



## Market Supervision

The HEX Group aims to offer an efficient and regulated marketplace in which issuers, other parties and investors feel it to be attractive and safe to participate. Market supervision supports these goals by controlling the quality of trading, settlement and depository operations. In the HEX Group, supervision is the responsibility of Helsinki Exchanges and the Finnish Central Securities Depository, as stipulated in their own regulations as well as national legislation.

Market supervision targets the different parties (members, individual brokers, clearing parties, account operators and issuers) operating in Helsinki Exchanges and in the Finnish Central Securities Depository and it aims to ensure that they abide by the regulations.

Market supervision consists of daily supervision and sanction procedures (enforcement). Thus, market supervision also covers the investigation of suspected breaches of norms and related sanction procedures.

Helsinki Exchanges and the Finnish Central Securities Depository reformed and expanded their market supervision operations in autumn 2001.

### **Market Supervision activities**

Market supervision activities are mainly concerned with the information provided to issuers. In addition, market supervision enforces the trading and clearing rules, for example.

In 2001, Helsinki Exchanges handled 105 supervision cases; in 15 cases, a warning was issued to a party on the basis of breaching the rules, and in eight cases, attention was drawn to the contents of the rules. Two cases were transferred to the Disciplinary Board. In one of the cases handled by the Disciplinary Board, a party's attention was drawn to the contents of the rules, and in another case, a warning and disciplinary fee were issued.

The Central Securities Depository implemented the new supervisory procedures in December when two supervision cases were in procedure.

The Secretary of the Disciplinary Board is responsible for the sanction procedures and in this task has an independent position based on the rules of Helsinki Exchanges and the Central Securities Depository. The Secretary of the board will bring serious supervision cases to the Disciplinary Board.

### **Disciplinary Board**

The Disciplinary Board is an expert body whose operations are independent of Helsinki Exchanges and the Finnish Central Securities Depository and whose members must satisfy specific requirements for qualifications. In connection with the reforms in Autumn 2001, the following board members were elected:

Supreme Court Justice Mikko Tulokas, Chairman;  
Professor Risto Nuolimaa, Vice chairman;  
LL.M Simo-Pekka Helander, member, and  
Professor Kalervo Virtanen, member.

All four have considerable experience as members of Helsinki Exchanges' Disciplinary Board. Senior Vice President, Market Supervision and Enforcement, Timo Rintanen from HEX has been appointed Secretary of the Disciplinary Board as of 22 October 2001.

The revised regulations of Helsinki Exchanges and the Finnish Central Securities Depository, as well as the new regulations of the Disciplinary Board, took effect on December 10, 2001.

### **Market Supervision in Estonia**

Market supervision in Tallinn is separate from market supervision in Helsinki. The regulations on trading, clearing and custody, as well as market supervision, are based on Estonian legislation and the rules of the Tallinn Stock Exchange and the Estonian Central Securities Depository (ECSD). The Estonian Financial Supervision Authority that started its operations in the beginning of 2002 is responsible for market supervision of the Estonian markets. TSE and ECSD are in close co-operation with the Estonian Financial Supervision Authority.



# Financial Statements

## Board of Directors' Report

### Financial performance

The HEX Group again performed well in 2001. Despite the tightened market situation, HEX was able to strengthen its international competitive position in stock trading. The continuing good result was supported also by a good demand for Finnish derivatives products on Eurex and the increasing demand for electronic market information.

Turnover increased by 23.1 per cent to 92.1 million euro (74.8 million euro), with growth slowing down as of the third quarter. Costs rose to 62.0 million euro (44.0 million euro), driven by sustained business operations, preparations for growing capacity demands, and investments in new business activities. The biggest increases were experienced in personnel costs, which amounted to 24.1 million euro (14.8 million euro), and other operating costs, which totalled 30.2 million euro (22.9 million euro).

Operating profit decreased by 2.3 per cent to 30.0 million euro (30.7 million euro). The operating profit corresponded to 32.6 per cent of the turnover (41.1%). Financial income increased, adding up to 2.2 million euro (1.6 million euro).

Profit before extraordinary items and taxes amounted to 32.2 million euro (32.4 million euro), 0.5 per cent down from the previous year. Net profit equalled 22.8 million euro (23.0 million euro).

Earnings per share amounted to 1.70 euro (1.71 euro), while equity per share grew by 18.4 per cent to 5.78 euro (4.88 euro).

Capital expenditure totalling 15.3 million euro (9.2 million euro) was channelled mainly into computer hardware and software, as well as office premises. Capital expenditure includes the acquisitions of the Tallinn Stock Exchange and Sampo Custody Services.

## Acquisitions

### Tallinn Stock Exchange

On 27 February, 2001, the HEX Group and the Estonian TSE Group communicated their intention to enter into a strategic, ownership and operational cooperation. This cooperation supports the growth strategy of HEX while also developing Estonian capital markets. The cooperation is based on HEX being a majority shareholder in the TSE Group, which includes the Tallinn Stock Exchange (ASTallinna Börs) and the Estonian Central Securities Depository, EVK (AS Eesti Väärtpaberikeskus).

HEX acquired its position as majority shareholder partly by purchasing shares from shareholders and partly by subscribing to shares in a targeted issue. By the end of the year, HEX owned 61.6 per cent of TSE's shares. TSE was included in the HEX Group as of May, 2001. HEX and TSE's minority shareholders have entered a shareholder agreement regarding the objectives of TSE's operations and the principles related to ownership and management of TSE.

HEX's CEO Jukka Ruuska was elected chairman of TSE's Board of Directors on 3 May, 2001, and the Baltic Operations of HEX were made into a business unit consisting of TSE and the Baltic Liaison unit. The business unit was led by Jukka Ruuska, while TSE operations were headed by CEO Gert Tiivas. Vice President Päivi Laaksomies from HEX was appointed Senior Vice President of the Baltic Liaison unit.

HEX also expressed its interest in participating in the development of the securities and derivative markets of other Baltic countries. Possible cooperation was discussed with the stock exchanges of Riga and Vilnius.

### Sampo Custody Services Ltd

Through an acquisition carried out in late September, HEX Securities Services Ltd Oy, a subsidiary

of HEX Plc, purchased 95 per cent of the shares of Sampo Custody Services Ltd from Sampo Bank Plc. After the acquisition, Sampo Bank still owns five per cent of the shares.

The company changed its name to HEX Back Office and Custody Services Ltd (HBO) on 16 October, 2001. HBO was included in the HEX Group as of 1 October, 2001.

