

**Tietotehdas**  
26th Reporting Year **1994**

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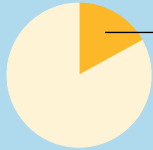
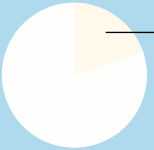

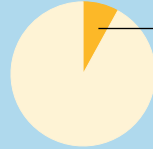
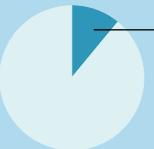

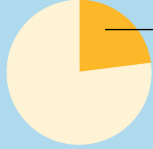
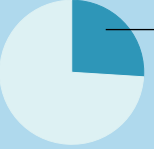
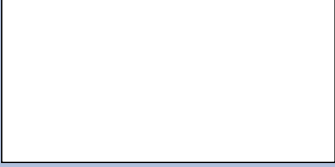
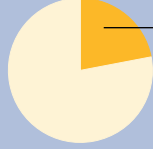
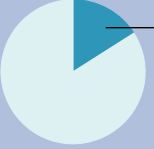

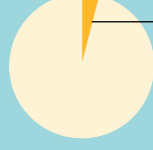

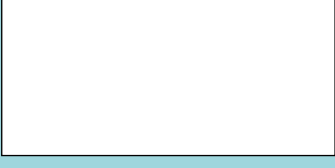


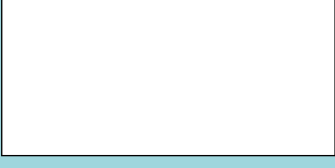
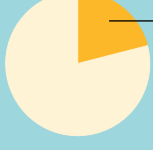

◀◀ *The cover: TT-Carelcomp delivered the operative data systems of the newsprint mill, Sachsen Papier Eilenburg GmbH, built by Enso-Gutzeit Oy in Germany. In the picture from the left Bernd Lehmann, Anja Rubelts and Juha Ristilä examining mill roll data received from the automation system.*

# Tietotehdas

specializes in information technology thereby allowing its customers to concentrate on their core business. The objective of Tietotehdas is to positively effect the efficiency and result of its customers with the aid and through the application of information technology.

## Group Highlights

	1994		1993	change%
Net sales, FIM mill.	979.8	(207.3 USD mill)	828.9	18.2
Operating profit before depreciation, FIM mill.	139.3	(29.5 USD mill)	95.3	46.2
% of net sales	14.2		11.5	
Profit before extraordinary items, FIM mill.	63.3	(13.4 USD mill)	46.0	37.6
% of net sales	6.5		5.5	
Profit before appropriations and taxes, FIM mill	63.3	(13.4 USD mill)	46.0	37.6
% of net sales	6.5		5.5	
Return on investment, %	18.1		14.4	
Return on shareholders' equity, %	16.3		15.2	
Earnings per share, FIM	7.50		6.21	20.8
Shareholders' equity per share, FIM	49.85		44.14	12.9
Dividend proposal per share, FIM	2.60		1.70	52.9
Investments, FIM mill.	83.5		107.4	-22.3
Equity ratio, %	53.8		47.0	
Number of employees at the year end	1,740		1,679	3.6

Business Area	Description of Operations	Services, Products	Market Area and Position	Objective	Share of Net Sales, %	Share of Personnel, %
<b>Professional Services</b>						
<b>Financial Systems</b> 	Develops and maintains information technology solutions for banking, finance and insurance sectors. Operations are based on a thorough knowledge of the sectors.	Development, maintenance and integration of data systems Software products - Lending software - Bankmaster (banking software) - Client/Service Triangle (software tool) - Broker software - SYSTEM10 (finance software)	Scandinavia Baltic countries, Russia  Leading supplier in Finland	To improve the competitive position of its customers with the aid of information technology solutions and to make the IT services of the customers more effective by creating strategic alliances. To expand its operations in Scandinavia and other areas close to Finland.	 17 %	 20 %
<b>Trade and Services</b> 	Produces professional services for wholesale and retail trade, public administration and service organizations. The division concentrates on close cooperation with its key customers.	Consulting Development, maintenance and integration of data systems Software products - Chainman (chain management for trade) - Gentium (management information system) - Meritt (wholesale trade, infrastructure organizations) - Rex (retail trade)	Finland  Leading supplier for trade	To help customers make their operations more profitable, more effective and more susceptible to change by offering them professional services of a high standard.	 8 %	 11 %
<b>TT-Carelcomp</b> 	Fulfills the information technology needs of Finnish and Swedish forest industry and other Finnish base industries. The division concentrates on selected large-scale industry groups, to which it offers on-site services at their locations in Europe and other parts of the world.	Development, maintenance and integration of data systems Operating services Management services for networks Software products - Control CC (forest industry); Meritt Man (processing and manufacturing industries); Emis (manufacturing industry)	Finnish industrial groups world-wide  Leading supplier for both forest industry and other base industries	To promote the effective exploitation of industrial investments by creating strategic alliances in which the Division has the overall responsibility for the building and operation of data systems and information technology. To expand its operations in Western Europe.	 23 %	 27 %
<b>Processing Services</b>						
<b>Data Centre</b> 	Offers operating, output and network services required for the day-to-day operation of data systems to customers in all sectors.	Operating services Output services Network services	Finland  Leading supplier	To free the customer's own resources for its actual business operations by offering the customer cost-effective data processing services of a high standard.	 22 %	 16 %
<b>Software Product Services</b>						
<b>Accounting and Finance Systems</b> 	Delivers information systems for financial management. The service is based on packaged software tailored for the customer.	Meritt Eco+ financial management system  Terttu software for accounting firms, small and medium-sized enterprises, associations	Finland  Leading supplier for accounting firms operations.	To make the financial management of the customer more effective by providing management with up-to-date and extensive information about the company's business operations.	 4 %	 5 %
<b>Personnel Systems</b> 	Produces payroll and personnel administration services based on packaged software. The service is based on special expertise in personnel administration.	Payroll administration product families - Pater, Personnel, Svensk Lön - KAPPA personnel administration software Processing services, consulting, training, payroll service	Finland, Sweden  Leading supplier to the private sector in Finland and Sweden	To optimize the payroll and personnel administration of the customer by offering full service. To expand its operations in Scandinavia.	 11 %	 10 %
<b>Trading Operations</b> 	Software Tools imports and markets software and services for IT professionals intended for the development, integration and management of data systems and networks.  TT-Microtrading imports software packages and add-on hardware for the Windows environment.	Software products CA Ingres, TRIP, GQL, IQ, Reflection, Patrol, NCD, Applixware, Trinzic  Microsoft, Novell and Corel software, Creative Labs multimedia products, Seagate hard disks	Finland, Sweden, Norway, Denmark  One of the largest suppliers in Scandinavia  Finland	To make the building and administration of data systems and networks more effective by offering tools and services of a high standard to IT professionals.  To give added value to our suppliers' products and their applications and to create a distribution network of a high standard to serve the customers.	 21 %	 8 %

“Tietotehdas is clearly emerging as an alternative to an EDP department and more and more as the partner of the customer. The tasks of the traditional EDP department are, on the one hand, decentralized within the customer’s organization and, on the other hand, outsourced to the service company that has been chosen as partner. Tietotehdas has responded to the challenges of customer partnership by specializing in industry-specific expert services.”

# Managing Director’s Statement

In recent years information technology has become a major competitive factor for the customer base of Tietotehdas. Information technology can deliver strategic competitive advantages in the form of new products and can increase the competitive ability of our customers in the form of cost efficiency and productivity improvements.

Tietotehdas is clearly emerging as an alternative to an EDP department and more and more as the partner of the customer. The tasks of the traditional EDP department are, on the one hand, decentralized within the customer’s organization and, on the other hand, outsourced to the service company that has been chosen as partner.

Tietotehdas has responded to the challenges of customer partnership by

specializing in industry-specific expert services. Our platform has been to concentrate on a certain few selected sectors. This makes it possible to develop a high level of expertise both in information technology and in the knowledge of these sectors. Our chosen strategy has meant a concentration of resources on those areas where we can give our customers as concrete an added value as is possible.

We at Tietotehdas often use the phrase “the three legs and the wings” to describe our strategic business areas as presented in the illustration on the opposite page. The three central supports of the Group are banking and insurance, trade and services, and industry and energy. Their industry-specific professional services are complemented by processing services, financial and personnel administra-

tion, and technology products for all sectors. The expertise of Tietotehdas builds a total and extensive service entity which makes it possible for the Group to take responsibility for the entire information technology needs of a customer where necessary.

Our chosen strategy has manifested itself in improved organizational flexibility, a concentration on services which add value and the withdrawal from operations that are not central to our expert organization. It has meant strong advancement in the areas and markets that we have selected as our core areas. The most visible examples of this strategy are our customer alliances and corporate acquisitions.

**The year 1994 was a good year for the Tietotehdas Group.** Our key financial indicators improved all along the

line. Net sales approached one billion Finnish marks and we consolidated our position in our core areas both in Finland and abroad. Group net sales grew by 18 per cent to FIM 979.8 million, operating profit by 75 per cent to FIM 60.7 million and earnings per share by 21 per cent to FIM 7.50.

Tietotehdas took a major step as listed company by deciding to combine the former Series A and B shares into one share series at the turn of the year 1995. The decision meant an improved liquidity of the share and new

possibilities to consolidate the company's capital base.

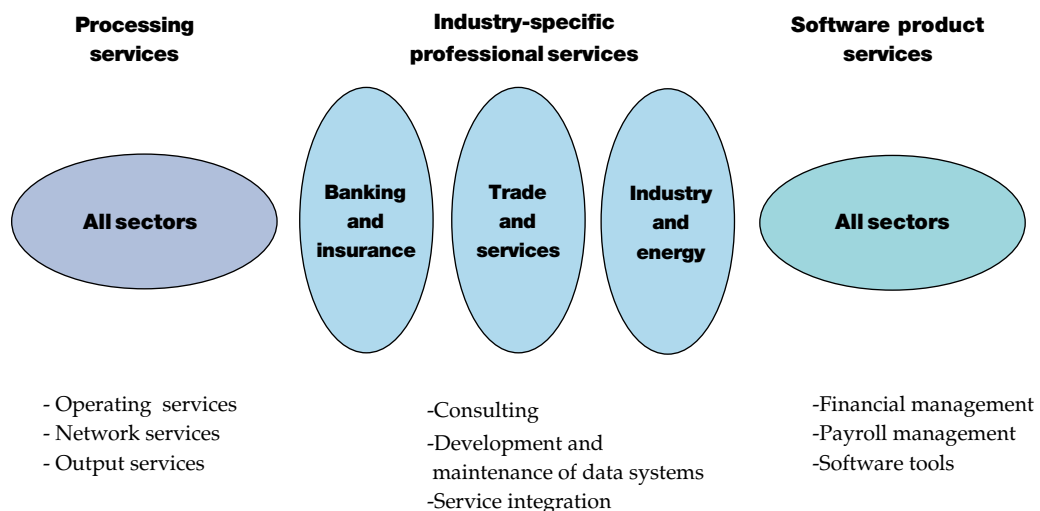
The outlook for the near future is positive. Investments in information technology are growing in all the business areas in which the Group is engaged. The expertise and competitive power of the organization have improved significantly, and all the business areas now contribute in a more balanced way to the result of the Group. Tietotehdas has subsidiaries in ten countries and the Group is prepared for more open international competition.

The membership of Finland in the European Union opens new opportunities for the expansion of operations especially in the East and South. We continue to take rapid strides to improve the efficiency and results of our customers.

I wish to thank our customers and partners, but above all the professional staff of Tietotehdas for the year 1994.

