

INTERIM REPORT 1 JANUARY - 31 MARCH 2001

- Net sales FIM 89.5 million (74.8), nearly 20% growth
- Sales of messaging systems grew 55.6%
- Operating profit FIM 2.6 million (2.5), up 2.4%
- Profit before extraordinary items FIM 4.3 million (1.7), up 147%
- Global partners' share of total sales 19.7% (16.0)
- Intensified co-operation with Nokia, Siemens and Nortel
- Heavy investment in product development continued. As part of the development of the eZONER service concept, an IP-based service product, E-Mail Reader, allowing voice-controlled use of e-mail, was announced in March.
- Tecnomen Corporation's parent company changed to be Tecnomen Holding Corporation as a result of the demerger of Kyro Corporation

KEY FIGURES

	Q1/01	Q1/00	2000
Net sales, EUR million	15.0	12.6	66.4
Net sales, growth %	19.7	41.9	30.8
Operating profit, EUR million	0.43	0.42	5.5
% of net sales	2.9	3.4	8.2
Operating profit, growth %	2.4	43.2	357
Profit before extraordinary items, appropriations and taxes, EUR mill.	0.71	0.29	5.8
% of net sales	4.8	2.3	8.8
Personnel, average	534	439	484
Personnel, at end of period	542	448	517
Earning per share, EUR	0.01	0.00	0.09
Equity per share, EUR	1.72	0.38	1.71

NET SALES AND OPERATING RESULT

Tecnomen's net sales during the first quarter totalled EUR 15.0 million (12.6). Growth compared to the corresponding period of the previous year was 19.7%.

Operating profit grew 2.4% and was EUR 0.4 million (0.4), representing 2.9% (3.4%) of net sales. Earnings per share amounted to EUR 0.01 (0.00). The 57.0% growth was due to financial income. Equity per share was EUR 1.72 (0.38).

The result after financial items grew 146.9% to EUR 0.7 million (0.3), representing 4.8% (2.3%) of net sales.

FINANCING AND INVESTMENTS

Tecnomen's financial position remained strong. Total assets at 31 March 2001 totalled EUR 102.6 million, of which liquid assets were EUR 41.6 million (3.7). The company repaid debts worth EUR 0.1 million. Interest-bearing liabilities amounted to EUR 1.4 million (23.7) million. The debt to equity ratio (gearing) improved to -46.9% (121.2%). The balance sheet structure strengthened as equity ratio rose on 31 March 2001 to 84.7% (30.4).

Financial income and expenses totalled EUR 0.3 million (-0.1), consisting mainly of interest on money market deposits.

Tecnomen's gross investment expenditure during the interim period totalled EUR 0.9 million. Investments in 2000 were heavily concentrated in the first months of the year and amounted to EUR 2.7 million.

The order book at the end of the first quarter stood at EUR 4.6 million (10.8).

MARKETS

Global demand for value-added service systems remained good. Particularly in Asia Pacific, Latin America and the countries of Eastern Europe, where numbers of mobile phone subscribers continue to grow, the market for value-added services systems developed favourably. In Western Europe the penetration rate for mobile phones is comparatively high and as a result growth of subscriber numbers and use of existing value-added services is slower than in other geographical regions. In the period under review, operators and service providers in Western Europe were focusing on the launch of new networks and new kinds of services from the end of 2001.

As telecom operators progress with the construction of broadband GPRS and UMTS networks, demand for messaging systems and wireless Internet solutions is expected to grow rapidly in Western Europe too. The first messaging system deliveries for third-generation mobile phone networks are likely to begin during 2001.

SALES

Tecnomen's net sales growth continued approximately in line with forecasts during the interim period in spite of the uncertain market climate in Europe. Sales growth was rapid, particularly in Asia Pacific and Latin America, where demand for Tecnomen's messaging and prepaid systems, especially voice mail systems and Unified Messaging systems, was buoyant. A higher number of new customer relationships were concluded than in the corresponding period last year. The company expanded into new market areas and

completed its first messaging system deliveries to, among other places, Indonesia and Lebanon.

