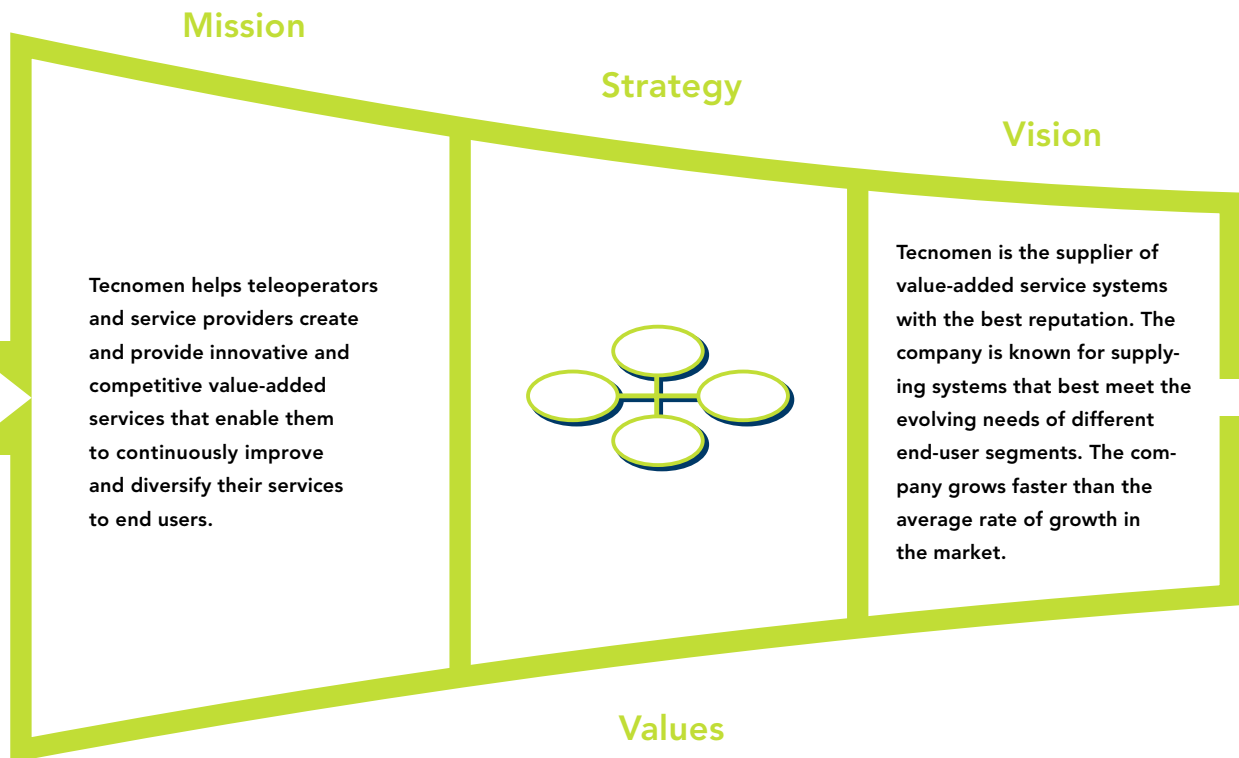
Tecnomen develops and supplies value-added service systems to teleoperators and service providers. The company is one of the world's leading suppliers of messaging systems and a pioneer in developing wireless Internet solutions. In prepaid systems and other intelligent peripherals, the company has a strong position in its selected market areas. Tecnomen is also the market leader in supplying paging networks.

Tecnomen markets its products and services through its own worldwide organisation and through global and local partners. The company operates in 13 locations worldwide and has supplied its products to customers in about 40 countries.

In 2001 Tecnomen had net sales of EUR 57.1 million. The comparable net result was EUR 1.2 million. The number of personnel at the end of 2001 stood at 556.



Mission, Vision, Values and Strategy



The core values guiding Tecnomen's operations are

- open, honest cooperation
- focusing on the right matters to achieve results
- continuous development of skills and personal growth

The company's values guide Tecnomen employees in their relationships with customers, partners, subcontractors and other interest groups. They also form the foundation for work within the organisation.

Strategy

Tecnomen's strategic choices place emphasis on four objectives that support each other and build up the company's competitive position, as shown in the diagram on the next page. Specific actions taken by the company and its development projects are based on these objectives.

Focused business areas with clear competitive edges

Tecnomen operates in business areas that have synergy and so reinforce each other. In these areas it can achieve a major market position globally or regionally. These business areas will link in with each other as future markets and technologies develop. Tecnomen is continually reviewing the strategy of each business area. Extensive specialisation helps the company retain its competitive edge in a rapidly changing environment.

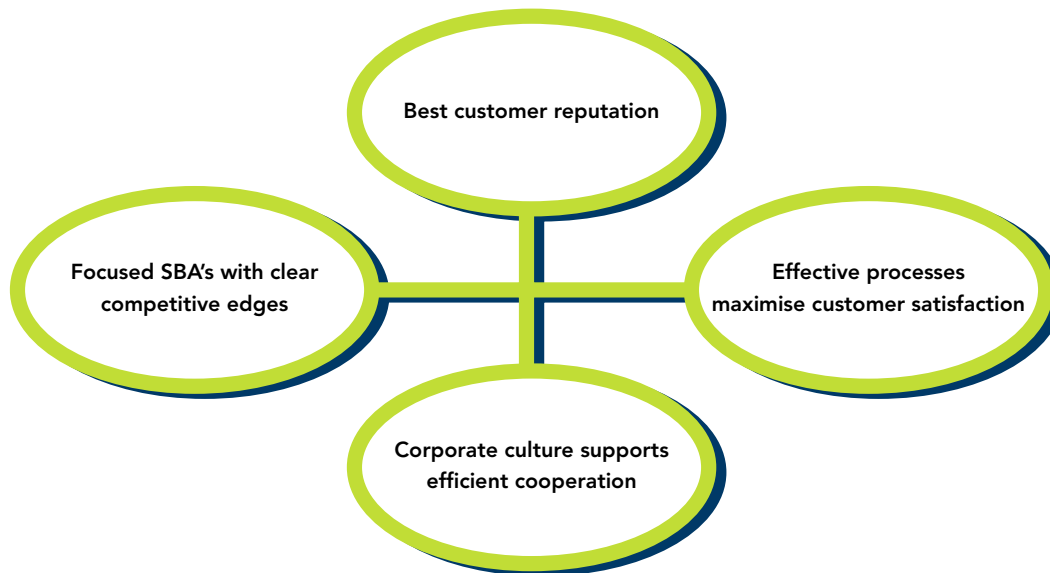
Tecnomen's strategic business areas at present are

- Messaging solutions: Voice Mail, Unified Messaging and Mobile Multimedia Messaging systems, and wireless Internet applications
- Intelligent Network systems: Prepaid systems and Intelligent Peripherals
- Paging systems

Tecnomen is one of the leading suppliers of messaging systems. It has reinforced its market position step by step as messaging systems have developed from voice mail systems to unified messaging systems. Tecnomen is looking to reinforce its market position once multimedia messaging is introduced.

Prepaid systems form the largest intelligent network product business area. Tecnomen is focusing mainly on selected Latin American countries where it has established

Tecnomen's strategic cornerstones



itself as market leader. The company has also started to build up its market position in other geographical business areas, focusing on specific markets. Intelligent Peripherals are sold through selected global partners as part of their total system deliveries.

The paging network markets have been declining globally for several years. In paging systems Tecnomen focuses on security applications in Europe and the Middle East. The company is the market leader in this sector.

Tecnomen has a new business development function, organised by individual project, that works closely with the business units, sales and the Innovation Centre which studies new technology opportunities. Tecnomen systematically monitors what is going on in its business environment so that it can strengthen its strategy.

Best customer reputation

A key objective for Tecnomen is to stand out from its rivals through customer satisfaction. Tecnomen must be known for this among its target groups. This goal will be achieved through anticipating customer needs, good customer service and a strong investment in developing products and business operations. Long-term, open cooperation and partnership with customers is part of this way of operating. Focusing on selected customer and product segments in each geographical area enables the company to provide the best service.

Continuous, systematic improvement in quality and procedures in Tecnomen's projects plays its part in boosting customer satisfaction.

Corporate culture supports efficient cooperation

Tecnomen's values form the guidelines for work done with customers, partners and colleagues. In its operations Tecnomen stresses above all open cooperation based on trust. These values are linked to the company's ability to renew itself and evolve as the markets change. Developing a corporate culture that promotes cooperation means effective communication of the strategy, confidence building and embodying the core values in practice.

Effective processes maximise customer satisfaction

Tecnomen wants to meet customer needs and achieve its business objectives as well as possible. Clear, effective process management throughout the company is a major precondition for fulfilling those needs and achieving profitability. Implementing process-controlled operations is linked to the company's culture – above all to its capacity for teamwork – a culture that continuously implements more competitive strategies in a changing market environment.

Tecnomen reinforced its position in an uncertain market

In its operations in 2001 Tecnomen combined work on strengthening its market position in the long-term with a rapid response to safeguard a positive performance in the short-term. In 2001 market developments in the telecommunications sector were weaker than expected. Investments by telecoms operators declined in most parts of the world. Focusing operations on growing market areas brought results and Tecnomen was successful in expanding its customer base. In Latin America sales of our messaging and prepaid systems made outstanding advances.

Despite the significant expansion of our customer base, our net sales in 2001 declined after two years of good growth. The strong sales in the final quarter and the programme to cut costs implemented rapidly by our dedicated personnel improved the result, and helped us reach a good level in the final part of the year. We continued our notable efforts to maintain long-term competitiveness. Our intellectual capital accumulated over the years developed encouragingly and personnel turnover was low.

We further improved the capabilities of the regional sales and customer service units to serve our customers. A regional centre of expertise started up in Malaysia. The customer service organisation of the Latin America unit received reinforcement and was reorganised. In Europe a new sales and customer service outlet was established for the Benelux countries.

Focusing on evolving needs of end customers

Tecnomen supplies value-added service systems to telecoms service providers. The focus for growth in value-added services is moving from voice services to new services that use text, sound, data and pictures, and it is becoming harder to predict the ways end users will employ the services. The success and competitiveness of the entire industry and the companies that operate in it are linked to developments in different user segments and applications. At the same time as end user applications are diversifying, the global process of mergers between operators continues. As a result, new applications and ways of using the services spread rapidly around the world.

Companies that have not continued systematic, productive work in implementing new product features and technologies and meeting new customer needs in their product offering, have not managed to hold onto their position. None of the new companies in the sector have become serious system suppliers. For Tecnomen, being a supplier of large, scalable telecommunications systems, this situation has opened up excellent opportunities for expanding our customer base and product portfolio.

Increased strategy input brings results

In 2001 we spent more time at Tecnomen on strategic planning, systematic monitoring of activities that derived from the strategy, and on related communications with the entire organisation. Tecnomen's senior management participated in the specially-tailored Tecnomen Business Academy training which links in with our strategic and operative planning cycle. We can already see some positive results from this work.

Our product development and product management organisation, which previously functioned at the corporate level, was split into strategic business units. These units are responsible for continually monitoring business strategies and activities derived from these. This takes concrete shape in the form of targets for results and market position. Tecnomen's strategy and way of operating include strengthening the synergies between its business areas, creating new business areas, and the systematic development, or closure, of product areas in declining markets.

In our vision we have clarified our core competitive capabilities: we anticipate as well as we can the evolving needs of end customers who use value-added services and provide our customers with appropriate solutions. Our personnel have retained their enthusiasm and their ability to create something new, despite the difficult state of the market and the challenges it brings. The effort we have put into promoting Tecnomen's core values and an open corporate culture built on trust can be seen in the improvement simultaneously in response time and quality.

The launch of multimedia messaging brings new and remarkable growth possibilities

In Tecnomen's messaging systems, the focus on new development work is moving from voice mail systems via unified messaging systems to multimedia messaging products. The successful launch of our multimedia messaging system (MMSC) has opened up major growth prospects for Tecnomen in multimedia applications as well. At the same time the growth prospects for unified messaging continue. In many geographical areas operators are only now starting to expand voice mail systems with the Internet features of unified messaging systems. Tecnomen's strategy for the future is to develop effective solutions for the diversifying range of multimedia communications applications, working with its growing network of partners.

In our prepaid system we succeeded well in increasing the subscriber capacity of our systems, in introducing new features and making sure that customer satisfaction continued to increase. Sales of intelligent peripherals through major international companies made good progress. Deliveries of paging systems focused on the security and safety segments, which have become increasingly attractive. In this sector we signed one of the largest orders of the year.

Restructuring completed as planned

Tecnomen went through a restructuring process during 2001. Before that Tecnomen was listed on the main list of Helsinki Exchanges. As a result of the restructuring process the present Tecnomen Corporation was formed. Its shareholder base is divided widely among Finnish and international shareholders. The resolution and unity of purpose of our former parent company and owner, Kyro Corporation, provided the necessary drive to carry through the restructuring successfully.