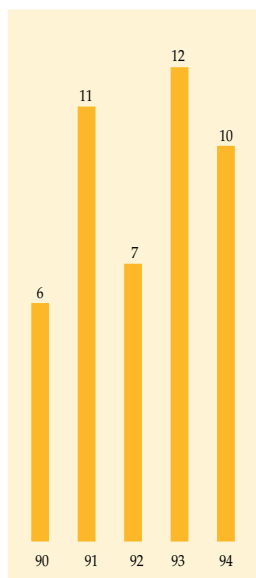
Matti Lehti  
Managing Director

## STRATEGIC BUSINESS AREAS



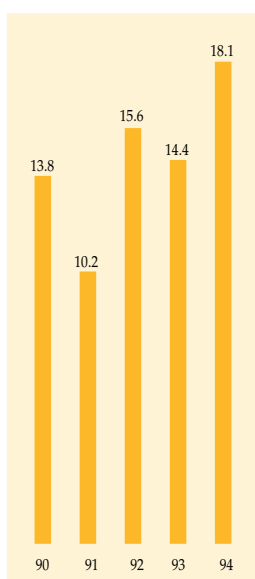
# Shares and Shareholders

## P/E RATIO



8

## RETURN ON INVESTMENT, %



## Share capital

The share capital of Tietotehdas increased by FIM 855,500 during the financial period to total FIM 63,175,500 at the end of the year. This represents 6,317,500 shares, each with a nominal value of FIM 10.

## Change in the nominal value

A Tietotehdas General Meeting of Shareholders approved on 24.3.1994 the split of the nominal value of the company share from 100 to 10 Finnish marks and the relevant amendment to the Articles of Association. This meant that the number of shares increased tenfold. The split was carried out in the book entry securities system and did not require any action from shareholders. The amendment was registered on 13.4.1994, and trading based on this new value started on the Helsinki Stock Exchange on 14.4.1994.

## Increase of share capital

A total of 85,550 shares of the convertible loan directed to the personnel in 1989 were converted during 1994. The shares are not entitled to a dividend for 1994.

## Share series and their combination

At the end of 1994 Tietotehdas Oy had two share series, A and B shares. There were 1,888,000 Series A shares and 4,429,500 Series B shares. At General Meetings A shares each carried 20 votes and B shares 1 vote. Both share series carried an equal right to dividend. The B share has been listed on the Helsinki Stock Exchange since 1984.

An Extraordinary Meeting of Shareholders held on 21.12.1994 decided to amend the Articles of Association so that the difference in the voting power of Series A and B shares and the redemption right attached to A shares would be abolished and the share series combined into one share series quoted on the Helsinki Stock Exchange. In addition, a redemption clause obliging a shareholder having acquired over one third or one half of the company's share capital to redeem shares held by other shareholders if they so demand was added to the Articles of Association. The amendment to the Articles of Association was registered on 25.1.1995, and trading in the shares of the combined share series has been conducted since 26.1.1995.

## Shareholders

At the end of January 1995, the number of shareholders was 3,188. Foreign shareholders and shares registered in the name of a nominee amounted to 20.8 per cent of the share capital.

The Supervisory Board, the Board of Directors and the Managing Director of the company owned a total of 0.8 per cent of the company shares. On the basis of convertible and warrant bonds they can increase their ownership to 1.2 per cent of the shares.

## Share price development and turnover

The general share price development on the Helsinki Stock Exchange in 1994 was +17 per cent. The share price development of Tietotehdas B share was 0 per cent. The high of the Series B share in 1994 was FIM 105 and the low FIM 70. The average share price was FIM 84.16.

The Series B shares subscribed in 1993 on the basis of the convertible loan directed to the personnel in 1989 was quoted separately up to 30.3.1994. The high of these shares was FIM 101 and the low FIM 79. The Series B shares subscribed in 1994 have been listed separately since 15.11.1994. The trading high has been FIM 72 and the low FIM 67.

At the end of the financial period the market capitalization of the old B shares was FIM 317.1 million and that of the new B shares FIM 6.0 million. After the combination of the share series, the market capitalization of the whole share capital was FIM 467.3 million.

1994 1993 1992 1991 1990

**Development of Share Capital**

Share capital on Dec 31., FIM	63,175,000	62,319,500	54,059,300	54,059,300	50,593,500
Number of shares	6,317,500	6,231,950	5,405,930	5,405,930	5,059,350
A shares	1,888,000	1,888,000	1,888,000	1,888,000	1,776,000
B shares	4,429,500	4,343,950	3,517,930	3,517,930	3,283,350
Adjusted number of shares on Dec 31.	6,317,500	6,231,950	5,405,930	5,405,930	5,059,350
Adjusted average number of shares	6,239,216	5,829,230	5,405,930	5,247,360	5,059,350

**Share Ratios**

Earnings per share, FIM	7.50	6.21	4.52	2.60	4.30
Earnings per share, FIM (less the warrant bond loan and convertible note loan dilution)	7.40				
Shareholders' equity per share, FIM	49.85	44.14	37.66	33.83	30.13

**Share Price Development and Turnover, B share**

Buy quotation on Dec 31, FIM	73.00	72.50	32.50	28.00	26.00
Trading high (adjusted), FIM	105.00	73.00	34.00	43.00	50.00
Trading low (adjusted), FIM	70.00	32.70	24.00	21.50	26.00
Total turnover, FIM 1,000	122,339	141,373	29,766	20,679	23,786
Total turnover, number	1,453,706	2,669,530	966,260	599,820	601,570
Market capitalization, FIM mill.	317.1	300.3	114.3	98.5	85.4

The numbers of shares and the FIM values per share preceding the change of the share's nominal value have been made comparable with the figures after the change

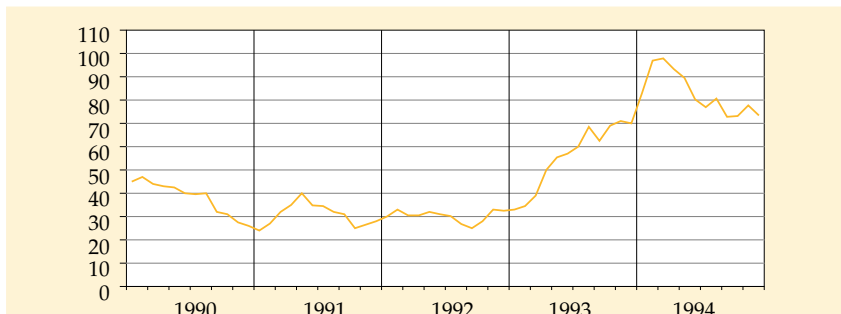
Earnings per share =

Profit before extraordinary items  
 -/+ minority interest in profit/loss  
 - taxes for the period  
Profit (ratio denominator)  
 Adjusted 12-month average number of shares

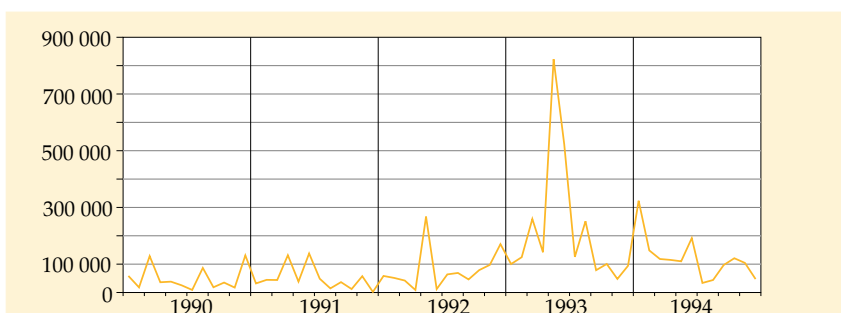
Shareholders' equity per share =

Shareholders' equity + accumulated appropriations  
 \_\_\_\_\_  
 Adjusted number of shares at the end of the fiscal year

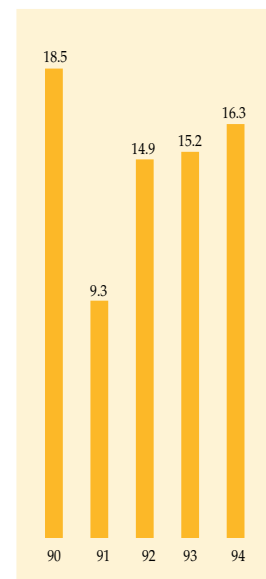
**SHARE PRICE DEVELOPMENT 1990-1994, FIM**



**DEVELOPMENT OF TOTAL TURNOVER 1990-1994, NUMBER**



**RETURN ON SHAREHOLDERS' EQUITY, %**





# Shares and Shareholders

1994 1993 1992 1991 1990

## Share Price Development and Turnover, new B share

Buy quotation on Dec 31, FIM	70.00	70.00			
Trading high (adjusted), FIM	101.00	70.00			
Trading low (adjusted), FIM	67.00	65.00			
Total turnover, FIM 1,000	7,186	10,170			
Total turnover, number	75,550	154,470			
Market capitalization, FIM mill.	6.0	14.1			

## Dividend

Dividend paid, FIM 1,000	16,203 <sup>1)</sup>	10,251	5,947	5,406	5,566
Dividend FIM, nominal	2.60	1.70	1.10	1.00	1.10
Adjusted dividend, FIM	2.60	1.70	1.10	1.00	1.10

<sup>1)</sup> as proposed by the Board

## Share Price-related Ratios

Price/earnings ratio (P/E)	10	12	7	11	6
Dividend yield, %	3.6	2.3	3.4	3.6	4.2

Price/earnings ratio (P/E) =

Stock exchange price on Dec 31  
Earnings per share

10

The numbers of shares and the FIM values per share preceding the change of the share's nominal value have been made comparable with the figures after the change.

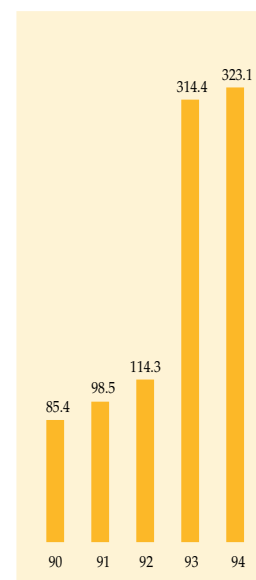
## Increases in Share Capital 1990 - 1994

	Subscription/conversion price, FIM	Subscription period	Increase in share capital, FIM	New share capital, FIM	Right to dividend	New shares
Privileged new issue 1991, Aamulehti-yhtymä Oy	113.40 A 35.00 B	11.6.1991	2,183,300	52,776,800	financial period 1991	68,350 A 149,980 B
Privileged new issue 1991, Aamulehti-yhtymä Oy	113.40 A 35.00 B	17.6.1991	1,282,500	54,059,300	financial period 1991	43,650 A 84,600 B
Privileged new issue 1993, Aamulehti-yhtymä Oy	35.00 B	8.2.1993	654,000	54,713,300	financial period 1993	65,400 B
Privileged new issue 1993, Enso-Gutzeit Oy	48.20 B	14.5.1993	5,588,800	60,302,100	financial period 1993	558,880 B
Privileged convertible loan 1989-1995, personnel	40.80 B	1.2.-30.11.1993	2,017,400	62,319,500	financial period 1994	201,740 B
Privileged convertible loan 1989-1995, personnel	40.80 B	1.2.-30.11.1994	855,500	63,175,000	financial period 1995	85,550 B

## Major Shareholders on 31.1.1995

	Number	Per cent of shares
Nominee registered/UBF	854,931	13.5
Nokia Corporation	513,500	8.1
Nominee registered/KOP	446,350	7.1
Pohjola Insurance Company Ltd	252,420	4.0
Kymmene Corporation	245,320	3.9
Orte Oy	200,000	3.2
Kasvu-SYP (Unit Trust UBF Growth)	186,300	2.9
Suomi Mutual Life Assurance Company	184,000	2.9
Enterprise-Fennia	164,100	2.6
Nova Life Insurance Company Ltd	146,710	2.3
SYP-Invest Oy	121,000	1.9
Tehdaspuu Oy	112,000	1.8
Aamulehti Group	112,000	1.8
Tapiola Group	112,000	1.8
Pons Brevis Oy	112,000	1.8
Kone Corporation	107,000	1.7
Union Bank of Finland	92,480	1.5
Finnish Customer Finance	80,000	1.3
Investa Oy	79,600	1.3
OKOBANK	78,686	1.2
Investment Fund OP-Metsä	67,000	1.1
Investment Fund Diana-Osake	59,520	0.9
Investment Fund Kansallis-Metsä	50,400	0.8
Salama Life Assurance Company Ltd	50,000	0.8
Unitas Ltd	48,580	0.8
Others	1,841,603	29.1
Total	6,317,500	

## MARKET CAPITALIZATION OF SHARES, FIM MILL.



11

### Bond loans with warrants and convertible bonds

On the basis of the bond loan with warrants with a nominal value of FIM 50,000 directed to the Management Group of the company in 1993 a maximum of 100,000 new shares can be subscribed, which would increase the share capital by FIM 1,000,000 (1.6 % of the shares) during the years 1996 to 1998.