During the interim period, sales of Tecnomen's most important product group, messaging systems and wireless Internet solutions, grew by 55.6% in comparison to the corresponding period of the previous year, and their proportion of net sales grew to around 81.4%. The proportion of net sales accounted for by prepaid systems and other intelligent network products was around 11.1%, representing growth of 21.0%. Paging systems accounted for around 6.0% of net sales.

Some 19.7% (16.0) of net sales took place via global partners and were directed particularly to Asia and Latin America.

An examination of the breakdown of net sales during the interim period shows sharp fluctuations of net sales by quarter, both in terms of product area and market area, as a result of the timing of orders.

After the period under review, the development of Tecnomen's sales has remained good also in terms of new customers. New customer relationships and orders have been obtained, for example, from Albania and Ukraine. Tecnomen has not previously delivered its systems to these countries. The company's order book has strengthened since the end of the first quarter.

PARTNERSHIPS

Tecnomen's co-operation with strategic partners was consolidated and expanded during the period under review. Co-operation with Siemens and Nokia proceeded positively and was strengthened, particularly in terms of new customer sales. ICL Invia continued its sales of Tecnomen's intelligent network products in collaboration with Compaq and received the first order for Tecnomen's products from the North American market. Furthermore, the co-operation agreement concluded with Nokia in 1999 was extended in February 2001 to cover sales of Tecnomen products also as an integrated part of Nokia's own product deliveries.

In March 2001 the company concluded a co-operation agreement with the global network supplier, Nortel Networks. Within the framework of this agreement, Tecnomen's main products are to be marketed and sold world-wide as part of Nortel's own deliveries. The co-operation underway with Nortel will underline Tecnomen's position in system sales via notable network suppliers both in Tecnomen's present market areas and in North America.

RESEARCH AND PRODUCT DEVELOPMENT

In the first quarter Tecnomen continued its heavy investment in product development. Investments during autumn 2000 and spring

2001 were directed towards the development of new messaging and prepaid system products and product features with the aim of starting deliveries from autumn 2001. As part of the development of the eZONER service concept, the company published in March a new IP-based service product, E-Mail Reader, which enables voice-controlled use of e-mail.

During the interim period, research and product development expenditure totalled 3.7 million (3.2), namely 24.9% (25.3%) of net sales.

PERSONNEL

Tecnomen's personnel numbered 542 at the end of the interim period, representing an increase of 95 employees and 21.3% growth compared to the corresponding period of the previous year. The increase was particularly due to an expansion of product development resources. Recruitment in future will be focused to an increasing extent on sales and customer service functions.

TECNOMEN'S SHARES AND SHARE CAPITAL

A total of 4.6 million Tecnomen shares were traded during the interim period. The highest price paid during the period was EUR 5.41 and the lowest price was EUR 2.95.

As a result of share subscriptions made by virtue of option rights based on an 1998 option programme, the company's share capital was raised during the interim period by EUR 170 and 4,250 new shares were issued. The new shares carry all shareholders' rights in Tecnomen Corporation as of 14 March 2001. The new shares were made available for trading on the Main List of the Helsinki Exchanges together with the old shares. Tecnomen's share capital as of 14 March 2001 was EUR 2,003,230, divided into 50,080,750 shares.

TECNOMEN'S PARENT COMPANY AND MERGER PLAN

Tecnomen Corporation's parent company changed on 31 March 2001 from Kyro Corporation to Tecnomen Holding, when Kyro Corporation demerged into the new Kyro Corporation and Tecnomen Holding Corporation. In the demerger, Kyro's assets and liabilities were divided between the new Kyro Corporation and Tecnomen Holding Corporation such that to Tecnomen Holding Corporation were transferred the shares of Tecnomen owned by Kyro, namely 36,706,100 shares representing 73.3% of Tecnomen's share capital, as well as a corresponding amount of equity. The shares of Tamglass Ltd Oy and Kyro Power Oy owned by the demerged company, as well as the company's other assets and liabilities and the remaining part of the equity, were transferred to the new Kyro Corporation.

