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*"Most of our customer relationships are long-term and founded on mutual trust. That's what partnership is all about."*

*– Martti Leikos, President and CEO*





## Review by the President and CEO

**Tieto-X** now has five financial periods behind it, and the company has operated for a full six years. During this time a great deal has happened on the market. The IT sector has recovered from the first real unemployment and recession in its history, and now finds itself amid a dizzying upswing and labour shortages. Company market valuations have risen to the skies and collapsed equally fast. As a result, doubts have been expressed publicly about whether the sector has a real future. Such doubts are unfounded, however, whatever overshooting and failures there may have been; the sector has excellent potential and good growth prospects, and all it needs is patience and persistence. Amid this fast-changing environment, Tieto-X has consolidated its position and mode of operation as a reliable provider of specialist resources.

A large number of significant individual events took place during the past financial period. Most important of all, and affecting practically every facet of operations, was listing on Helsinki Exchanges' NM List. Despite the major inputs that this demanded in terms of both costs and staff resources, and the dramatic, and to some extent unexpected, changes taking place on the market at the same time, Tieto-X emerged

successful. It continued to make a steady profit and grew moderately. Gradually the market, too, has started to realize that healthy, profitable business operations are a vital prerequisite for sustainable growth.

The labour shortage currently afflicting the sector has had little impact on Tieto-X operations, and the company has succeeded in finding experienced new personnel with good development potential. This shows that Tieto-X is felt to be an attractive employer. The situation is partly alleviated by the good labour situation in northern Finland and the fact that readiness to move the work rather than the worker has improved dramatically.

I should like to thank all our customers, shareholders and other stakeholders for working with us so successfully and showing such trust in the company. Thanks are also due to the entire staff for work exceedingly well done, both those in the parent company and those working for the subsidiaries that joined the Group during the year. Let us all press on together.

Helsinki, March 2001

Martti Leikos  
President and CEO

## Main events of the year

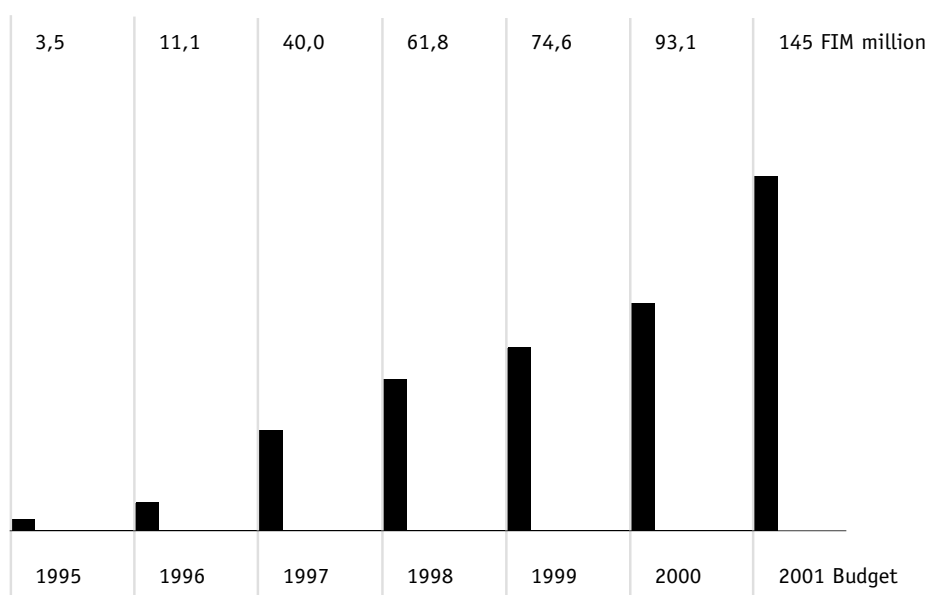
- 31.08.1999** Tieto-X Plc Board decision to apply for quotation on the Helsinki Exchanges NM List.
- 31.08.1999** Issue of annual accounts for July 1, 1998-June 30, 1999. Profit before taxes FIM 13.0m. Net profit FIM 9.4m and cash flow extremely positive.
- 06.09.1999** Det Norske Veritas grants Tieto-X Quality System Standard ISO 9002 certification.
- 09.09.1999** Annual general meeting.
- 15.09.1999** Main owners decide to start selling shares on September 20, 1999.
- 20.09.1999** Application for first Prelist, then NM, listing on Helsinki Exchanges.
- 20.–23.09.1999** Tieto-X Plc shares offered to Finnish and foreign investors.
- 24.09.1999** Stock exchange release on share sales. Altogether 2,200,000 were sold, or 33.7% of the total stock.
- 28.09.1999** Trading in Tieto-X shares starts on the Helsinki Exchanges Prelist.
- 01.10.1999** Trading in Tieto-X shares starts on the Helsinki Exchanges NM List.
- 11.11.1999** Interim report, July 1-September 30, 1999. Profit before extraordinary items and taxes up by a third.
- 07.02.2000** Letter of intent signed on the purchase of Polar Profit Oy in the Oulu region and on the purchase of Topsystems Oy in Helsinki.
- 07.02.2000** Tampere office moves into Technology Centre Hermia.
- 10.02.2000** Interim report, July 1-December 31, 1999. Profit before extraordinary items and taxes up by well over a third.
- 01.03.2000** Agreement on the purchase of Polar Profit Oy approved. Decision on a share issue targeted at the sellers.
- 10.03.2000** Framework agreement signed with a major telecommunications company.
- 14.03.2000** Agreement on the purchase of Topsystems Oy approved. Decision on a share issue targeted at the sellers.
- 16.03.2000** Preliminary agreement on the purchase of Tietovara Oy operating in the Helsinki metropolitan area.
- 11.04.2000** Extraordinary general meeting. Decision to change the financial period to the calendar year. Board authorized to make decisions, e.g. on issue of options.
- 04.05.2000** Agreement on the purchase of Tietovara Oy approved. Decision on a share issue targeted at the sellers.
- 11.05.2000** Interim report, July 1, 1999-March 31, 2000. Profit before extraordinary items and taxes up by well over a third to FIM 14.1 million.
- 22.05.2000** Decision taken to form a Management Team.
- 24.05.2000** Tieto-X starts operating in Salo.
- 01.07.2000** Opening of a Tieto-X unit in Oulu Technopolis.
- 30.08.2000** Interim report, July 1, 1999-June 30, 2000. Profits still looking good. Earnings per share EUR 0.20.
- 04.09.2000** Board decision to convene an extraordinary general meeting.
- 28.09.2000** Extraordinary general meeting. Decisions include increasing the size of the Board, distributing additional dividend, and issuing options to the whole staff.
- 28.09.2000** Ralf W. Saxén becomes chairman of the Board.
- 10.10.2000** Payment to shareholders of an additional dividend of EUR 0.12 per share.
- 12.10.2000** Option subscription period starts.
- 09.11.2000** Interim report, July 1, 1999-September 30, 2000. Turnover rising faster and profits up.
- 30.11.2000** Option subscription period ends.
- 01.12.2000** Letter of intent on the purchase of Botnia Comp Engineering Oy in Kemi.
- 05.12.2000** Board decision-in-principle on incorporation of the subsidiaries into the parent company.
- 07.12.2000** Press conference in Kemi on the Botnia Comp Engineering Oy purchase.
- 14.12.2000** Polar Profit, Tietovara and Topsystems become business units in the parent company.