Development of new messaging applications directs market growth

As we move forward into 2002, cautiousness and a focus on results characterise the market. The caution being shown by operators and service providers is related to uncertainty about which services users will want in future and the speed at which developments will take place. Companies have become more cautious and pragmatic. However, operators are ready to make new investments as they see a clear increase in customer demand. This forms a firm base for operations; no unexpected reverses such as those that took place in 2001 are in sight. The markets for Tecnomen's value-added services – messaging and prepaid systems – are expected to grow in 2002 though the growth is estimated to happen in the latter part of the year. The strong market position of paging systems reinforces Tecnomen's success, even though these systems only account for about ten per cent of net sales.

In the longer term, a decisive factor will be the timing of our actions in bringing new applications and systems to the market that combine sound, text, data and pictures. In multi-

media applications we shall see opportunities opening up that could never be foreseen. The invoicing of new applications may provide attractive opportunities for us.

Tecnomen has invested heavily in its personnel, their capabilities and facilities for them. We have put great effort into new generation multimedia products, a strong partner network, new prepaid solutions for the GPRS network, and the company's customer interface. Only satisfied customers will ensure success in the future.

I thank our customers, partners, personnel and shareholders for their important contributions in 2001. I wish you all a successful 2002.

Vesa Helkkula
President and CEO





Market Developments in 2001

The general uncertainty in the markets and the sharp drop in investments by telecoms operators cut demand for value added services. Investments in value-added service products in Western Europe and North America were considerably lower than in the previous year. At the same time the telecommunications sector has been going through a period of transition in its technology and markets which has involved company mergers, tougher competition, building new networks and developing new value-added services to meet the changing communications needs of users. The markets for telecommunications and especially for value-added service systems continued to grow in areas where the numbers of mobile phone users are still low, such as in South America, Africa and in many countries in Asia and Eastern Europe.

In Europe the focus on growth in demand for mobile phone messaging has moved from voice-based messaging to data messaging. The new mobile data services are expected to spread widely in the next few years. Related to this are the areas of discontinuity regarding market demand and technology development, which opens up new opportunities but also bring risks to players in this sector. Teleoperators are assessing their business operations more carefully and taking the necessary actions, since growth in demand for the services they offer is focusing on data messaging at the same time as competition is getting tougher. The markets for prepaid and voice mail systems continue to grow rapidly in countries where the number of mobile phone subscribers is growing.

Progressing towards multimedia services

GPRS networks form a step in the progress towards third generation services, enabling faster data transmission and making it possible to provide services with more diverse contents. As the number of network users increases and as GPRS and UMTS technology becomes more widespread, operators in Europe are expected to increase their investments once again in value-added service systems. The new functions offered by GPRS will enable them to provide multimedia services.

Businesses and end users are only just starting to use wireless Internet services, whereas messaging and services based on SMS have grown rapidly in popularity. Because of the slower than expected development of wireless Internet applications, the potential offered by wireless technology, including WAP, is still unused in many places. The next generation wireless networks have even better properties for providing new, useful wireless services especially information tailored for individual customers.

New easy-to-use services

Demand for unified messaging features has continued to grow with the possibility of combining conventional voice mail services with new e-mail services. These systems offer mobile operators the opportunity to create integrated applications combining speech and data. New features include voice-control for services and converting e-mail into speech. Other popular services are forwarding voice and fax messages to e-mail and listening to them and reading them on the Internet. The users of unified messaging services are mainly small- and medium-sized companies, not normal users.

Multimedia Messaging Services (MMS) have received much attention from operators and system suppliers. MMS product applications are expected to become very popular. Messages with pictures that function like SMS messages are expected to become one of the most popular applications once third generation mobile phone systems become more common, because they are a mobile phone solution. The use of MMS services will only spread if they are as easy to use as SMS. Since they are ease to use, these new services are expected to become very popular very quickly. However, the ways they are used and the new user groups are still taking shape.

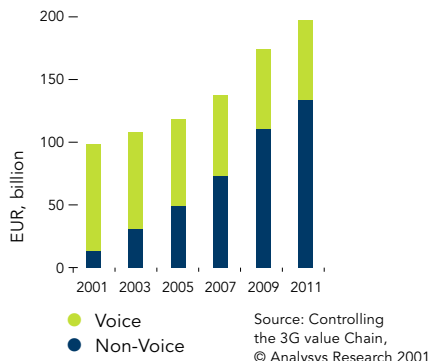
It is significant that the leading telecommunications companies are committed to open global multimedia standards that encourage market growth. Services can be provided using GSM/GPRS technology and future third generation mobile phone networks. By complying with these common standards it is possible to offer consumers a wide range of terminals and services that are different and competitive, but at the same time compatible.

New technologies bring better prepaid services

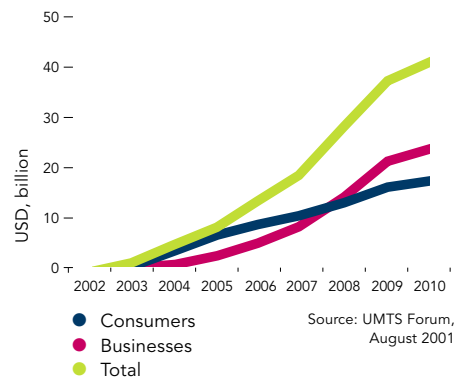
The number of mobile phone subscriptions continued to grow throughout the world in 2001, but at a distinctly slower rate than previously. Growth focused on countries where mobile phone usage is still low. So the differences between different market areas were great. Demand for prepaid systems offered by mobile phone operators has increased, especially in areas where the number of mobile phone subscribers is still growing, such as in many Latin American countries.

Investments in 3G licences and 3G infrastructure are today's challenges for teleoperators. Since the number of mobile phone subscribers is not growing in Europe as fast as predicted earlier, operators have to focus on launching new services. Increasing ARPU (Average Revenue per User)

Estimate of mobile voice and non-voice development in Western Europe



Forecasted growth of worldwide mobile multimedia services



is a key task for operators. Prepayment of data services opens up new, attractive opportunities for players in the sector. It is natural for operators to invoice their customers for the use of services along with other mobile phone expenses.

Growth in the security sector promotes paging system sales

The market for paging systems has been contracting for a long time as more and more customers switch to mobile phones. A major event was the withdrawal of two companies supplying paging systems from the market during 2001. In the Middle East it is still popular to use pagers alongside mobile phones. In Europe, especially Western Europe, operators who have concentrated on providing services for security and the public authority sector have been successful. Paging systems are still commonly used in certain applications, mainly in public authority usage.

Demand has increased for public authority networks designed for use by public safety and security organisations and for radio phones for use with these networks. Terrestrial

Trunked Radio (TETRA) is an open digital radio network standard designed for use by public authorities that is meant to improve communications between public authorities. Paging systems extend the services provided by the TETRA network. Public authority networks are mainly used by the police, fire and other emergency services.





Tecnomen's Products and Services

Tecnomen supplies its customers with total packages that consist of

- software licences
- equipment
- installation and training services, and
- maintenance and support.

These packages are divided by business area into three service concepts: Tecnomen eZONER, Tecnomen Prepaid and Tecnomen Paging. All service concepts are based on the same expandable service platform. This is built on software and hardware designed by Tecnomen and on third party equipment. All systems can be managed using the same operation and maintenance centre.

Tecnomen uses well-known standard technologies and interfaces in its products as far as possible so as to speed up development and ensure that the systems function properly and can be integrated with third party applications. Tecnomen uses products from third parties in the systems it offers when this is technically and economically justified.

The product and service range has developed from paging systems and voice mail services toward the next generation of messaging systems that make it possible to send and receive messages (text, audio and still and video pictures) from the same terminal. Tecnomen's products and services can be integrated with each other and offer new ways to communicate.

Tecnomen eZONER

The Tecnomen eZONER messaging service package concept is built on a modular service platform. With Tecnomen eZONER operators and service providers can select a tailored service package suitable for their own segment, and add services later as user needs develop. Tecnomen supplies a voice mail service, wireless e-mail service and unified messaging, chat and multimedia messaging services on a service platform that is integrated with the operator's network and can be expanded from ten thousand subscribers up to tens of millions of subscribers.

Voice mail is one of the oldest and most successful value-added services. It enables subscribers to be contacted when their mobile phone is busy, switched off or out of range, or when they do not answer the phone. The caller can leave

messages in the voice mail box; the recipients can listen to them at their convenience. In 2001 Tecnomen became the first company producing messaging systems to present to operators an added service called the Greeting Centre, which makes it possible to store various pre-recorded greetings in a voice mail box. Users can then make their voice mail more personal in different situations, for example, by recording a very informal greeting for messages during their leisure time, and a more official greeting for use during work hours.

Wireless e-mail transfers users' e-mail messages to their mobile phones using SMS messages or a WAP connection. Users can alter the settings of their e-mail box with their mobile phone or over the Internet. Wireless services give users freedom and enable them to be contacted independent of time and place.

Unified messaging combines voice mail, wireless e-mail, fax and SMS in a single mail box. Users can choose how they process their messages: over the Internet, with a WAP browser, by SMS or voice. The unified messaging mail box also gives the option of converting messages into different formats: e-mail to speech, SMS to fax or even to listen to a voice message on the Internet. The unified messaging mail box gives users the freedom to manage their messages anywhere and any time, without being dependent on a particular terminal.

Chat is the familiar chat service from the Internet, which Tecnomen now offers in a wireless version using SMS or a WAP connection. In future it will be possible to add pictures to the Chat service using multimedia messaging. Users can discuss topics that interest them in various chat rooms using wireless connections.

Multimedia messaging enables users to combine different communication methods. By combining still and video pictures, text and audio, users can enrich the contents of their messages and add value to their personal communications. Multimedia messaging can be integrated with Tecnomen's other messaging systems and once again offers new versions of familiar messaging services using multimedia. For example, the unified messaging mail box can be used to store multimedia messages. The Tecnomen MMSC (Multimedia Messaging Service Centre) is a system component that

Tecnomen's service concepts



TECNOMEN eZONER
Messaging solutions



TECNOMEN PREPAID
Intelligent Network solutions



TECNOMEN PAGING
Wide-area Paging systems

conforms to third generation standards and makes it possible to transmit multimedia messages. MMSC is part of the Tecnomen eZONER platform. The opportunities provided by multimedia messaging enhance the eZONER service selection considerably and make it possible to use the potential of the new generation of networks.

Tecnomen Prepaid

The Tecnomen Prepaid concept includes intelligent network components and systems, in other words Intelligent Peripheral components and prepaid systems.

- **Prepaid systems**

With a prepaid system, users pay for their calls in advance, for example by purchasing a telephone card. This card allows them to charge their account with a certain amount of money which is consumed in real time as calls are made. When the specified limit is reached, users receive a message on their phone. Once the account is empty, subscribers cannot make calls and in certain cases cannot receive calls either.

- **Intelligent network components and systems (Intelligent Peripheral)**

The Intelligent Peripheral (IP) component, which is part of the Intelligent Network. It offers subscribers all-inclusive interactive functions and helps them manage announcements. IP manages certain functions, such as sending users a message that call transfer is active (voice mail service and answer service) or asking for and collecting identifying information from the caller (eg. customer number). In prepaid systems IP informs customers how much call time they have left. IP can also be used to expand the capacity of systems from other suppliers. IP can be supplied separately to supplement or enlarge a third party intelligent network (for example Siemens, Compaq and ICL Invia) and is always included in Tecnomen's all-inclusive prepaid system deliveries.

Tecnomen's main market area for Prepaid products is Latin America. Tecnomen's systems are also used in Eastern and South-East Asia. Africa and India will be some of the new, growing market areas in the next two years and Tecnomen has built up a partner strategy for these markets. These partnerships will open up new, growing market areas to Tecnomen.

Tecnomen's strengths in the Prepaid markets include its systematic development of products and services and its understanding of customer needs. Tecnomen aims to stand out from its competitors by among other things its rapid product development. More than 60% of the personnel on the Intelligent Network product line work in R&D.



Tecnomen Paging

The strategy of this business unit is to focus on developing and delivering paging systems for use by public authorities.

Tecnomen Paging comprises paging systems that consist of software developed by Tecnomen and hardware manufactured by Tecnomen, as well as third party software and hardware. Tecnomen markets high-capacity paging systems that support all of the main standards and have a wide range and many subscribers. Typical services of paging systems are the conventional "call request", various announcement services such as Tecnomen's voice and fax mail services, and Internet applications such as the routing of e-mail to a pager.

Tecnomen has a strong position as a supplier of paging systems and has no major competitors in its market segment. The main market areas for Tecnomen's paging systems are the Middle East and Europe.

Tecnomen's paging systems are a good way to extend the services provided by TETRA public authority networks. Encouraging developments in the public authority sector and security systems promote sales of Tecnomen's paging systems and offer Tecnomen a promising new market that has considerable potential in the next few years.

Tecnomen's strengths in paging markets include a highly advanced and diverse service selection. In addition, Tecnomen has in-depth understanding of the entire range of technology.