The boards of directors of Tecnomen Corporation and Tecnomen Holding Corporation signed a merger plan on 5 April 2001 under which Tecnomen Corporation will merge with Tecnomen Holding Corporation. The Board of Directors of Tecnomen will present the merger plan for approval at the Annual General Meeting to be held on 15 May 2001 and the Board of Directors of Tecnomen Holding Corporation will do the same at an Extraordinary Shareholders' Meeting to be held on the same day.

In the merger all of Tecnomen Corporation's assets and liabilities will be transferred at book value without liquidation proceedings to Tecnomen Holding Corporation and the shareholders of Tecnomen Corporation will receive as a merger consideration new shares in Tecnomen Holding Corporation, with the shareholders not required to take any separate action.

The business name of Tecnomen Holding is proposed to be changed to Tecnomen Corporation when the merger becomes effective. The merger will have no direct impact on the business activity of Tecnomen Corporation. The personnel of Tecnomen Corporation will

transfer to Tecnomen Holding Corporation with the status of continuing employees.

The planned registration date of the merger is 31 December 2001. The shares in the Tecnomen Holding Corporation that arises from the demerger of Kyro Corporation have been listed on the Main List of the Helsinki Exchanges as of 2 April 2001. The quotation of the shares in the merging Tecnomen Corporation will continue on the Main List of the Helsinki Exchanges until the trading day preceding the merger date, i.e., approximately until 28 December 2001.

The parallel quotation of the shares in Tecnomen Corporation and Tecnomen Holding Corporation therefore marks an intermediate stage in the ongoing structural reorganisation. The new shares in Tecnomen Holding Corporation issued in the merger will be listed on the Main List of the Helsinki Exchanges so that the new Tecnomen Holding Corporation shares given as a merger consideration will be quoted on the Main List of the Helsinki Exchanges from the next working day following the registration date of the merger, approximately on 2 January 2002.

The prospectus regarding the merger of Tecnomen Corporation and Tecnomen Holding Corporation is published and available from 8 May 2001 onwards and can be obtained from both companies by order or from Hexgate at the address Fabianinkatu 14, Helsinki.

OUTLOOK FOR THE REST OF 2001

The company considers that market demand for value-added service systems developed and delivered to operators and service providers will remain good, particularly in Asia and in the countries of Latin America. In Europe growth in demand and development are more difficult to forecast because the European market is undergoing a process of change, as a consequence of which new network technologies and thus also new messaging services will be introduced.

A new wave of investment in value-added service systems is expected to start in Europe at the end of 2001. During autumn 2001 Tecnomen's new messaging and prepaid system versions are to be ready for delivery and will thus boost sales prospects from the end of the year.

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

FUTURE INTERIM REPORTS

Tecnomen Corporation's next interim reports will be published on the following dates:

1 January - 30 June 2001 published on 16 August 2001
1 January - 30 September 2001 published on 7 November 2001

Espoo, 8 May 2001

TECNOMEN CORPORATION

Board of Directors

CONSOLIDATED INCOME STATEMENT

	1-3/2001	1-3/2000	1-12/2000
	MEUR	MEUR	MEUR
Net sales	15.0	12.6	66.4
Operating expenses	13.7	11.5	57.5
Depreciation	0.9	0.7	3.4
Operating profit	0.4	0.4	5.5
as % of net sales	2.9	3.4	8.2
Financial income and expenses	0.3	-0.1	0.3
Profit before extraordinary items	0.7	0.3	5.8
Profit before taxes and			
Minority interest	0.7	0.3	5.8
Taxes	-0.3	-0.1	-1.9
Minority interest	0.0	0.0	0.0
Profit for the period	0.4	0.2	3.9