## Summary of the financial statements

Beginning of the financial year	1.1.2000*	1.1.1999*	1.7.1999	1.7.1998	1.7.1997	1.7.1996	1.1.1995
End of the financial year	31.12.2000	31.12.1999	31.12.2000	30.6.1999	30.6.1998	30.6.1997	30.6.1996
Turnover million FIM	93,061	74,573	128,528	71,417	53,529	23,277	7,323
turnover, increase %	24,8	20,5	80,0	33,4	130,0	217,9	
Operating profit million FIM before goodwill amortisation, % of turnover	16,984	13,318	23,737	12,242	10,363	4,189	1,073
	18,3	17,9	18,5	17,1	19,4	18,0	14,7
Operating profit million FIM	14,335	13,318	21,088	12,242	10,363	4,189	1,073
% of turnover	15,4	17,9	16,4	17,1	19,4	18,0	14,7
<b>Net Profit million FIM</b>	<b>10,905</b>	<b>8,577</b>	<b>15,234</b>	<b>9,364</b>	<b>7,584</b>	<b>3,025</b>	<b>0,829</b>
% of turnover	11,7	11,5	11,9	13,1	14,2	13,0	11,3
Return on investment %	48,6	80,7	47,7	61,0	55,8	54,6	64,1
Return on equity %	35,0	52,0	34,2	42,9	63,8	60,3	97,6
Balance sheet total	66,262	37,729	66,262	31,656	22,584	12,182	2,578
Shareholders' equity million FIM	42,836	17,251	42,836	21,809	11,883	5,018	0,849
Equity ratio %	64,6	53,9	64,6	69,6	52,6	41,6	32,9
Solvency ratio	1,4	1,3	1,4	3,2	2,1	1,7	1,4

\* Unaudited proforma figures

## Turnover development in calendar years





*"My job description includes ensuring that we find the right people for the right jobs. Hitting the bull's eye, in other words."*

*– Pirjo Urbanowicz, Sales Manager*





**Tieto-X** started operating on January 1, 1995, initially as a cooperative set up in September 1994 by a number of experienced computer consultants who had been laid off during the recession in the early part of the decade. The aim was to find work possibilities for its members and other computer specialists. Though at that point most corporate IT projects were on hold, Tieto-X's founders had a firm belief that the market would revive in the near future. They were also convinced that the model in common use in the UK and USA, whereby computer specialists were contracted out to other companies, would also prove a success in Finland.

In Tieto-X's first 18-month financial period (January 1, 1995-June 30, 1996) turnover totalled FIM 7.3 million and net profits well over FIM 0.8 million. At year end the staff stood at 21 and the firm had 10 corporate customers. The next few years were a time of rapid expansion. In the fourth financial period (July 1, 1998-June 30, 1999), turnover had already reached FIM 71.4 million and net profits FIM 9.4 million. The year-end staff figure was 179, and the firm had a customer base comprising some 60 leading companies or public bodies. In December 1996, Tieto-X was turned into a limited company, a corporate form better suited to the needs of an expanding operation, and in May 1999, with an eye to future stock exchange listing, into a public limited company.

The original founders' view of the likely demand for IT services and the need for labour flexibility had proved correct. Tieto-X launched itself on the market at exactly the right time and with the right business idea. It succeeded largely because of its conviction that experienced computer professionals were able and eager to work, and both keen and capable as far as learning something new was concerned. An important contributory factor in Tieto-X's growth was the development and implementation of a precision training model tailored to the needs of customers in close collaboration with the labour authorities.

During the past 18-month financial period the company's public image changed considerably. Listing on Helsinki Exchanges in Autumn 1999 meant it had to meet the requirements made of a listed company, also in terms of its information provision, for instance. After listing, Tieto-X found itself some 1500 shareholders instead of 111. It had earlier expanded organically, but now started to seek growth also through company acquisitions. The four acquisitions implemented or negotiated during the year will strengthen the company's former core competence and give it substantial new Internet and telecommunications know-how. Geographically, operations expanded to the fast-growing Oulu economic region. At the turn of the year 2000, further expansion was under way in the area of the Upper Gulf of Bothnia.

*"It's been my experience that creativity and a good overview are needed just as much in new technology projects. That's what makes them rewarding."*

*– Timo Kujala, Internet specialist*





**Tieto-X** is a consultancy specializing in the contractual assignment of IT professionals. Its core business comprises the provision of IT specialists who work under contract at and under the supervision of customer companies and are billed for at an hourly rate. As well as this basic model, various other agreements, e.g. concerning complete projects, are also possible. The contractual assignment model is basically very simple:

- **Clear contractual framework**, long-term customer relationships. A framework agreement is signed with each customer company when cooperation begins. A separate order for resources is placed for each assignment. Tieto-X concludes an employment contract with the employee for the duration of the assignment.

- **Cost-efficiency**, above-average salaries and competitive pricing. Tieto-X operates cost-efficiently by keeping down its fixed costs. Its specialists are paid a higher than average salary. The customer, in turn, enjoys the services of IT profession-

als at competitive prices. Invoicing is based on the number of hours worked.

- **Customers supervise the work**, while Tieto-X meets all other employer obligations. IT specialists work under the customer company's supervision, but Tieto-X meets all other employer obligations. As a general rule, employees work on the customer's premises and use their equipment, but telework on Tieto-X premises is also possible.

- **Interesting work**, constant updating and development of professional skills. Tieto-X has an extensive customer base made up of companies and corporations in a wide range of fields, so can offer its employees varied work corresponding to their training, experience and personal wishes. The company invests in maintaining and updating its specialists' skills by arranging both internal training and providing training in cooperation with customers.



## Products, services and customers

Tieto-X business idea is to supply customers with competitively priced IT specialist services that generate high added value. Its business comprises both the contractual assignment of IT specialists to customer companies and various forms of project work.

The specialists engaged in Tieto-X assignments can be divided into two main groups: those doing planning, programming and project management work, and support personnel. The planners and programmers do development or maintenance work on customers' information systems within the existing hardware and software environment. Those working in project management are responsible for demanding customer projects. The support staff do installation, guidance and maintenance work.

About 90% of Tieto-X turnover in 2000 comprised planning, programming and project management work and 10% support work.

Tieto-X's specialists master a wide range of IT methods and technologies. Traditional computer expertise and the planning of extensive centralized IT systems make up the company's core competence. During the financial period, Tieto-X invested in acquiring new know-how, especially in Internet and wireless telecommunications applications.

Tieto-X's specialists also have solid sectoral expertise, especially in banking and finance, as well as in government, trade and telecom.

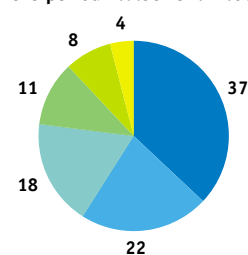
### Customers

Tieto-X has an extensive customer base made up of companies, corporations and organizations in several different sectors. By the end of the financial period a framework agreement on assignment of specialists had been signed with over 100 customers altogether. Some 60 of these had bought expert services from Tieto-X during the period.