Sales and Marketing

Tecnomen markets its products and services through its own worldwide organisation and through global and local partners. The company's markets are divided into four operational areas: Europe, East and South-East Asia, Middle East and Africa, and Latin America. Each area is responsible for the sales and customer service functions in specified countries. The company has 13 business locations in 11 countries. In addition, Tecnomen has signed global partnership agreements for marketing its products with Siemens, Nokia and Nortel Networks who sell solutions developed by Tecnomen as part of their own deliveries. Compaq and ICL Invia also sell Tecnomen's products in various market areas.

During 2001 a focus area for Tecnomen's sales efforts has been expanding its customer base. The share of net sales accounted for by new customers did in fact rise significantly on the previous year. The company has established new customer relationships in Germany, Austria, Albania, Ukraine, Brazil, South Africa and Indonesia. Close cooperation with key partners in particular has supported this strategy and the growth achieved. An essential element has also been Tecnomen's efforts to develop local and regional knowhow which enables the company to provide customers with better and faster local service.

Europe

The coverage of the mobile phone networks and the number of users are approaching their peak, especially in Western and Central Europe. Operators are preparing to launch next generation multimedia products and services.

For its existing customers Tecnomen focused on improving its competitiveness by developing and offering them new and more competitive messaging services. The company supplied messaging system expansions in Ireland, the Nordic countries and Austria. An expansion to the Tecnomen eZONER service platform was supplied to Mobilkom Austria, increasing the capacity of the existing system. Platform expansions build a base for the services of the future that will come into use with third generation terminals.

Most of the new customer relationships established were in Eastern Europe, where mobile phone networks are still being built. A major step was starting deliveries of the first nationwide paging system connected to the TETRA public authorities network for A.S.T.R.I.D., the Belgian public authority network operator.

Operators in the growing markets of the Benelux countries (Belgium, the Netherlands, Luxembourg) are looking for solutions for third generation networks. In response to this Tecnomen opened a new office in the Netherlands in September.

Eastern and South-Eastern Asia

Sales declined in Asia because fewer major expansions of messaging systems took place in 2001 than in the previous year and operators postponed their purchasing decisions because of the economic uncertainty. It is expected that existing and new customers will start further expansions in 2002.

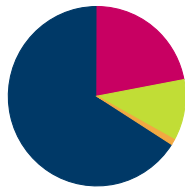
Sales of unified messaging services continued and demand grew. Tecnomen supplied advanced value-added services in Indonesia. The company established a regional centre of excellence alongside its Malaysian office. The centre will support project implementation and sales and customer services throughout South-Eastern and Eastern Asia. The centre has started its operations and will enable Tecnomen to respond more quickly to the demands of operator customers and to tailor its products and services for individual customers.

Latin America

The most noticeable technology change in the Latin American market area has been the decision taken in Brazil to start using GSM standards on new frequencies. The new

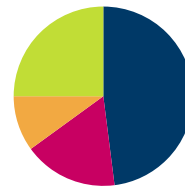


Net sales by product group 2001



66% ● Messaging systems
 22% ● Intelligent networks
 11% ● Paging systems
 1% ● Other

Net sales by region 2001



48% ● Europe
 25% ● Latin America
 17% ● East and Southeast Asia
 10% ● Middle East and Africa

networks will come into commercial use early in 2002. Despite the general economic uncertainty in the region, Tecnomen doubled its sales in South America from its 2000 figures.

Tecnomen supplied prepaid and messaging systems, capacity expansions and new features for prepaid systems, in Brazil, Bolivia and Venezuela. Sales of Unified Messaging Service (UMS) systems got underway with UMS systems supplied for testing with a messaging system supplied to Algar Telecom Leste (ATL) and with a voice mail system supplied to Telemig Celular.

Tecnomen's Brazilian office in São Paulo is a major regional centre of expertise, and its functions have been further developed and strengthened to provide all the sales, project, training and maintenance services required by operator customers. The laboratory and demo environments offered to the office's customers were also expanded.

Middle East, Africa

Tecnomen's Dubai office achieved a major breakthrough into a new market in its sales area when Tecnomen signed an agreement with Siemens in the summer to supply a messaging system for more than a million users to the operator Cell C in South Africa. Business partnerships have also opened other opportunities in Africa.

Tecnomen supplied a Unified Messaging system to FTML Service Cellulaire Liban in Lebanon. The system included Internet Messaging, Text-to-Speech and Speech Recognition functions for about 50,000 users. Lebanon is one of the first

countries in the Middle East to open up its telecommunications markets to competition.

Tecnomen and an Egyptian supplier of telecoms systems agreed to start working together. Through this agency agreement, Tecnomen obtained access to an extensive sales and marketing network and local customer contacts.

Global partners

Tecnomen's sales through global partners accounted for 19.9 per cent of total sales in 2001. Many of the new customer relationships have been established with global partners. Cooperation with key partners is being constantly developed, for example by creating new forms of partnership. With its multimedia messaging services, Tecnomen is also actively looking for a new type of partner, alongside its existing ones which are mainly telecommunications network suppliers.

Tecnomen has a strong customer service organisation that supplies and maintains systems as well as provides customer support worldwide. Tecnomen's goal is to offer operators and service providers solutions at the right time to meet market challenges. Tecnomen's customer service unit provides project planning and customer services locally in all main market areas. Customer service includes project services, system maintenance and spare parts services, 24-hour user support, and training.

Project services

It is particularly important for operators that their projects be completed on schedule. This is ensured by Tecnomen's in-depth technology knowhow and a high level of expertise in its full-service development of business processes and choice of methods. Particularly important are skills in leading and managing projects and ventures, based on an understanding of customer needs. Tecnomen's expert, specialised project management teams focus on developing system implementations. Tecnomen's project managers work closely with a customer's technical managers to ensure that the

systems supplied function as agreed in accordance with the customer's requirements.

Maintenance and support

An extensive customer support organisation ensures that business operations continue without interruption. Tecnomen's regional operations and support centres provide support services 24 hours a day, relating to equipment, software and other service facilities. Maintenance agreements can be tailored for individual customers to meet specific support needs. Comprehensive agreements can include the following services:

- Technical support
- Servicing of equipment
- Software support
- Extended 24/7 support
- Software updates
- Telephone service
- Maintenance report meetings and annual inspections
- Auditing of customer systems

Customer Services in touch with our customers



Training

Tecnomen's training services offer training in technical issues and marketing, and help customers make full use of their systems. The courses equip operators for starting up the systems and offer the information and skills needed for a continual development of expertise.

Tecnomen's training centres have excellent facilities including the latest equipment and systems. The courses are planned with experienced instructors who have a thorough knowledge both of telecommunications systems and of the

learning process. The training can be tailored to a customer's needs, and can include either various courses at a Tecnomen training centre or training at a customer's premises and in the everyday work situation.

Tecnomen works very closely with its customers. It provides product training at its training centres in Espoo in Finland, Shannon in Ireland and São Paulo in Brazil, and can also arrange training at the customer's premises. This photo shows the instructors in Espoo.





Research and development is a vital element of Tecnomen's operations, ensuring that Tecnomen is able continuously to launch new products and product features. Investments in the continuous, systematic development of technology ensure that the company remains competitive in its products, services and technologies, as well as in innovations for the future. Tecnomen is constantly striving to obtain a better understanding of the needs of customers and end users and actively works to improve the quality of new products and services.

In its products Tecnomen uses standard technology and interfaces to speed up development work, ensure that products and systems function properly, and make it easier to integrate third party applications. The focus is future Internet and telecommunications technology.

New R&D organisation supports customer-oriented focus

During 2001 R&D was organised into the business units. This new arrangement has already given a clearer focus and achieved more efficient operations and use of resources. Product processes and process management have been adopted in the development of products. The core of product development is formed by the R&D teams that are responsible for areas of competence. They work closely with product managers, project managers and system architects. Systematic process operations have reduced the time to market for new services by bringing product development closer to the customer and sales.

The Technology and Operations Development unit (TOD) was set up to support development activities in the business units and to promote joint projects by the units. TOD's main task is to promote R&D cooperation between the business units and assist the units in meeting their goals. The new organisation ensures that innovations and new ideas are shared among the business units and it gets customers involved in the development process.

Product development is a success factor

Tecnomen's R&D includes researching new technologies, developing new products, and adapting and customising existing products and services to meet the changing needs of customers. The work mainly involves software development, but also extensive electronics and data network design. Some of the main projects in 2001 were the completion of version 3.0 of eZONER, the development of an MMSC (Multimedia Messaging Service Centre), and the completion of new versions of the prepaid and intelligent network systems and expansion of their capacity. New product features were also developed.

Joint R&D with partners continues to grow in importance, since Tecnomen is increasingly using third party software and systems in its own products. The different product units have their own partners and combine the areas of expertise of these partners with their own expertise. This close collaboration will make Tecnomen, its customers and its partners more competitive in the future.

Long-term investments for the future

Tecnomen is boosting its R&D still further by investing in innovation and in a customer-oriented focus. To achieve this it will improve management, processes and management of competences. A particular feature of Tecnomen's R&D operations is the way it quickly utilises new expertise and applies it to improve operations. Tecnomen's strategy is to combine the company's own expertise with the best available external resources and partner expertise. The most significant and most successful R&D projects are the result of teamwork between experts in different fields.



Some examples of Tecnomen's products in 2001

- **Tecnomen MMSC**

Using Tecnomen's Multimedia Messaging Service Centre (MMSC), operators can offer their customers a wide range of useful multimedia messaging services. The Tecnomen eZONER service package is modular and the new MMSC is part of its service platform. Operators can choose a service package from Tecnomen eZONER that is customised for their own segment, and add services as the needs of users change and grow. The opportunities provided by multimedia messaging enhance the service selection considerably and make it possible to use the potential of the new generation of networks.

- **Tecnomen eZONER Greeting Centre**

With the Tecnomen eZONER Greeting Centre, users can create and adapt individual voice mail greetings quickly, flexibly and effectively. With the Greeting Centre, users can have several different greeting profiles in their voice mail and choose the most appropriate for each call. Users can, for example, define their greetings by their situation (at work, weekend activities, on holiday), by location (at home, at work, abroad) or by the type of telephone used by the caller (mobile, fixed line). Users can add a more personal note to their greetings by, for example, including audio files downloaded from the Internet or pre-recorded messages provided by the operator or a third party. Users can even use their own creativity and include music they have composed on their computer in their greetings.

- **Voice mail based on SIP technology**

Tecnomen made the first successful telephone call via the Internet using the VoIP protocol (Voice over Internet Protocol) on 30 November 2001 in Richardson, USA. A call made by a Tecnomen customer was received by a voice mail system created with Tecnomen's SIP (Session Initiation Protocol) technology. The system is meant for providing value-added services for VoIP networks. VoIP networks are replacing conventional telephone networks and will also make it possible to use new types of terminals.

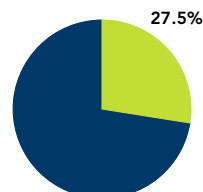
- **Tecnomen Prepaid**

In a prepaid system, money is paid into an account in advance, and the system automatically deducts the cost of calls from the account as they are made. Cash dispensing machines and vouchers available from various outlets are typical ways to put money into the account. The vouchers can be paid into the account for example using an IVR system (Interactive Voice Response) or a Call Centre. The main purpose of the system is to reduce the credit risks of teleoperators, so that they can offer services to new segments, for example young people. The advantage to end users is that they only pay for the calls.

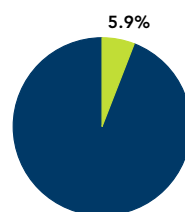
- **Tecnomen Intelligent Peripheral (IP)**

Tecnomen IP is a service platform that is always sold with an intelligent network system, such as Tecnomen Prepaid. Typical functions handled by IP are IVR (Interactive Voice Response) and announcements at the start of a call. Tecnomen IP also provides messaging services controlled by the intelligent network system such as voice mail and fax.

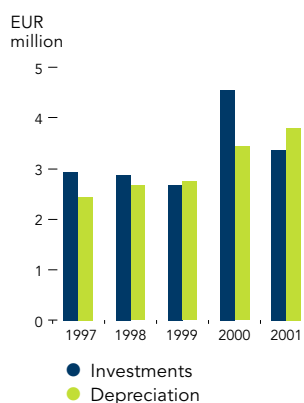
R&D costs as a proportion of net sales in 2001



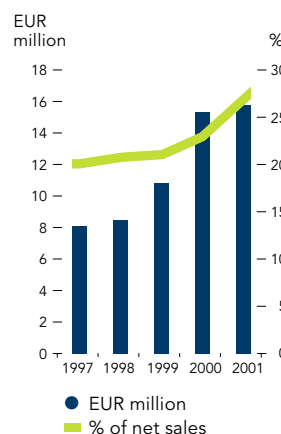
Capital expenditure as a proportion of net sales in 2001



Investments and depreciation



R&D costs and share of net sales



Skilled, motivated and result-oriented personnel are the most important factor for Tecnomen in achieving its objectives. The continuous development of personnel knowhow and their ability to work together in turn make possible the success of the company.