FIM 112,336 remains outstanding of the convertible note loan directed to the personnel in 1989. On the basis of this, a maximum of 8,260 new shares can be subscribed and the share capital raised by FIM 82,600 (0.1 % of the shares) in 1995.

### Share issue authorization for the Board of Directors

The General Meeting of Shareholders held on 24.3.1994 granted the Board of Directors authorization to decide on a share issue, a convertible note issue, and/or a bond loan with warrants. The authorization is valid until 23.3.1995. On the basis of the authorization the share capital can be raised by a maximum of FIM 9,000,000.

### Dividend proposal

The Board of Directors proposes a dividend of FIM 2.60 per share for the year 1994 except for the shares that have

been subscribed on the basis of the convertible note issue in 1994. The dividend approved by the General Meeting is payable from 27.3.1995.

### General Meeting of Shareholders

Tietotehdas General Meeting of Shareholders will be held on Thursday 16 March 1995 at 5 p.m. at the Tietotehdas office, Kutojantie 10, Espoo, Finland.

A shareholder wishing to attend the meeting shall notify the company no later than 13 March 1995 at 4 p.m. either in writing to

Tietotehdas Oy  
Sirpa Salo  
P.O.Box 33, 02631 Espoo, Finland  
or by phone +358 0 526 2203.

Shareholders registered in the Central Share Register of Finland by the record date which is 6 March 1995 are entitled to attend the meeting.

### Interim Reports 1995

Tietotehdas publishes three interim reports in 1995. The first report will be published on Wednesday 10.5.1995, the second during week 34, and the third during week 46.

▲ In the picture from the left: Juha Kolari, Pekka Ekman, Ari Kaukelin, Jarmo Ahlström, Juhani Strömberg, Martti Mustakallio, Jari Aho, Ilkka Meriläinen, Kari Korhonen, Olavi Östman, Heikki Ristimäki, Lea Valkeajärvi and Juha Harakka. The group is preparing the design of a communication and groupware infrastructure called "TT Information Highway" for the Tietotehdas Group.

# Renewal as Success Factor

**Information technology is becoming a more mature and concentrated line of business. Both the need of customers to benefit more from information technology and the technical development of information technology itself**

**contribute to this change. Success in an international environment requires of an IT company consistent and continuous investments in renewal. In the Tietotehdas Group these change factors play a prominent role.**

At the extreme ends of the development of the information technology sector there are, on one hand, micro-computers and the mass market of software designed for them and, at the other extreme, the still mostly local markets offering services based on the needs of the customer. Between them, a market with more versatile network services and expertise in narrow sectors of specialization is developing and rapidly becoming more international. The prime movers are the internationalization of the customers and the need to profit from the scale factors of suppliers.

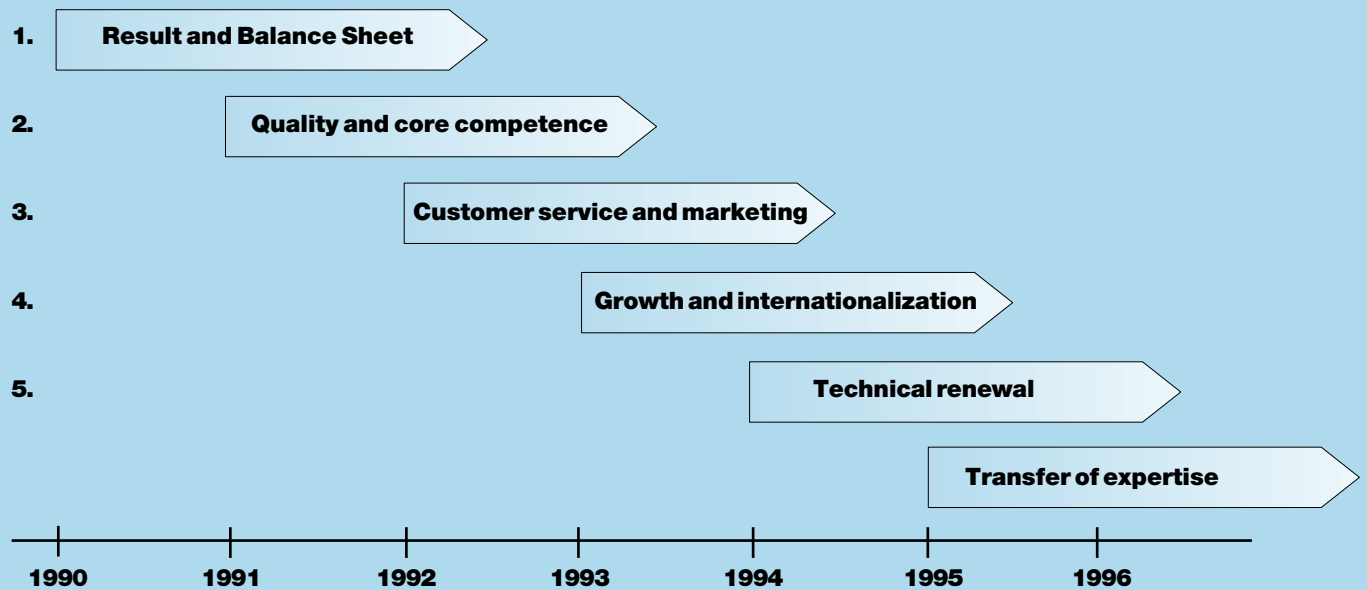
## **Dependence on information technology grows**

The dependence of the customers on information technology is growing. Concentration on the customer's own line of business leads to the outsourcing of information technology to service companies. Customers establish strategic alliances with expert organizations and build new service models together with them. The versatility of the information technology and information management of the clientele is emphasized. In addition to day-to-day operations, customers have to

wind up old systems and build new ones. In an environment like this, the central success factor is the ability to set the right targets and to master the transition to new information technology solutions.

The speed of the technological development of information technology is also accelerating. The local area networks of companies are being expanded and joined with one another. The manner of building information systems is changing. More and more often, systems develop on the basis of combined local area networks and ready, international work station software. This technological development

## FOCUS OF TIETOTEHDAS DEVELOPMENT IN THE 1990'S



is to a great extent crystallized into the continuous growth of the client-server technology.

### Client-server technology emerges

The great versatility of the client-server technology can also be seen within the Tietotehdas Group. The middle-ware programme Client/Server Triangle developed by Totus Oy, which belongs to the Financial Systems Division, integrates the graphical applications of intelligent work stations with the transaction processing services and data bases of mainframe environments. The distribution network of the product covers for example the U.S. and Canada.

Systems with map-based interfaces are another example of the development of the client-server technology. In these Geographic Information Systems the user exploits data connected with a geographical location with the aid of an underlying map on the screen. These systems are one of the major development areas of the Trade and Services Division. The international nature and importance of these operations can be seen in the fact that the company has received research financing from the European Union for the introduction of development tools based on this new technology in an extensive customer project.

One of the development targets of the Data Centre has been the so-called "server hotel", which collects the serv-

ers of the customers to the same location, and the overall management of local area networks and work station configurations. The Data Centre is responsible for the operating environments of its customers regardless of their physical location.

Within personnel administration, client-server technology can be found in the new KAPPA software designed for the personnel administration of large enterprises. This product is used for the management of the professional development of personnel.

### New industry-specific technology

The most important single development project of the TT-Carelcomp Group was the new version of the mill system Control CC for forest industry and its new technology base, which was developed during a large customer project to Sachsen Papier Eilenburg. TT-Carelcomp developed tools based on the neuro net technology for the quality management of paper and board mills in cooperation with the Technology Development Centre (TEKES) and the University of Technology in Lappeenranta. The research project is a world pioneer, and the new tools are already being used in production. Another example of industry-specific vanguard technologies is the overall management and optimization tool for timber purchases that

TT-Carelcomp has developed together with the Research Centre of Finland (VTT).

Smart card technology is another excellent example of a new, rapidly developing area. The Financial Systems Division takes part in this development by participating in the design of the information technology base of a new AVANT card cash system. The AVANT system is a general, open and cost-effective solution that can be used as means of payments instead of coins.

### Effective interaction

Due to the expansion and specialization of the Tietotehdas Group, concentrations of expertise in new technologies and product areas are being built in different parts of the organization. The above mentioned technologies are examples of such areas. The ability to exploit these areas of expertise is a competitive factor that is becoming more and more important for the entire company. This requires a well-functioning cooperation culture and internal operations based on interaction. The Tietotehdas Group develops its ability to transfer expertise within the Group by concentrating resources on a project called TT-Information Highway during the years 1995 and 1996. The objective is to create an extensive Windows-based electronic mail and team software base for the entire Group.

▲ Assessment of Yhdystieto Oy's VALMA project is beginning. In the picture from left Jari Pohjanen, Aaro Mutikainen, Tiina Kurki, Maarit Ronkainen, Teemu Virri and Ulla-Maija Keränen.

# Professional Services

The professional services of Tietotehdas comprise industry-specific services for banks and insurance companies, trade and the public sector, industrial companies and the energy sector. The service products cover consulting related to information technology, the development of systems, and the tailoring of software packages according to the needs of the customers. Other services offered are the integration of systems and the maintenance of existing systems.

Professional services are based on as close cooperation with the customers as possible. Thanks to Tietotehdas, the customer does not any longer have to build or maintain its data systems. It can, instead, concentrate all

its resources on its actual business operations. Tietotehdas becomes the strategic partner of the customer that will take over the responsibility for the customer's information technology.

The professional services of Tietotehdas are divided into three Divisions on the basis of the customer sector. The Financial Systems Division concentrates on data systems for the banking, finance and insurance sectors, the Trade and Services Division on trade, state and other public administration and TT-Carelcomp (previously the Industrial Systems Division) on industrial companies, especially forest and metal industries.

## **Financial Systems Division**

The Financial Systems Division is the clear market leader among IT companies offering expert services to Finnish banks, insurance companies and the securities market.

The objective of the Division is to improve the competitive position of its customers by offering them information technology solutions best suited for their operations. These solutions can be based on the new data systems of the Division and the integration of systems into entities that cover all the needs of the customer. Another solution can be the outsourcing of IT services or the development of a completely new model of operation designed in cooperation between the customer and the Division.

The operations of the Division are based on strategic partnership with the customer. A good example of this is the new model for managing the data systems of banks and insurance companies introduced in 1994. According to the model, the customer is responsible for the strategy of the cooperation and Tietotehdas for the actual operations. The first company to adopt this model was Yhdystieto Oy, a joint venture between Tietotehdas and the Union Bank of Finland.

In addition to the Finnish market, the Financial Systems Division is expanding its operations in Scandinavia and other areas close to Finland. The Division operates in Sweden, all the Baltic countries and Russia. In the Baltic countries the Division has a strong foothold as a supplier of banking systems.

The expertise of the Division has been exported to a total of 15 countries in connection with project deliveries. The treasury and risk management system of the Division has up to now been delivered to banks and large international companies in seven countries.

The positive development of the Division's operations is expected to continue as it fulfills the changing needs of its customers. The demand for services will increase as the customers renew their operations. Examples of this development are the common ATM system of Finnish banks that was developed during the year 1994 and the transfer of the responsibility for many systems for the insurance sector to the Financial Systems Division of Tietotehdas.

## **TT-Carelcomp**

The market area of TT-Carelcomp is Finland, other Scandinavian countries and Western Europe. The customers of the Division operate within forest industry, base metal production, chemical industry, engineering, electronic industry, and the energy sector. The strongest areas of expertise of the Division are integrated data systems that cover all the operative functions of a factory and their overall deliveries.