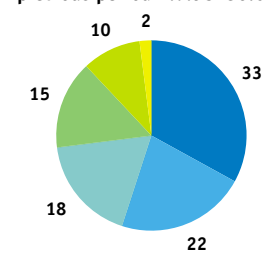
The 20 largest customers accounted for 93% of turnover, against 83% in the previous period.

### Turnover were divided among the various customer sectors as follows:

Percentage of turnover for the period 1.7.99–31.12.00



Percentage of turnover in the previous period 1.7.98–30.6.99



*Banking and insurance accounted for a larger share of turnover than in the previous period. Communications nearly doubled. Trade and transportation, and industry both declined.*

## Shares and shareholders

The company's share capital stood at EUR 304,920.00 (FIM 1,812,972) on December 31, 2000. The book countervalue of the share was EUR 0.04.

The Tieto-X share was listed on Helsinki Exchanges' NM List on October 1, 1999. The subscription price was then EUR 5.75. A total of 5,231,757 shares were traded between that date and December 31, 2000. The lowest quotation for the financial period was EUR 3.40 and the highest EUR 14.99. The closing quotation was EUR 4.29 and the market capitalization EUR 32.7 million.

The company had some 1700 shareholders at the end of the year. 80 of these were company employees, who owned about 59% of the stock. Private individuals owned 68% and corporations 32%. About 21% of shares were owned by foreign shareholders.

In line with its investment strategy, the main investor, Menire Plc, sold off its 4.9% holding on September 27, 2000, as soon as the restriction on selling related to the listing came to an end.

### Tieto-X Plc shareholders, December 31, 2000

	No. of shares	%
Leikos Martti	467,250	6.1
Jokinen Matti	462,250	6.1
Pyrhönen Kari	386,150	5.1
Rantala Lasse	379,240	5.0
Nyysönen Tuomo	369,900	4.9
Terho Risto	369,090	4.8
Gunnelius Karl	369,090	4.8
MNB Nordic Small Cap	320,200	4.2
Kemilä Hannu	269,640	3.5
Evli Finland Small Tech	264,550	3.5
Salmi Mikael	138,280	1.8
Saareila Lauri	137,280	1.8
Tarkkio Jori	121,652	1.6
Heiskanen Kalevi	118,652	1.6
Hurme Eero	116,943	1.5
Nominee-registered	1,573,072	20.6
Others	1,759,761	23.1
<b>Total</b>	<b>7,623,000</b>	<b>100</b>

*"Analysing, reporting, talking to people ..... Whatever people may think, working with figures is anything but boring stuff."*

*– Timo Leinonen, Business Controller*





**Tieto-X** is a specialist organization whose whole basis, growth and success rely on top IT expertise.

### **Number of personnel**

At the end of the financial period, Tieto-X employed 255 people. The average figure for the period was 196. Management, administration and sales accounted for around 12%, while some 88% worked in customer companies and projects.

### **Recruitment**

Labour availability was quite good, especially in view of the ever-tougher competition for skilled employees in the IT sector. Experts in new technology were acquired, and the company's competence in certain fields, telecommunications for instance, built up through corporate acquisitions.

### **Staff development**

The importance of investing in competence management and development was further underlined during the financial period. The fact that projects at customer companies demand an ever broader range of technological skills mean the company needs comprehensive and constantly updated know-how. Training was arranged for specialists to enhance core competence and master new technologies both externally, in cooperation with customers, and in-house, both through company programmes and in the form of support for independent self-motivated training.

The most important form of training proved to be that arranged in cooperation with customer companies. Important reasons for this include the long-term nature of many customer relationships and resource agreements and the fact that Tieto-X

specialists work as members of the customer's team, so it is sensible to train the team members at the same time.

Internal training was arranged, e.g. on object planning methods and tools. A special information was arranged for the entire staff at the start of 2000 on future trends in applications. In-house training programmes were also designed to improve the interpersonal skills needed when working with customers.

In support for independent self-motivated training, the main emphasis during the period was on private study of new technologies and training aimed at a diploma or certificate.

The focus of the precision training tailored for specific customers and subsidized out of public employment funds shifted from the metropolitan area to northern Finland, where it continues to be a good way of acquiring new IT experts.

### **Motivation and commitment**

Tieto-X's staff have always been highly motivated and turnover is low. The reasons for this include the successful pay system, the variety of work and the fact that the company ensures commitment through a staff share issue and, at the end of the year, an option scheme applied to the entire personnel.

Other action to increase motivation, commitment and solidarity included maintaining physical and mental capacities. As well as offering comprehensive occupational health care, Tieto-X has arranged various joint recreation days. Thanks to company support, participation in staff clubs has been rising all the time.

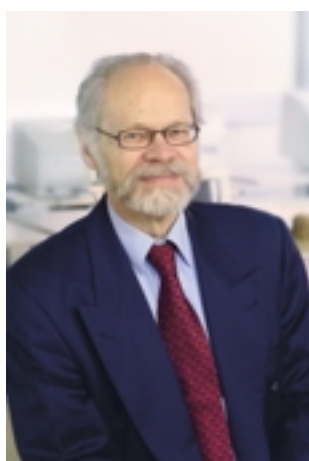


## **Board of Directors, President and CEO, and Auditors**

*Kari Happonen, Matti Jokinen and Risto Terho were members of the Board of Directors throughout the financial period. Martti Leikos, Kari Pyrhönen and Lasse Rantala were also members up to the extraordinary shareholders' meeting on September 28, 2000, and Juhani Pääkkö, Ralf W. Saxén and Esko Siik thereafter. Matti Jokinen chaired the Board up to that meeting and Ralf W. Saxén thereafter.*

*Martti Leikos has been President and CEO since February 1, 1995. The Board of Directors met 31 times during the period.*

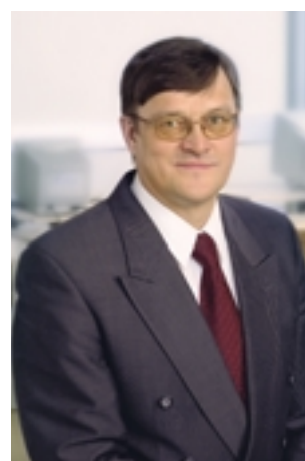
*SVH PricewaterhouseCoopers Oy Authorised Public Accountants were the auditors, with Heikki Lassila, Authorised Public Accountant, as responsible auditor.*



***Ralf W. Saxén***



***Esko Siik***



***Juhani Pääkkö***



***Kari Happonen***



***Risto Terho***



***Matti Jokinen***

## Management team

*Up to May 22, 2000, Tieto-X Plc had a Management team comprising CEO Martti Leikos, Sales Director Matti Jokinen and Director of Finance Veikko Saarinen. As part of the general development of the management system, the Management team was supplemented with Directors of Profit units, Eero Hurme (Tietovara), Asko Vainionpää (Topsystems) and Arto Veikkola (Polar Profit).*



**Martti Leikos**



**Matti Jokinen**



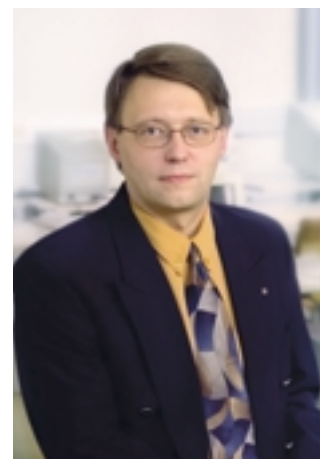
**Veikko Saarinen** († 6.2.2001)



**Eero Hurme**



**Asko Vainionpää**



**Arto Veikkola**

*"In a mainframe environment, teamwork takes on enormous importance. Solo performances are needed, of course, but it's equally important to work well in a team."*

*– Mikael Salmi, system analyst*







**The period under review** was Tieto-X Plc's fifth. It started on July 1, 1999 but was extended to 18 months and thus closed on December 31, 2000. This eliminated the confusion and comparison difficulties caused by having a financial year that is not the calendar year, and simplified corporate accounting. At the same time, however, comparing figures for this financial year with earlier periods became more complicated as there was no comparable 18-month period. For comparison purposes, the annual accounts include a proforma profit and loss account for the last 12 months (January 1, 2000-December 31, 2000), which thus represents the new financial year, and compare it with proforma figures for the 1999 calendar year.