Focus on strategic development of intellectual capital

A strategy that takes into account the rapid changes taking place in the sector creates the need to continuously predict new requirements in expertise and to develop the competencies in them. A systematic survey of existing competencies, the forecasting and planning of future expertise requirements, and the proactive development of intellectual capital based on these are among the main areas of Tecnomen's strategic work.

The individual development and willingness to learn more of personnel who are working around the world are emphasized in all our operations. The work of each Tecnomen employee is guided by the following values: the continuous development of skills and personal growth, open and honest cooperation, goal-oriented operations, and focusing on the right things.

Developing skills and knowledge of personnel

Tecnomen offers its personnel opportunities – through training, job rotation, work on projects and in teams, and overseas postings - to continually develop skills and knowledge.

About half of the training for personnel given in 2001 was internal (48%) and half was external (52%). Overall an average of 8 days per person were spent on training. Some of the external training was given through public courses

held by various training organizations. Some of the training was tailored specifically for Tecnomen. External training costs totalled almost EUR 1,200 per person.

In 2001 the main areas for training were management and leadership, research and product development, communications and languages. One major project was the Tecnomen Business Academy (TBA), the training programme on management and leadership for senior management, which leads to the Special Management Diploma.

Development projects to support personnel activities

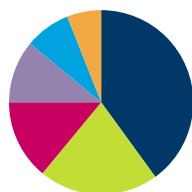
Several development projects for personnel started up in 2001. Some examples of these are the development projects for the company's system of remuneration and for personnel services and actions to encourage personnel initiatives. These projects aim to improve the position of personnel, make information more easily available and motivate personnel to even closer cooperation.

Towards the end of 2001 the company started this process by systematically collecting and keeping up-to-date information about areas of competence, with the aim of managing its intellectual capital effectively and making use of the information obtained in strategic planning.

Assessing the working atmosphere – a tool for developing the organisation

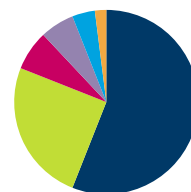
Once a year Tecnomen conducts a survey of the working atmosphere throughout the company, and makes use of the information obtained for developing the work teams themselves and the entire organisation. The survey helps the company focus development actions on areas where

Personnel by function in 2001



- 40% ● R&D
- 21% ● Customer operations
- 14% ● Management and support
- 11% ● Sales and marketing
- 8% ● Product management
- 6% ● Manufacturing and logistics

Personnel by area in 2001



- 56% ● Finland
- 25% ● Ireland
- 7% ● East and Southeast Asia
- 6% ● Latin America
- 4% ● Continental Europe
- 2% ● Middle-East

people feel there are problems, which has had a positive impact on personnel satisfaction. According to the survey, Tecnomen personnel were more satisfied in 2001 than in the previous year especially with the work of supervisory staff and they have a better understanding of the company's goals and strategies.

Personnel participation in decision-making

During 2001 a works council was set up in Finland where representatives selected by personnel discuss issues with a representative of the employer in accordance with the Act on Cooperation within Undertakings. The council has proven to be an effective discussion forum even in wider issues affecting personnel. It has opened up another channel for personnel to play a part in decision-making and development work.

Recruitment and areas of competence

The number of Tecnomen's personnel has grown by about 30% between 1997 and the end of 2001. The number of Tecnomen personnel continued to grow in 2001. Early in the year the level of recruitment was still very high as planned. Because of the rapid changes in the market, the company did not recruit new personnel at the end of the year and did not renew short-term contracts (including those of summer workers). During end of the year the number of personnel fell slightly. The sale of Tecnomen System Solutions Oy also contributed to the fall in the number of personnel in the final quarter. At the end of 2001 Tecnomen had a total of 556 employees.

The distribution of personnel by geographical location and function remained almost unchanged from the previous

year, so the increase in the number of personnel was evenly distributed among different locations and functions.

The focus for recruitment switched increasingly in the second half of the year from external recruitment towards internal recruitment. Tecnomen encourages its personnel to participate in internal job rotation and to take advantage of overseas postings. The company emphasised internal job rotation opportunities in particular towards the end of 2001.

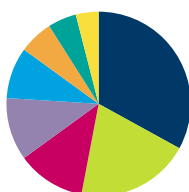
Obtaining new employees through external recruitment has been successful thanks to Tecnomen's good corporate image and active recruitment communications. The company maintains and develops its good relations with places of learning. Awareness of Tecnomen as one of the world's leading suppliers of value-added services has grown significantly among jobseekers.

The level of personnel turnover fell considerably during 2001.

Extensive support for leisure activities

Tecnomen also offers its personnel the opportunity for self-development outside work hours by supporting many forms of personnel leisure activities. For employees interested in sport and exercise, the company offers the opportunity to play various team games and other forms of exercise. The company supports clubs and events – such as Internet games, hunting, fishing and photography.

Training days by subject matter in 2001



- 33% ● Product training
- 20% ● R&D
- 12% ● Commerce
- 11% ● Introduction training
- 9% ● Languages
- 6% ● Management and leadership
- 5% ● Other
- 4% ● Computing





Report by the Board of Directors

Net sales

Tecnomen had net sales in the financial period of EUR 57.1 (66.4) million. The performance of net sales reflected the general state of the market.

Most of Tecnomen's net sales still came from Europe, where demand for messaging systems declined in 2001. Net sales continued to grow in Latin America, where the company supplied major prepaid and messaging systems and system expansions.

Operating result

Tecnomen continued its heavy investments in R&D to safeguard its long-term competitive position and sales performance. Because of the fall in net sales, the company's result for the whole year declined from the previous year. The result for the final quarter, however, improved on the previous year. Official operating result was EUR -2.0 million and net result 0.0. The pro forma operating result for the whole year was EUR -1.5 million (5.5) and the net result EUR 0.4 million (3.9).

The official profit before extraordinary items, appropriations and taxes was EUR -0.1 million, pro forma EUR 0.6 and comparable EUR 1.8 million (5.8).

Earnings per share were EUR 0.01 (0.07). Equity per share at the end of the period was EUR 1.50 (1.47).

Financing and investments

Tecnomen's financial position remained strong. The balance sheet total at 31 December 2001 stood at EUR 98.7 million, including EUR 41.1 (45.2) million of liquid assets. The change in cash reserves was EUR -4.1 (43.1) million. Major factors causing the reduction in cash reserves at the end of the year were exceptionally large production and delivery projects in December and a temporary increase in accounts receivable at the end of the year.

Interest-bearing liabilities amounted to EUR 1.1 (1.4) million. The gearing ratio was -45.8% (-51.4%). The balance sheet structure remained strong and the equity ratio at 31 December 2001 was 89.2% (86.1%).

Pro forma financial income and expenses during the period totalled EUR 2.2 (0.3) million. Interest income on accounts receivable and investments caused financial income to rise significantly in the final quarter.

Tecnomen's gross capital expenditure during the review period was EUR 3.3 (4.5) million. The main focus for investments were development and testing equipment for new systems. The company established a regional centre of excellence in new premises in Malaysia and built a laboratory fitted with the necessary equipment and more modern training premises.

Market development

In 2001 telecommunications operators saw their business perform much more weakly than had been forecast and the systems markets declined in many places. Investments made by operators in value-added service products in Western Europe and North America, for example, were considerably down on the previous year. On the other hand, the communications markets, and especially those for value-added service systems, continued to grow in Latin America, Africa and in many countries in Asia and Eastern Europe.

In Europe the focus for growth in demand for mobile phone messaging has moved from voice-based messaging to data messaging. The new Mobile Data services are expected to grow strongly in the next few years. Demand for unified messaging features has also continued to grow, as conventional voice mail services have been combined with new e-mail services. Multimedia messaging services have attracted considerable attention among operators and system suppliers, but in 2001 this still did not convert into sales. MMS applications are expected to become very popular.

Sales development

During 2001 Tecnomen's sales objective was to expand its customer base in all market areas. The share of net sales accounted for by new customers did in fact grow significantly from the previous year. The company established new customer relationships in Albania, Belgium, Ukraine, Brazil, Bolivia, South Africa and Indonesia. Tecnomen supplied new system versions and features and capacity expansions to existing customers.

At the end of the year the order book stood at EUR 4.4 million and has risen since then. Sales in the final quarter were strong. Because of the uncertainty in the market, operators split up their orders into smaller parts than they used to. The average time between placing an order and delivery shortened considerably. In August an order worth about EUR 7 million for a paging system was received from the Belgian company A.S.T.R.I.D., but only the approximately EUR 3 million of this that was recognised in 2001 was recorded in the order book.

Tecnomen's sales performed well in Latin America. Tecnomen supplied prepaid and messaging systems, capacity expansions, and new features for the prepaid system in Brazil, Bolivia and Venezuela. Sales of the Unified Messaging Service systems started in December.

Tecnomen achieved a major market breakthrough when the company signed a contract in the summer with Siemens to supply a messaging system for more than a million users

to the operator Cell C in South Africa. Other opportunities have opened up in Africa as a result of the partnership.

Tecnomen's sales through strategic partners increased. Messaging systems were supplied to new customers through Nokia and Siemens. Sales of intelligent network components through Siemens, Compaq ja ICL Invia developed better than anticipated. Tecnomen also signed a global partnership agreement with Nortel Networks. Sales through global partners accounted for 19.9 % (9.4 %) of total net sales in 2001.

Tecnomen's net sales by region were as follows: Europe 48% (50%), Asia and Pacific 17% (30%), Latin America 25% (12%) and Middle East and Africa 10% (8%).

Tecnomen's messaging solutions accounted for about 66% (68%) of net sales. Intelligent network products accounted for about 22% (23%) and paging systems for about 11% (8%).

Research and product development

Tecnomen continued its systematic efforts in key research and development projects. An exceptionally high number of major R&D projects took place at the same time early in the year. In the autumn, new messaging and prepaid systems and intelligent network versions were ready for delivery. The company launched the strategically important Tecnomen MMSC (Multimedia Messaging Service Centre). The company also launched the new Tecnomen eZONER Greeting Centre service, which is connected to Tecnomen's voice mail and Unified Messaging products. The service was given a warm welcome by end users.

R&D costs during the review period totalled EUR 15.7 (15.2) million, or 27.5% (22.9%) of net sales.

Personnel

As part of its strategic action the company initiated a systematic survey of the areas of competence of the entire personnel, to safeguard the company's future competitiveness.

Towards the end of the year all of Tecnomen's business units took action to reduce personnel costs as part of the overall cost-cutting programme. During personnel negotiations held in August and September, agreement was reached on temporary cuts in salaries and decisions were taken to initiate layoffs and other savings actions. Thanks to these actions, personnel costs fell by about 10% towards the end of 2001.

The number of personnel at the end of the review year stood at 556, an increase of 38, or 7.3%, on the corresponding time the previous year. During 2001 Tecnomen employed on average 559 people.

Divestment

Tecnomen is focusing on its core business, telecommunications, and in particular on developing and supplying value-added systems. In line with its chosen strategy, Tecnomen Corporation signed an agreement with Tamtron Oy on 9 October 2001 to transfer the entire share stock of Tecnomen System Solutions Oy to a new company, Tamtron Solution Oy, that was being set up. At the same time, two minority shareholders in the company sold their holdings in Tecnomen System Solutions Oy. This arrangement had little impact on Tecnomen's result.

Merger

The present Tecnomen Corporation was created through a structural re-organisation that took place in 2001. Kyro Corporation, the former parent company of the merged Tecnomen Corporation, was split into two companies on 31 March 2001, Tecnomen Holding Corporation and a new Kyro Corporation. The Boards of the merged Tecnomen Corporation and Tecnomen Holding Corporation signed a merger plan on 5 April 2001 that was approved on 15 May 2001 at the Annual General Meeting of the merged Tecnomen Corporation and at an Extraordinary Shareholders' Meeting of Tecnomen Holding Corporation. In accordance with the merger plan, the merged Tecnomen Corporation was merged with Tecnomen Holding Corporation such that all the assets and liabilities of the merged Tecnomen Corporation were transferred without winding-up procedure to Tecnomen Holding Corporation, and the shareholders of the merged Tecnomen Corporation received Tecnomen Holding Corporation's shares in the exchange ratio stated in the merger plan. In connection with the merger the company's share capital was raised by about EUR 1.5 million.

The implementation of the merger was registered on 31 December 2001, when the merged Tecnomen Corporation was dissolved and Tecnomen Holding Corporation continued the business operations of the merged Tecnomen Corporation. In connection with the merger the name of Tecnomen Holding Corporation was changed to Tecnomen Corporation. The present corporate structure of Tecnomen Corporation is based on the corporate structure of the merged Tecnomen Corporation. So the merger had no direct impact on the business operations of the present Tecnomen Corporation.

Tecnomen's shares

A total of 5,089,837 Tecnomen Holding Corporation shares (EUR 9,610,429.82) were traded in the period 2 April-28 December 2001 on the Helsinki Exchanges, 12.83% of the total number of shares. The highest share price quoted

in that period was EUR 3.93 (2 May 2001) and the lowest EUR 0.98 (12 September 2001).