The HBO acquisition serves the HEX Group's strategic goal to promote and develop the effectiveness and infrastructure of the Finnish securities markets. The Securities Services business unit, which HBO belongs to, provides parties and institutions within the securities and derivatives markets with an opportunity to outsource operations that are outside their core business.

## Business operations

### Trading

Turnover increased by 50.4 per cent to 49.1 million euro (32.7 million euro), and profitability developed positively although the last quarter remained somewhat weaker than rest of the year.

Share turnover fell slightly from year 2000 to 203 billion euro (227 billion euro), while turnover measured by the number of shares nearly doubled, totalling 11 billion shares (6.3 billion).

In derivative operations, Nokia's stock options continued their favourable development. Nokia was the second most traded stock option on the Eurex during the whole period. The demand for market information (HEXFeed) also continued strongly.

The product range of HEX's derivatives trading was expanded in September, when trading started in HEXTech futures and options. The products are based on a new HEXTech Index, launched in early July, which is calculated on the basis of technology shares.

Evening trading started in April in response to changing demand and European trends. From the very beginning, HEX monitored evening trading and customers' experiences. Based on the feedback received, a decision was made in December to cut back evening trading by one hour and close it at 8 pm. This change will take effect at the beginning of April 2002.

The number of brokers continued to increase. At the end of 2001, there were 38 brokers in total (31). In addition to those in Helsinki, brokers from Stockholm, London, Paris and Amsterdam trade on Helsinki Exchanges.

In late September, HEX signed a contract with Euronext in order to facilitate cross-memberships and technical access to the parties' market places. The aim of the arrangement is to direct international trade in Finnish stocks towards HEX.

### **Settlement and Depository**

The turnover of the Settlement and depository business unit totalled 19.7 million euro (17.8 million euro), amounting to a 10.8 per cent growth over 2000. The value depreciation of capital issued in the book-entry securities system along with a decrease in the number of transactions weakened the profitability of the business unit, which did not achieve the previous year's levels.

The move towards STP-based processes was promoted by the machine-readable registrations implemented in March. Studies concerning the CCP structure continued.

The rate of equities clearing remained good. A total of 97.9 per cent (92.6 per cent) of stock exchange transactions were cleared within the clearing period of T+3 in accordance with the market-place rules.

### **Issuer Services**

The turnover of Issuer Services equalled 16.7 million euro (2000: 18.7 million euro). Owing to the market value of listed companies remaining low and little interest being shown towards company listing, the turnover of the business unit decreased and profitability dropped compared to the previous accounting period.

The covered warrant markets developed rapidly, with the number of listed covered warrants rising to 112.

The number of listed option rights for the management and personnel of listed companies equalled 38 at year-end. Companies issuing option rights received a new option monitoring service, which produces information about the transactions of option right holders.

### **Securities Services**

The turnover of Securities Services equalled 7.4 million euro (5.8 million euro), which amounted to a 26.7 per cent growth from 2000. The increase in turnover was due to a positive development in the number of transactions, but owing to one-time expenses related to acquisitions and heavy system development, the profitability of the business unit fell at the end of the year.

The acquisition of Sampo Custody Services Ltd was significant with regard to outsourcing services. The trade provided Securities Services with the personnel required for operating a new business area, a custodian's licence in accordance with the Act on Common Funds and an existing customer base.

## eHEX

eHEX continued to invest heavily in development projects. The unit's turnover was 0.9 million euro (1.5 million euro) and operations continued in the red. Competition in eHEX's field became more intense in both online trading software and comprehensive information services.

The investor relations service for listed companies was launched in early April and received its first customers. The contract concerning the production of fund reports was renewed with the Finnish Association of Mutual Funds.

## Baltic operations

The turnover of HEX's Baltic Operations was 0.8 million euro for the period May-December. Profitability was weakened by one-time expenses.

Share trading on the Tallinn Stock Exchange amounted to 262.7 million euro in 2001, dropping clearly from trading in 2000, which totalled 353.9 million euro. The slowdown on the markets was also felt in Tallinn: no new companies were listed on the stock exchange.

Having initiated cooperation, HEX and TSE worked on a common market model and a technical operating environment as well as plans for their implementation. Preparations were made to start trading with Estonian shares listed on TSE in the HEX system.

In September, the Estonian government approved the Pension Fund Act. The Estonian Ministry of Finance decided that the Estonian Central Securities Depository should function as a service provider for those investing in pension funds.

## Decisions by the Annual General Meeting

The Annual General Meeting of Helsinki Exchanges Group Oyj held on 23 March 2001 approved the Group's financial statement and discharged the board members and the CEO from liability for the previous accounting period. As recommended by the Board

of Directors, the company paid a dividend of 0.80 euro/share for year 2000.

The General Meeting elected the following people as board members and their personal deputies for the next term of office:

- Henrik Andersin, Senior Managing Partner and CEO and his deputy Robert Sergelius, Managing Director;
- Satu Huber, Director of Finance and Head of Finance Unit and her deputy Jukka Järvinen, Head of Office;
- Kalevi Kontinen, Vice President and his deputy Eira Palin-Lehtinen, Executive Vice President;
- Tarmo Korpela, Deputy Director General and his deputy Timo Lehto, Senior Vice President and CFO;
- Timo Korvenpää, Senior Vice President, Finance & Control, and his deputy Kari Toikka, Senior Vice President;
- Hannu Karppinen, deputy Head of Legal Affairs Unit and his deputy Raimo Hyvärinen, Head of Department;
- Martti Porkka, Head of Group Treasury and Funding and his deputy Jaakko Niemelä, Managing Director
- Timo Ritakallio, First Executive Vice President and Member of the Executive Board and his deputy Risto Murto, Managing Director.

The Board of Directors elected Tarmo Korpela as Chairman and Timo Korvenpää as Deputy chairman.

The Shareholder's meeting elected SVH Pricewaterhouse Coopers Oy as the company's auditor with APA Eero Suomela as the main responsible auditor.

Based on the Board of Directors' recommendation, the Shareholders' meeting decided to amend the Articles of Association concerning the company's name and using HEX Oyj in Finnish and HEX Plc in English for Helsinki Exchanges Group Oyj. The change took effect on 27 April 2001.

As recommended by the Board of Directors, the Shareholders' meeting decided to amend section

11 of the Articles of Association. The amendments concern the procedures for summoning a Shareholders' meeting and the deadline for registration.

Based on the amended Articles of Association, the Board of Directors decided to change the summons procedures: instead of sending the summons as registered letters to shareholders, the summons will be published in at least two newspapers named by the Board of Directors and published in the greater Helsinki area.