The objective of the TT-Carelcomp Group is to promote the effective exploitation of industrial investments. The strategy is to grow and become more international according to the needs of the selected customers. The Division wishes to establish strategic alliances in which it has the overall responsibility for the building and operation of the data system and information technology. The Division

has operations in 35 countries. The internationalization of operations is almost entirely based on on-site services for Finnish companies with operations abroad.

The operations of TT-Carelcomp are founded on the forest industry, for which it has designed data systems since the middle of the 1980's. This decade has seen the introduction of other industries as well. At the end of 1994 the Division was reorganized into separate companies based on customer specialization.

The main reason for the new industry-specific organization is the extensive growth of the Division's operations as a result of corporate acquisitions. The TT-Carelcomp Group acquired the Millway Group of Valmet Automation and Dativo Oy in 1994, and Procons Data Oy at the beginning of 1995. These acquisitions expanded the operations of the Group to systems for the energy sector and manu-



facturing industries and consolidated its expertise in information technology considerably.

An area where TT-Carelcomp is expanding its operations internationally is the wood processing industry, where positive development is expected in Scandinavia and Central Europe. The strong expansion of the Division's operations is expected to continue, as industrial investments are increasing in most of its customer sectors.

- ▲ *Arja Virkki from Tietotehdas is training employees of Neste in the use of the customer and order management system of Neste's marketing companies. The employees of Neste in the picture are from the left Paula Hakulinen, Markku Karppanen, Kristiina Innanmaa and Veijo Molkka.*

### Trade and Services

The market area of the Trade and Services Division is Finland. The customers are wholesale and retail companies and large organizations in the public sector. The clientele also comprises organizations offering basic social services.

The strategy of the Division is to concentrate on close cooperation with the selected customers. With this strategy the Division has become the market leader within data system services for the trade and a major supplier for the public sector.

Within trade, the strength of the Division lies in its ability to offer its customers an extensive external data system service with the aid of which the customers can improve the effi-

ciency of their own operations. The development areas on which the Division concentrates are logistics and customer applications for the management of trade chains.

The growth of the Division is based on the need of its customers to improve their cost efficiency and concentrate on their own business by giving the management of their data systems over to an external supplier. As a result of this, the Trade and Services Division has taken over from its customers entire data processing departments, including the staff and responsibility for the further development of the systems.

Within public administration, the strategy of the Division is to offer new and innovative system solutions for areas where new data systems mean

considerable benefits for the customer. One example of this is the EURODOC information management system developed by the Division. With this system all government departments can use the existing document material related to the European Union.

The good market situation of the Division is expected to continue. Within trade, data systems are an important means of creating a competitive advantage. Within public administration, the demand for new advanced data systems is growing as the information that should be managed grows and becomes more international.

# Processing Services

The Data Centre, which produces Tietotehdas processing services, offers its customers the operating, output and network services needed for the day-to-day operation of their data systems. Processing services are independent of the customer sector. The Data Centre is the largest data service supplier in Finland.

Operating services cover the actual data processing operations of the customer from one single solution to extensive data systems. The hardware can be the property of the customer or the Data Centre.

Output services comprise the output of the data that has been produced during computer processing on microfilm or paper. The services also cover material for direct marketing and electronic printing, which means that a

publication is printed directly from a data file without the traditional stages of printing.

Network services cover the electronic connections and support services that the customers need when they use electronic data interchange (EDI), electronic mail and commercial databanks. The Data Centre also offers network control and administration services for LAN-based customer environments.

The increasing responsibility for the management of the customer's day-to-day operations requires constant improvement of quality. The Data Centre has received a quality certification according to the ISO 9001 standard for its entire operations.

## Lively demand for operating services continues

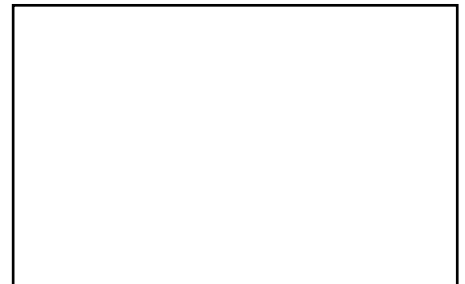
The major part of the Division's net sales comes from operating services, and this share of the business also grew the most in 1994. During the year the Data Centre concluded several major agreements on operating services. For example the EDP service company of PT-yhtymä called Avancer transferred the production of the operating service for centralized systems to Tietotehdas. Similar decisions were made by Rautakirja and Isku.

In the future, the operating services of decentralized data systems are also expected to grow. The objective of the Data Centre is to be a pioneer in the overall management of decentralized systems as well.

As the general economic situation in the country improves, the share of output and network services is also expected to grow more rapidly than during the past few years.

The competitive position of the Data Centre is based on the advanced automation of the operating functions, which further improves the cost efficiency and quality of the services. The largest savings can be achieved when large amounts of data are handled.

The customers often see operating services as a possibility to free resources for their actual business operations. In many companies the outsourcing of data processing operations has improved the result considerably, as the company has been able to concentrate its core resources on the development of its actual business operations.





- ▲ Antero Raudas, Marjut Jäderholm and Carita Juslin are handling letters printed for a campaign with which the Tax Payers' Association recruits new members.

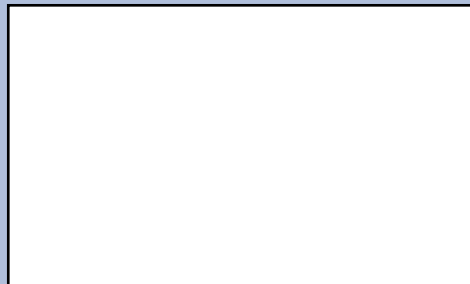
### **Concentration of the sector**

A clear restructuring of the Finnish data processing service sector has taken place during the past few years. This development has consolidated the position of the Tietotehdas Data Centre, as the number of large companies offering mainframe services has decreased.

In the future, this concentration will result in even tougher competition. When the EDP operations of a company have been outsourced, the ability of the producer of the service to meet the changing needs of the customer becomes crucial.

The Data Centre of Tietotehdas has a strong position in this development. It can take over the responsibility for the entire data processing operations of the customer, from the maintenance of networks and data communication to highly advanced output services.

The business operations of the Data Centre are expected to develop positively in the near future. The demand for the services is growing, and as investments in information technology increase, the outsourcing of processing services is also expected to become more common.



# Software Product Services

The software product services of Tietotehdas cover the development and maintenance of data systems for the different operations within a customer organization and expert service related to these operations and systems.

Software product services comprise the Accounting and Finance Systems, Personnel Systems, and Software

Tools Divisions and a business unit called TT-Microtrading. These sell services for financial and personnel administration and software tools. The data systems are independent of the customer sector, but their application requires a thorough knowledge of the special needs of the functions in question.

## Accounting and Finance Systems

The accounting and finance systems offered by the Division are Meritt Eco+ and Terttu. Meritt Eco+ is geared for the financial management of large companies and groups of companies. The Terttu products are designed for accounting firms, small and medium-sized enterprises, and associations. In addition to financial management, the Terttu family comprises systems for sales and materials management and for organization and student administration.

The Division offers its customers software packages for the financial management of a company and complementary services like training, consulting, guidance, customer-based tailoring, installation of software and

systems, maintenance and further development.

In connection with an overall delivery, the Division also offers subcontracting services, which comprise for example bank connection programmes, support systems for decision-making, and hardware and related support. The Division's objective is to master the customer's business and the financial management of the customer sector in the best possible way.

The Division wants to become the leading systems supplier for accounting and finance systems in Finland. During the year 1994 the growth of its operations was rapid and its market position was consolidated. The number of customers is over 2,000.

The increasing demand for accounting and finance systems is based on

the need of companies to get more up-to-date and extensive information about their business for the supervision of operations. In the development of its systems, the Division has above all paid attention to the efficiency of cost accounting and flexibility. Meritt Eco+ and Terttu take into consideration the needs of groups, companies and units as well as individual users.

The favourable development of the Accounting and Finance Systems Division is expected to continue. The demand for its systems increased considerably during 1994, and further growth is foreseen.

▲ *Sirpa Kuronen (left) and Mirja Venäläinen from TT-Personnel Systems Oy instruct Kerstin Först from Instrumentarium Oy in the use of the Personnel Chief software.*

## Personnel Systems

The operations of Tietotehdas Personnel Systems Division are divided into TT-Personnel Systems Oy in Finland and Datema PA AB in Sweden.

Among the strongest areas of expertise of the Division are payroll administration systems. TT-Personnel Systems is the Finnish market leader in this area for the private sector. The wages and salaries of about 300,000 persons are calculated monthly with the software and services of TT-Personnel Systems. The clientele comprises approximately 400 medium-sized and large enterprises.

In Sweden the Personnel Systems Division has about 1,350 customers, and the wages and salaries of about 330,000 employees are calculated with the systems of the Division. The larger number of customers in Swe-

den is due to the fact that the product supply of Datema PA also comprises a PC-based payroll administration system for small companies. Datema PA is the second largest company in its sector in Sweden.

The market for personnel administration systems follows closely the business operations of the customers. The high unemployment figures of the past years have influenced the payroll administration operations especially in Finland. Notwithstanding, TT-Personnel Systems has been able to maintain and even consolidate its position as the leading supplier in the market. The willingness of customers to turn their payroll administration over to external suppliers has also contributed to the positive development. The popularity of full service packages has grown.

In addition to payroll systems, personnel administration also comprises the administration of personnel resources. The importance of systems and services supporting these functions will be emphasized in the near future. In October 1994, Datema PA acquired a business unit concentrating on personnel administration. Its KAPPA software, which has been built for the Windows environment, offers the customers advanced tools for personnel administration. In the future, TT-Personnel Systems and Datema PA will cooperate closely for expanding the market of the KAPPA software. The demand for the services of the Division is expected to grow in the near future.

## Software Tools

The Software Tools Division imports software tools for IT professionals, integrates and administers information systems and networks, and markets software products and services related to these.

At the beginning of 1995 the Division consisted of six subsidiaries. TT-Technology AB and TT-Software Trading AB operate in Sweden and TT-Technology Oy and TT-Professional Solutions Oy in Finland. There are also separate TT-Technology companies in Norway and Denmark.

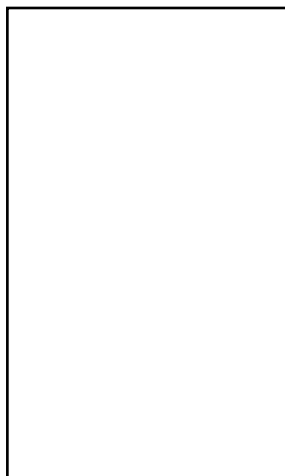
The market area of the Division is Scandinavia. The volume of the oper-

ations is largest in Sweden, where the clientele comprises many government offices and industrial companies. In Finland the Division offers services for state administration, industrial companies and the banking sector. In Denmark the national defence establishment is among the customers of the Division. In Norway the majority of the products are delivered to industrial companies and state administration.

The large number of customer sectors is due to the fact that the products and services of the Division are mainly used by IT professionals for the administration and development of different kinds of data systems. The

market for the Division's products is wide, and during the past few years especially the demand for services requiring specialist expertise has increased.

The growth of the market of the Software Tools Division is expected to continue in the near future. The Division already has over 600 customers in Scandinavia, which creates a good basis for the expansion of services. During the coming years, one of the major challenges of service development will be the increasing demand resulting from the expansion of the client/server architecture.



## TT-Microtrading Oy

TT-Microtrading imports software packages and add-on hardware for the Windows environment. The strategy of the company is to concentrate on importing well-known products and the building of distribution channels in cooperation with the distributors.

The development of TT-Microtrading in 1994 was clearly more rapid than the general development in the market. This is the result of the company's strategy, according to which it only concentrates on a few products,

but builds a superior service and product support around them. This requires the right choice of products and consistent work, so that the company can learn to know the features of the products it offers thoroughly.

The products of TT-Microtrading cover for example Microsoft, Novell and Corel software, Creative Labs multimedia products, and Seagate hard disks. The company also sells backup systems, which is a rapidly growing area. The positive development of TT-Microtrading is expected to continue.