Turnover developed well. Profitability, liquidity and solvency remained good. Despite talk of uncertain demand prospects in the sector, demand among Tieto-X's customers took a distinct upward turn in the last quarter of the financial year.

The most important event during the period came on October 1, 1999, when the company was listed on Helsinki Exchanges' NM List. The ownership base consequently expanded to around 1500 Finnish and foreign institutional and private shareholders. At the end of the period there were 1700 shareholders.

The operative quality development project was brought to conclusion in September 1999, when Det Norske Veritas granted the company a Quality System Standard ISO 9002 certificate.

Business operations expanded substantially during the period. The company started to implement its declared expansion strategy, seeking growth both organically and through corporate acquisitions. The companies chosen for the latter are IT enterprises with a similar business idea and mode of operation, and with solid profitability, which will consolidate or increase Tieto-X's own expertise, especially in new technology. Following its acquisition strategy, the company bought up Polar Profit Oy (Oulu and Haapavesi), Topsystems Oy (Helsinki) and Tietovara Oy (Helsinki) early in 2000.

Geographically, operations now extend to Tampere, Haapavesi, Oulu and Salo, as well as Helsinki and Turku, where it has been operating since 1995 and 1997, respectively.

### Turnover and financial result

Consolidated turnover came to FIM 128.5 million. FIM 35.5 million of this accrued during the first six months, FIM 43.8 million during the second six months and FIM 49.2 million during the third. Profit before goodwill amortisation totalled FIM 23.7 million, and profit before taxes FIM 21.3 million. FIM 6.1 million in taxes were recorded. The net profit for the period was FIM 15.2 million, or 11.9% of turnover.

The balance sheet total was FIM 66,262 million. Shareholders' equity was FIM 42,836 million, with a solvency ratio of 64.6%.

### Articles of Association

The Articles of Association were amended twice during the period. The annual meeting of shareholders held in September 1999 added a redemption clause and made certain technical changes. An extraordinary meeting in April 2000 amended the Articles to make the financial year run from January 1 to December 31. Consequently the financial period starting July 1, 1999 was extended to December 31, 2000. The financial years of the subsidiaries were changed in the same way.

### Shares and share capital

Tieto-X's share capital is EUR 304,920.00 (FIM 1,812,972) and the total number of shares 7,623,000. According to the Articles of Association, the capital is a minimum of EUR 217,668 and a maximum of EUR 870,672.

Share capital was raised in August 1999 through an issue targeted at the staff in which 26,000 shares were offered. The annual meeting of shareholders in September 1999 raised share capital through a bonus issue and increased the number of shares by reducing the share countervalue. Thereafter, share capital was raised through issues targeted at the sellers of Polar Profit Oy, Topsystems Oy and Tietovara Oy. The book counter-

value of the share is EUR 0.04. The ISIN code used in international securities trading is FI0009008007 and the trading code TIX1V.

### Option program

An extraordinary meeting of Tieto-X Plc's shareholders on September 28, 2000 decided to grant option rights to the entire staff of the company and its subsidiaries, and their Board members, and to the company's fully owned subsidiary. However, option rights were not offered to any Tieto-X Group employees who already held more than 2.5% of company shares and votes. 610,000 option rights were granted, entitling holders to subscribe a maximum of 610,000 Tieto-X shares. 305,000 of the warrants were marked A and 305,000 B. A total of 530,000 option rights were exercised in the subscription closing at end-November, by 212 persons. The remaining 80,000 warrants are at the Board's disposal.

Each option right entitles the holder to subscribe one Tieto-X Plc share with a book countervalue of EUR 0.04. The subscription price under the A warrant is EUR 5.36, i.e. the average quotation on Helsinki Exchanges weighted by the number of shares traded during the August 1 to 31, 2000 period, and the price under the B warrant the average quotation weighted by the number of shares traded in the August 1 to 31, 2001 period, though not more than the subscription price under warrant A. The subscription price of the share will be reduced by the amount of dividend distributed after it is set and before the share subscription on each dividend pay-out date. Tieto-X Plc's share capital cannot be raised by more than EUR 24,400 as a result of the subscriptions. Under warrant A the subscription period begins on September 1, 2001 and under warrant B on September 1, 2002; in both cases it ends on September 30, 2003.

### Board authorizations

At the end of the year the Board of Directors held the following valid authorizations:

Authorization granted by the extraordinary shareholders' meet-

ing on April 11, 2000 to decide to raise share capital in one or more new issues, to issue option rights and/or to float a convertible bond resulting in an increase in share capital of maximum EUR 57,384. At the end of the financial period EUR 14,984 of this authorization was unutilised. It is valid for one year from the date of the meeting.

Authorization granted by the extraordinary shareholders' meeting on September 28, 2000 to decide on the acquisition or surrender of up to 381,150 of the company's own shares. This authorization was totally unutilised at year end, and is valid for one year from the date of the meeting.

### Shareholders

The number of shareholders rose to 111 after the staff issue ending in August 1999. In the sale of shares carried out between September 20 and 23, 1999, before listing on Helsinki Exchanges, the main shareholders sold a total of 2,200,000 shares, corresponding to 33.7% of the total. The shares were oversubscribed about five times over; the subscription price was set at EUR 5.75. 1,900,000 shares were sold to Finnish and foreign institutions and 300,000 to Finnish private investors. 65% of the sales to institutions were allocated to foreign investors. The number of shareholders was thereafter around 1500. As a result of public trading, the number of shareholders has since risen further, and at the end of 2000 stood at around 1700.

### Company acquisitions and other changes in the corporate structure

Polar Profit Oy, Topsystems Oy and Tietovara Oy were all acquired during the financial period. Polar Profit and Topsystems were incorporated into the Group as of March 1, 2000 and Tietovara as of May 1, 2000. These acquisitions greatly increased the company's service capacity in Internet and wireless telecommunications, and with organic growth raised the total number of Tieto-X staff at the end of the period to around 255. In addition, a letter of intent was signed in December on purchase of the entire stock of Botnia Comp Engineering Oy.