### **Shares and Shareholders**

The number of HEX Plc shares at the end of December amounted to 13,471,728 while share capital was 26,943,456 euro. The stock-based incentive scheme for personnel may lead to a maximum of 2.8 million euro increase in share capital.

During the year under review, the Board of Directors had no current authorisations to issue any stock, convertible bonds or option rights, or any authorisations to purchase or hand over any of the company's own stock.

HEX Plc had 153 registered shareholders at year-end 2001. A total of 15.7 per cent of shares and voting rights were nominee registered. The major shareholder groups and breakdown of ownership are presented on pages 55-56 of the annual report.

Through the stock-based incentive scheme, employee shareholding in the company may rise to a maximum of 9.4 per cent of shares and voting rights. The figure includes the holdings of the Executive group and its Secretary, which may rise to a maximum of 1.5 per cent as a result of the incentive scheme.

### **Stock incentive scheme for personnel**

The stock options included in the incentive scheme of the HEX Group employees entitle the subscription of a total of 1,400,000 HEX Plc shares. In accordance with the subscription terms, the original

subscription price of 12.50 euro has been reduced to 11.70 euro by the dividend paid on 29 March 2001. The scaled share subscription period based on stock options will begin on 1 November 2002, 1 November 2003, 1 November 2004 and 1 November 2005, and will expire for all stock options on 30 November 2007.

If the company is not listed on the stock exchange, the holder of option rights is entitled to compensation in terms of salary or wages equalling the value of the increase in shareholders' equity. For this purpose, a 2.6 million euro entry burdening the company's result was made in accruals.

All of the terms and conditions of the incentive scheme are described in the notes to the accounts on page 50 of the annual report.

### **Human Resources**

At the end of 2001, the total number of personnel at the HEX Group was 424 (290) of whom 396 were permanent employees (261) and 28 fixed-term employees (29). The average number of employees in 2001 was 320 (250). These figures include the people employed by TSE as of 1 May 2001 (23) and the employees that transferred to HEX in connection with the acquisition of HBO as of 1 October 2001 (27). On 31 December 2001, TSE employed 30 people.

### **Other events**

In January 2001, the Finnish Competition Authority decided on two issues related to the HEX Group and its position under competition law. One of the decisions dealt with the exchange fees implemented by Helsinki Exchanges in 2000, and the other dealt with the overdue fees levied by the Central Securities Depository in securities clearing operations.

In its decisions, the Finnish Competition Authority adopted the opinion that Helsinki Exchanges as the maintainer of the public stock trading system, as well as the Central Securities Depository as the

provider of clearing services, at least for the time being have a dominant position in Finland as defined in the Act on Competition Restrictions.

The Finnish Competition Authority's point of view was that the Exchange had not abused its dominant position when setting the exchange fees. The Finnish Competition Authority regarded the stock delivery overdue fees levied by the Central Securities Depository as an abuse of its dominant position that is against the Act on Competition Restrictions. From the Authority's point of view, the fees were discriminating against customers and did not correspond with actual costs. HEX observed the decision of the Finnish Competition Authority by changing the overdue fee practices of the Central Securities Depository.

However, HEX appealed to the Competition Council against both decisions as from HEX's point of view, under tightened international competition, the markets in question are geographically larger than the national markets. HEX does not hold an as dominant position on these broader markets as its competitors include Exchanges and Central Securities Depositories in other countries. The case is pending in the Market Court.

On 7 September, the Helsinki Administrative Court ruled that HEX Plc is entitled to be refunded for the value added tax paid by Helsinki Exchanges for services conducted in the exchange business, other public trading and settlement operations during the years 1995 and 1996. The decision took effect on 9 November 2001, and 9.9 million euro of value-added tax paid from 1995 to 2000, as well as 1.4 million euro of interest compensation was paid to the subsidiaries of HEX Plc: Helsinki Securities and Derivatives Exchange, Clearing House Ltd and Finnish Central Securities Depository Ltd. HEX will negotiate with brokers and clearing parties regarding the processing of VAT refunds paid to its subsidiaries.

Based on an application by the Central Securities Depository, on 12 December 2001, the Ministry of Finance cancelled the ratification of loss balancing obligations given on the behalf of the Central Securities Depository in 1996 totalling 16.8 million euro. In practice, the Ministry of Finance's decision made it possible to abandon the loss balancing obligations after making the corresponding changes to the shareholder agreement concerning HEX Plc.

Helsinki Exchanges and the Central Securities Depository reformed and expanded their market supervision activities in autumn 2001. The amended guidelines of Helsinki Exchanges and the Central Securities Depository, as well as the new guidelines of the Disciplinary Board took effect on 10 December 2001. Timo Rintanen was appointed Senior Vice President, Market Supervision and Enforcement at HEX. He also works as the Secretary of the Disciplinary Board.

### Events after the period under review

Eurex lowered its market-making prices for derivatives brokers from the beginning of January 2002. The new prices are estimated to cut the income from derivatives trading by approximately 20 per cent.

HEX decided to lower the fees levied on brokers involved in cash transactions from 1 April 2002 onwards. The new prices are estimated to cut the income from cash market transactions by over 10 per cent.

The investment product range in trading was widened as trading in index shares started in February 2002.

The launch of trading in Estonian shares listed on TSE using the trading system of HEX was postponed as requested by members. The new initiation date was set for 25 February 2002. In February, TSE approved four members of Helsinki Exchanges as its new members.

HEX expanded its service offering to securities clearing and custody operations in Estonia. HEX Back Office and Custody Services Ltd (HBO) obtained a custodian's licence in Estonia and started operating as a remote custodian in the Estonian Central Securities Depository EVK at the same time as the trading of Estonian stocks is moved to the HEX trading system.

HEX and German IS Innovative Software AG signed a contract in January concerning market information services in the Nordic and Baltic countries. The strategy of the HEX Group is to promote and improve the liquidity and transparency of the Finnish stock market. The HEX Global Market Information Service provides the maintenance of market information databases and the distribution of market information through the Internet and other electronic distribution channels. The contract parties will establish a new subsidiary, HEX Information Services Ltd, for these operations. HEX will hold 70 per cent of the new company, with a 30 per cent share held by IS Innovative Software.

Mr. Gert Tiivas, CEO of the TSE Group, was appointed Director of the HEX Baltic Operations business unit from the beginning of 2002. He also will continue as CEO of the TSE Group.

Mr. Raimo Hyvärinen, personal deputy to HEX Plc Board Member Hannu Karppinen, resigned his seat as personal deputy on 29 January 2002.

