

TECNOMEN GROUP CONSOLIDATED INCOME STATEMENT 1 Jan-31 Dec 2000

- Net sales totalled FIM 394.5 million (301.6), growth 31%
- Operating profit totalled FIM 32.5 million (7.1), growth 357%
- Proceeds from the share issue totalled FIM 384.3 million
- Equity ratio 86% (31%)
- Earnings per share FIM 0.54 (0.00)
- Equity per share FIM 10.2 (2.2)
- Dividend proposed by the Board of Directors FIM 0.15 per share

NET SALES AND OPERATING PROFIT

Tecnomen's net sales increased by 31% and totalled EUR 66.4 million (50.7). Mobile telephone operators expanded the capacity of their messaging systems as the volume of subscribers increased and the use of Unified Messaging systems became more popular. The Company's net sales increased fastest in Asia and Latin America where significant supplementary capacity and services were supplied to several customers.

The Company's operating profit improved substantially and totalled EUR 5.5 million (1.2), or 8.2% (2.4%) of net sales. The profit before extraordinary items was EUR 5.8 million (0.4). Earnings per share were EUR 0.09 (0.00) and equity per share was EUR 1.71 (0.37). EUR 0.3 million of the listing expenses has been incorporated in the profit and loss statement and EUR 1.8 million has been allocated to equity on the balance sheet by reducing the reserve fund, taking the effect of taxes into consideration.

FINANCING AND INVESTMENTS

Tecnomen's financial standing was significantly improved by the share issue. Proceeds from the share issue, less expenses incurred in the process, totalled EUR 64.6 million. Tecnomen's liquid cash funds amounted to EUR 45.2 million. During the fiscal year under review the Company reduced its interest-bearing debts by EUR 22.4 million. The Company's interest-bearing liabilities totalled EUR 1.4 (23.8) million. The net debts to equity ratio (gearing) improved, being -51.3% (136.8%). The balance sheet structure was strengthened and the equity ratio was 86% (31%).

Tecnomen's gross investment outlay in the year 2000 was EUR 4.5 million (2.7). The most significant investments were made in the development of the Company's product development environment.

MARKETS

The growth in the messaging and prepaid systems market continued in 2000 as the mobile telephone operators' subscriber volumes soared. The Unified Messaging systems were becoming more popular, particularly in Europe and South-East Asia. These systems enable voice, fax and e-mail messages to be sent and received using the most convenient terminals available. New services such as the above mentioned Unified Messaging systems grew in importance as tools of

competition for service providers. End-users' awareness of the opportunities provided by these services also increased.

European operators were preparing to construct wide band GPRS and UMTS networks that make it possible to send and receive picture and video messages for instance. The next system generation to be developed on the basis of the current Unified Messaging systems, the so-called Multimedia Messaging systems, will increase the opportunities provided by new networks, and the systems are predicted to experience considerable growth in the near future. New service providers on the market speeded up development of the market.

SALES AND MARKETING

The sales of Tecnomen's messaging and prepaid systems increased as its operator customers expanded the capacity of their messaging systems and introduced new Unified Messaging systems. The highest increases in subscriber volumes were experienced in Asia and Latin America. The largest product group, i.e. messaging systems and wireless Internet solutions, represents about 68 % of Tecnomen's net sales. Sales of prepaid systems and other intelligent network products represent about 23 % whereas the share of paging systems' decreased to about 8 % of net sales.

Messaging systems and intelligent network products were supplied through Siemens, Nokia and Compaq to mobile telephone operators in Europe and Latin America for instance. Co-operation with Nokia was expanded during the period under review to also cover the distribution of Tecnomen's new wireless Internet service platform, the eZoner.

RESEARCH AND PRODUCT DEVELOPMENT

Research- and product development expenses totalled EUR 15.2 million representing 22.9% of net sales (EUR 10.7 million and 22%) and these expenses are booked as they arise.

During 2000, Tecnomen continued its heavy investments in product development in order to achieve a pioneering status in the

messaging systems that will be used in the third generation mobile telephone networks. Tecnomen also introduced to the market its wireless Internet service platform, the eZoner. In order to ensure the rapid introduction of new types of applications on the market, Tecnomen strengthened its collaboration with strategically important partners and suppliers. Collaboration in short message- and entertainment service products continued with Aersoft Ltd.

