



Annual Report 2002

Tieto-X



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Tieto-X provides flexible Contract Work Solutions in software development and systems management that support the customers' competitive edge.

The Annual General Meeting will be held on Mach 25, 2003.

Interim reports will be published:

Interim report 3 months April 23, 2003

Interim report 6 months August 12, 2003

Interim report 9 months October 22, 2003



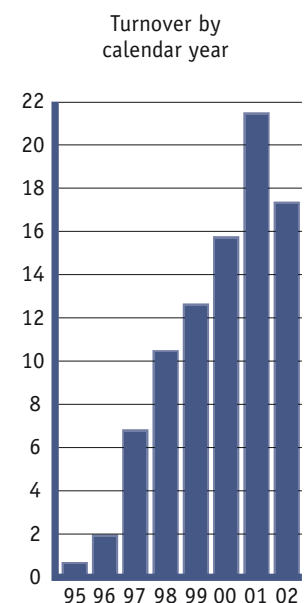


Main Events

- 27.02.2002 Financial statement bulletin on the financial year January 1, 2001 - December 31, 2001: profitable growth continued.
- 27.02.2002 Acquisition of Botnia Comp Engineering Oy's share capital, payment of second instalment and increase of Tieto-X share capital by directed share issue.
- 27.02.2002 Tieto-X Plc Board decision to issue new stock options.
- 20.03.2002 Annual General Meeting
- 24.04.2002 Interim report, January 1 - March 31, 2002. First quarter conformed to expectations: turnover down, but net result at nearly the 2001 level.
- 01.05.2003 Kari Happonen appointed Tieto-X's President and CEO after Martti Leikos retirement.
- 14.08.2002 Interim report, January 1 - June 30, 2002. The first half went according to forecast: turnover fell and profitability weakened, but profit before goodwill amortisation remained satisfactory and cash flow continued positive.
- 28.10.2002 Tieto-X Plc Interim report, January 1 - September 30, 2002: turnover stabilised and profitability restored.
- 28.10.2002 Tieto-X to buy WTS Wireless Technology Systems Oy.
- 16.12.2002 Board of Directors approved the acquisition of WTS Wireless Technology Systems Oy.

Summary of Financial Statement Data

Beginning of the financial year	1/1/2002	1/1/2001	1/1/2000*	1/1/1999*	1/7/1998
End of the financial year	31/12/2002	31/12/2001	31/12/2000	31/12/1999	30/6/1999
Turnover, 1000 EUR	17,261	21,397	15,652	12,542	12,011
Turnover, increase %	-19.3	36.7	24.8	N/A	33.4
Operating profit before GW amortisation, 1000 EUR	1,952	3,945	2,857	2,240	2,059
% of turnover	11.3	18.4	18.3	17.9	17.1
Operating profit, 1000 EUR	815	2,828	2,411	2,240	2,059
% of turnover	4.7	13.2	15.4	17.9	17.1
Net profit, 1000 EUR	1,153	2,200	1,834	1,443	1,575
% of turnover	6.7	10.3	11.7	11.5	13.1
Return on investment (ROI) %	11.4	32.4	48.6	80.7	61.0
Return on equity (ROE) %	14.2	28.0	35.0	52.0	42.9
Balance sheet total, 1000 EUR	11,703	13,357	11,144	6,346	5,324
Shareholders' equity, 1000 EUR	7,700	8,489	7,204	2,901	3,668
Equity ratio %	65.8	63.6	64.6	53.9	69.6
Solvency ratio	1.1	1.1	1.4	1.3	3.2



* Unaudited pro forma figures





Review by the President and CEO

The past year was Tieto-X's seventh financial period and its third year of operations as a listed company. The year started in an exceptionally difficult and unstable market situation as a result of prolonged uncertainty about the economy overall. The financial sector in particular suffered significant reductions in assignments from customer companies during the first six months of the year, and this caused turnover to decline for the first time in the company's history.

Thanks to intensified efforts to boost marketing and sales of services offered, we succeeded in stabilising turnover in the third quarter and in turning the trend slightly upward again in the fourth quarter. Profitability, hampered by restructuring and rationalisation measures in the early part of the year, returned to a moderate level towards year end.

Major part of the corporate turnover consisted as in previous years of Contract Work Services in software development and maintenance and in systems management. The main aim of the business development programme begun in summer 2002 is not only to strengthen the in-depth expertise of our personnel but also to develop new software Subcontracting Services and software maintenance and systems management Outsourcing Services, along with our Contract Work Services.

Such expansion of our service models into increasingly comprehensive subcontracting and outsourcing reflects the expectations of our major customer companies and allows business to grow in what continues to be a tight market situation. Taking on responsibility for more extensive software projects and outsourced maintenance functions also offers an opportunity for us to generate more added value for our customers. Targeting the new service provision specifically at long-term strategic customers will in turn provide instruments for business risk management and further the maintenance of good profitability.

After conquering the difficulties experienced last spring, Tieto-X is now stronger and embarks on the new financial period with its sights set on stable, profitable growth. We believe this target will reward our customers, personnel and owners alike. Our success factors are in part tried and tested and in part new, offering challenges and opening up opportunities.