In 2001, a total of 15,903,217 shares (EUR 45,457,629.94) of the merged Tecnomen Corporation were traded in the period 2 January–28 December 2001 on the Helsinki Exchanges, 30.67% of the total number of shares. The highest share price quoted in 2001 was EUR 5.41 (17 January 2001) and the lowest EUR 1.10 (10 September 2001). The shares of the merged Tecnomen Corporation were quoted for the last time on 28 December 2001.

The shares of the new Tecnomen Corporation created in the merger have been quoted on the Helsinki Exchanges as from 2 January 2002.

Board of directors, management and auditors

During the review year the Board of Directors of Tecnomen Corporation (the former Tecnomen Holding Corporation) contained seven members: Lauri Ratia, Keijo Olkkola, Lars Hammarén, Carl-Johan Numelin, Christer Sumelius, Timo Toivila and Hannu Turunen. Lauri Ratia was Chairman.

In accordance with the merger plan, the Board of Tecnomen Corporation appointed Vesa Helkkula, MSc (Eng.), MBA, to be President and CEO of Tecnomen Corporation as from 2 January 2002. Helkkula had been President and CEO of the merged Tecnomen Corporation from 1999 until the merger became effective. During the period 31 March 2001–2 January 2002 Pentti Ylihjeljo, President and CEO of Kyro Corporation, was President and CEO of Tecnomen Holding Corporation.

Tecnomen Corporation's auditors were KPMG Wideri Oy Ab and the responsible auditor was Sixten Nyman, APA.

Future outlook

In 2002 a decline in investments by telecoms operators, as experienced in the previous year, is not foreseen. Tecnomen expects the markets in all of the company's product areas to gradually return to a growth path. The growth in the market for new multimedia messaging systems and solutions will not have a significant impact in raising Tecnomen's net sales until towards the end of 2002.

To forecast Tecnomen's net sales in the next few months and for 2002 it is necessary above all to look at what is happening in the markets for Tecnomen's current product areas. The volume of upgrades and expansions of Unified Messaging and voice mail systems will grow slightly in Europe. Growth continues to be rapid in the mobile phone networks of Latin America, most countries in Asia and in Africa, which will boost sales of Tecnomen's messaging and prepaid systems. The projects are again scheduled unevenly in different quarters of the year.

Tecnomen has continued its efforts to develop existing products and boost sales, which creates the potential for strengthening its market position and winning new customers.

Existing orders and maintenance agreements to a large extent already ensure sufficient volumes and profitability for paging systems in 2002. Positive developments in the public authority sector and in security systems promote sales of Tecnomen's paging systems, and open up a market for Tecnomen with major potential in the next few years.

Although Multimedia platform products (MMSC) and applications will still only have a relative small impact on sales in 2002, they are forecast to boost sales substantially in the longer term. Investments in the new product areas will raise costs early in the year compared to the final quarter of 2001. Tecnomen is looking for partners for its Multimedia Messaging applications and is considering possible company acquisitions.

Tecnomen predicts that its net sales will grow in 2002. With the increase in net sales, Tecnomen's operating result is expected to improve on 2001. Sales volumes will continue to fluctuate widely in different quarters of the year.

Proposal of board for distribution of profits

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial period that ended on 31 December 2001 and that the result for the year be transferred to retained earnings.

Espoo, 13 February 2002

TECNOMEN CORPORATION
Board of Directors



Income Statement

EUR 1,000	Note	Group Official March 31–Dec.31,2001	Group Pro forma Jan.1–Dec.31,2001	Group Pro forma Jan.1–Dec.31,2000	Parent Company Official March 31–Dec.31,2001
Net sales	1	42,159	57,129	66,355	
Increase (+) decrease (-) in inventories of finished products and work in progress				114	
Other operating income	2	39	83	314	
Materials and services	3	6,936	9,671	12,946	
Personnel expenses	4	21,189	27,758	26,445	176
Depreciation	5	2,945	3,800	3,413	
Other operating expenses	6	13,087	17,524	18,506	591
Operating result		-1,959	-1,541	5,474	-767
Financial income and expenses	7	1,892	2,176	347	1,297
Result before extraordinary items		-67	634	5,821	530
Result before appropriations, minority and taxes		-67	634	5,821	530
Direct Taxes	8	56	-237	-1,887	-139
Minority interest				10	
Result for the financial year		-11	398	3,945	390



Balance Sheet

EUR 1,000	Note	Group Official Dec. 31,2001	Group Opening balance March 31,2001	Group Pro forma Dec. 31,2000	Parent Company Official Dec. 31,2001	Parent Company Opening balance March 31,2001
Assets						
Fixed assets						
Intangible assets	9	647	601	635	621	
Tangible assets	10	12,133	12,705	12,656	8,664	
Holdings in Group companies	11				1,053	5,214
Receivables from Group companies	11				299	
Investments	11	17	14	14	17	
Total fixed assets		12,798	13,320	13,305	10,655	5,214
Current assets						
Inventories	12	3,345	3,492	2,547	1,179	
Long-term receivables	13	5,744	5,996	5,818	5,298	
Short-term receivables	14	35,692	38,228	33,506	37,779	
Cash at bank and in hand		41,079	41,601	45,248	40,013	
Total current assets		85,859	89,317	87,120	84,269	
		98,657	102,637	100,424	94,924	5,214
Equity and liabilities						
Shareholders' equity						
Share capital	15	4,647	4,647	4,647	4,647	3,174
Share premium fund		65,861	64,221	64,219	65,818	2,040
Retained earnings		16,821	17,075	16,607	8,166	
Result for the financial year		-11			390	
Total shareholders' equity		87,320	85,944	85,474	79,022	5,214
Minority interest						
			105	100		
Depreciation difference						
	16				1,156	
Provisions						
	17				890	
Liabilities						
Deferred tax liabilities	18	335	391	456		
Long-term liabilities	19	907	980	1,392	621	
Short-term liabilities	20	10,095	15,217	13,002	13,236	
Total liabilities		11,337	16,588	14,851	13,857	
		98,657	102,637	100,424	94,924	5,214



Cash Flow Statement

EUR 1,000	Group	Group	Group	Parent Company
	Official	Pro forma	Pro forma	Official
	March 31–Dec.31,2001	Jan. 1–Dec. 31,2001	Jan. 1–Dec. 31,2000	March 31–Dec. 31,2001
Cash flow from business operations				
Payments from sales	43,579	54,594	63,849	
Operating costs	-44,786	-58,066	-57,422	-688
Cash flow from business operations before financing items and taxes	-1,207	-3,472	6,428	-688
Paid interest and payments for other financing of business operations	-1,599	-1,809	-1,252	
Received interest on business operations	3,490	3,560	1,808	918
Paid direct taxes	-29	-29	-1,667	
Cash flow from extraordinary income	655	-1,750	5,316	230
Net cash flow from operations	655	-1,750	5,316	230
Cash flow from investments				
Investments in tangible and intangible assets	-2,435	-3,345	-4,491	
Contribution of demerger	-2	-2		-2
Proceeds from sale of other investments	23	23		
Cash flow from investments	-2,414	-3,324	-4,491	
Cash flow from financing				
Cash flow from share issue			64,642	
Payment of loan to Kyro Corporation			-22,201	
Share subscription based on options of old Tecnomen	1,676	1,678		
Impact of merger				39,784
Decrease (-) increase (+) in long-term liabilities	-104	-439	-158	
Paid dividends	-334	-334		
Cash flow from financing	1,238	905	42,283	39,784
Increase (+) and decrease (-) in liquid funds	-521	-4,169	43,109	40,013
Liquid funds in 1 Jan. / 31 March	41,600	45,248	2,140	
Liquid funds in 31 Dec.	41,079	41,079	45,248	40,013
Change	-521	-4,169	43,109	40,013

Accounting Principles

The financial statements of Tecnomen Corporation and the consolidated financial statements are prepared in accordance with the Finnish Accounting Act (1997/1336) and Ordinance (1997/1339) and with other legislation and regulations concerning financial statements. The financial statements of foreign subsidiaries have been arranged to correspond to Finnish principles for financial statements. The financial statements also present the opening balance sheets for Tecnomen Group and the parent company Tecnomen Corporation created through the demerger.

Pro forma financial statements

Tecnomen Holding Corporation was formed as Kyro Corporation demerged on 31 March 2001. Its first official accounting period was 31 March–31 Dec. 2001. The merger of Tecnomen Holding Corporation and its subsidiary Tecnomen Corporation came into effect on 31 Dec. 2001 as the implementation of the merger was registered. In the connection to the merger Tecnomen Corporation was dissolved and the trade name of Tecnomen Holding Corporation was changed into Tecnomen Corporation.

The consolidated financial statements have been prepared both from the official Tecnomen Group for 31 March–31 Dec. 2001 and from the pro forma Tecnomen Group for 1 Jan.–31 Dec. 2001. Furthermore pro forma financial statements from the accounting period of 1 Jan.–31 Dec. 2000 has been presented. The Tecnomen pro forma Group consists of the official Tecnomen Group plus the figures for the merged Tecnomen Corporation for the period 1 Jan.–31 March 2001. In the pro forma consolidated financial statements the merger is recorded as happening at the end of 1999. The resulting merger profit is entered in Shareholder's equity of the company. Inter-company items with respect to the former parent company, Kyro Corporation, and Tecnomen Group are presented as external items in the pro forma figures.

Consolidated financial statements

The consolidated financial statements include all Group companies in which the Parent Company has directly or indirectly more than a 50% holding. The consolidated financial statements are prepared using the acquisition cost method. Intra-group transactions, unrealised margins on intra-group deliveries, internal receivables and liabilities, and internal profit distribution have been eliminated. Minority interests are separated from the consolidated shareholders' equity and profit and are presented as a separate item.

Tecnomen System Solutions Oy has been consolidated in accordance with Tecnomen's shareholding (65.88%) until the moment of divestment in 9 Oct. 2001.

The income statements of Group companies operating outside the euro area have been converted applying the average rate for the financial period, and the balance sheet items, excluding the profit for the financial year, have been converted to euros using the exchange rate quoted on the balance sheet date. Translation differences generated by the conversion of shareholders' equity, the elimination of the equity of foreign subsidiaries, and the conversion of the income statement and balance sheet using different exchange rates have been entered under non-restricted equity.

Items denominated in foreign currencies

Receivables and liabilities denominated in non-eurozone currencies have been converted into euros using the exchange rate quoted by the Bank of Finland on the balance sheet date. Receivables and liabilities hedged with derivative contracts have been entered

at the exchange rate quoted on the balance sheet date. The interest portions of forward contracts are allocated over the duration of the contract. The exchange rate differences on derivative contracts made for hedging purposes have been used to balance the exchange rate differences of the corresponding hedged items.

Net sales

Net sales comprise sales revenue from which indirect taxes, exchange rate differences and discounts have been deducted. Project deliveries are recognised mainly when the equipment is delivered. Estimated costs incurred from installation work associated with project deliveries are entered in connection with equipment deliveries as project provisions under accrued expenses and deferred income.

Pension arrangements

Statutory pension and supplementary pension obligations in Finland are covered through payments to pension insurance organisations. Pension obligations for personnel in companies operating outside Finland are arranged in accordance with local legislation and practice.

Leasing

Leasing payments have been entered as rentals. Unpaid leasing fees are presented in the financial statements under contingent liabilities

Research and development costs

Research and development costs are expensed in the financial period in which they occurred, apart from machinery purchases, which are depreciated over three years on a straight-line basis.

Valuation of inventories

Inventories are valued using the FIFO principle at the lower of acquisition cost, repurchase price or probable selling price. Fixed manufacturing costs have not been capitalised.

Valuation of fixed assets

Fixed assets have been capitalised at the acquisition cost. Planned depreciation is calculated on a straight-line basis over the useful life of the fixed assets.

The periods for planned depreciation periods are as follows:

Intangible rights	3–10 years
Other long-term expenditures	5 years
Buildings and structures	25 years
Machinery and equipment	3–5 years
Computing hardware and software	3–5 years

Accumulated year-end appropriations

The difference between accumulated and planned depreciation has been divided into deferred tax liability and shareholders' equity in the consolidated balance sheet. The portion entered under shareholders' equity is not included in the Group's distributable equity. In the consolidated profit and loss account, appropriations have been divided between profit for the period and change in the deferred tax liability.

Deferred tax liabilities and tax assets

Deferred tax liabilities and assets are calculated from the differences between the tax and financial periods using the tax rate for subsequent years confirmed on the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and the probable realisable amount of deferred tax assets.