The purchase of Polar Profit Oy took the form of a partial exchange of shares in that the first instalment of the agreed price was paid in March 2000 through a share issue targeted at Polar Profit Oy's shareholders; 173,000 new Tieto-X Plc shares were then offered for subscription at EUR 6.50 each. The second instalment, maximum FIM 6.0 million, was made dependent on Polar Profit's profits for 2000 and had to be paid in either Tieto-X shares or in cash. In return, the sellers transferred the entire stock of Polar Profit Oy as subscription in kind when the shares were subscribed. The Polar Profit Oy shares acquired as subscription in kind were entered in the Tieto-X Plc balance sheet at their maximum purchase price, FIM 12,949,822. The second instalment of the price was entered in the balance sheet as a liability.

The Toppsystems Oy and Tietovara Oy acquisitions took the form of exchanges of shares in which Tieto-X offered Toppsystems Oy shareholders altogether 468,000 new Tieto-X shares for subscription in a targeted issue and Tietovara Oy shareholders a total of 450,000 Tieto-X shares in a target issue. In return, the sellers transferred the entire stock of Toppsystems Oy and Tietovara Oy to Tieto-X Plc as subscription in kind. The shares of Tietovara Oy and Toppsystems Oy received in the transfer were entered in the Tieto-X Plc balance sheet at a value which equals the net worth of the companies in question.

**Polar Profit Oy** is a fast-growing consultancy operating in Haapavesi and Oulu which concentrates on Internet and wireless telecommunications application design for IT and Internet companies. Proforma turnover in 2000 totalled FIM 7.6 million.

**Toppsystems Oy** is a consultancy in Helsinki which has had special expertise since 1984 in IT development and implementation services, especially in an IBM mainframe environment, and since 1996 in Internet services. The company also offers project services. Proforma turnover in 2000 totalled FIM 9.2 million.

**Tietovara Oy** is a computer consultancy founded in 1984 and operating in the Helsinki metropolitan area, with proforma turnover of FIM 18.3 million in 2000. The company specializes in IT system consultancy, implementation and maintenance projects for the banking and finance business.

In December 2000 the decision was made to incorporate the business operations of Polar Profit Oy, Tietovara Oy and Toppsystems Oy into the parent company. The transfer was carried out on December 13, 2000 by placing the subsidiaries in voluntary liquidation. In this way, their business operations could be transferred immediately, and they now function as independent business units within the parent company.

### Operations

Operations comprised the supply of IT specialists to companies on a contractual basis. Assignments are long-term and nearly all full-time. The longest commissions have gone on without a break for over five years.

IT planners and programmers accounted for about 90% of net sales and network support staff for 10%. All sales were generated in Finland.

### Investments and depreciations

Investments in computer hardware and software and in office and training equipment totalled FIM 1 030 000 during the period. IT hardware and software were entered in their entirety as expenses, having an economic lifetime of under three years. The maximum depreciations allowed under the Corporate Taxation Act were made on other fixed assets.

### Finance

Operations were financed entirely out of income. The company has no current debts. Its liquid assets at year end stood at FIM 33.8 million.

### Customers

The number of customers continued to grow. Some important

new clients were acquired during the period, e.g. large telecommunications companies and several companies involved in the media business and new technology. By the end of the period a framework agreement on the supply of specialists had been made with over a hundred companies and organizations. Some 60 of these bought consulting services during the year.

### Quality

Tieto-X has an ISO 9002 Quality System Standard, and was granted certification by Det Norske Veritas in Autumn 1999. The system covers all the most important sales and administrative functions. A satisfaction survey carried out under the quality system in October 1999 and April 2000 included all consultants and their supervisors. A similar survey was carried out covering new consultants in August and November 2000. Judging by the responses, customers value the expertise and professional approach of Tieto-X's consultants, and consultants were satisfied with their duties and working conditions.

### Staff

Over the period under review the average number of staff was 196, the figure at the end of the period being 255. The increase was due to organic growth and the company acquisitions.

### Staff costs

Salaries and fees, plus indirect employee costs, came to FIM 71.0 million, pension expenses to FIM 12.5 million and other indirect employee costs to FIM 4.9 million. Total staff costs were FIM 88.3 million, or around 84% of total expenses.

### Management system and organization

The Tieto-X management system went through a complete development process during the financial period, aimed at eliminating the dual roles of the Board of Directors and the executive management and at strengthening the Board with outside expertise. In May 2000, in the first phase of the process, a new Group management team was set up comprising the company's President, Sales Director and Director of Finance, plus the director in charge of personnel development, and the directors of the subsidiaries and business units.

The proposed changes in the Board of Directors were approved by an extraordinary meeting of shareholders on September 28, 2000, which also approved the resignation of three Board members and elected new outside members to replace them.

### Board of Directors, President and CEO, and Auditors

Kari Happonen, Matti Jokinen and Risto Terho served on the Board of Directors throughout the financial period. Up to the extraordinary shareholders' meeting on September 28, 2000 the other Board members were Martti Leikos, Kari Pyrhönen and Lasse Rantala; following the meeting, these were replaced by Juhani Pääkkö, Ralf W. Saxén and Esko Siik. The chairman of the Board up to the meeting was Matti Jokinen, and subsequently Ralf W. Saxén.

Martti Leikos has been President and CEO since February 1, 1995.

The Board met 31 times. Two extraordinary meetings of shareholders were held as well as the annual general meeting.

The auditors were SVH PricewaterhouseCoopers Oy, with Heikki Lassila, Authorised Public Accountant, as responsible auditor.

### Events after the end of the period

At a meeting on January 3, 2001, the Board of Directors approved a purchase comprising the entire stock of Botnia Comp Engineering Oy (BCE). This acquisition was paid for in cash. The purchase price comprised a fixed amount payable immediately (around FIM 5.3 million) and an additional amount estimated at FIM 6.0 million. The final purchase price will depend on trends in BCE profits and net sales during the August 1, 2000 - December 31, 2001 period. Budgeted turnover for this period is FIM 16 million and net profits FIM 1.9 million.

Botnia Comp Engineering Oy is an IT service company in Kemi founded in 1998 which specializes in industrial computer systems and products based on Lotus Notes/Domino. BCE engages in training cooperation with the Kemi-Tornio Polytechnic and the Swedish employment authorities. Its customers comprise



companies in wood processing and other heavy manufacturing industry and in the IT field.

The additional part of the purchase price under the deal with Polar Profit on March 1, 2000 fell due for payment according to agreement, based on profits for 2000. Because performance far exceeded the maximum specified in the sales agreement, the additional price was FIM 6.0 million. This was paid to the sellers in cash.

#### Future prospects

Demand for IT services is expected to remain at a good level generally speaking. Projects related to introduction of the euro will continue up to the end of 2001. Planning of applications needed for Internet services continues, and growing use of wireless technology will boost demand in the field.

In the last quarter of 2000 Tieto-X customer demand started to rise, and it is expected to remain good throughout 2001. The fast increase in staff at the end of the period under review and the company acquisitions made will ensure growth in the first half of 2001. Greater demand for euro applications towards the end of the year will probably boost development throughout the sector. Smooth integration of the newly acquired companies into Tieto-X operations will generate synergy benefits. Tieto-X is an increasingly focused company offering a wider range of services and operating with great efficiency.

The rapid growth in Tieto-X operations in the economic area of Oulu and the whole area of upper Gulf of Bothnia will account for a substantial share of growth in sales, which is expected to exceed 50% even without any new acquisitions.