The Finnish State, Bank of Finland, OKR Issuers Co-operative, Nordea Bank Finland Plc, the OKO Group, the Sampo Group and Aktia Savings Bank Plc signed a shareholder agreement on 25 February 2002. The agreement replaces an earlier shareholder agreement between the parties.

## Outlook for 2002

HEX's result for the three most recent years has been good. The relative profitability of 2001 decreased from the previous year as expected. The regrouping in the marketplace business area does not seem to be clearing up to any significant degree. The instability of the market conditions also has continued.

Share trading in January and February 2002 remained at a good level: total trading volume for the two months was 35.9 billion euro (43.2 billion euro). The average trading volume per day was 854.3 million euro, whereas the daily average over the whole year 2001 was 814.2 million euro.

The change in derivatives trade pricing that went into effect at the beginning of January is expected to lower the income from derivatives trading by approximately 20 per cent. The price reductions in cash market transactions are estimated to lower the income from cash transactions by over 10 per cent from 1 April 2002 onwards.

The HEX operating principle is to continuously make the operations more effective to secure long-term competitiveness. At the same time, HEX focuses on the improvement of the quality and reliability of its services as well as customer satisfaction. The total financial effect of the price reductions cannot be fully covered by improvements to effectiveness in 2002, and relative profitability is thus expected to decrease also in 2002.

## Profit and loss statement (EUR 1,000)

	1 Jan – 31 Dec 2001	1 Jan – 31 Dec 2000
<b>TURNOVER</b>		
Settlement income	579 683	1 528 787
Settlement expenses	-579 683	-1 528 787
Fee income	36 736	38 677
Other income	55 314	36 108
	92 050	74 785
Personnel costs	-24 146	-14 776
Depreciation and write-downs		
Depreciation according to plan	-7 661	-6 398
Other operating costs	-30 212	-22 864
<b>OPERATING PROFIT</b>	<b>30 031</b>	<b>30 747</b>
Financial income and expenses		
Other interest and financial income		
Extra-group items	2 670	1 936
Devaluation of financial securities under current assets	-303	-110
Interest charges and other financial expenses		
Extra-group items	-162	-184
	2 205	1 642
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	<b>32 236</b>	<b>32 389</b>
Extraordinary items		
Extraordinary income	2 472	8 800
Extraordinary expenses	-2 472	-8 908
<b>PROFIT BEFORE TAXES</b>	<b>32 236</b>	<b>32 281</b>
Income taxes	-9 398	-9 310
<b>NET PROFIT</b>	<b>22 838</b>	<b>22 971</b>

## Consolidated Balance Sheet (EUR 1,000)

	31 Dec. 2001		31 Dec. 2000	
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible assets				
Intangible rights	3,411		1,883	
Goodwill	2,430		-	
Other capitalised expenditure	6,905	12,746	6,586	8,469
Tangible assets				
Machinery and equipment		7,698		5,317
Investments				
Other shares and holdings		614		990
<b>CURRENT ASSETS</b>				
Imputed tax claim		4,214		2,552
Short-term receivables				
Settlement receivables	101,912		22	
Fee receivables	415		218	
Sales receivables	9,517		8,351	
Loan receivables	-		79	
Other receivables	2,986		3,014	
Accrued income and deferred expenses	4,284	119,114	11,153	22,837
Financial securities				
Other securities		56,647		41,017
Cash on hand and deposit		11,835		7,978
<b>Total assets</b>		<b>212,868</b>		<b>89,160</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		26,943		26,943
Premium fund		3,465		3,465
Reserve fund		564		564
Retained earnings		24,060		11,866
Net accounting period profit		22,838		22,971
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>77,870</b>		<b>65,809</b>
<b>MINORITY SHARE</b>		<b>761</b>		<b>-</b>
<b>STATUTORY RESERVES</b>				
Other compulsory reserves		11,380		8,800
<b>LIABILITIES</b>				
Deferred tax liabilities		190		168
Long-term liabilities				
Other debts		72		-
Current liabilities				
Settlement debt	101,919		22	
Accounts payable	3,514		2,144	
Other debts	637		593	
Accrued expenses and deferred income	16,525	122,595	11,624	14,383
<b>Total shareholders' equity and liabilities</b>		<b>212,868</b>		<b>89,160</b>

## Profit and Loss Statement, Parent Company (EUR 1,000)

	1 Jan – 31 Dec 2001	1 Jan – 31 Dec 2000
<b>TURNOVER</b>		
Settlement income	-	-
Settlement expenses	-	-
Fee income	-	-
Other income	21,203	11,937
	21,203	11,937
Personnel costs	-10,380	-4,516
Depreciation and write-downs		
Depreciation according to plan	-1,768	-409
Other operating costs	-11,758	-6,924
<b>OPERATING PROFIT</b>	<b>-2,703</b>	<b>88</b>
Financial income and expenses		
Other interest and financial income		
Inter-group items	1,820	5,210
Extra-group items	3,043	6
Devaluation of financial securities under current assets	-	-15
Interest charges and other financial expenses		
Inter-group items	-923	-356
Extra-group items	-11	-7
	3,929	4,838
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	<b>1,226</b>	<b>4,926</b>
Extraordinary items		
Extraordinary income	22,472	28,800
Extraordinary expenses	-8,472	-11,408
	14,000	17,392
<b>PROFIT BEFORE PROVISIONS AND TAXES</b>	<b>15,226</b>	<b>22,318</b>
Year-end allocations		
Increase (-) or decrease (+) in voluntary reserves	-69	-328
Income taxes	-3,950	-7,599
<b>NET PROFIT</b>	<b>11,207</b>	<b>14,391</b>

## Balance Sheet, Parent Company (EUR 1,000)

	31 Dec 2001		31 Dec 2000	
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible assets				
Intangible rights	3,033		1,478	
Other capitalised expenditure	656	3,689	288	1,766
Tangible assets				
Machinery and equipment		3,280		2,203
Investments				
Intra-group holdings	38,356		36,996	
Other shares and holdings	440	38,796	970	37,966
<b>CURRENT ASSETS</b>				
Short-term receivables				
Sales receivables	18		4	
Intra-group receivables	11,672		34,621	
Loan receivables	-		79	
Other receivables	-		5	
Accrued income and deferred income	865	12,555	9,326	44,035
Financial securities				
Other securities		12,490		5,010
Cash on hand and on deposit		725		449
<b>Total assets</b>		<b>71,535</b>		<b>91,429</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		26,943		26,943
Premium fund		3,465		3,465
Reserve fund		564		564
Retained earnings		9,794		6,180
Net accounting period profit		11,207		14,391
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>51,973</b>		<b>51,543</b>
<b>ACCUMULATED ADJUSTMENTS</b>				
Depreciation difference		445		377
<b>STATUTORY RESERVES</b>				
Other compulsory reserves		-		3,984
<b>LIABILITIES</b>				
Short-term liabilities				
Accounts payable	1,935		1,018	
Intra-group liabilities	11,970		28,981	
Other liabilities	210		251	
Accrued expenses and deferred income	5,002	19,117	5,275	35,525
<b>Total shareholders' equity and liabilities</b>		<b>71,535</b>		<b>91,429</b>