Tecnomen expanded its product development operations in Ireland and in Espoo, Finland and opened up a new product development unit in Vaasa, Finland. Moreover, an innovation centre, xZone, was set up in Espoo to concentrate on the early creation of new technologies and business

ideas. Tecnomen was awarded the Multimedia Super Corridor (MSC) status in Malaysia, and the Company is now planning to set up a regional product development and localisation unit there.

PERSONNEL

At the end of the year under review Tecnomen employed 517 (421) personnel. The Company's workforce increased during 2000 as planned. A healthy growth and strengthening of strategic areas of know-how was divided evenly between the operating units in Finland and Ireland and the Company's sales offices. Product development operations, which represented almost 40 % of the entire personnel at the end of 2000, were singled out for particular strengthening.

The recruiting of new personnel became clearly less problematic during the year under review owing to our programme of active recruitment communications and the enhancement of Tecnomen's company image. The employee turnover rate continued to slow down regardless of the ever keener competition for people with the relevant know-how in the industry.

COMBINED SHARE ISSUE AND SALE

Kyro's and Tecnomen's Boards of Directors took the decision at their respective meetings held on 9 June 2000 to initiate a combined issue and sale of Tecnomen's shares and to apply for a listing of the Company's shares on the Main List at the Helsinki Stock Exchange. The issue and sale of shares were used to expand Tecnomen's ownership basis and to strengthen the Group's financing structure. The listing also created further opportunities for developing incentives and commitment systems for the personnel. Trading in Tecnomen's shares on the Pre-List at the Helsinki Stock Exchange started on 30 June 2000 and on the Main List on 4 July 2000.

A total of 12,969,200 shares were subscribed and sold during the combined issue and sale of shares. Tecnomen issued a total of

7,969,200 shares. The share subscription price in the public and institutional issues was EUR 8.50, and this was also the maximum offer price. The subscription price in the issue of shares to personnel was EUR 7.65. The share issue increased the Company's share capital by EUR 318,768. The Kyro group sold a total of 5,000,000 shares. Tecnomen's institutional issue was oversubscribed more than tenfold. Public and personnel issues were also oversubscribed. As of 31 December 2000, the Parent Company owned 73.3 % of Tecnomen's shares.

SHARES AND SHARE PERFORMANCE

Trading in Tecnomen's shares started on 30 June 2000 on the Pre-List of the Helsinki Stock Exchange and on 4 July 2000 on the Main List. During the year under review, a total of 12,356,411 Tecnomen shares were traded. The highest price quoted for the shares during the period was EUR 10.89 and the lowest EUR 4.30.

DE-MERGER OF THE PARENT COMPANY KYRO CORPORATION

On 9 June 2000 the Kyro Corporation's and Tecnomen's Boards of Directors took a decision to start preparations for the de-merger of Kyro to form two new companies, their proposed names being Tecnomen Holding Corporation and Kyro Corporation, and for the subsequent merger of Tecnomen into the Tecnomen Holding Corporation. At their meeting held on 5 October 2000, Kyro's Board of Directors approved the de-merger plan and took the decision to present it to the Extraordinary General Meeting of Kyro's shareholders for approval.

The Extraordinary General Meeting of Kyro's shareholders held on 22 November 2000 approved the Board of Directors' proposal for the de-merger of the Company to form two new companies. By approving the de-merger plan the Extraordinary General Meeting decided to set up a new Kyro Corporation and the Tecnomen Holding Corporation and approved the articles of association for these companies.

Kyro's assets and liabilities will be divided between the new companies in such a way that the Tecnomen shares held by the de-merging Kyro Corporation plus a corresponding amount of shareholders' equity will be transferred to the Tecnomen Holding Corporation, and the shares in Tamglass Ltd and Kyro Power Ltd owned by the de-merging Company as well as the rest of the Company's assets and the remainder of the shareholders' equity will be transferred to the new Kyro Corporation set up after the de-merger.

Dividing the Kyro Corporation into two separate Groups will increase transparency and enable investors to invest in the particular business activities whose characteristics, growth prospects and profit expectations match their interests. As the Kyro Corporation is divided, one existing Kyro share entitles the Holder to one share in the new Kyro Corporation and one share in the new Tecnomen Holding Corporation.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

During the year under review, Tecnomen's Board of Directors consisted of Pentti Ylihjeljo, Vesa Helkkula and Esko Rantala. Pentti Ylihjeljo served as Chairman of the Board. Erkki Hautaniemi, who retired from his post as Chief Financial Officer of Kyro Corporation, submitted his resignation to Tecnomen's Board of Directors on 31 August 2000. The Tecnomen Annual General Meeting held on 6 April 2000 appointed KPMG Wideri Oy Ab as auditor.