The corporate acquisition programme will continue in line with adopted strategy. The enormous increase in contract work in the IT business in recent years has given rise to several new, fast-growing companies and thus generated new supply. On the other hand, falling share prices and the problems of Internet-related companies have both increased Tieto-X's potential for operating on the corporate acquisition market and reduced the

prices asked for available companies.

The numerous current and upcoming training projects in the area of the upper Gulf of Bothnia will ensure a supply of additional labour in the area. In the last few months, labour supply in locations in southern Finland has also eased up appreciably, though the demand in some areas of expertise continues to exceed the supply.

The indicators of Tieto-X profitability and solvency are good. Its high liquidity and positive cash flow give the company room for manoeuvre, and will mean funds are available for future projects.

### Board of Directors' proposal to the annual meeting of shareholders

The parent company's disposable funds on December 31, 2000 were FIM 21 030 808,38.

The Group's disposable funds on December 31, 2000 were FIM 23 077 231,64.

The Board of Directors proposes that the FIM 21 030 808,38 in profit for the period be disposed of as follows:

- a dividend to shareholders of
 

EUR 0.12 per share	FIM 5 438 915,97
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- carried over in
 

shareholders' equity	FIM 15 591 892,41
	FIM 21 030 808,38

The Board of Directors proposes that the dividend be paid on April 25, 2001 on shares entered in the shareholders' register kept by the Finnish Central Securities Depository on the record date, April 18, 2001. Because the financial year was extended this year, an additional dividend of EUR 0.12 per share was paid on October 10, 2000.

## Consolidated profit and loss account

	1.7.1999–31.12.2000	1.1.2000–31.12.2000 Proforma	1.1.1999–31.12.1999 Proforma
<b>Turnover</b>	<b>128 528 240,07</b>	<b>93 060 642,00</b>	<b>74 573 431,37</b>
Other operating income	247 048,79	244 048,79	9 000,00
Materials and services			
Materials	-85 483,48	-85 483,48	
Services	-2 642 153,22	-2 106 260,72	-1 209 424,65
Personnel costs			
Salaries and wages	-70 957 896,34	-50 826 195,48	-42 338 913,27
Other personnel costs			
Pension costs	-12 453 460,26	-9 062 338,67	-7 320 356,69
Other personnel costs	-4 932 207,69	-3 173 895,47	-3 431 272,17
Other personnel costs total	-17 385 667,95	-12 236 234,14	-10 751 628,86
Personnel costs total	-88 343 564,29	-63 062 429,62	-53 090 542,13
Depreciation and amortisation			
Depreciation on tangible and intangible assets			
Depreciations according to plan	-188 528,70	-140 718,90	-111 556,19
Amortisation on goodwill	-2 648 898,04	-2 648 898,04	
Depreciations and amortisations total	-2 837 426,74	-2 789 616,94	-111 556,19
Other operating expenses	-13 778 540,99	-10 924 940,01	-6 853 307,20
Expences total	-107 687 168,72	-78 968 730,77	-61 264 830,17
<b>Operating profit</b>	<b>21 088 120,14</b>	<b>14 335 960,02</b>	<b>13 317 601,20</b>
Financial income and expenses			
Other interest and financial income			
Interests	207 967,87	176 778,79	52 060,79
Other financial income	4 384 864,71	3 359 818,94	1 789 357,01
Other interest and financial income total	4 592 832,58	3 536 597,73	1 841 417,80
Interest charges and financial expenses	-2 535 960,69	-2 515 643,86	-50 265,51
Financial income and expenses total	2 056 871,89	1 020 953,87	1 791 152,29
<b>Profit before extraordinary items</b>	<b>23 144 992,03</b>	<b>15 356 913,89</b>	<b>15 108 753,49</b>
Extraordinary items			
Extraordinary expenses	-1 817 434,35	-150 000,00	-1 667 434,35
Extraordinary items total	-1 817 434,35	-150 000,00	-1 667 434,35
<b>Profit before provisions and taxes</b>	<b>21 327 557,68</b>	<b>15 206 913,89</b>	<b>13 441 319,14</b>
Income taxes	-5 646 661,05	-3 854 957,43	-4 864 491,20
Deferred tax	-446 919,87	-446 919,87	
<b>Net profit</b>	<b>15 233 976,76</b>	<b>10 905 036,59</b>	<b>8 576 827,94</b>

## Consolidated balance sheet

	31.12.2000	30.6.1999
<b>ASSETS</b>		
FIXED ASSETS		
Intangible assets		
Goodwill	13 293 245,08	
Intangible assets total	13 293 245,08	
Tangible assets		
Machinery and equipment	486 020,34	
Tangible assets total	486 020,34	191 239,19
Investments		
Other shares and holdings	971 819,33	53 890,00
Investments total	971 819,33	53 890,00
<b>FIXED ASSETS TOTAL</b>	<b>14 751 084,75</b>	<b>245 129,19</b>
CURRENT ASSETS		
Short-term receivables		
Sales receivables	10 471 044,23	9 115 493,39
Loan receivables	445 276,22	191 662,78
Prepaid costs		184 614,59
Accrued income and deferred income	6 753 089,37	
Other receivables	1 140,54	1 462 500,00
Short-term receivables total	17 670 550,36	10 954 270,76
Financial securities		
Other securities	23 269 309,69	14 574 774,72
Cash on hand and on deposits	10 571 222,12	5 882 071,83
<b>CURRENT ASSETS TOTAL</b>	<b>51 511 082,17</b>	<b>31 411 117,31</b>
<b>TOTAL ASSETS</b>	<b>66 262 166,92</b>	<b>31 656 246,50</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	1 812 971,33	1 294 195,10
Share issue		1 462 500,00
Premium fund	17 945 358,61	
Retained earnings	7 843 254,85	9 688 820,40
Net accounting period profit	15 233 976,76	9 363 685,69
<b>SHAREHOLDERS' EQUITY TOTAL</b>	<b>42 835 561,55</b>	<b>21 809 201,19</b>
LIABILITIES		
Short-term liabilities		
Advanced payments		332 303,00
Accounts payable	781 097,77	561 465,04
Other liabilities	7 472 137,64	8 950 603,55
Accrued expanded and deferred income	14 726 450,09	2 673,72
Deferred tax	446 919,87	
Short-term liabilities total	23 426 605,37	9 847 045,31
<b>LIABILITIES TOTAL</b>	<b>23 426 605,37</b>	<b>9 847 045,31</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL</b>	<b>66 262 166,92</b>	<b>31 656 246,50</b>

## Sources and applications of funds

	1.7.1999–31.12.2000	1.7.1998–30.6.1999
<b>Business operations</b>		
Profit before extraordinary items	23 144 383	13 031 847
Depreciations and amortisations	2 837 427	63 746
Financial income and expenses	-2 056 872	-789 925
Change in net working capital	1 173 968	-2 288 553
Interests	207 968	
Other financial items	2 353 698	732 805
Taxes	-8 333 641	-3 668 162
Cash flow from extraordinary items	-1 667 434	
<b>Cash flow from business operations</b>	<b>17 659 497</b>	<b>7 138 879</b>
<b>Investments</b>		
Investments in tangible and intangible assets	-1 723 573	-132 951
Transfer income from tangible assets	1 148 177	
Investments in subsidiary companies	6 096 000	
<b>Cash flow from investments</b>	<b>5 520 604</b>	<b>-132 951</b>
<b>Cash flow before financing</b>	<b>23 180 101</b>	<b>7 005 928</b>
<b>Financing</b>		
Divident paid	-11 258 916	-1 152 360
Share issue	1 462 500	251 961
<b>Cash flow from financing</b>	<b>-9 796 416</b>	<b>-900 399</b>
Change in funds	13 383 685	6 105 529
Funds in the beginning of the period	20 456 847	14 351 318
Funds at the end of the period	33 840 532	20 456 847