Kari Happonen
President and CEO



Business Principles

Mission

Tieto-X provides flexible Contract Work Solutions in software development and systems management that support the customers' competitive edge. Our Contract Work Solutions range from Contract Work Services by individual software and systems experts to software Sub-contracting and maintenance and systems management Outsourcing Services with comprehensive responsibility. Our customers are leading companies in the financial, IT, trade, industrial and media sectors, ICT service providers and public administration organizations.

Vision

Tieto-X's vision is to develop into a strategic cooperation partner for leading Finnish and international players, carrying overall or partial responsibility for the design, implementation, maintenance and flexible development of software forming part of the software products or systems of its customer companies.

Values

Apart from its mission and vision, Tieto-X operations are guided by its values: development, responsibility, productivity and openness. These values show what the company intends to commit itself to, and what it wants to become as a working community. They also provide guidelines for corporate development taking the interests and needs of personnel, customers and owners into account with maximum equitability.

Development

The company continues to develop its expertise, organization, mode of operation and services in order to become increasingly efficient in offering the right solutions to meet its customers' changing needs for expertise. The company appreciates initiative, willingness to change and ability to anticipate changes.

Responsibility

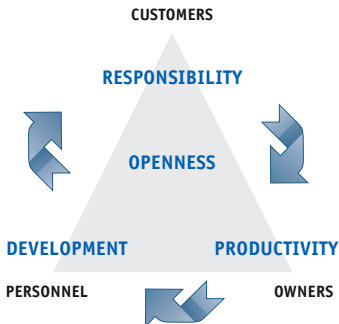
Tieto-X values reliable, cooperative and responsible people. In all their duties, our employees aim to have a responsible attitude to customers and colleagues, ensuring that everyone's contribution helps to meet customer requirements and achieve the company's own goals in the best possible way.

Productivity

All Tieto-X employees want to be productive in their jobs and in customer assignments, thus creating the preconditions for corporate profitability and continued operations and for success in meeting the expectations of our various stakeholders. The company values and supports its employees' aspirations towards high quality and good performance.

Openness

Our employees value and respect each other as equal partners, accepting individual differences as an important asset and a source of new ideas. The company aims at openness both in internal relations and in interaction with customers and other stakeholders.



Development, responsibility and productivity are thought of as forming a proactive circle of development. Continuous efforts towards development and responsibility support productivity aims, which in turn enhances the preconditions for development. Openness is considered to be a fundamental value guiding all operations, providing a framework for them and guiding internal cooperation and interaction with customers and other stakeholders alike.





Strategy and organisation

Business strategy

The strategy directing Tieto-X business development consists of five sub-strategies for competence, services, customers, corporate acquisitions and personnel.

Competence

For its strategic areas of expertise, the company has chosen software techniques used in Main Frame environments, wireless telecommunication technologies and technologies based on Java and Lotus Notes/Domino.

Software techniques used in Main Frame environments constitute the company's traditional core competence. Demand for such expertise is expected to continue to be fairly stable in future, offering important growth opportunities in some customer sectors.

The search for new expertise in software development will aim to expand and deepen our know-how in wireless telecommunications and Java technologies.

Parallel to the above-mentioned core competences, the company also aims to increase its expertise in Notes/Domino environments and in information security and systems management techniques as far as customer requirements demand.

As the company's service concepts develop, a need will emerge to increase the project expertise of the company's specialists, project and team supervisor competences and competences in managing the functions outsourced by customer companies.

Raising the level of expertise in all these competence areas is regarded as a way of generating more added value for customer companies, and is expected to make for increasingly in-depth long-term cooperation. Generation of more added value will secure a good pay level for the company's experts without reducing inputs in competence development or good profitability.

Services

The company's service development is guided by the needs and wishes of major customers. These will be answered by productizing services and developing new software Subcontracting Services and software maintenance and systems management Outsourcing Services parallel to the traditional Contract Work model.

Services are offered in a tailored form, depending on the nature and needs of the customer company in question.

Contract Work by IT experts will continue to be the company's core service product. Software Subcontracting Services will be developed specifically on the basis of the needs expressed by our customers in telecommunications sector. Outsourcing Services will be developed primarily to meet the Main Frame application maintenance needs of customers in the financial, trade and public administration sectors, often in collaboration with IT service companies that have partnership agreements with the company.

Customers

Development of customer relations relies on close, long-term cooperation with selected strategic customers, on the one hand and on flexible, customer-oriented service models that bring all customers concrete customer benefits and competitive advantage, on the other.

In the financial sector, adjustments to bank and insurance company software will constitute a major challenge in the next few years, and here Tieto-X will aim to position itself as a long-term software maintenance outsourcing partner for both end customers and the IT companies serving them.

Tieto-X aims to develop the telecommunications sector as another strong customer segment equal to the financial sector, by increasing customer cooperation in the software development of wireless terminal equipment in particular. Apart from Contract Work Service, growth



will be sought through Subcontracting Services in software development, integration and testing, and through Outsourcing Services in terminal equipment design.