FUTURE TARGETS AND PROSPECTS

Tecnomen's aim is to strengthen its position as one of the leading suppliers of messaging systems. Increasing emphasis is being placed on co-operation with the industry's leading network suppliers, operators and service providers. At the same time new-generation Multimedia messaging applications are also on the way.

An increase in the demand for Tecnomen's messaging and prepaid systems is continuing as the mobile telephone operators' subscriber volumes keep soaring. Timetable estimates for the commissioning of

third generation mobile telephone networks in Europe in 2001 and 2002 vary. The growth of subscriber volumes on the existing networks will continue particularly in Asia and Latin America. New second generation gsm-networks are still being built in these areas.

The Company is expected to receive its first orders during the current year for the messaging systems designed for the third generation mobile telephone networks.

Tecnomen aims to achieve in 2001 at least the same sales growth level as the year before. The operating profit is estimated to improve.

Espoo, 8 February 2001

Tecnomen
Board of Directors

CONSOLIDATED INCOME STATEMENT	Jan-Dec/2000 EUR million	Jan-Dec/1999 EUR million
Net sales	66.4	50.7
Operating expenses	57.5	46.8
Depreciation	3.4	2.7
Operating profit	5.5	1.2
Percentage of net sales	8.2	2.4
Financial income and expenses	0.3	-0.8
Profit before extraordinary items	5.8	0.4
Extraordinary items		
Profit before taxes and minority	5.8	0.4
Direct taxes	-1.9	-0.2
Minority interest		
Profit for the financial year	3.9	0.2

CONSOLIDATED BALANCE SHEET	31 Dec 2000 EUR million	31 Dec 1999 EUR million
Fixed assets	13.3	12.3
Current assets		
Inventories	2.5	1.8
Financial receivables	84.6	37.0
Assets	100.4	51.1
Shareholders' equity	85.5	15.6
Minority	0.1	0.1
Liabilities		
Interest-bearing liabilities	1.4	23.8
Non-interest-bearing liabilities	13.0	11.2
Deferred tax liability	0.4	0.4
Liabilities	100.4	51.1

KEY FINANCIAL FIGURES	Jan-Dec/2000	Jan-Dec/1999
Return on capital invested, %	10.4	3.6
Return on equity, %	7.8	1.1
Equity ratio, %	86.1	31.1
Debt/Equity (gearing) ratio, %	-51.3	136.8
Investments, EUR million	4.5	2.7
as a percentage of net sales	6.7	5.3
Research and development, EUR million	15.2	10.7
as a percentage of net sales	22.9	21.0
Order book	10.7	11.4
Personnel, average	484	423
Personnel, at the end of year	517	421

KEY RATIOS PER SHARE

Earnings per share, EUR	0.09	0.00
Earnings per share, EUR (diluted)	0.08	-
Equity per share, EUR	1.71	0.37
Number of shares at the end of year	50,076,500	41,706,100
Share price trend		
Average price	7.6	-
Lowest price	4.3	-
Highest price	10.89	-
Share price at end of year	4.7	-
Market value of share capital		
at end of year, EUR million	235.4	-
Share turnover, millions of shares	12.4	-
Share turnover, % of total number	24.7	-
Share turnover, EUR million	100.7	-
Dividend per share, EUR	0.025*	0.00
*) Board of Directors proposal		
Dividend/Result, %	29.04	0.00
Effective dividend yield, %	0.53	0.0
P/E ratio	54.6	-

CONTINGENT LIABILITIES	31 Dec 2000	31 Dec 1999
	EUR million	EUR million
For own debts		
Property mortgages	0.7	0.7
Securities on behalf of group		
companies and on own behalf	0.2	0.2
Other own liabilities	4.7	5.1
Values of underlying instruments		
of derivative contracts		
Currency forwards		
Market value	20.4	8.5
Value of underlying instruments	21.6	8.0

Espoo, 8 February 2001

Tecnomen Corporation

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