## Sources and Application of Funds (EUR 1,000)

	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
<b>Cash flow from business operations</b>				
Operating profit	30,031	30,747	-2,703	88
Adjustments:				
Depreciation according to plan	7,488	6,398	1,768	409
Financial income and expenses	2,205	1,642	914	1,304
Cash flow before net change in net working capital	39,724	38,787	-21	1,801
Change in net working capital				
Increase (-)/ decrease (+) in current non-interest-bearing receivables	-96,724	-6,722	31,033	-31,084
Increase (+)/ decrease (-) in current non-interest-bearing payables	104,479	4,863	-21,407	31,307
Cash flow from business operations before financial items and taxes	47,479	36,928	9,605	2,024
Direct taxes paid	-3,449	-9,623	-2,489	-5,756
<b>Cash flow from business operations</b>	<b>44,030</b>	<b>27,305</b>	<b>7,116</b>	<b>-3,732</b>
<b>Cash flow from investments</b>				
Investments in tangible and intangible assets	-13,767	-8,191	-4,767	-4,131
Investment in a Group company	-	-	-1,360	-
Profit from assignment of other investments	-	-	531	-
Purchases of other shares	-	-975	-2	-954
<b>Cash flow from investments</b>	<b>-13,767</b>	<b>-9,166</b>	<b>-5,598</b>	<b>-5,085</b>
<b>Cash flow of financing</b>				
Dividend paid	-10,777	-6,797	-10,777	-6,797
Dividend received	-	-	3,015	3,534
Paid and received Group contributions	-	-	14,000	17,500
<b>Cash flow of financing</b>	<b>-10,777</b>	<b>-6,797</b>	<b>6,238</b>	<b>14,237</b>
<b>Change in funds</b>	<b>19,486</b>	<b>11,342</b>	<b>7,756</b>	<b>5,420</b>
<b>Funds on 1 Jan</b>	<b>48,996</b>	<b>37,654</b>	<b>5,459</b>	<b>38</b>
<b>Funds on 31 Dec</b>	<b>68,482</b>	<b>48,996</b>	<b>13,215</b>	<b>5,458</b>

## Notes to the Financial Statements

### Extent of consolidated financial statements

In addition to the parent company, Finnish Central Securities Depository Ltd, Helsinki Securities and Derivatives Exchange, Clearing House Ltd, HEX Securities Services Ltd Oy, HEX Securities Technology Ltd Oy, Helsingin Arvopaperiparkki Oy and Hexfiles Oy are also included in the consolidated financial statements for 2001. The new subsidiaries AS Tallinna Börs, AS Eesti Väärtpaberikeskus, and Arvelduskoda AS were included in the Group's accounts for the period 1 May - 31 December 2001 and HEX Back Office and Custody Services Ltd was included for the period 1 October - 31 December 2001.

Hexfiles Ltd, Helsingin Arvopaperiparkki Oy and Arvelduskoda AS had no activity during the financial period.

In addition to the parent company, the consolidated financial statements for 2000 also include Finnish Central Securities Depository Ltd, Helsinki Securities and Derivatives Exchange, Clearing House Ltd, HEX Securities Services Ltd Oy and HEX Securities Technology Ltd Oy.

### Consolidation principles

The consolidated financial statements have been drafted on the acquisition cost method. The difference between the acquisition cost of the shares of Finnish Central Securities Depository Ltd and the equity proportionate to the Group's acquired stake has been charged against capitalised expenditure under fixed assets.

The difference between the acquisition cost and the equity equalling the shares acquired in the subsidiary companies AS Tallinna Börs and HEX Back Office and Custody Services Ltd has been partly allocated to fixed assets and partly presented as consolidated goodwill.

Inter-group transactions, gross margins, and intra-group receivables and liabilities have been eliminated in the consolidated financial accounts.

The annual statement items of overseas subsidiaries have been entered in euro at the mean exchange rate on the account closing date.

Imputed tax claim and deferred tax liability are calculated on the basis of temporary differences between taxes and financial accounts using the tax rate adopted for the following years at the moment of closing the books.

The imputed tax claim is given in the amount of the probable claim and the deferred tax liability in its entirety.

The financial statements are drafted as prescribed by the Finnish Financial Supervision Authority, the Accounting Act and the Accounting Degree.

### Valuation and periodisation principles

Fixed assets are valued at acquisition cost deducted by depreciation according to plan. Allowance for depreciation according to plan is made on a straight-line basis over the financial life of the item.

#### Principles for depreciation according to plan

	years
Machinery and equipment	4–5
Transportation	3
Intangible rights	3–5
Improvements to leased premises	10
Other capitalised expenditure	3–10
Goodwill	5

Receivables are shown at their par value, but, however, at the most at their probable value, and debts are shown at their par value.

Foreign currency denominated receivables and debts are converted into euro at the rate valid on the date of closing the books.

Financial securities are valued at acquisition cost or at market value below acquisition cost.

The Group has arranged pension insurance coverage for its personnel with an insurance company.

## Notes to the Profit and Loss Statement

### 1. Distribution of turnover by business unit (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Trading	49,139	32,681	-	-
Settlement and depository	19,727	17,800	-	-
Issuer services	16,670	18,661	-	-
Securities services	7,410	5,849	-	-
eHEX	886	1,500	-	-
Baltic Operations	831	-	-	-
Other operations	259	63	180	33
Inter-group turnover and other operations	-2,872	-1,769	21,023	11,904
Total	92,050	74,785	21,203	11,937

Turnover comprises premiums on derivatives written by Helsinki Securities and Derivatives Exchange, Clearing House Ltd as well as payments received by Helsinki Securities and Derivatives Exchange, Clearing House Ltd in net cash derivative settlements and for shares delivered. Helsinki Securities and Derivatives Exchange, Clearing House Ltd acts as counter-party in all trades, its settlement income always equals settlement expenditure.