CONSOLIDATED BALANCE SHEET

	30.3.2001	30.3.2000	31.12.2000
	MEUR	MEUR	MEUR
Fixed assets	13.3	13.4	13.3
Current assets			
Inventories	3.5	2.2	2.5
Financial assets	85.8	37.2	84.6
Assets	102.6	52.8	100.4
Shareholders' equity	85.9	15.9	85.5
Minority interest	0.1	0.1	0.1
Liabilities			
Interest-bearing liabilities	1.4	23.7	1.4
Non-interest bearing			
liabilities	14.8	12.8	13.0
Deferred tax liabilities	0.4	0.3	0.5
Equity and liabilities	102.6	52.8	100.4

FINANCIAL KEY FIGURES

	1-3/2001	1-3/2000	1-12/2000
	MEUR	MEUR	MEUR
Return on capital invested, %	3.5	5.8	10.4
Return on equity, %	2.0	5.4	7.8
Equity ratio, %	84.7	30.4	86.1
Debt/Equity ratio (gearing), %	-46.9	121.2	-51.3
Investments, EUR million	0.9	2.7	4.5
as % of net sales	5.9	21.3	6.7
Research and development			
expenditure, EUR million	3.7	3.2	15.2
as % of net sales	24.9	25.3	22.9

Order book	4.6	10.8	10.7
Personnel, average	534	439	484
Personnel at end of period	542	448	517

KEY FIGURES PER SHARE

	1-3/2001 MEUR	1-3/2000 MEUR	1-12/2000 MEUR
Earnings per share, EUR	0.01	0.00	0.09
Earnings per share, EUR(diluted)	0.01	-	0.08
Equity per share, EUR	1.72	0.38	1.71
Number of shares at end of period	50,080,750	41,706,100	50,076,500
Share price trend			
Average price	3.84	-	8.15
Lowest price	2.95	-	4.30
Highest price	5.41	-	10.89
Share price at end of period	3.15	-	4.70
Market value of issued stock at end of period, EUR million	157.8	-	235.4
Share turnover, mill. of shares	4.6	-	12.4
Share turnover, % of total	9.2	-	24.7
Share turnover, EUR million	17.6	-	100.7
P/E ratio	375	-	54.6

CONTINGENT LIABILITIES

	1-3/2001 MEUR	1-3/2000 MEUR	1-12/2000 MEUR
For own debts			
Property mortgages	0.6	0.7	0.7
Securities on behalf of group companies and on own behalf	0.2	0.2	0.2
Other own liabilities	4.9	5.6	4.7
Values of underlying instruments Of derivative contracts			
Currency forwards			
Market value	17.0	9.9	20.4
Value of underlying instruments	16.7	9.0	21.6

SHAREHOLDERS

The company's ten largest owners at 31 March 2001, excluding owners on the nominee register, were:

Kyro Corporation	73.3%
Varma-Sampo	1.8%
FIM Tekno Mutual Fund	0.9%
Evli Nordic Small Company Mutual Fund	0.9%
FIM Forte Mutual Fund	0.8%
Alfred Berg Small Cap Mutual Fund	0.8%
Sampo-Leonia Insurance Company Plc	0.6%

FIM Fenno Mutual Fund	0.5%
Alfred Berg Finland Mutual Fund	0.5%
Leonia Kasvuosake Mutual Fund	0.5%
Total	80.6%
Nominee register	9.6%

Distribution of Tecnomen shares at 31 March 2001 was as follows:

Shares	Holder	%	Shares and votes	%
1-500	2,710	77.01	551,882	1.10
501-1,000	376	10.68	303,268	0.61
1,001-10,000	370	10.51	1,094,035	2.18
10,001-50,000	28	0.80	653,520	1.30
50,001-100,000	12	0.34	876,255	1.75
100,001-500,000	19	0.54	4,715,700	9.42
500,001<	4	0.11	41,886,090	83.64
Total	3,519	100.00	50,080,750	100.00

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