# Report of the Board of Directors

## Tietotehdas development

The demand for information technology services started to grow towards the end of 1993, especially among industrial companies. As a result of the gradual economic upswing in 1994 this growth spread to other sectors of the economy as well, eventually to trade but only in the second half of the year. On the other hand, the streamlining of customer operations because of the recession caused a strong demand for Tietotehdas services during the year 1994.

The Value-added Taxation Act that came into force in Finland in June meant that a major part of the Tietotehdas operations, which had previously been exempt from taxes, became subject to taxation. Sales to the bank and insurance sectors remained exempt from tax to the end of the year. The value-added tax did not significantly influence the net sales or profitability of Tietotehdas, but it has contributed to the design of new models of operation for customers in the bank and insurance sector.

The market position of industry-specific professional services in Finland was consolidated especially in the insurance and energy sectors. The position in processing and manufacturing industries is becoming stronger. In other sectors Tietotehdas has been able to maintain its market position. The geographical market area was expanded to include the Swedish forest industry.

There were no major changes in the market position of processing services or software product services, which are independent of the customer sector. The potential of personnel administration systems in Sweden was expanded towards

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## Changes in Group Structure

	Share %	Net sales	N:r of personnel	Date	Division
<b>Corporate acquisitions</b>					
Suunnittelu ja Laskenta Oy	100	FIM 24	25	1.1.1994	Financial Systems
Dativo Oy	60	FIM 55	117	1.6.1994	TT-Carecomp
Svenska Lön AB	100	FIM 4	4	1.11.1994	Personnel Systems
Procons Data Oy	100	FIM 73	110	1.1.1995	TT-Carecomp
<b>Acquisitions of business operations</b>					
Salcom Finland Oy		FIM 20	15	1.1.1994	Software Tools
Payroll operations and personnel administration of Cap Programator AB		FIM 7	11	1.11.1994	Personnel Systems
<b>Increase in ownership</b>					
Datacity Information Systems Oy	from 56.7 to 68.3			1.1.1994	Data Centre
Carecomp Ltd	from 80 to 100			2.12.1994	TT-Carecomp
Financial Software Technology Oy	from 71.5 to 88			30.12.1994	Financial Systems
<b>New companies</b>					
Carecomp Sverige AB	90.1			1.8.1994	TT-Carecomp
Carecomp GmbH	100			1.10.1994	TT-Carecomp
<b>Subsidiaries sold</b>					
TT-Timecon Oy	51	FIM 15	17	22.2.1994	Personnel Systems
Rollfilm AB/operations of Datema Cards AB	from 100 to 29	FIM 6	11	1.12.1994	Personnel Systems
<b>Mergers</b>					
TT-Software Trading Oy	100	dormant			

the end of the year through a consolidation of product rights. A new three-year agreement on the representation of Ingres products was negotiated with Computer Associates, as ASK-Ingres Corporation had become part of this company.

### **Development of Group structure after the fiscal period**

The Financial Systems Division was reorganized at the turn of 1995. The operative organization of the Division is divided into three sectors: domestic customer alliances, integration units that represent professional services and the organization abroad.

As part of the reorganization, the entire business operations of Financial Software Technology Oy were sold to Tietotehdas Oy at the end of 1994.

At the beginning of 1995 Tietotehdas, together with the Union Bank of Finland, launched a new model of operation within information technology services offered to banks. This was done through a de-merger by moving operations to a new associated company called Yhdystieto Oy. The net sales of the company are estimated at FIM 90 million, and the number of staff is around 180. Almost 120 of these have moved from Tietotehdas. Tietotehdas owns 60 per cent of the shares of the company, which entitles it to 40 per cent of the votes.

On 1.1.1995 the Industrial Systems Division introduced a new organization and a new name, TT-Carelcomp. The organization was built to correspond with the customer sectors, and at the same time the profit centres were made into independent limited companies through de-mergers: Carelcomp Forest Oy (new company), Carelcomp Base Industry Oy (new company), Carelcomp International Oy (formerly Carelcomp Oy). No changes took place in the foreign subsidiaries or Dativo Oy. TT-Carelcomp also includes Procons Data Oy. In addition, a new associated company called Corintec Oy, of which Tietotehdas owns 45 per cent, has begun operation. The company converts high-technology innovations into commercial products.

The name of the Software Trading Division was changed. As of 1.1.1995 the name became Software Tools. The company name Ingres was also changed. The new name TT-Technology identifies the company as part of the Tietotehdas Group and supports the resale of the open software product range.

### **Net sales and result**

The increasing demand was clearly reflected in the result. This was due to cost-cutting programs in previous years, improved operational efficiency, the withdrawal from businesses which have not been profitable or have not been part of the Group's core business. The integration of acquisitions into the existing organization was successful. Corporate acquisitions had a positive impact on the result development.

Consolidated net sales grew by 18 per cent to FIM 979.8 million. Over one half of the growth was due to corporate acquisitions made at the end of 1993 and during the period under review and almost one third to the fact that Carelcomp Oy had become part of the Group during the course of 1993. Other income from operations included incidental sales profits of FIM 10.1 million due to the sale of property and business operations.

The operating profit before depreciation grew by 46 per cent to FIM 139.3 million. Depreciation increased by 30 per cent due to corporate acquisitions and associated goodwill. Profitability in terms of operating profit improved from 4.2 per cent on net sales last year to 6.2 per cent. The net of financial income and expenses excluding the share of the results in associated companies was FIM -1.5 million, which includes a depreciation of FIM 4.2 million on shares in real estate companies. Compared with the previous year, the net financial income and expenses were weakened. The main reasons were lower income from short-term investments, repayment of loans and lower interest rates. There were no extraordinary items during the financial period. The profit before appropriations and taxes was FIM 63.3 million or 6.5 per cent of net sales (last year FIM 46.0 million or 5.5% of net sales).

The profit per share was FIM 7.50, a 21 per cent improvement on the previous year.

### Financial position

According to the Financing Report, funds generated from operations totalled FIM 125 million. Long-term liabilities were reduced by FIM 124 million, and the major single loan redemption was the warrant bond loan of 1987. The acquired companies increased long-term liabilities by FIM 18 million. Tietotehdas borrowed a total of FIM 16.8 million from its Pension Fund in 1994 as part of its liquidity planning. Investments were financed by funds generated from operations.

#### Net sales by Division, FIM mill.

	1994	Share %	1993	Share %
Financial Systems	169.5	17.3	141.0	17.0
Trade and Services	79.4	8.1	65.2	7.9
TT-Carelcomp	224.1	22.9	132.7	16.0
Data Centre	217.3	22.2	187.3	22.6
Accounting and Finance Systems	38.5	3.9	33.2	4.0
Personnel Systems	106.1	10.8	134.9	16.3
Trading Operations	200.4	20.5	170.8	20.6
Corporate functions	0.2	0.0	0.3	0.0
Internal net sales	-55.7	-5.7	-36.5	-4.4
Total	979.8		828.9	

#### Net sales by country, FIM mill.

Finland	809.9	82.6	660.0	79.6
Sweden	101.8	10.4	117.8	14.2
Norway	9.7	1.3	18.8	2.3
Denmark	12.9	1.3	14.1	1.7
Belgium	6.6	0.6	2.7	0.3
U.K.	2.1	0.2	2.3	0.3
Germany	23.0	2.3	4.2	0.5
Baltic countries and Russia	8.1	0.8	6.2	0.8
Others	5.7	0.5	2.8	0.3
Total	979.8		828.9	

### Personnel by Division, 31.12.

	1994	Share %	1993	Share %
Financial Systems	350	20	315	19
Trade and Services	201	11	196	12
TT-Carelcomp	462	27	365	22
Data Centre	275	16	314	19
Accounting and Finance Systems	83	5	86	5
Personnel Systems	181	10	209	12
Trading Operations	132	8	136	8
Corporate functions	56	3	58	3
Total	1,740		1,679	

### Number of personnel by country, 31.12.

Finland	1,551	89	1,486	88
Sweden	150	9	156	9
Norway	8	0	15	1
Denmark	15	1	13	1
Netherlands	1	0	1	0
Belgium	5	0	4	0
U.K.	7	0	4	0
Germany	3	0	0	0
Total	1,740		1,679	

The repayment of the warrant bond loan and the positive result development raised the equity ratio of the Group from 47.0 per cent in 1993 to 53.8 per cent. The gearing ratio, i.e. the relation between net debts and shareholders' equity, was -16.5 per cent (3.6%).

The liquidity of the Group remained good. Cash funds totalled FIM 157.9 million at the year end.

### Investments

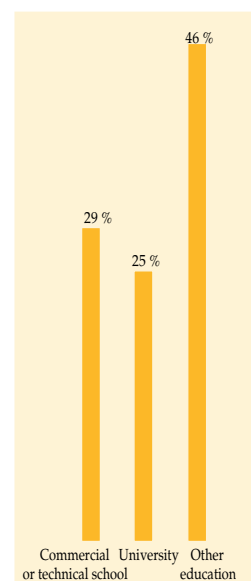
Direct investment in fixed assets and other long-term assets totalled FIM 83.5 million (FIM 107.4 million). Investment in data processing equipment totalled FIM 40.0 million (28.7 million). FIM 16.6 million were invested to purchase shares in subsidiaries.

### Development

During the past few years the Tietotehdas Group has gone through extensive restructuring with a major focus on profit development. During the period under review, the Group added particular emphasis on the renewal of its business operations, which is considered to be a critical success factor. The importance of this development is reflected in the appointment of Mr Juhani Strömberg, Doctor of Technology, as General Manager, Technology and member of the Management Team, and from 1.1.1995 as General Manager, Research and Development of the Tietotehdas Group.

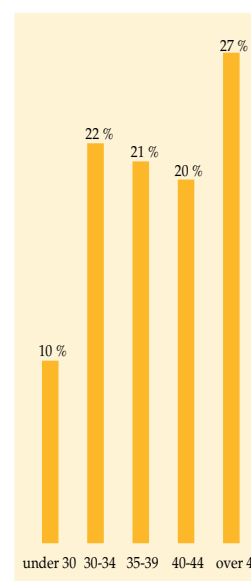
The renewal of the Group does not only manifest itself in the development of products and procedures but also in training programs and addition of expertise through recruitment, the conclusion of agent agreements and through

### BASIC EDUCATION LEVEL OF PERSONNEL 1994



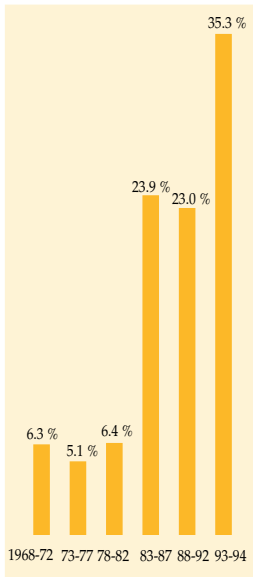
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### PERSONNEL BREAKDOWN BY AGE 1994



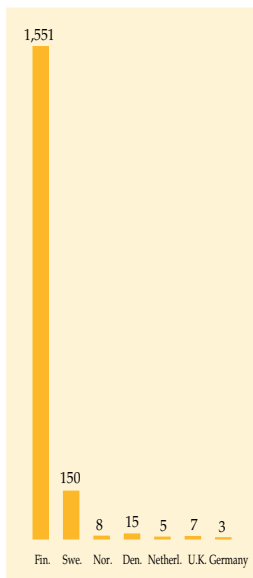


**PERSONNEL BY YEAR OF EMPLOYMENT**



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**PERSONNEL BY COUNTRY, 1994**



acquisitions of companies and business operations. A considerable part of the renewal takes place during customer projects. In practice this means the maintenance and development of appropriate and productive staffing of the organization. The direct and indirect costs related to this activity are charged to the income statement each year.

A development project concerning the whole Group was launched towards the end of the year. Its objective is to improve the transfer of expertise between the different units within the Tietotehdas Group by means of electronic mail and team software. The main part of the investments in this project will be made during the years 1995 and 1996.

There were no major changes in the input of research and product development in the divisions and profit centres as compared with the previous year. The development efforts concentrated on client-server technology and customer-specific applications. The Group's own products and procedures were renewed to reflect the latest technological development.