### 2. Personnel costs (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Salaries and remuneration	19,414	11,948	8,301	3,626
Payroll add-on costs				
Pension costs	3,142	1,900	1,348	564
Other add-on costs	1,590	928	731	326
Total	24,146	14,776	10,380	4,516

The average number of personnel employed

320                      250                      104                      61

### 3. Management salaries and remuneration (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Managing Directors, their deputies and members of the Board of Directors	1,054	615	486	285

### 4. Depreciation according to plan (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Immaterial rights	1,101	459	837	119
Other capitalised expenditure	3,886	4,143	58	13
Machinery and equipment	2,674	1,796	873	277
Total	7,661	6,398	1,768	409

## 5. Extraordinary items (EUR 1,000)

	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Extraordinary income				
Group contribution from Helsinki Securities and Derivatives Exchange, Clearing House Ltd	-	-	20,000	20,000
Refunding of value-added taxes	2,472	8,800	2,472	8,800
Total extraordinary income	2,472	8,800	22,472	28,800
Extraordinary expenses				
Group contribution to HEX Securities Services Ltd Oy	-	-	1,000	2,500
Group contribution to HEX Securities Technology Ltd Oy	-	-	5,000	-
Value-added taxes	-	108	-	108
Statutory provision relating to value-added taxes	2,472	8,800	2,472	8,800
Total extraordinary expenses	2,472	8,908	8,472	11,408

According to the decision of the Supreme Administrative Court dated 18 January 2001, the income and expenses from securities trading and clearing of trades are not VAT-liable. The Helsinki District Court ruled on 7 September 2001 that the HEX Group shall be entitled to a refund for the value-added taxes paid by Helsinki Exchanges in 1995-2000 for services conducted in the exchange business, other public trading and settlement operations. In 2000 value-added tax refunds of a total of 8.8 million euro were entered under extraordinary income. In 2001 an additional 1.1 million euro value-added tax refunds and 1.4 million euro interest payments on the capital were entered. Corresponding amounts have been entered under statutory extraordinary expenses and statutory provisions, due to the uncertainty involved in the further processing.

## 6. Year-end allocations (EUR 1,000)

	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Difference between tax relief capital allowance and depreciation according to plan	-	-	-69	-328

## 7. Income taxes (EUR 1,000)

	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Income taxes on extraordinary items	-	31	4,060	5,044
Income taxes on standard operations	11,038	11,725	-110	2,555
Change in imputed tax claim and deferred tax liability	-1,640	-2,446	-	-
Total	9,398	9,310	3,950	7,599

## Notes to the Balance Sheet

### 8. Fixed assets (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
<b>Intangible assets</b>				
Intangible rights on Jan. 1	12,419	10,488	8,023	6,445
Procured during accounting period	2,714	1,952	2,476	1,578
Sold during accounting period	-85	-21	-84	-
Acquisition cost on Dec. 31	15,048	12,419	10,415	8,023
Accumulated depreciation according to plan	-11,637	-10,536	-7,382	-6,545
Intangible rights Dec. 31	3,411	1,883	3,033	1,478
 Goodwill on Jan. 1	-	-		
Procured during accounting period	2,603	-		
Acquisition cost on Dec. 31	2,603	-		
Accumulated depreciation according to plan	-173	-		
Goodwill on Dec. 31	2,430	-		
 Other capitalised expenditure on Jan. 1	23,668	21,216	3,892	3,591
Procured during accounting period	4,498	2,452	426	301
Acquisition cost on Dec. 31	28,166	23,668	4,318	3,892
Accumulated depreciation according to plan	-21,261	-17,082	-3,662	-3,604
Other capitalised expenditure on Dec. 31	6,905	6,586	656	288
 <b>Tangible assets</b>				
Machinery and equipment				
Machinery and equipment on Jan. 1	15,341	11,533	9,242	6,991
Procured during accounting period	5,348	3,878	2,148	2,258
Sold during accounting period	-292	-70	-189	-7
Acquisition cost on Dec. 31	20,397	15,341	11,201	9,242
Accumulated depreciation according to plan	-12,699	-10,024	-7,921	-7,039
Machinery and equipment on Dec. 31	7,698	5,317	3,280	2,203
 <b>Shares and partnerships</b>				
Shares and partnerships on Jan. 1	990	15	37,966	37,011
Procured during accounting period	155	978	1,362	958
Sold during accounting period	-531	-3	-532	-3
Acquisition cost on Dec. 31	614	990	38,796	37,966
Shares and partnerships on Dec. 31	614	990	38,796	37,966

## 9. Group companies on 31 December 2001

	Group ownership share %	Parent company ownership share %
Helsinki Securities and Derivatives Exchange, Clearing House Ltd, Helsinki	100	100
HEX Securities Services Ltd Oy, Helsinki	100	100
HEX Securities Technology Ltd Oy, Helsinki	100	100
Finnish Central Securities Depository Ltd, Helsinki	100	100
Hexfiles Oy, Helsinki	100	100
Helsingin Arvopaperiparkki Oy, Helsinki	100	100
HEX Back Office and Custody Services Ltd, Helsinki	95	-
AS Tallinna Börs, Tallinna	61.6	61.6

## 10. Receivables (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Short-term				
Settlement receivables	101,912	22	-	-
Fee receivables	415	218	-	-
Sales receivables	9,517	8,351	18	4
Inter-group receivables:				
Accrued income and deferred liabilities	-	-	11,672	34,621
Loan receivables	-	79	-	79
Other receivables	2,986	3,014	-	5
Accrued income and deferred liabilities	4,284	11,153	865	9,326
Total short-term liabilities	119,114	22,837	12,555	44,035
Significant claims under Accrued income and deferred liabilities:				
Group contribution	-	-	-	20,000
Value-added taxes	545	8,800	545	8,800
Information sales	496	1,557	-	-
Finnish Central Securities Depository Ltd	-	-	1,147	4,473
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	-	-	1,722	8,464
HEX Securities Services Ltd Oy	-	-	8,549	1,684
HEX Securities Technology Ltd Oy	-	-	250	-
Derivative premiums	1,082	-	-	-
Other	2,161	796	324	526
	4,284	11,153	12,537	43,947

Settlement receivables consist of derivative instruments that were due on 21 December and paid on 2 January 2002.