Notes to the Financial Statement

INCOME STATEMENT, EUR 1,000	Group Official March 31–Dec. 31,2001	Group Pro forma Jan. 1–Dec. 31,2001	Group Pro forma Jan. 1–Dec. 31,2000	Parent Company Official March 31–Dec. 31,2001
1. Net sales	42,159	57,129	66,355	
Net sales by market area				
Europe	23,795	27,609	33,250	
Middle East and Africa	5,054	5,523	5,303	
Far East	2,343	9,748	19,887	
North and south America	10,967	14,249	7,914	
Total	42,159	57,129	66,355	
Net sales by product group				
Messaging and wireless Internet solutions	25,620	37,798	45,084	
Intelligent Networks	10,877	12,543	15,125	
Paging	5,437	6,346	5,363	
Other	224	442	783	
Total	42,159	57,129	66,355	
2. Other income from operations				
Profit from sale of non-current assets	34	34		
Rental income			26	
Other income	5	49	288	
Total	39	83	314	
3. Material and services				
Material and supplies				
Purchases during financial year	6,705	9,599	10,336	
Changes in inventories of materials and supplies	14	-929	-614	
	6,719	8,670	9,723	
External services	217	1,001	3,223	
Total	6,936	9,671	12,946	
4. Personnel expenses				
Salaries and fees	16,623	22,104	20,787	145
Pension Expenses	1,866	2,562	2,292	26
Other personnel expenses	2,700	3,092	3,365	5
Total	21,189	27,758	26,445	176
Salaries and remuneration paid to Members of the Board and Managing Director	649	866	785	145
There is no loan granted to the Board of Directors of Tecnomen Corporation.				
The Group and Parent Company employed during the Financial year on average				
Clerical staff	567	559	484	1
5. Depreciation				
Depreciation according to the plan				
Intangible assets				
Intangible rights	160	208	145	
Other expenditure with long-term impact	8	13	19	
Tangible assets				
Building and fixtures	257	341	334	
Machinery and equipment	2,520	3,238	2,915	
Write-downs of long-term investments				
Total	2,945	3,800	3,413	
6. Other operating expenses				
Rents	1,677	2,205	1,912	
Other expenses	11,410	15,319	16,594	591
Other operating expenses total	13,087	17,524	18,506	591
7. Financial income and expenses				
Dividend income				
Dividend income from Group companies				918
From others				
Imputed tax credit				375
Interest income				
From Group companies			1	
From others	2,123	2,606	1,001	6
Other financial income				
From others	1,367	1,379	685	
Financial income total	3,491	3,985	1,687	1,291

INCOME STATEMENT, EUR 1,000	Group	Group	Group	Parent Company
	Official	Pro forma	Pro forma	Official
	March 31–Dec. 31, 2001	Jan. 1–Dec. 31, 2001	Jan. 1–Dec. 31, 2000	March 31–Dec. 31, 2001
Interest expenses				
To Group companies			-1	-2
To companies	-42	-77	-722	
Other financial expenses				
To companies	-1,557	-1,732	-617	
Financial expenses total	-1,599	-1,809	-1,339	-2
Net financial income and expenses total	1,892	2,176	347	1,297
Other financial income and expenses include foreign exchange differences (net)	-164	-321	38	
8. Direct taxes				
Income taxes from business operations	205*	-125*	-2,055	-139
Change in deferred tax liability	-148	-112	168	
Total	56	-237	-1,887	-139

* Includes EUR 375,000 receivable from imputed tax credit (see previous page)

BALANCE SHEET, EUR 1,000

Fixed assets and other long-term investments

9. Intangible assets, Group	Immaterial rights	Other long-term expenses	Total
Acquisition cost 1 Jan. 2001	2,184	234	2,418
Increases	18		18
Opening balance 31 March 2001	2,202	234	2,436
Increases	215		215
Acquisition cost 31 Dec. 2001	2,417	234	2,651
Accumulated depreciation 1 Jan. 2001	-1,568	-216	-1,783
Depreciations for the period	-47	-5	-52
Opening balance 31 March 2001	-1,615	-220	-1,835
Depreciations for the period	-160	-8	-168
Accumulated depreciation 31 Dec. 2001	-1,775	-229	-2,004
Book value 31 Dec. 2001	642	5	647
Book value 31. March 2001 / Opening balance	588	13	601
Book value 31 Dec. 2000 / Pro forma	616	18	635

Intangible assets, Parent Company

Acquisition cost 31 March 2001			
Impact of merger	2,140	234	2,374
Increases	217		217
Acquisition cost 31 Dec. 2001	2,357	234	2,591
Accumulated depreciation 31 March 2001			
Impact of merger	-1,584	-220	-1,804
Depreciations for the period	-157	-8	-166
Accumulated depreciation 31 Dec. 2001	-1,741	-229	-1,970
Book value 31 Dec. 2001	616	5	621

10. Tangible assets, Group	Land and water areas	Buildings	Machinery and equipment	Investments in progress	Total
Acquisition cost 1 Jan. 2001	2,069	7,511	18,741	29	28,350
Increases		15	869	5	889
Decreases			-89		-89
Opening balance 31 March 2001	2,069	7,527	19,522	34	29,151
Increases		43	2,131	45	2,220
Decreases			-249		-249
Acquisition cost 31 Dec. 2001	2,069	7,569	21,404	79	31,122
Accumulated depreciations 1 Jan. 2001		-2,063	-13,632		-15,695
Accumulated depreciations for decreases and transfers			51		51
Depreciations for the period		-84	-718		-802
Opening balance 31 March 2001		-2,148	-14,299		-16,446
Depreciations for the period		-257	-2,520		-2,777
Accumulated depreciations for decreases and transfers			234		234
Accumulated depreciations 31 Dec. 2001		-2,405	-16,584		-18,989
Book value 31 Dec. 2001	2,069	5,165	4,819	79	12,133
Book value 31 March 2001 / Opening balance	2,069	5,379	5,223	34	12,705
Book value 31 Dec. 2000 / Pro forma	2,069	5,448	5,110	29	12,656

Tangible assets, Parent Company March 31–Dec. 31, 2001

Acquisition cost 31 March 2001				
Impact of merger	1,665	6,045	12,462	34
Increases	1		1,210	45
Acquisition cost 31 Dec. 2001	1,666	6,045	13,671	79

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Investments in progress	Total
Accumulated depreciations 31 March 2001					
Impact of merger		-1,849	-9,402		-11,252
Depreciations for the period		-206	-1,340		-1,545
Accumulated depreciations 31 Dec. 2001		-2,055	-10,742		-12,797
Book value 31 Dec. 2001	1,666	3,991	2,929	79	8,664

11. Investments, Group	Shares Others
Acquisition cost 1 Jan. 2001	14
Opening balance 31 March 2001	14
Increases	3
Book value 31 Dec. 2001	17

Investments, Parent Company March 31–Dec. 31,2001	Shares Group companies	Shares Other	Investments Other	Total
Acquisition cost 31 March 2001	5,214			5,214
Impact of merger	-4,070	14	299	-3,756
Increases		3		3
Decreases	-91			-91
Book value 31 Dec. 2001	1,053	17	299	1,369

Group companies	Domicile	Group Ownership, %	Parent Company's Ownership, %	Number of shares	Parent Company's shares Nominal value/ share, EUR 1,000	Parent Company's shares Book value EUR 1,000
Tecnomen Ltd.	County Clare, Ireland	100	100	131,428	1.35	124
Tecnomen GmbH	Dreieich, Germany	100	100	200,000	0.50	92
Tecnologia de Mensajes						
Tecnomen SL	Madrid, Spain	100	100	500	6.05	31
Tecnomen Hong Kong LTD	Wan Chai, HK	100	100	500,000	0.13	59
Tecnomen Sistemas de Telecomunicação Ltda	São Paulo - SP CEP Brazil	100	100	1,154,251	0.54	738
Tecnomen (M) Sdn Bhd	Kuala Lumpur, Malaysia					
Tecnomen Japan Oy	Espoo, Finland	100	100	500	16.80	8
Total						1,053

In addition, Parent Company owns all the shares in Tecnovation Oy, which has no operations.

	Group Official March 31–Dec. 31,2001	Group Opening balance March 31,2001	Group Pro forma Dec. 31,2000	Parent Company Official Dec. 31,2001
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12. Inventories

Material and consumables	2,703	2,407	1,985	1,089
Work in progress	236	163	89	20
Finished products/goods	406	922	473	69
Total	3,345	3,492	2,547	1,179

13. Long-term receivables

Receivables from others				
Accounts receivables	5,204	5,515	5,515	5,075
Other receivables	514	454	303	223
Prepaid expenses and accrued income	26	27		
Total	5,744	5,996	5,818	5,298

14. Short-term receivables

Receivables from companies belonging to the same Group				
Accounts receivables				817
Loan receivables				1,499
Other receivables				
Prepaid expenses and accrued income				539
Total				2,856

Receivables from others				
Accounts receivables	33,517	35,011	30,950	32,918
Loan receivables		83	117	
Other receivables	256	1,238	949	153
Prepaid expenses and accrued income	1,919	1,896	1,489	1,852
Total	35,692	38,228	33,506	34,923

Short-term receivables total	35,692	38,228	33,506	37,779
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Prepaid expenses and accrued income				
Receivables related to sales	916	530	623	916
Other receivables	1,003	1,366	866	1,474
Total	1,919	1,896	1,489	2,390

EUR 1,000	Group Official Dec. 31,2001	Group Opening balance March 31,2001	Group Pro forma Dec. 31,2000	Parent Company Official Dec. 31,2001	Parent Company Opening balance March 31,2001
15. Shareholders' equity					
Share capital 1 Jan.			4,647		
Initial share capital					3,174
Share capital 31 March	3,174	3,174		3,174	3,174
Bonus issue in connection with merger	1,473			1,473	
Share capital 31 Dec.	4,647		4,647	4,647	
Share premium 1 Jan.		64,219	64,219		
Increase		2			
Share premium 31 March	64,221	64,221		2,040	2,040
Impact of merger	3,114			65,251	
Bonus issue in connection with merger	-1,473			-1,473	
Share premium fund 31 Dec.	65,861		64,219	65,818	
Retained earnings		16,607	12,663		
Result of old Tecnomen Group Jan 1–March 31,2001		468			
Total 31 March 2001		17,075			
Retained earnings 31 March 2001 according to opening balance	17,075				
Dividend paid	-334				
Translation differences and other changes	81				
Impact of merger				8,166	
Pro forma result from the financial period of Jan. 1–Dec.31,2000			3,945		
Result from the financial period of March 31–Dec. 31,2001	-11			390	
Total 31 Dec.	16,811		16,607	8,557	
Shareholders equity 31 March	87,320	84,470	85,474	79,022	5,214
Shareholders equity 31 Dec.	87,320		85,474	79,022	
The nominal value of the shares is EUR 0.08 in 31 Dec. 2001.					
Distributable equity					
Retained earnings 31 Dec.	16,811			8,557	
The portion of accumulated depreciation difference entered under shareholders' equity	-821				
Unrestricted equity	15,990			8,557	
16. Accumulated appropriations					
Accumulated depreciation difference 1 Jan.					
Increase (+), decrease (-)				1,156	
Accumulated depreciation difference 31 March					
Accumulated depreciation difference 31 Dec.				1,156	
17. Provisions					
Provisions 1 Jan.				890	
Provisions at 31 Dec.				890	
18. Deferred tax liability					
Deferred tax liability					
Deferred tax liability on appropriations at 1 Jan.		456	389		
Increase (+), decrease (-)		-65	67		
Deferred tax liability on appropriations at 31 March	391	391			
Increase (+), decrease (-)	-56				
Deferred tax liability at 31 Dec.	335		456		
Deferred tax receivables					
Deferred tax receivables at 1 Jan.		235			
Increase (+), decrease (-)		-37			
Deferred tax receivables at 31 March	198	198			
Increase (+), decrease (-)	-198		235		
Deferred tax receivables at 31 Dec.	0		235		
		Group Official Dec. 31,2001	Group Opening balance March 31,2001	Group Pro Forma Dec. 31,2000	Parent Company Official Dec. 31,2001
19. Long-term liabilities					
Loans from financial institutions		286	359	655	
Pensions loans		621	621	682	621
Other loans				55	
Total		907	980	1,392	621

EUR 1,000	Group Official Dec. 31,2001	Group Opening balance March 31,2001	Group Pro forma Dec. 31,2000	Parent Company Official Dec. 31,2001
Maturity of long-term liabilities				
Time of maturity				
1–2 years	146	141	188	43
2–3 years	149	144	183	40
3–4 years	113	148	189	38
4–5 years	35	82	180	35
over 5 years	465	465	652	465
Total	907	980	1,392	621
Non Interest bearing long-term liabilities				
Non Interest bearing long-term liabilities	9,952	14,767	12,951	13,189
Deferred tax liabilities	335	391	456	
Total	10,287	15,159	13,407	13,189
20. Short-term liabilities				
From companies belonging to the Group				
Accounts receivables				4,871
Total				4,871
Short-term liabilities to others				
Loans from financial institutions	96	278		
Pension loans	47	63	51	47
Advanced received	773	1,023	1,052	773
Accounts payable	1,801	2,116	2,728	1,184
Other liabilities	1,252	2,576	472	787
Accrued liabilities and deferred income	6,127	9,162	8,699	5,574
Total	10,095	15,217	13,002	8,364
Short-term liabilities total	10,095	15,217	13,002	13,236
Accrued liabilities and deferred income				
Wages and salaries and other employee payments	2,935	1,666	4,774	2,647
Agent commissions	820	1,575	1,038	820
Project reservations	1,593	2,023	1,978	1,593
Other	779	3,898	909	514
Total	6,127	9,162	8,699	5,574

The new Tecnomen Corporation is liable for the liabilities of the old Tecnomen Corporation that were incurred before the merger came into effect.