## Changes in shareholders' equity

1.7.1999–31.12.2000

<b>Shareholders' Equity</b>	
Share capital in the beginning of the period	1 294 195,10
Share issue during the period	28 751,18
Capitalisation issue during the period	<u>233 025,05</u>
Share capital at the end of the period	<u>1 812 971,33</u>
Share issue in the beginning of the period	1 462 500,00
Capitalisation issue during the period	-1 462 500,00
Share issue at the end of the period	<u>0,00</u>
Premium fund in the beginning of the period	0,00
Share issues during the period	18 005 834,61
Decrease during the period	-60 476,00
Premium fund at the end of the period	<u>17 945 358,61</u>
Retained earnings in the beginning of the period	19 052 506,09
Divident distributions	-11 258 915,97
Capitalisation issues during the period	-233 025,05
Other changes	282 689,81
Profit for the period	<u>15 233 976,76</u>
Retained earnings 31.12.2000	<u>23 077 231,64</u>
Shareholders' Equity 31.12.2000	<u>42 835 561,58</u>

Distributable funds of the group 31.12.2000  
are 23 077 231,64 FIM.

## Notes for profit and loss account

	1.7.1999–31.12.2000	1.7.1998–30.6.1999
<b>Turnover by market area</b>		
Finland	128 528 240,07	71 170 446,33
Other countries		246 920,00
Total	128 528 240,07	71 417 366,33
<b>Personnel Costs</b>		
Salaries and fees paid to the Managing Director and to the Board of Directors	1 077 800,00	575 128,25
Other salaries	69 880 096,34	40 451 332,70
Pension costs	12 453 460,26	6 741 350,21
Other personnel costs	4 932 207,69	3 107 272,66
Personnel costs total in P&L	88 343 564,29	50 875 083,82
Benefits in kind	675 540,97	39 641,80
Total	89 019 105,26	50 914 725,62
<b>The average number of personnel employed during the period</b>		
Specialists	173	152
Administrative and sales personnel	22	18
Trainees	1	
Total	196	170
<b>Personnel employed at the end of the period</b>		
Specialists	225	156
Administrative and sales personnel	30	19
Trainees		4
Total	255	179
<b>Depreciation and amortisation</b>		
Depreciations according to plan		
Machinery and equipment	188 528,70	63 746,39
Amortisation on goodwill	2 648 898,04	
Total	2 837 426,74	63 746,39
<b>Extraordinary items</b>		
Exceptional costs of FIM 1 817 434,35 includes the costs of company listing to the Helsinki Exchanges.		
<b>Income Taxes</b>		
From extraordinary items	-483 529,57	
From normal operations	6 130 190,62	3 668 161,58
Deferred tax	446 919,87	
Total	6 093 580,92	3 668 161,58

## Notes for balance sheet

	1.7.1999–31.12.2000	1.7.1998–30.6.1999
<b>Intangible assets</b>		
<b>Goodwill</b>		
Goodwill in the beginning of the period		
Increase during the period	15 942 143,12	
Amortisation during the period	-2 648 898,04	
Goodwill at the end of the period	13 293 245,08	
<b>Tangible assets</b>		
Machinery and equipment in the beginning of the period	191 239,19	122 034,44
Increase during the period	483 309,85	132 951,14
Depreciations during the period	-188 528,70	-63 746,39
Machinery and equipment at the end of the period	486 020,34	191 239,19
<b>Investments</b>		
Other shares and holdings		
In the beginning of the period	53 890,00	53 890,00
Increase during the period	917 929,33	
Other shares and holdings at the end of the period	971 819,33	53 890,00
<b>Financial securities</b>		
<b>Other securities</b>		
Financial securities includes Fund units that are under public trade		
Market value	23 269 309,69	15 582 529,61
Book value	23 269 309,69	14 574 774,72
Difference	0,00	1 007 754,89
<b>Other liabilities, accrued expences and deferred income</b>		
Material issues included		
Personnel costs	8 638 731,88	5 470 006,37
Rest of the acquisition price of Polar Profit Oy	6 000 000,00	
VAT liability	4 867 639,34	2 616 310,00
Tax liability	1 905 001,00	698 982,58
Other liabilities	787 215,51	165 304,60
	22 198 587,73	8 950 603,55
<b>Commitments</b>		
Commitments for group		
Bank deposits as security for rent	153 000	126 900
Amounts payable for leasing contracts	586 000	

## Key ratios on financial performance

	1.1.-31.12.2000	1.1.-31.12.1999	1.7.1999-31.12.2000
Turnover, FIM thousand	93 061	74 573	128 528
Turnover, increase %	24,8 %	20,5 %	80,0 %
Operating profit, FIM thousand	14 335	13 318	21 088
% of turnover	15,4 %	17,9 %	16,4 %
Operating profit before goodwill amortisation, FIM thousand	16 984	13 318	23 736
% of turnover	18,3 %	17,9 %	18,5 %
Profit before extraordinary items, FIM thousand	15 356	15 109	23 144
% of turnover	16,5 %	20,3 %	18,0 %
Profit before provisions and taxes, FIM thousand	15 206	13 441	21 327
% of turnover	16,3 %	18,0 %	16,6 %
Return on equity %	35,0 %	52,0 %	34,2 %
Return on investment %	48,6 %	80,7 %	47,7 %
Interest related liabilities			
Financial assets, FIM thousand	33 840	28 584	33 840
Gearing	-79,0 %	-140,7 %	-79,0 %
Equity ratio	64,6 %	53,9 %	64,6 %
Gross investment under fixed assets, FIM thousand	830	250	1030
% of turnover	1 %	0,5 %	1 %
Personnel, average during the financial period	204	164	196
Personnel, at the end of the financial period	255	166	255
<b>Key ratio per share</b>			
Earnings per share, FIM	1,91	1,49	2,67
Earnings per share, EUR	0,32	0,25	0,45
P/E, 18 months	13,41	24,00	9,53
P/E, adjusted to 12 months period			14,30
Shareholders' equity/share	5,62	3,11	5,62
	<b>31.12.2000</b>	<b>31.12.1999</b>	<b>31.12.2000</b>
Closing quotation at the end of the period	4,29	6,00	4,29
Market capitalization			
FIM	194 441 246,10	233 025 050,16	
EUR	32 702 670,00	39 192 000,00	

The effective dividend yield of 18 months including the additional dividend of EUR 0.12 paid 10 October 2000 is 5,59 %.