**Personnel**

The increasing demand improved the employment situation in most of the units, and especially TT-Carelcomp started to employ new staff. The importance of the transfer and enhancement of expertise and the acquisition of entirely new expertise increased.

During the year training programmes designed for profit centre management and middle management were carried out. These programmes aimed at the development of internationalization and management skills. Both categories involved about 20 persons, and almost all the Divisions were represented. Similar programmes will be organized in 1995.

A total of 1.8 per cent of the working time was used for the training of the staff.

In the autumn, a campaign for the physical well-being of the whole staff was launched, and it will continue during the year 1995.

During the financial period the Group employed an average of 1,740 persons, and at the close of the year the figure was the same. In Finland the number of personnel was 1,551 and in the other countries altogether 189. The number of staff employed by the parent company was 827 on average and 807 at the close of the period. Information concerning wages and salaries has been presented in the Notes to the Financial Statements.

The average age of the staff was 39.0 years. The members of the staff had been employed by the Group 6.7 years on average.

**Outlook for 1995**

The investments of the export industry, which increased clearly during the year 1994, are expected to continue to grow in 1995 in all the Nordic countries. Investments in information technology have also started to increase in the service sectors. The investments are accelerated by both the pressure of competition and the launching of development projects that have stood still during the recession. The net sales of Tietotehdas will grow in 1995 both as a result of increasing demand and the corporate acquisitions made last year.

A controlled growth will once more become one of the central success factors of the sector. The concentration of Tietotehdas operations on a few strong areas of expertise, which has continued during several years, will improve the preconditions of well-balanced growth and of a positive result development. The result of the year 1995 is expected to develop favourably on the whole.

# Accounting Principles

## Consolidated Financial Statements

Included in the consolidated financial statement are the parent company Tietotehdas Oy and all those subsidiaries in which the parent company's direct or indirect holding exceeds 50 % of the voting power of the shares.

The Income Statement items of companies that have been merged or wound up during the financial period have been included in the consolidated Income Statement.

All associated companies except for real estate companies have been consolidated according to the equity method. The profit share in associated companies in proportion to ownership is presented as a separate entry in financial items. The book values of the shares have been presented in the Notes to the Financial Statements.

All inter-group transactions have been eliminated in consolidation.

Inter-group shareholdings have been eliminated using the acquisition cost method, where only profit arising from the subsidiaries' business transactions after the acquisition date is included in consolidated equity. The item arising from the elimination of subsidiary acquisition costs is considered as goodwill, which is depreciated over five or ten years in the Group. In the elimination of inter-group shareholdings the equity at the time of purchase is increased by the appropriations and reduced by the deferred tax liability.

Internal dividends and non-realized margins on inventories and fixed assets have been excluded from the result.

In the Balance Sheet inter-group receivables and liabilities have been eliminated from the appropriate Balance Sheet items.

In the Balance Sheet appropriations have been divided into deferred tax liability and shareholders' equity. The change in the deferred tax liability is included in the taxes for the period. The Income Statement and Balance Sheet for the previous year have been altered correspondingly.

Minority interest has been separated from consolidated shareholders' equity, appropriations, and result, and entered as a separate item.

The fiscal period of all Group companies is the calendar year.

## Foreign Currency Items

Foreign currency transactions are booked at the rate of the transaction day. Foreign currency items current at the end of the financial period are valued at the exchange rates of the balance sheet date. In the consolidated financial statements the income statements of foreign subsidiaries are converted into Finnmarks by using the average annual rates calculated on the basis of the buying rates at the end of each month. The Balance Sheets are converted by using the Bank of Finland's buying rate on the balance sheet date.

Translation differences arising from the application of the acquisition cost method are shown as consolidated equity adjustment items and included in the item other changes in non-restricted equity in the Notes to the Financial Statements.

Exchange gains and losses are entered in the Income Statement except for shareholder loans of an equity nature, which are entered in the parent company Balance Sheet at their original values.

### **Recognition of Sales**

Tietotehdas sells professional and processing services, hardware and software programs. The revenue of services and goods is entered on the basis of customer billing, which generally coincides with physical delivery. Maintenance fees are generally entered over the agreement period and revenue from long-term projects on a percentage of completion -basis. Forecasted losses on projects are entered among expenses in full.

### **Pension Arrangements**

In Finland pensions are based both on pension insurances and Tietotehdas' own pension foundation and pension fund. Pension liabilities are fully covered.

### **Research and Development**

Research and development costs are expensed when incurred.

### **Extraordinary Items**

Essential items that do not belong to the business operations of the Group are included in extraordinary items. As the Group only operates in one sector, i.e. information technology, the items arising from the winding up of business operations are not regarded as extraordinary items, if they do not arise from operations wound up several years ago.

### **Valuation of Fixed Assets**

Depreciation has been charged according to plan and is based on the original acquisition cost and the economic useful lifespan of fixed assets. Losses on the sale of fixed assets have been entered as an increase of depreciation according to plan, and sales profits have been recorded as other income from operations.

The depreciation periods used within the Group	Years
Intangible assets (software)	3
Goodwill	
- in operations	3 - 5
- in subsidiaries	5 or 10
Other long-term assets	5
Buildings and structures	25 or 40
Data processing equipment	3 - 5
Transportation equipment	5
Other machinery and equipment	5 - 8
Other tangible assets	10

The depreciation periods of consolidated goodwill are decided separately in each case to correspond with their estimated, effective influence. In cases where the investment has been made in the Group's core operations and where the goodwill consists of several components, the depreciation period is 10 years.

### **Valuation of Inventories**

Inventories are valued at direct acquisition cost using the FIFO principle.

# Income Statements

	GROUP, FIM 1,000		PARENT COMPANY, FIM 1,000	
	1 Jan.-31 Dec. 1994	1 Jan.-31 Dec. 1993	1 Jan.-31 Dec. 1994	1 Jan.-31 Dec. 1993
Net sales	979,836	828,885	417,637	423,820
Other income from operations	14,779	3,264	9,869	2,517
Expenses				
Materials and supplies:				
Purchases during the period	168,620	130,559	21,699	28,856
Increase (-)/decrease (+) in inventories *)	+2,971	+3,583	-204	+549
External services	23,165	38,830	9,621	7,824
Personnel expenses (1)	424,475	366,457	199,518	207,467
Rents	97,545	92,994	61,615	61,802
Other expenses	138,502	104,469	62,151	51,450
	855,278	736,892	354,400	357,948
Operating profit before depreciation	139,337	95,257	73,106	68,389
Depreciation (2)				
Fixed assets and other long-term assets	66,329	54,943	46,801	39,636
Consolidated goodwill	12,351	5,711	-	-
Operating profit	60,657	34,603	26,305	28,753
Financial income and expenses (3)				
Dividend income from the Group	-	-	2,483	80
Other dividend income	469	216	1,270	2,016
Interest income from long-term investments	7,798	9,156	12,569	12,293
Interest income from short-term investments	4,569	11,584	4,930	10,158
Tax refunds from dividend	423	672	1,251	699
Other financial income	853	1,266	83	88
Share of associated companies' results	4,138	3,725	-	-
Interest expenses	-8,011	-12,127	-9,599	-13,785
Other financial expenses	-3,417	-3,104	-2,305	-2,509
Devaluation of investments	-4,204	-	-	-
	2,618	11,388	10,682	9,040
Profit before extraordinary items, appropriations and taxes	63,275	45,991	36,987	37,793
Extraordinary items				
Extraordinary income	-	-	-	-
Group contributions received	-	-	-	2,500
Extraordinary expenses	-	-	-	-
Group contributions given	-	-	-3,000	-15,500
	-	-	-3,000	-13,000
Profit before appropriations and taxes	63,275	45,991	33,987	24,793
Increase (-)/decrease (+) in depreciation difference (2) *	-	-	3,329	-3,042
Increase (-)/decrease (+) in optional reserves *	-	-	-	133
Direct taxes (4)	-14,601	-10,107	-9,722	-4,329
Profit for the period before minority interest	48,674	35,884	27,594	17,555
Minority interest in the result of the period *	-2,241	-864	-	-
Profit for the financial period	46,433	35,020	27,594	17,555

\* The items cannot be derived from the Balance Sheets directly due to e.g. mergers and changes in Group structure.

## Balance Sheets

	GROUP, FIM 1,000		PARENT COMPANY, FIM 1,000	
	31 Dec. 1994	31 Dec. 1993	31 Dec. 1994	31 Dec. 1993
<b>ASSETS</b>				
Fixed assets and other long-term investments (5,9,10)				
Intangible assets				
Intangible rights	12,713	10,681	5,174	7,619
Acquired goodwill	15,861	18,041	29,623	30,244
Consolidated goodwill	29,583	29,092	-	-
Other long-term assets	4,167	5,442	1,601	4,762
	62,324	63,256	36,398	42,625
Tangible assets				
Land	8,947	8,957	8,820	8,820
Buildings and structures	71,324	74,200	57,682	59,966
Machinery and equipment	86,343	84,364	60,395	66,915
Other tangible assets	732	813	587	708
	167,346	168,334	127,484	136,409
Other long-term investments				
Shares in group companies (11)	-	-	75,223	70,715
Shares in associated companies (12)	19,748	12,618	8,678	4,700
Other shares and securities (12)	5,558	5,497	3,963	4,005
Loans receivable (7,8)	25,379	29,441	74,915	75,245
Other investments	282	311	-	-
	50,967	47,867	162,779	154,665
	280,637	279,457	326,661	333,699
Inventories and financial assets				
Inventories				
Materials and supplies	15,284	16,704	1,273	3,700
Receivables (6,7,8)				
Accounts receivable - trade	129,493	113,792	35,489	52,361
Loans receivable	6,500	1,550	22,301	19,549
Accrued revenue and prepaid expenses	41,331	37,678	18,766	30,162
Group contribution receivables	-	-	-	2,500
Other receivables	735	687	-	-
	178,059	153,707	76,556	104,572
Cash on hand and at bank	157,852	156,190	140,176	137,322
	351,195	326,601	218,005	245,594
	631,832	606,058	544,666	579,293

	GROUP, FIM 1,000		PARENT COMPANY, FIM 1,000	
	31 Dec. 1994	31 Dec. 1993	31 Dec. 1994	31 Dec. 1993
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Shareholders' equity (13)				
Restricted equity				
Share capital	63,175	62,320	63,175	62,320
Restricted reserves	109,848	106,738	109,273	106,638
	173,023	169,058	172,448	168,958
Non-restricted equity				
Share of appropriations transferred to shareholders' equity	47,685	47,570	-	-
Retained earnings	47,803	23,450	52,464	45,260
Profit for the financial period	46,433	35,020	27,594	17,555
	141,921	106,040	80,058	62,815
	314,944	275,098	252,506	231,773
Minority interest	3,778	6,592	-	-
Appropriations and provisions (14)				
Accumulated depreciation difference	-	-	4,211	7,540
Optional reserves	-	-	58,716	58,716
Mandatory provisions	-	2,023	-	1,933
Liabilities				
Long-term liabilities (15,16)				
Bonds and debentures	50	96,418	50	96,418
Convertible bonds	112	1,276	112	1,276
Loans from financial institutions	3,350	7,806	2,060	4,040
Loans from pension funds	57,071	36,832	27,603	31,368
Deferred tax liability	18,215	20,214	-	-
Other long-term liabilities	2,261	7,281	2,000	1,713
Current amortization	-6,940	-101,414	-2,164	-100,191
	74,119	68,413	29,661	34,624
Current liabilities (7)				
Advances received	38,866	7,132	33,852	1,362
Accounts payable - trade	39,588	29,883	8,815	11,910
Accruals	150,181	105,946	63,763	56,094
Group contribution liabilities	-	-	2,100	13,788
Other current liabilities	10,356	110,971	91,042	161,553
	238,991	253,932	199,572	244,707
	313,110	322,345	229,233	279,331
	631,832	606,058	544,666	579,293