	Group Official Dec. 31,2001	Group Pro Forma Dec. 31,2000	Parent Company Official Dec. 31,2001
21. Contingent liabilities			
Debts to financial institutions			
Real estate mortgages	722	722	
	722	722	
Pledges given to cover other own commitments			
Real estate mortgages	631		631
Mortgages and company assets	235	235	235
	866	235	866
Other own liabilities			
Leasing liabilities	892	1,110	324
With due date in the current financial year	346	386	150
With later due date	545	725	174
Pledges			
On own behalf	2,858	3,499	2,858
Other liabilities	78	87	78
	3,828	4,697	3,260
22. Values of underlying instruments of derivative contracts, EUR 1,000			
Currency forward contracts			
Market value	12,141	20,400	12,141
Value of underlying instruments	11,955	21,600	11,955
Currency options			
Market value	1,135		1,135
Value of underlying instruments	5		5

Management of financial risk

The Group's financial risks comprise currency, interest and liquidity risks. The Group's principle is to hedge itself against the possible negative impact of such risks on profit and balance sheet items. Risk management relating to currencies and counterparties in connection with normal business transactions is a part of the Group's operational activities. The Group's financial activities are centralised in the Parent Company.

The Group has not hedged the shareholders' equity of its subsidiaries outside Finland.

The Group has no foreign currency denominated loans in Finland. Currency positions consist of receivables and liabilities by currency, as well as off balance sheet purchasing and sales commitments. The net positions are primarily hedged by means of forward contracts and options. Currency derivative contracts are generally for a maximum of one year. The currency risk has mainly been caused by changes in the rates of euro and US dollar.

Liquid funds are invested prudently to ensure that the Group retains the capability to make investments and acquisitions. Funds are invested in money market deposits.



Key Financial Indicators

	2001 Official March 31–Dec. 31	2001 pf Jan. 1–Dec. 31	***2001 Comparable, pf Jan. 1–Dec. 31	pf 2000	pf 1999	pf 1998	pf 1997
Income Statement							
Net sales, EUR million	42.2	57.1	57.1	66.4	50.7	40.3	39.5
Change, %		-13.9	-13.9	30.8	25.8	2.2	-2.4
Operating profit, EUR million	-2.0	-1.5	-0.4	5.5	1.2	-4.5	-4.7
% of net sales	-4.6	-2.7	-0.7	8.2	2.4	-11.1	-11.8
Profit before extraordinary items, EUR million	-0.1	0.6	1.8	5.8	0.4	-5.6	-5.4
% of net sales	-0.2	1.1	3.1	8.8	0.8	-14.0	-13.5
Profit before minority and taxes, EUR million	-0.1	0.6		5.8	0.4	0.0	0.0
% of net sales	-0.2	1.1		8.8	0.8	-0.1	-0.1
Balance Sheet							
Fixed assets, EUR million	12.8			13.3	12.3	12.3	12.1
Current assets							
Inventories, EUR million	3.3			2.5	1.8	2.2	2.7
Liquid financial assets, EUR million	82.5			84.6	37.0	34.9	26.5
Shareholders' equity, EUR million	87.3			85.5	15.6	15.5	15.6
Minority interest, EUR million	0.0			0.1	0.1	0.1	0.1
Liabilities							
Long-term liabilities, EUR million	1.2			1.8	21.2	2.0	2.7
Short-term liabilities, EUR million	10.1			13.0	14.2	31.9	22.8
Balance sheet total, EUR million	98.7			100.4	51.1	49.4	41.3
Return on equity (ROE), %	0.0	0.6		7.8	1.1	-35.6	-34.4
Return on investment (ROI), %	0.1	0.9		10.4	3.6	-13.0	-19.6
Equity ratio %	89.2	89.2		86.1	31.1	31.8	38.8
Debt/Equity (gearing) ratio, %	-45.8	-45.8		-51.3	136.8	138.3	72.1
Investments, EUR million	2.4	3.3		4.5	2.7	2.8	2.9
% of net sales	5.7	5.9		6.7	5.3	7.0	7.4
Research and development, EUR million	12.0	15.7		15.2	10.7	8.3	7.9
% of net sales	28.4	27.5		22.9	21.0	20.7	20.0
Order book, EUR million	4.4	4.4		10.7	11.4	3.0	7.2
Personnel, average	567	559		484	423	399	353
Personnel, at the end of year	556	556	556	518	421	410	381
Key ratios per share							
Earnings per share, EUR	0.00	0.01		0.07	0.00	-0.10	-0.09
Equity per share, EUR	1.50			1.47	0.27	0.27	0.27
Number of shares at the end of year, 1,000 shares	58,093			58,093	58,093	58,093	58,093
Number of shares on average during the period, 1,000 shares	39,742			58,093	58,093	58,093	58,093
Share price trend, EUR							
Average price	1.89			8.15**			
Lowest price	0.98			4.30**			
Highest price	3.93			10.89**			
Share price at the end of year, EUR	1.81*			4.70**			
Market value of share capital at the end of year, EUR million	105.1*			235.4**			
Share turnover, million shares	5.1			12.4**			
Share turnover, % of total number	12.8			24.7**			
Share turnover, EUR million	9.6			100.7**			
Dividend per share, EUR				0.025**			
Dividend/Result, %				29.04**			
Effective dividend yield, %				0.53**			
P/E ratio	-6,800.7			54.6**			

* From the first quotation date of new Tecnomen 2 Jan. 2002

** Old Tecnomen's figures from the year of 2000

*** To make the figures easier to compare, a separate income statement has also been calculated by deducting from the Pro forma figures the non-recurring costs arising from the changes in the group structure, taking into account the impact on taxation.

pf = pro forma figures



Calculation of Key Indicators

Return on equity, %	= $\frac{\text{Profit or loss before extraordinary items and taxes for the financial year}}{\text{Shareholders' equity + minority interest (average)}} \times 100$
Return on investments, %	= $\frac{\text{Profit before extraordinary items and taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio, %	= $\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share (EPS)	= $\frac{\text{Profit before extraordinary items and taxes - taxes for the financial year +/- minority interest}}{\text{Adjusted average number of shares during the financial year}}$
Dividend per share	= $\frac{\text{Dividends distributed for the financial year}}{\text{Adjusted number of shares at the end of the financial year}}$
Dividend/result, %	= $\frac{\text{Dividend per share}}{\text{Earnings per share (EPS)}} \times 100$
Equity/share	= $\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$
Debt/equity ratio, % (gearing)	= $\frac{\text{Net interest-bearing liabilities - cash and other liquid financial assets}}{\text{Shareholders' equity - consolidated loans}} \times 100$
Market capitalisation	= Number of shares at the end of financial year x last trading price of financial year
P/E ratio, %	= $\frac{\text{Adjusted share price at the end of financial year}}{\text{Earnings per share (EPS)}}$
Effective dividend yield, %	= $\frac{\text{Dividend per share}}{\text{Last trading price of financial year}}$

In 1997–1998, the company received Group contributions from companies belonging to the Kyro Group. The effect of Group contributions on key indicators is taken into account as these have been presented in the income statement and balance sheet of the relevant financial year.



Auditors' Report

To the shareholders of Tecnomen Corporation

We have audited the accounting, the financial statements and the administration of Tecnomen Corporation (former Tecnomen Holding Corporation) for the financial period 31 March 2001 to 31 December 2001. The financial statements, which include the report of the Board of Directors, consolidated and Parent Company income statements, balance sheets, cash flow statements and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on administration.

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

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other

rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations, as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and CEO of the Parent Company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the result is in compliance with the Companies Act.

Espoo, 4 March 2002

KPMG WIDERI OY AB
Sixten Nyman
Authorised Public Accountant



List of Investment Analysts

The banks and brokers listed below are among those actively monitoring Tecnomen Corporation as an investment. Tecnomen Corporation can not be held responsible for the ratings or recommendations published by them.

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Corporate Governance

Principles

Tecnomen Corporation is administered in accordance with the Finnish Companies Act, securities market legislation and other relevant official rules and regulations governing the administration of public limited companies. The principles recorded below are only supplementary to legal provisions.

Shareholders' Meeting

Ultimate responsibility for the Group's administration and operations lies with Tecnomen Corporation's governing bodies, namely the Shareholders' Meeting, the Board of Directors and the President and Chief Executive Officer. Ultimate authority within Tecnomen Corporation is exercised by shareholders at the Shareholders' Meeting, which convenes at least once a year. In addition to electing the Board of Directors, according to the Companies Act, the Shareholders' Meeting also has the authority to amend the Articles of Association, approve the financial statements, decide on the dividend to be paid and elect the auditors.

The Annual General Meeting of Shareholders is held each year before the end of May on a date determined by the Board of Directors. The Shareholders' Meeting is held in the company's domicile, Espoo or, if the Board of Directors so decides, in Helsinki. To be entitled to attend the Annual General Meeting, shareholders must be registered in the Tecnomen shareholder register maintained by the Finnish Central Securities Depository Ltd on the record date for the Annual General Meeting that year. In 2002 the record date is ten days before the meeting. The invitation to attend the meeting is published in one Finnish-language and one Swedish-language newspaper, as determined by the Board of Directors, no later than 17 days before the Shareholders' Meeting.

Board of Directors

Tecnomen has a Board of Directors consisting of seven members. The Board of Directors is elected each year at the Annual General Meeting and its term of office expires at the end of the next Annual General Meeting. No person who is 67 years of age or older may be elected to the Board.

The tasks and responsibilities of Tecnomen Corporation's Board of Directors are determined by the Finnish Companies Act and other applicable legislation. The Board of Directors has supreme authority in all corporate affairs that are not designated by law or by the company's Articles of Association for decision or execution by other governing bodies. The Board of Directors is responsible for Tecnomen Corporation's strategic policy and for the necessary organisation of business operations and corporate administration. The Board's actions in all situations shall be in the best interests of the company.

The Board of Directors elects from among its members a Chairman and Vice Chairman for a term of one year at a

time. A meeting of the Board of Directors constitutes a quorum if more than half of its members are present. Matters are decided by a simple majority vote. In the event of a tie vote, the Chairman casts the deciding vote.

Tecnomen's Board of Directors consists of seven members: Lauri Ratia, Keijo Olkkola, Lars Hammarén, Carl-Johan Numelin, Christer Sumelius, Timo Toivila and Hannu Turunen. Lauri Ratia is Chairman.

The Board of Directors of Tecnomen met 11 times during 2001.

Two committees started their operations within the Board of Directors: the rewards and follow-up committees. The function of the latter is to follow-up on the financial development.

Tecnomen Corporation's Board of Directors

- Lauri Ratia, born 1946, MSc (Eng.). Chairman of Tecnomen Corporation's Board of Directors. President and CEO of Lohja Rudus Corporation, Finland.
- Keijo Olkkola, b. 1939, MSc (Eng.). Vice Chairman of Tecnomen Corporation's Board of Directors.
- Lars Hammarén, b. 1942, BSc (Eng.).
- Carl-Johan Numelin, b. 1937, MSc (Eng.). Sales Director at KCI Konecranes International Plc.
- Christer Sumelius, b. 1946, MSc. (Econ.).
- Timo Toivila, b. 1950, MSc (Eng.). President and CEO of Teleste Corporation, Finland.
- Hannu Turunen, b. 1957, MSc (Eng.), MBA. Chairman of the Board of Stonesoft Corporation, Finland.

Secretary to the Board:

Kristiina Hoppu, Leading Legal Counsel at Tecnomen Corporation.

President and Chief Executive Officer

Tecnomen has a President and CEO who is selected by the Board of Directors. In accordance with the merger plan, the Board of Tecnomen Corporation appointed Vesa Helkkula to be President and CEO of the present Tecnomen Corporation as from 2 January 2002. He had been President and CEO of the merged Tecnomen Corporation since 1999.

During the period 31 March 2001–2 January 2002 Pentti Ylihjeljo, President and CEO of Kyro Corporation, was President and CEO of Tecnomen Holding Corporation.

The tasks of the President and CEO are defined in the Finnish Companies Act and no special duties have been determined for the President and CEO in addition to those laid down in law. The President and CEO manages the company's operations and is responsible for the day-to-day



Pictured from left to right: Hannu Turunen, Lauri Ratia, Lars Hammarén, Timo Toivila, Carl-Johan Numelin, Keijo Olkkola and Christer Sumelius

administration of the company in line with instructions given by the Board of Directors. In accordance with the Companies Act, the President and CEO is also responsible for ensuring that the accounting of the company is in compliance with the law and that the assets of the company are reliably managed.

Management Board

Tecnomen has a Management Board with eight members. The members of the management board of the merged Tecnomen retained their positions in the new Tecnomen. In addition to the President and CEO, also acts as Chairman, the Management Board consists of members who are each responsible for major functions in Tecnomen's operations and for their operational management and development. The main task of the Management Board is to assist the President and CEO and to monitor and develop the company's operations according to set objectives. In addition, the Management Board is responsible for distributing information and preparing investment decisions for consideration by the Board of Directors.