## 11. Financial securities (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Difference between replacement price and book value	2,366	3,671	537	134

## 12. Shareholders' equity (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Share capital Jan. 1	26,943	22,658	26,943	22,658
Capitalisation issue	-	4,285	-	4,285
Share capital Dec. 31	26,943	26,943	26,943	26,943
Premium fund Jan. 1	3,465	7,751	3,465	7,751
Capitalisation issue	-	-4,285	-	-4,285
Premium fund Dec. 31	3,465	3,465	3,465	3,465
Reserve fund Jan. 1	564	564	564	564
Reserve fund Dec. 31	564	564	564	564
Retained earnings Jan. 1	34,837	18,663	20,571	12,977
Dividend distribution	-10,777	-6,797	-10,777	-6,797
Retained earnings Dec. 31	24,060	11,866	9,794	6,180
Accounting period profit	22,838	22,971	11,207	14,391
Total shareholders' equity	77,870	65,809	51,973	51,543
	Group 2001	Group 2000		
Accumulated differential entered under consolidates shareholders' equity	465	412		

## 13. Calculation of distributable funds on 31 December (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Retained earnings from previous accounting periods	24,060	11,866	9,794	6,180
Accounting period profit	22,838	22,971	11,207	14,391
- portion of accumulated depreciation differential and voluntary provisions entered under shareholders' equity	-465	-412	-	-
Total	46,433	34,425	21,001	20,571

The minimum shareholders' equity requirement for HEX Securities Services Ltd Oy is 5 million euro.

## 14. Accumulated year-end allocations

The parent company's accumulated year-end appropriations consist of accumulated depreciation differential.

## 15. Statutory provisions (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Statutory provision	11,380	8,800	-	3,984

According to the decision of the Supreme Administrative Court dated 18 January 2001, the income and expenses from securities trading and clearing of trades are not VAT-liable. The Helsinki Administrative Court decided on 7 September 2001, that the HEX Group shall be entitled to a refund for the value-added taxes paid by Helsinki Exchanges in 1995-2000 for services conducted in the exchange business, other public trading and settlement operations. In 2000 value-added tax refunds of a total of 8.8 million euro were entered under extraordinary income. In 2001 an additional 1.1 million euro value-added tax refunds and 1.4 million euro interest payments on the capital were entered. Corresponding amounts have been entered under statutory extraordinary expenses and statutory provisions, due to the uncertainty involved in the further processing.

## 16. Consolidated deferred tax liabilities and imputed tax claim (EUR 1,000)

	Group 2001	Group 2000
Imputed tax claim		
On periodisation	4,214	2,552
Deferred tax liability		
On year-end allocations	190	168

## 17. Short-term liabilities (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Settlement debts	101,919	22	-	-
Accounts payable	3,514	2,144	1,935	1,018
Intra-group liabilities:				
Accrued liabilities and deferred income	-	-	11,970	28,981
Other debts	637	593	210	251
Accrued liabilities and deferred income	16,525	11,624	5,002	5,275
Total short-term liabilities	122,595	14,383	19,117	35 525
Significant items under accrued liabilities and deferred income:				
Group contribution	-	-	1,000	2,500
Helsinki Securities and Derivatives Exchange, Clearing House Ltd	-	-	9,553	24,158
Finnish Central Securities Depository Ltd	-	-	1,367	1,162
HEX Securities Services Ltd Oy	-	-	-	1,661
HEX Securities Technology Ltd Oy	-	-	19	-
HEX Back Office and Custody Services Ltd	-	-	31	-
Payroll with statutory add-ons	7,694	2,737	4,460	528
Taxes	7,531	6,244	229	2,670
Provision for free refunds	79	113	-	-
Other	1,221	2,530	313	1,577
	16,525	11,624	16,972	34,256

Settlement receivables consist of derivative instruments, which were due on 21 December and paid on 2 January 2002.

## 18. Stock Options

An extraordinary shareholders meeting of Helsinki Exchanges Group Oyj on 2 November 2000 approved a personnel stock option scheme distinct from the shareholders' subscription privilege as part of an employee incentive and commitment programme. The Board of Directors decides on the distribution of the stock options.

Of the stock options, 350,000 have been marked 'A', 350,000 have been marked 'B', 350,000 have been marked 'C' and 350,000 have been marked 'D'. Each stock option entitles the subscription of one share with the nominal value of two euro. As a consequence of the stock option scheme, share capital may exceed by a maximum of 1,400,000 new shares or 2,800,000 euro at the most.

The subscription price of the share is 12.50 euro. The subscription price will be lowered after 1 December 2000 and before the share subscription by the amount of dividends on the record date of each dividend distribution. The subscription price, however, is always at least the nominal value of the share. Subscribed and fully paid shares are entered in the subscribers book-entry account.

The subscription of the A shares begins on 1 November 2002, of the B shares on 1 November 2003, of the C shares on 1 November 2004 and of the D shares on 1 November 2005. The subscription period for all stock options ends on 30 November 2007.

Subscription of shares is only possible if the company's share is subject to public trading.

Should the company's share not be subject to public trading, the subscriber is entitled to compensation determined on the basis of the increase of shareholders' equity as follows: cumulative net profit after the 2000 financial statements including adopted financial accounts preceding redemption time x 9,4 per cent / 1,400,000 shares.

A financial benefit based on an employment relationship is taxable income for the beneficiary, which, according to the Act on Prepayment of Tax, is comparable to salary for which the employer is obliged to render withholding tax and social security fees.

The shares entitle to dividend for the financial period during which they have been subscribed. Other rights relating to the shares will become valid upon the registration of the increase in share capital in the Trade Register. The owner is not entitled to surrender or place as security the stock options or the financial benefit brought by them.

## 19. Open liabilities (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
<b>Other open liabilities</b>				
Bank deposit as security for rent	-	126	-	-
Mortgaged bank deposits and certificates of deposit	5,248	-	-	-
<b>Total</b>	<b>5,248</b>	<b>126</b>	<b>-</b>	<b>-</b>

The bank deposits and certificates of deposit have been pledged as collateral for the right to act as an account operator and as security for the liquidity limits of the clearing.

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
<b>Liability engagements given on behalf of companies belonging to the same Group</b>				
Guarantees for covering commitments not related to the book-entry security system	-	-	6,700	6,700
Non-joint commitment	1,682	1,682	-	-
<b>Total</b>	<b>1,682</b>	<b>1,682</b>	<b>6,700</b>	<b>6,700</b>

Of the subsidiaries, HEX Securities Services Ltd Oy, HEX Securities Technology Ltd Oy, Finnish Central Securities Depository Ltd, Helsinki Securities and Derivatives Exchange, Clearing House Ltd, and HEX Back Office and Custody Services Ltd are jointly liable as a value-added tax liability group for the tax for which HEX Plc is under obligation to report and to render accounts.