# Financing Report

	GROUP, FIM 1,000		PARENT COMPANY, FIM 1,000	
	1994	1993	1994	1993
Cash flow	125,113	94,613	68,479	59,715
Change in working capital				
Increase (-), decrease (+) in inventories	1,420	-676	2,427	-2,082
Increase (-), decrease (+) in current receivables	-24,352	-21,851	28,017	-31,692
Increase (+) in interest-free current liabilities	85,674	7,684	25,376	12,517
Increase (+), decrease (-) in reserves	-2,023	2,023	-1,933	1,933
	60,719	-12,820	53,887	-19,324
Cash flow from business operations	185,832	81,793	122,366	40,391
Investments				
Investments in fixed assets incl. purchases of subsidiary shares	-83,467	-107,433	-69,205	-99,814
Increase in fixed assets due to changes in Group structure, net	-14,921	-21,216	-	-
Sales of fixed assets	12,376	2,241	17,151	11,921
Elimination of the purchase of subsidiary shares during the year	16,552	43,074	-	-
New consolidated goodwill	-15,431	-15,636	-	-
	-84,891	-98,970	-52,054	-87,893
Cash flow before financial items	100,941	-17,177	70,312	-47,502
Financing				
Decrease (+), increase (-) in long-term receivables	4,091	7,561	330	-13,567
Increase (+) in long-term debts	16,800	23,069	17,850	22,732
Decrease (-) in long-term debts	-105,568	-62,866	-120,840	-58,102
Decrease (-), increase (+) in short-term debts	-6,141	-5,884	27,516	28,344
Dividends and donations	-10,419	-6,001	-10,351	-6,001
Share issue	3,490	37,458	3,490	37,458
	-97,747	-6,663	-82,005	10,864
Calculated decrease (-), increase (+) in liquid assets	3,194	-23,840	-11,693	-36,638
Adjustment items	-1,532	7,429	14,547 *	12,008 *
Decrease (-), increase (+) in liquid assets	1,662	-16,411	2,854	-24,630
Liquid assets 31.12.	157,852	156,190	140,176	137,322
Liquid assets 1.1.	-156,190	-172,601	-137,322	-161,952
	1,662	-16,411	2,854	-24,630

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The items in the Financing Report cannot be derived from the Balance Sheets directly due to e.g. new subsidiaries acquired and changes in exchange rates.

\*) Impact of merged companies

# Notes to the Financial Statements, FIM 1,000

	GROUP		PARENT COMPANY	
	1994	1993	1994	1993
The breakdown of net sales is found in the Report of the Board.				
<b>1. Personnel expenses (performance-based)</b>	Members of the Supervisory Board, Boards of Directors, Managing Directors and Deputy Managing Directors:			
- salaries	10,887	8,378	2,803	1,578
- commissions on profit	1,027	895	409	246
- fringe benefits	745	804	138	51
Other wages and salaries	317,097	271,904	151,015	158,564
Other fringe benefits	15,749	15,225	6,338	7,326
Pension costs	47,317	45,699	25,530	28,581
Other indirect employee costs	48,147	39,581	19,761	18,498
	440,969	382,486	205,994	214,844
Pension commitments on behalf of Management:				
- the Managing Director's retirement age is 60 years of age				
<b>2. Depreciation according to plan</b>	Intangible assets			
	8,675	6,979	4,842	4,283
	8,777	5,950	9,343	6,874
	12,351	5,711	-	-
	2,605	2,582	1,849	1,977
	2,908	2,671	2,284	2,283
	43,288	36,685	28,407	24,143
	76	76	76	76
	78,680	60,654	46,801	39,636
<b>Change in depreciation difference</b>			-3,329	3,042
Transferred to shareholders' equity after the deduction of deferred taxes on appropriations.				
	-3,927	3,467		
<b>3. Interest income and expenses</b>	Interest income from Group companies			
- on long-term investments			4,799	3,499
- on short-term investments			742	731
Interest expenses for Group companies			3,892	3,635
<b>4. Direct taxes</b>	- for the fiscal year			
	15,220	9,052	9,355	3,417
	374	1,213	368	912
	-993	-158	-	-
	14,601	10,107	9,723	4,329



	GROUP		PARENT COMPANY	
	1994	1993	1994	1993
<b>5. Intangible and tangible assets</b>	<b>Intangible assets</b>			
Acquisition costs 1.1.	135,194	98,623	84,261	51,005
Increases	45,092	37,328	12,314	34,013
Decreases	-9,303	-757	-8,570	-757
Acquisition costs 31.12.	170,983	135,194	88,005	84,261
Accumulated depreciation 31.12.	-108,659	-71,938	-51,607	-41,636
Book value 31.12.	62,324	63,256	36,398	42,625
	<b>Tangible assets</b>			
Acquisition costs 1.1.	329,117	271,299	273,328	239,612
Increases	97,278	75,493	33,833	37,417
Decreases	-37,316	-17,675	-35,316	-3,701
Acquisition costs 31.12.	389,079	329,117	271,845	273,328
Accumulated depreciation 31.12.	-221,733	-160,783	-144,361	-136,919
Book value 31.12.	167,346	168,334	127,484	136,409
<b>6. Accrued revenue</b>	Receivables that fall due after one year or later			
	426	1,103	-	976
<b>7. Receivables and payables, Group companies and associated companies</b>	Receivables from Group companies of which			
	-	-	78,138	73,464
- shareholder commitment and	-	-	5,576	5,576
- voluntary loan	-	-	6,397	6,397
Receivables from associated companies	2,286	2,246	229	314
Payables to Group companies	-	-	96,269	74,035
Payables to associated companies	41	212	41	20
<b>8. Loans to Group Management</b>	Loans to Group management			
	795	605	795	605
	The loans are in accordance with the general terms applicable to Group personnel.			
<b>9. Taxation values of the Finnish Group</b>	Land			
	12,546	12,546	12,546	12,546
Buildings	69,769	68,591	56,211	56,815
Shares and securities	Shares in Finnish subsidiaries			
	86,657	59,656	51,123	47,568
Other Finnish shares	15,471	15,310	15,038	14,474
	If no taxation value has been available, the book value has been used.			
<b>10. Fire insurance values of fixed assets</b>	Fire insurance values of fixed assets			
	507,868	503,440	336,324	403,011

**11. Subsidiary shares owned by the parent company**

	Number	Share %		Nominal value	Book value	Share of shareholders' equity	Profit/loss for the year
Carelcomp Ltd, U.K.	20,000	100.0	GBP	20	1,068	744	-705
Carelcomp N.V., Belgium	80	80.0	BEF	1,000	112	842	63
Carelcomp Oy, Finland	10,000	100.0		10,000	25,000	34,739	9,707
Datacity Information Systems Oy, Finland	970	68.3		1,940	2,963	3,494	925
Dativo Oy, Finland	3,900	60.0		3,900	7,112	2,585	6,266
Financial Software Technology Oy, Finland	36,650	88.0 *		3,665	6,510	2,675	5,528
Kiint. Oy Imatran Havurinne 3, Finland	30	100.0		15	15	11	-2
Multitema AB, Sweden	600	100.0	SEK	600	848	819	1
Progitur Oy, Finland	150	100.0		15	15	24	9
Scandinavian Financial Systems Eesti AS, Estonia	682	100.0	EEK	682	263	258	-
Suunnittelu ja Laskenta Oy, Finland	2,940	100.0		2,940	6,096	7,236	2,949
Tietotehdas Danmark ApS, Denmark	80	100.0	DKK	80	53	772	-253
Tietotehdas Sweden AB, Sweden	31,000	100.0	SEK	3,100	4,537	3,346	-266
Totus Oy, Finland	110	55.0		550	550	882	76
TT-Innovation Oy, Finland	300	100.0		300	300	1,062	150
TT-Microtrading Oy, Finland	15,000	100.0		1,500	4,496	8,283	800
TT-Professional Solution Oy, Finland	9,912	100.0		991	2,866	1,912	-408
TT System Professionals Oy, Finland	150	100.0		15	15	306	250
TT-Technology AS, Norway	115,000	100.0	NOK	1,150	4,895	1,717	-646
TT-Technology Oy, Finland	173,225	100.0		2,598	7,328	13,239	1,709
Dormant subsidiaries (6)					181		
* voting power 98.4 %					75,223		

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**Shares in Group companies owned by subsidiaries**

Carelcomp Base Industry Oy, Finland	4,000	100.0		11,000	11,000	11,000	-
Carelcomp Forest Oy, Finland	8,000	100.0		20,000	20,000	20,000	-
Carelcomp GmbH, Germany	100	100.0	DEM	100	332	494	189
Carelcomp Sverige AB, Sweden	2,253	90.1	SEK	225	99	103	5
Datema AB, Sweden	93,406,000	100.0	SEK	9,341	10,947	6,141	3,134
Datema Cards AB, Sweden	10,000	100.0	SEK	50	36	49	13
Datema Personal-administration AB, Sweden	160,000	100.0	SEK	16,000	8,740	10,315	-7
Scandinavian Financial Systems A/S, Denmark	5	100.0	DKK	500	0	-271	-535
Scandsystems AB, Sweden	3,000	100.0	SEK	3,000	2,511	1,519	-6
Svenska Lön AB, Sweden	500	100.0	SEK	500	218	361	-9
Tietotehdas-Software Trading AB, Sweden	2,000	100.0	SEK	200	348	1,307	933
TT-Personnel Systems Oy, Finland	10,075	100.0		1,008	10,145	11,589	3,145
TT-Technology AB, Sweden	40,000	100.0	SEK	4,000	3,590	4,146	282
TT-Technology A/S, Denmark	4	100.0	DKK	300	1,662	1,675	282
Dormant subsidiaries (8)					3,998		
					73,626		

**12. Shares in associated companies, other shares and securities**

	Number	Share %	Nominal value	Book value	Share of shareholders' equity	Result of the latest financial statements
<b>Shares in associated companies owned by the parent company</b>						
FD Finanssidata Oy	30,000	30.0	3,000	4,500	14,813	14,250
Kiinteistö Oy Pälkäne	1,317	36.4	221	2,778	531	-33 *
UBF-Systems Oy	200	40.0	200	200	957	1,816
Yhdystieto Oy	6,000	60.0	600	1,200	1,200	-
* voting power 40 %				8,678		
<b>Shares in associated companies owned by subsidiaries</b>						
Rollfilm AB, Sweden	2,900	29.0	SEK 290	376	89	11 *
Unikko-Soft Turku Oy	140	23.0	140	140	96	-40 *
* 31.12.1993				516		
<b>Other shares and securities owned by the parent company</b>						
Bostadsrättsföreningen Almen 10, Solna	-	-	-	482		
Oy Datatie Ab	20	1.7	100	205		
Delectia Oy	1,000	16.7	100	100		
Helsinki Telephone Association	148			456		
Helsinki Stock Exchange Cooperative			150	150		
Central Share Register of Finland Cooperative				140		
SYP-Invest Oy	90,000	2.3	1,800	2,195		
Insurance Company Sampo, A	1,484		30	0		
Other shares and securities				235		
				3,963		
<b>Other shares and securities owned by subsidiaries</b>						
Agda Lön AB	50	10.0	SEK 5	377		
Helsinki Telephone Association	55			184		
Informatikk A/S	22,222	2.0	NOK 222	607		
Trygg Hansa Holding AB	1,522		SEK 5	182		
Insurance company Sampo, A	549		11	35		
Other shares and securities				210		
				1,595		

The list does not include companies with a book share value of less than FIM 100,000 in the Balance Sheet of Tietotehdas or companies that are inactive. A complete list according to the Companies Act is included in the official Financial Statements of the company.