- Vesa Helkkula, President and CEO, (Eng., MBA)
- Sari Aapola, Marketing, (Econ.)

- Froste Ahlfors, Personnel and administration (B.A.)
- Paul Fitzgerald, Managing Director, Tecnomen Ltd, Ireland, Logistics and Manufacturing
- Jukka Hurri, Global sales and customer operations (Eng., MBA)
- Riitta Järnstedt, Finance (Econ.)
- Kai Kauto, Unit Director, Messaging Solutions (Eng.)
- Timo Ruoho, Technology and operations development (Eng.)

Insider dealing

Tecnomen provides information about insiders to the Finnish Central Securities Depository as required by the Securities Markets Act and observes the Guidelines for Insiders drawn up by the Helsinki Exchanges. Tecnomen's permanent insiders comprise the statutory insiders and persons who in their work obtain information that may have a significant impact on the value of the company's shares. In addition Tecnomen maintains insider registers for individual projects as necessary.

Audit

Tecnomen's auditors are KPG Wideri Oy Ab and the responsible auditor is Sixten Nyman, APA.



Shares and Shareholders

Share capital of Tecnomen Corporation formed in the merger

Tecnomen has a minimum capital of EUR 2,000,000 and a maximum capital of EUR 15,000,000, and the share capital can be increased or decreased within these limits without having to amend the Articles of Association. Before the merger, Tecnomen had 39,675,000 shares and a share capital of EUR 3,174,000. As a result of the merger, Tecnomen's share capital was increased by EUR 1,473,406.24 by giving 18,417,578 new Tecnomen Corporation shares as merger consideration. On 31 December 2001 Tecnomen had 58,092,578 shares and a share capital of EUR 4,647,406.24. Tecnomen's share has a nominal value of 8 cents. The increases in the share capital and number of shares were registered in the trade register on 31 December 2001.

The shares of Tecnomen (formerly Tecnomen Holding Corporation) given as merger consideration were allocated to the shareholders of the merged Tecnomen Corporation at an exchange rate determined in the merger plan, so that for

each share of the merged Tecnomen, shareholders received 1.080883 Tecnomen (formerly Tecnomen Holding Corporation) shares. The new shares came into existence when the merger became effective on 31 December 2001. Trading in Tecnomen's new shares started on 2 January 2002.

Quotation of shares

Tecnomen's shares are quoted on the Helsinki Exchanges. The company's trading code is TEN1V.

Shareholders in the Tecnomen created in the merger

All of Tecnomen's shares, a total of 58,092,578, have been entered in the book-entry securities register, and on 31 January 2002 Tecnomen had a total of 6,477 shareholders recorded in the book-entry securities system. Of these 6,469 were in direct ownership and 8 were nominee-registered.

On 31 January 2002 the ten largest shareholders together owned approximately 32.72% of the shares and voting rights. On 31 January 2002, approximately 16.21% of Tecnomen's

Largest shareholders on 31 Jan. 2002

	No. of shares	% of shares and votes
Nordea Bank Finland*	4,325,705	7.45
Henki-Sampo Insurance Fund	3,083,400	5.31
Hammarén Lars-Olof	2,264,300	3.90
Sumelius Henning	2,022,300	3.48
Varma-Sampo Mutual Pension	1,826,613	3.14
Svenska Handelsbanken AB*	1,449,980	2.50
Sumelius Marina	1,122,400	1.93
FIM Forte Mutual Fund	1,057,834	1.82
Oy Investsum AB	954,100	1.64
Estate of Suutarinen Helena deceased	901,200	1.55
Total	19,007,832	32.72

* Nominee registrations

The division of Tecnomen shares on 31 Jan. 2002

Shares	Holders	% share	Shares and votes	% of share capital
1-500	3,842	59.32	845,901	1.46
501-1,000	1,039	16.04	763,606	1.31
1,001-5,000	1,102	17.01	2,363,134	4.07
5,001-10,000	164	2.53	1,180,350	2.03
10,001-50,000	171	2.64	3,973,112	6.84
50,001-100,000	50	0.77	3,644,070	6.27
100,001-500,000	89	1.37	19,491,853	33.55
500,001-	20	0.31	25,792,952	44.40
Total	6,477	100.00	58,054,978	99.94

shares were in foreign ownership, with 4.69% in direct ownership and 11.51% nominee-registered. Details of Tecnomen's major shareholders are given in the table on the previous page. The shareholder information is maintained by Finnish Central Securities Depository Ltd.

Shareholdings of the Board of Directors and Management

On 31 January 2002 the total number of shares owned by the members of Tecnomen's Board of Directors and the President and CEO was 2,997,694, representing 5.16% of the share capital.

Trading and performance of shares before merger

A total of 5,089,837 Tecnomen Holding Corporation shares (EUR 9,610,429.82) were traded in the period 2 April–28 December 2001 on the Helsinki Exchanges, 12.83% of the total number of shares. The highest share price quoted in that period was EUR 3.93 (2 May 2001) and the lowest EUR

0.98 (12 September 2001). The average quoted price was EUR 1.89 and the closing price for Tecnomen shares on 28 December 2001 was EUR 1.76. At the close of the financial year the share capital had a market value of EUR 102,245,158.

During 2001 the HEX General Share Index fell by 32.44% (8,805.01 on 28 December 2001) and the portfolio index fell by 22.27%.

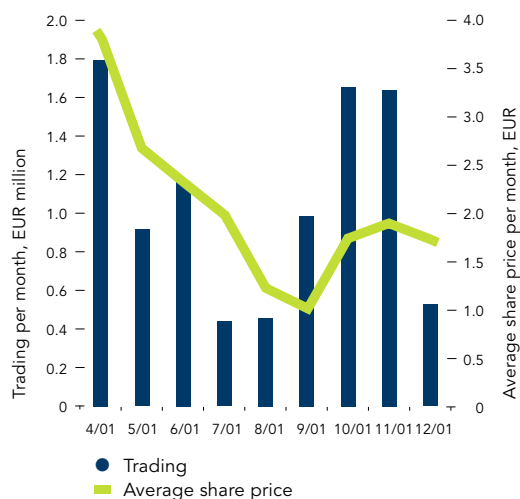
Taxable value of shares in Finland

The taxable value of Tecnomen shares in Finland for the fiscal year 2000 has been confirmed at EUR 1.25 per share.

Distribution of shareholding by sector, 31 Jan. 2002

Type	No. of shares	% of shares and votes
Companies	4,803,703	8.27
Finance houses and insurance cos.	18,245,459	31.41
Public sector	3,921,143	6.75
Non-profit making associations	1,916,958	3.30
Households and private persons	26,442,124	45.52
Foreign holders	2,725,591	4.69
Total	58,054,978	99.94
Joint account	37,600	0.06
Share capital	58,092,578	100.00
Nominee registrations	6,688,631	11.51

Performance and trading of the shares 30 April, 2001–31 Dec. 2001





Key Concepts and Terminology

3G

Third generation digital broadband mobile communications system. Third generation systems include, among others, the European UMTS and the American CDMA-2000 systems, which will enable faster data transfer and the handling of larger amounts of data on the terminal devices of the future.

ARPU

Average Revenue per User

Call Centre

A customer service solution that manages a company's telephone services within an agreed scope.

Data transfer

The digital transfer of text, images and sound over wireless and fixed telecommunications networks.

E-mail server

Server that controls e-mail messages and manages e-mail boxes, and which enables e-mail services to be offered on the Internet.

GPRS

(General Packet Radio Service). Packet-switched data transmission technology based on Internet technology and enabling a continuous IP connection from a telephone to a network. For each user several time slots and different channel codings can be used to speed data transmission.

Intelligent network systems and products

Intelligent Network (IN) is a telecoms network architecture based on intelligent network concepts and standards. The centralised use of databases, for example, facilitates the implementation of new services and features. Standardised interfaces between network elements ensure independence from providers.

Intelligent peripheral

Part of an intelligent network system that allows the recording of speech, the sending of messages, and the collection of characters pressed on a telephone keypad.

IP

(Internet Protocol). Packet-switched method of addressing and data transmission by which data can be directed from one place to another on the Internet. IP specifies numerical addresses for devices connected to the Internet.

IVR

(Interactive Voice Response). This automatic answering system can be used, for example, to process orders (placing and cancelling orders), better provision of telephone customer service, etc.

Messaging systems

Products providing the telecommunications services required to store and exchange messages. Messaging products enable the sending of messages between different telecommunications networks.

Multimedia messaging

Standards-based service concept to be used on future digital broadband mobile communications systems. Multimedia messaging will enable the sending and reception of multimedia material, eg. electronic postcards and sound/video attachments.

Operation and maintenance centre

Telecommunications system control unit by which a system's operation and status can be monitored. Enables, for example, system configuration, management of services and statistics, and alarm processing.

Paging system

A one-way telecommunications service used to locate a person. Tecnomen's product range includes high capacity paging systems providing wide coverage.

Portal

A service that, in addition to its own functions, also offers access to numerous other services.

Prepaid system

With a prepaid system, users pay for their calls in advance by, for example, purchasing a telephone card with a code that allows them to charge their account with a certain amount of money, which is consumed in real time as calls are made. When the specified limit is reached, users receive a message on their phone. Once the account is empty, subscribers can not make calls and in certain cases cannot receive calls either.

Service operator

Company providing telecoms services to users. Service operators who do not maintain their own network can buy the network services they need from network operators.

Service platform

A platform for providing services which consists of the operating system as well as the system infrastructure.

Service provider

A company that produces services of varying content for the Internet and mobile phones. Such companies do not maintain a telecoms network themselves; they purchase the network services they need from network operators.

Short message transmission system

A system that stores a short message (text message) and transmits it to the recipient. The system is used to transmit various applications by short message (e.g. ring tones, logos and icons).

SIP

(Session Initiation Protocol). SIP is a signalling protocol for sending speech or pictures in real time, and is used to initiate, modify or end online sessions implemented with VoIP technology.

Speech Recognition

Speech recognition can be customised for different needs and linked to command-based systems.

(Tele) operator

An organisation that maintains a telecommunications network and provides telecommunications services. Operators can provide services both to service providers and directly to users.

TETRA

(Terrestrial Trunked Radio). TETRA is an open, digital radio network standard designed for use by public authorities that aims to improve communications between public authorities. The main users of public authority networks are police, fire and other emergency services.

Text to speech conversion

A service with which the text of an e-mail message, for example, can be converted into synthetic speech.

UMTS

(Universal Mobile Telecommunications System). Third generation worldwide mobile communications system based on the specifications of the IMT-2000 system of the international standardisation organisation ITU (International Telecommunication Union).

Unified messaging

(UM). A system of common "post-boxes" designed to collect a variety of messages, such as voice, fax, and e-mail, in a single location and in a user-defined format.

WAP

(Wireless Application Protocol). WAP is a network-independent set of communication protocols developed by the Wireless Application Protocol Forum. WAP enables the use of Internet-type services on wireless devices such as WAP phones.

Wireless Internet solution

Enables Internet services to be used on mobile phones.

VoIP

Voice over Internet Protocol enables the delivery of voice and other telephone services using an IP network instead of traditional telecoms networks. The goal is to achieve lower transmission costs, new service options and the integration of networks.





Worldwide Offices and Addresses

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Tecnomen Spain
Tecnomen Ireland

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Tecnomen Malaysia
Tecnomen Thailand
Tecnomen Beijing
Tecnomen Hong Kong
Tecnomen Taiwan

● Middle East, Africa

Tecnomen Middle East

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Tecnomen Brazil



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Annual General Meeting

The Annual General Meeting of Tecnomen Corporation will be held at 3 p.m. on Thursday, 11 April 2002 in Rake Hall, Erottajankatu 4 C, Helsinki, Finland. Shareholders who are registered by 27 March 2002 on the list of Tecnomen shareholders maintained by Finnish Central Securities Depository Ltd are entitled to attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting are requested to inform the company by 3 p.m. on Friday, 5 April 2002, by letter to Tecnomen Corporation, Tuija Kerminen, P.O. Box 93, FIN-02271 Espoo, Finland, by telephone +358 9 8047 8767, fax +358 9 8047 8212 or by e-mail info@tecnomen.com.

Possible letters of authorisation should be sent to the address mentioned above before the end of the registration period.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting that no dividend be allocated for the financial period that ended on 31 December 2001 and that the result for the year be transferred to retained earnings.

Financial publications in 2002:

During the 2002 financial year Tecnomen will publish three interim reports:

- Interim report 1/2002 (1 Jan to 31 March 2002)
15 May 2002
- Interim report 2/2002 (1 Jan to 30 June 2002)
21 Aug 2002
- Interim report 3/2002 (1 Jan to 30 Sept 2002)
13 Nov 2002

The interim reports and annual report are published in Finnish and English. These publications are available on Tecnomen's website at www.tecnomen.com and can be ordered by telephone on +358 9 8047 8205 or by e-mail from nina.hedberg@tecnomen.com.

Changes of address

Shareholders whose address has changed are requested to inform the book-entry securities register that holds their book-entry securities account.



TECNOMEN

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