## Calculation of financial ratios

### Return on equity (ROE) %:

$$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes} +/- \text{taxes from extraordinary items}}{\text{Shareholders' equity} - \text{minority share} - \text{provisions} - \text{deferred tax}} \times 100$$

The 18 months ratio has been adjusted to 12 months period by dividing the ratio by 18/12

### Return on investment (ROI) %:

$$\frac{\text{Profit before extraordinary items, provisions and taxes} + \text{interest and other financial expenses (net)}}{\text{Balance sheet total} - \text{non interest bearing liabilities (average)}} \times 100$$

The 18 months ratio has been adjusted to 12 months period by dividing the ratio by 18/12

### Equity ratio %:

$$\frac{\text{Shareholders' equity} + \text{minority share} + \text{provisions} - \text{deferred tax}}{\text{Balance sheet total} - \text{advanced payments}} \times 100$$

### Earnings per share:

$$\frac{\text{Profit before extraordinary items, provisions, taxes and goodwill amortisation} - \text{taxes} +/- \text{taxes from extraordinary items}}{\text{Adjusted number of shares}} \times 100$$

Adjusted number of shares = 7 192 000 shares

Number of shares at the end of the period = 7 623 000 shares

### Shareholders' equity per share:

$$\frac{\text{Shareholders' equity} + \text{provisions} - \text{deferred tax} - \text{minority share}}{\text{Number of shares at the end of the period}} \times 100$$

## Notes on the consolidated annual accounts

### ACCOUNTING PRINCIPLES

#### Accounting principles used for the consolidated annual accounts

The consolidated annual accounts have been drawn up using the acquisition cost method. The companies acquired through an exchange of shares have been entered in the consolidated financial statements at their equity-rated value.

#### Fixed assets

Fixed assets are entered in the balance sheet at acquisition cost less planned depreciation. The planned depreciation has been calculated at the maximum percentages permitted under the Corporate Taxation Act. Computer hardware and software are entered as expenses for the year because they have an economic life of less than 3 years.

#### Financial assets

Liquid securities are entered in the balance sheet at whichever is lower of the acquisition cost or market value.

#### Pensions

Group company employees' pension coverage is arranged with outside pensions companies. Pension costs are entered as expenses in the year in which they occur.

#### Comparability of figures on the previous financial period

In comparing figures with the previous financial year, note should be taken that the present period was 18 months long. All previous financial years were 12 months long. The figures for 1999 and 2000 are presented proforma using the new financial period (the calendar year).

#### Currency

Tieto-X uses the Finnish markka as its accounting and reporting currency. The figures in the accounts are therefore given in FIM unless otherwise stated.



## Profit and loss account, parent company

	1.7.1999 - 31.12.2000	1.7.1998 - 30.6.1999
<b>Turnover</b>	<b>104 236 520,46</b>	<b>71 417 366,33</b>
Other operating income	3 000,00	9 000,00
Materials and services		
Materials	-1 682,79	
Services	-1 780 969,79	-1 697 353,60
Materials and services total	-1 782 652,58	-1 697 353,60
Personnel costs		
Salaries and wages	-59 932 143,87	-41 026 460,95
Other personnel costs		
Pension costs	-10 446 457,57	-6 741 350,21
Other personnel costs	-4 446 713,22	-3 107 272,66
Other personnel costs total	-14 893 170,79	-9 848 622,87
Personnel costs total	-74 825 314,66	-50 875 083,82
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-2 296 648,18	-63 746,39
Depreciation and amortisations total	-2 296 648,18	-63 746,39
Other operating expences	-9 398 001,88	-6 548 260,25
Expences total	-88 302 617,30	-59 184 444,06
<b>Operating profit</b>	<b>15 936 903,16</b>	<b>12 241 922,27</b>
Financial income and expences		
Interests	141 338,89	58 304,96
Other financial income	3 961 844,78	772 065,38
Interests and other financial income total	4 103 183,67	830 370,34
Interest charges and other financial expenditure		
Interest charges	-79 552,08	-1 185,12
Other financial expenditure	-2 243 975,09	-39 260,22
Interest charges and other financial expenditure	-2 323 527,17	-40 445,34
Financial income and expences total	1 779 656,50	789 925,00
<b>Profit before extraordinary items</b>	<b>17 716 559,66</b>	<b>13 031 847,27</b>
Extraordinary items		
Extraordinary expences	-1 667 434,35	0,00
Extraordinary items total	-1 667 434,35	0,00
<b>Profit before provisions and taxes</b>	<b>16 049 125,31</b>	<b>13 031 847,27</b>
Income taxes	-2 578 882,00	-3 668 161,58
<b>Net profit</b>	<b>13 470 243,31</b>	<b>9 363 685,69</b>

## Balance sheet, parent company

	31.12.2000	30.6.1999
<b>ASSETS</b>		
FIXED ASSETS		
Intangible fixed assets		
Other capitalised expenditure	8 970 959,97	
Tangible assets		
Machinery and equipment	486 020,34	191 239,19
Investments		
Intra-Group holdings	13 584 620,35	
Other shares and holdings	971 819,33	53 890,00
Investments total	14 556 439,68	53 890,00
<b>FIXED ASSETS TOTAL</b>	<b>24 013 419,99</b>	<b>245 129,19</b>
CURRENT ASSETS		
Short-term receivables		
Sales receivables	10 440 270,07	9 115 493,39
Loan receivables	445 276,22	191 662,78
Accrued income and deferred income	6 886 190,38	184 614,59
Other receivables	1 140,54	
Share issue receivables		1 462 500,00
Short-term receivables total	17 772 877,21	10 954 270,76
Financial securities		
Other financial securities	23 269 309,69	14 574 774,72
Cash on hand and on deposits	10 571 222,12	5 882 071,83
<b>CURRENT ASSETS TOTAL</b>	<b>51 613 409,02</b>	<b>31 411 117,31</b>
<b>ASSETS TOTAL</b>	<b>75 626 829,01</b>	<b>31 656 246,50</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
SHAREHOLDERS' EQUITY		
Share capital	1 812 971,33	1 294 195,10
Share issue		1 462 500,00
Premium fund	17 945 358,61	
Retained earnings	7 560 565,07	9 688 820,40
Net accounting period profit	13 470 243,31	9 363 685,69
<b>SHAREHOLDERS' EQUITY TOTAL</b>	<b>40 789 138,32</b>	<b>21 809 201,19</b>
LIABILITIES		
Short-term liabilities		
Advanced payments		332 303,00
Accounts payable	750 323,61	561 465,04
Accrued expences and deferred income	26 615 838,44	8 950 603,55
Other liabilities	7 471 528,64	2 673,72
Short-term liabilities total	34 837 690,69	9 847 045,31
<b>LIABILITIES TOTAL</b>	<b>34 837 690,69</b>	<b>9 847 045,31</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL</b>	<b>75 626 829,01</b>	<b>31 656 246,50</b>

The official Financial statements with all required notes are available for seeing at company head office, address Mäkelänkatu 56, 00510 Helsinki.

## Auditor's report

To the shareholders of Tieto-X Plc

We have audited the accounting, the financial statements and the corporate governance of Tieto-X Plc for the period 1.7.1999–31.12.2000. The financial statements, which include the report of the Board of Directors, 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 the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that 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 have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the 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 distributable assets is in compliance with the Companies' Act.

*Helsinki March 26, 2001*

*SVH PricewaterhouseCoopers Oy  
Authorised Public Accountants*

*Heikki Lassila, APA*