**13. Changes in shareholders' equity**

	GROUP		PARENT COMPANY	
	1994	1993	1994	1993
<b>Restricted equity</b>				
Share capital				
1.1.	62,320	54,059	62,320	54,059
Share issues	855	8,261	855	8,261
31.12.	63,175	62,320	63,175	62,320
Restricted reserves				
1.1.	106,738	77,470	106,638	77,440
Share issues	2,635	29,198	2,635	29,198
Transfer from non-restricted equity to restricted reserves	475	70	-	-
31.12.	109,848	106,738	109,273	106,638
<b>Non-restricted equity</b>				
1.1.	106,040	72,059	62,815	51,261
Dividends paid	-10,251	-5,947	-10,251	-5,947
Other change	-416	4	-100	-54
Transfer of appropriations to shareholders' equity/change	115	4,904	-	-
	95,488	71,020	52,464	45,260
Profit for the financial period	46,433	35,020	27,594	17,555
31.12.	141,921	106,040	80,058	62,815
<b>Total shareholders' equity</b>	314,944	275,098	252,506	231,773
<b>Unrestricted retained earnings at the shareholders' disposal</b>	91,005	54,722		

**14. Appropriations and provisions**

<b>Accumulated depreciation difference</b>				
- Intangible items			-3,703	-1,644
- Tangible items			7,914	9,184
	4,907	8,547	4,211	7,540
<b>Mandatory provisions</b>				
Provision for future rent expenses of empty offices	-	1,194	-	1,194
Provision for reletting losses	-	739	-	739
Provision for future guarantee expenses	-	90	-	-
	-	2,023	-	1,933

**15. Liabilities that fall due after five years or later**

Loans from financial institutions	93	1,488	-	-
Pension loans	31,918 *	24,470	13,904 *	20,921
Other loans	158	4,537	-	-

\* The Pension Foundation loan of FIM 7 million does not have a redemption date. The planned amortization period is in excess of five years.

**16. Convertible loan 1989 - parent company**

Loan amount	FIM 112
Interest:	8 %
Conversion period	1.11.1991-1.11.1995 except annually 1.12.-31.1.
Conversion ratio and price	10 B shares may be subscribed by assigning 1 convertible note with a value of FIM 136 and by paying FIM 272 in cash.

**Bond loan with warrants to management 1993**

Loan amount	FIM 50
Number of warrants	100
Interest	6 %
Subscription period	1.2.-30.11. annually, for the first time in 1996 and the last time on 31.5.1998
Subscription terms	1,000 B shares may be subscribed with one warrant at a price of FIM 42,10 per share.
Repayment of the loan	Bullet, on 1.6. 1998.

**Share capital**

Shares	Number	Nominal value 1,000 FIM
A shares	1,888,000	18,880
B shares	4,429,500	44,295
	6,317,500	63,175

**17. Pledges, mortgages and contingent liabilities**

	GROUP		PARENT COMPANY	
	1994	1993	1994	1993
Tietotehdas obligations				
Pledges	1,463	40,000	1,463	40,000
Mortgages	33,623	18,000	30,500	15,000
Group company obligations				
Guarantees	-	-	35,084 *	33,606
On behalf of associated companies	-	-	-	-
On behalf of third parties				
Repurchase commitments	477	51	477	51
Other contingent liabilities	-	1	-	-
Other Tietotehdas contingent liabilities				
Lease payments 1995 (1994)	15,208	25,628	6,446	15,652
Lease payments 1996 (1995) and after	19,978	13,565	5,351	2,741
Guarantee commitments	251	800	-	207
Rent guarantees	1,195	1,062	-	-
Other commitments	1,407	7,821	-	5,915
Total				
Pledges	1,463	40,000	1,463	40,000
Mortgages	33,623	18,000	30,500	15,000
Contingent liabilities	38,516	48,928	47,358	58,172
Accumulated interest on subordinated loan	1,833	1,582	-	-

\* Does not include the limits guaranteed by the parent company that have not been used. Their total amount was FIM 4,544 thousand on 31.12.1994.

## Proposal of the Board of Directors for the Distribution of Profits

According to the Consolidated Balance Sheet the Group's non-restricted equity is FIM 141,921,000.00

- of which items transferred to shareholders' equity from appropriations according to the Accounting Act -50,615,000.00
- less the profits of subsidiaries that are left undistributed on the basis of the Articles of Association -301,000.00

Distributable retained earnings 91,005,000.00

Parent company non-restricted equity is 80,057,875.36

The Board of Directors propose that the above mentioned profits are used in the following manner:

- the shareholders receive a dividend of FIM 2.60 per share except for the shares that have been subscribed in 1994 on the basis of the convertible loan of 1989 totalling 16,203,070.00
- to be maintained in retained earnings 63,854,805.36  
80,057,875.36

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Espoo, 16 February 1995

Arvo Tuononen

Marita Kaatrala-Pentikäinen

Kalevi Kontinen

Matti Lehti  
Managing Director

## Auditors' Report

We have audited the accounting, the financial statements and the corporate governance of Tietotehdas Oy for the year 1994. The financial statements, which include the report of the Board of Directors and the consolidated and parent company income statements, balance sheets and notes to the financial statements have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our 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 management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion, the financial statements, which show a consolidated profit of FIM 46,433,000 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 the consolidated and parent company's results of operations and financial position. The financial statements and consolidated financial statements can be adopted and the members of the Supervisory Board and the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

The interim reports published during the financial period have according to our opinion been drawn up in accordance with the rules and regulations regarding them.

Espoo, February 16, 1995

TILINTARKASTAJIEN OY -  
ERNST & YOUNG

Sven-Erik Guarnieri  
Authorised Public Accountant

Tomi Englund  
Authorised Public Accountant

## Statement of the Supervisory Board

After having studied the Financial Statements and the Auditors' Report for the financial year 1994 the Supervisory Board recommends that the Financial Statements of the Parent Company and the Group be adopted and the proposal of the Board of Directors for the use of non-restricted equity be approved.

Espoo, February 17, 1995

TIETOTEHDAS OY  
Supervisory Board

Yrjö Niskanen  
Chairman

## Five year financial development

	1994	1993	1992	1991	1990
<b>Income Statement Key Figures</b>					
Net sales, FIM mill.	979.8	828.9	738.7	768.3	812.7
Operating profit before depreciation, FIM mill.	139.3	95.3	75.3	59.7	77.8
Operating profit before depreciation, % of net sales	14.2	11.5	10.2	7.8	9.6
Operating profit, FIM mill.	60.7	34.6	25.3	16.8	37.0
Operating profit, % of net sales	6.2	4.2	3.4	2.2	4.6
Profit before extraordinary items, FIM mill.	63.3	46.0	31.6	22.4	36.8
Profit before extraordinary items, % of net sales	6.5	5.5	4.3	2.9	4.5
Profit before appropriations and taxes, FIM million	63.3	46.0	32.6	20.9	36.5
Profit before appropriations and taxes, % of net sales	6.5	5.5	4.4	2.7	4.5
Profit before appropriations, after taxes, FIM mill.	48.7	35.9	30.3	16.4	30.1
Total assets, FIM mill.	631.8	606.1	567.7	632.4	617.4
Return on investment % (ROI)	18.1	14.4	15.6	10.2	13.8
Return on equity % (ROE)	16.3	15.2	14.9	9.3	18.5
<b>Balance Sheet Key Figures</b>					
Gearing %	-16.5	3.6	19.1		
Equity ratio %	53.8	47.0	37.3	33.4	29.1
Quick ratio	1.67	1.24	2.12	2.80	1.89
<b>Investments</b>					
Land and buildings, FIM mill.	-	16.4	-	-	-
Data processing equipment, FIM mill.	40.1	28.7	37.9	29.0	17.4
Others, FIM mill.	43.4	62.3	24.9	27.7	37.3
Total investments, FIM mill.	83.5	107.4	62.8	56.7	54.7
<b>Personnel</b>					
Average during the financial year	1,740	1,554	1,426	1,557	1,666
At the end of the financial year	1,740	1,679	1,421	1,459	1,585

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## Computation of key ratios

Deferred taxes on appropriations have been taken into consideration only in the figures for 1994, 1993 and 1992.

Long-term loan receivables are no longer included in financial assets in 1994, 1993 and 1992.

Return on investment % (ROI) =	$\frac{\text{Profit before extraordinary items} + \text{financial expenses}}{\text{Total assets} - \text{interest-free liabilities (12-month average)}} \times 100$
Return on shareholders' equity % (ROE) =	$\frac{\text{Profit before extraordinary items} - \text{taxes for the financial period}}{\text{Shareholders' equity} + \text{minority interest} + \text{accumulated appropriations} - \text{deferred taxes on appropriations (12-month average)}} \times 100$
Gearing % =	$\frac{\text{Debts at interest} + \text{advance payments received} - \text{cash on hand and at bank}}{\text{Shareholders' equity} + \text{minority interest} + \text{accumulated appropriations} - \text{deferred taxes on appropriations}} \times 100$
Equity ratio % =	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{accumulated appropriations} - \text{deferred taxes on appropriations}}{\text{Total assets} - \text{advance payments received}} \times 100$
Quick ratio =	$\frac{\text{Financial assets}}{\text{Current liabilities} - \text{advance payments received}}$



## Management and Structure

First term

### Supervisory Board

<i>Chairman</i>	Yrjö Niskanen, President, Chairman of the Board, Pohjola Group	1986
<i>Deputy chairman</i>	Ari Laakso, Executive Vice President, Union Bank of Finland Ltd	1993
<i>Members</i>	Kari Elo, Managing Director, Enterprise-Fennia	1988
	Asmo Kalpala, Managing Director, Tapiola Group	1988
	Pauli Komi, Chairman, CEO, OKOBANK	1987
	Jan-Henrik Kulp, Executive Vice President, Kymmene Corporation	1987
	Jorma Ollila, President, CEO, Nokia Corporation	1992
	Matti Packalén, President, CEO, Aamulehti Group	1993
	Veikko Ylitalo, Executive Vice President, Kansallis-Osake-Pankki	1993
	Martti Simonen, personnel representative, Tietotehdas Oy	1994

### Board of Directors

<i>Chairman</i>	Arvo Tuononen, Bc.Sc. (Econ.)	1988
<i>Members</i>	Marita Kaatrala-Pentikäinen, Management Consultant	1990
	Svein Kockberg, Director - International Operations, Tietotehdas Oy (to 31.12.1994)	1988
	Kalevi Kontinen, Senior Vice President, Union Bank of Finland Ltd	1990
	Matti Lehti, Managing Director, Tietotehdas Oy	1988

### Auditors

Tilitarkastajien Oy - Ernst & Young  
Tomi Englund, APA

*Deputies* Risto Järvinen, APA  
Kristian Hallbäck, APA

# Organization

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## Managing Director

Matti Lehti

---

## Group Functions

### Financial Administration

Tuija Soanjärvi

### Research and Development

Juhani Strömberg

### Legal Affairs

Jouko Lonka

### Communications

Eevariitta Jurvainen

---

## Financial Systems

Veli Pohjolainen,  
Deputy Managing Director

---

## Trade and Services

Pentti Huusko

---

## TT-Carelcomp

Juhani Lano,  
Deputy Managing Director

---

## Data Centre

Esko Mäkinen

---

## Accounting and Finance Systems

Juhani Lehikoinen

---

## Personnel Systems

Hannu Niilo-Rämä

---

## Software Tools

Carl-Johan Lindfors

## Banking and Financial Market Systems

Eva-Liisa Ala-Käkelä

## Insurance Systems

Hannele Mäenpää

## TT-Finance International

Anja Ahola

## Yhdystieto Oy

Ulla-Maija Keränen

## Totus Oy

Pentti Unkuri

## TT-Innovation Consulting

Kari Hakola

## Retail and Wholesale

Timo Puranen

## Public Administration and Utilities

Juha Lampén

## Carelcomp Forest Oy

Harri Pajunen

## Carelcomp International Oy

Kurt-Erik Roos

## Carelcomp Base Industry Oy

Harri Ovaska

## Procons Data Oy

Timo Salin

## Dativo Oy

Sakari Lehtola

## Computing Services

Pekka Hirvonen

## Production

Tapani Kuusela

## Datacity Information Systems Oy (DIS)

Mauno Kaseniemi

## Meritt-Eco

Juhani Lehikoinen

## General Systems

Veli-Pekka Laukkanen

## TT-Personnel Systems Oy

Raimo Heikkilä

## Datema PA AB

Kenneth Eriksson

## TT-Technology Oy

Jari Valvisto

## TT-Technology AB

Henry Kings

## TT-Technology A/S

Jørgen Bojsen

## TT-Technology AS

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Jouko Kangas

## TT-Professional Solution Oy

Pekka Ekman

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## TT-Microtrading Oy

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