## 20. Contingent liabilities and other commitments (EUR 1,000)

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
<b>Amounts payable for leasing contracts</b>				
Payable during next financial period	17	47	13	13
Payable later	6	19	5	4
<b>Total</b>	<b>23</b>	<b>66</b>	<b>18</b>	<b>17</b>

### Other commitments

According to articles 29-32 of the Law on Book-Entry Accounts, the Finnish Central Securities Depository Ltd holds the responsibility for any errors in the activities of the account operator. According to article 17 of the Law on Book-Entry Accounts, the registration fund specified in article 18 of the same holds secondary responsibility for the liabilities of other account operators, if the account operator is unable to meet its liability for damages. However, the Finnish Central Securities Depository Ltd holds responsibility for any damages incurred before 1 January 1997. The Finnish Central Securities Depository Ltd acts as a clearing party as specified in chapter 4a of the Securities Markets Act, and has responsibility for these activities as specified in the regulations on clearing and settlement activities.

The risk-carrying capacity of the Finnish Central Securities Depository Ltd consists of 15.1 million euro in invested equity, a settlement fund with a total capital of 4.1 million euro at the end of the reporting period, the Financial Loss and Liability Policy of the HEX Group, limited to 70 million euro, and the loss balancing commitments made in 1996 by the then shareholders of the Finnish Central Securities Depository Ltd totalling 16.8 million euro.

Open interest at Helsinki Securities and Derivatives Exchange, Clearing House Ltd:

Number of trading-related open option and futures contracts

	Dec 31, 2001	Dec 31, 2000
HEX Stock Options	34,704	12,913
HEX Stock Futures	167,961	152,581
HEXTech Index Options	389	-
HEXTech Index Futures	31	-
LEX Stock Lendings	96,335	90,247

As required under the Finnish Financial Supervision Authority's instructions in 201.8/Jan. 14, 1994, the minimum amount of shareholders' equity of Helsinki Securities and Derivatives Exchange, Clearing House Ltd calculated on the open risk of the option corporation is 2.5 million euro on 31 December 2001 and 2.7 million euro on 2 January 2001.

The credit limits on bank accounts taken by Helsinki Securities and Derivatives Exchange, Clearing House Ltd to secure the clearing of derivatives are 31 million euro.

## Key Ratios on Financial Performance

	2001	2000
Turnover, million euro	92.1	74.8
Operating profit, million euro	30.0	30.7
% of turnover	32.6	41.1
Profit before extraordinary items, million euro	32.2	32.4
% of turnover	35.0	43.3
Profit before provisions and taxes, million euro	32.2	32.3
% of turnover	35.0	43.2
Net profit for the financial period, million euro	22.8	23.0
% of turnover	24.8	30.7
Return on equity, %	31.6	39.9
Return on investment, %	44.9	56.5
Equity ratio, %	70.9	73.8
Gross investment under fixed assets, million euro	15.3	9.2
% of turnover	16.6	12.4
Personnel, average during financial period	320	250

## Key Ratios per Share

	2001	2000
Shareholders' equity per share, euro	5.78	4.88
Adjusted by dilution effect of stock option scheme, euro	6.50	5.49
Profit per share, euro	1.70	1.71
Adjusted by dilution effect of stock option scheme, euro	1.65	1.51
Dividend per share, euro	1.00	0.80
Share issue adjusted average number of shares	13,471,728	13,471,728
Share issue adjusted average number of shares, dilution effect of stock option scheme observed	14,724,828	14,635,328

## Calculation of Financial Ratios

Operating Profit	Profit after depreciation according to plan
Return on Equity, %	$\frac{\text{Profit before extraordinary items} - \text{taxes} \times 100}{\text{Shareholders' equity} + \text{minority share (average at the beginning and at the end of financial period)}}$
Return on Investment, %	$\frac{\text{Profit before extraordinary items} + \text{interest and other financing costs} \times 100}{(\text{Balance sheet total} - \text{settlement debt}) - (\text{non-interest-bearing liabilities} - \text{settlement debt}) \text{ (average at the beginning and at the end of financial period)}}$
Equity Ratio, %	$\frac{\text{Shareholders' equity} + \text{minority share}}{\text{Balance sheet total} - \text{settlement debt} - \text{advances received}}$
Profit/Share, e	$\frac{\text{Profit before extraordinary items} - \text{taxes} - / + \text{minority share}}{\text{Average number of shares adjusted by share issue}}$
Shareholders' Equity/Share, e	$\frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted by share issue}}$

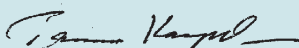
## Proposal of Parent Company's Board of Directors for Profit Allocation

The Board of Directors proposes that 1.00 euro per share or a total of 13,471,728 euro should be paid out as dividend from the distributable funds.

The Board of Directors proposes that 30,000 euro of the distributable funds should be appropriated for public-benefit purposes.

The remainder is proposed to be allocated to retained earnings.

Helsinki, 1 March 2002



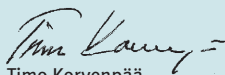
Tarmo Korpela  
Chairman of the Board



Henrik Andersin



Hannu Karppinen



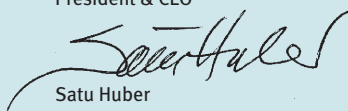
Timo Korvenpää



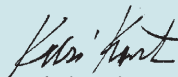
Timo Ritakallio



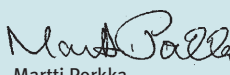
Jukka Ruuska  
President & CEO



Satu Huber



Kalevi Kontinen



Martti Porkka

## Auditors Report

### To the shareholders of HEX Plc

We have audited the accounts, the accounting records and the administration of HEX Plc for the accounting period 1 January-31 December 2001. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company profit and loss statements, balance sheets and notes to them. Based on our audit, we express our opinion on these accounts and administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Thereby, we have examined, on a test basis, the accounting principles, content of the accounts and the overall financial statement presentation to sufficient extent in order to obtain reasonable assurance about whether the accounts are free of material misstatement. In the audit of the administration we have examined that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies' Act.

In our opinion the accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of accounts in Finland. The accounts give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position at the end of the financial period. The financial statements, including the consolidated financial statements, can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal made by the Board of Directors regarding the distribution of retained earnings is in compliance with the Finnish Companies' Act.

Helsinki, 1 March 2002

PricewaterhouseCoopers Oy  
Authorised Public Accountants



Eero Suomela  
APA