Corporate acquisitions

Corporate acquisitions support Tieto-X's business growth, intensification of strategically important customer relationships and rapid development of new competence areas and service concepts. They will focus on companies with a strong cash flow; companies that have grown rapidly and can outline a path of growth in the future, too; companies offering competencies that expand and deepen existing competence; and companies whose mode of action will enhance new service models and selected strategic customer relationships.

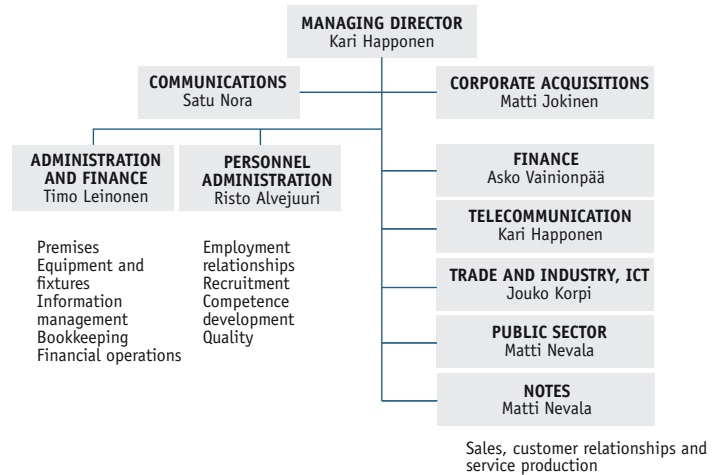
Personnel

Tieto-X wants to offer its expert personnel interesting and professionally challenging jobs in customer companies that are leaders in their sectors, a good income level with good fringe benefits, and opportunities for competence development and expansion.

As the company's ways of operating and its service concepts develop and become more varied, the company's potential to offer its personnel alternative careers to specialist career will continue to improve. Those interested will have a variety of supervisory levels to choose from.

The general goal of all functions related to personnel is to boost expert and supervisory competence, increase staff awareness of the company's operating modes and targets, and raise commitment to the company and working capacity and well-being at work. The central elements in the last-mentioned are the quality factors in working conditions: versatility, opportunities to influence one's own work, a good working atmosphere, close-hand support and the rewards of the work.

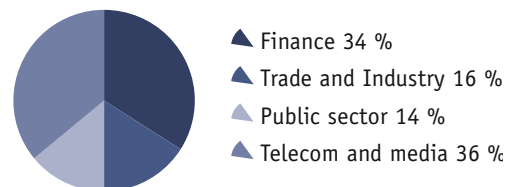
Organisation



Tieto-X's operative business has been organised into five business units. Four have been formed based on our customers, business sectors, i.e. the Financial, Telecommunications, Trade, industry and ICT, and Public sector units. The fifth business unit, Notes/Domino solutions, is based on the units technology. The administrative, financial and personnel administration functions support the customer relations and service provision of the business units.

Turnover

Breakdown of net sales by customer sector,
1/1/2002 - 12/31/2002, %



The proportion of Tieto-X turnover contributed by the Financial sector fell in 2002, while other sectors grew correspondingly.



Services

Contract work solutions

Tieto-X operates on the IT service market, offering its customer companies solutions to problems in software development and maintenance and in systems management; in the provision of expertise required by its customer companies; in sufficiency and flexibility of resources, efficient management of development projects and in quality, cost and competence risks; and in maintaining a high level of up-to-date in-depth expertise.

Tieto-X's service provision is called 'Contract Work Solutions': in this operating model a customer company's software projects and information systems management – or parts thereof – are assigned to the specialist expert service company Tieto-X Plc under commissioning, subcontracting or outsourcing agreements.

Tieto-X's Contract Work Solutions comprise three service products: Contract Work by software and systems experts, software Subcontracting Services and software maintenance and systems management Outsourcing Services.

Contract Work Services

Contract work by software experts has been Tieto-X's core business ever since the company was set up. In this sector, Tieto-X is undoubtedly the market leader in Finland.

Contract work is an alternative to the customer company's own recruitment: Tieto-X supplies its customers with trained specialists with plenty of work experience who meet the needs and requirements of the expert function concerned, and all this is provided flexibly and speedily for either a fixed term or for indefinite assignments.

Usually such experts work on the customer's premises, using the customer's tools under the supervision of the customer's project manager or other supervisor, while Tieto-X takes on other employer obligations. The customer is charged on the basis of the hours worked and reported by the expert concerned.

Subcontracting Services

Tieto-X supplies complete teams for software development projects, specifically in the telecommunications sector. The experts on the team are trained specialists with plenty of work experience and familiar with the customer's sphere of operations.

Teams use either the customer's or Tieto-X's premises and tools under the supervision of the customer's or Tieto-X's project manager, while Tieto-X is responsible for employer obligations. The customer is charged by the hour, using a fixed project price, or on a shared profit/risk basis.







Outsourcing Services

Tieto-X offers outsourcing services for maintenance of software based on selected technologies and systems management functions.

Under an outsourcing agreement, the personnel or part of personnel in charge of the functions outsourced is transferred to the employ of Tieto-X, which takes on the responsibility for performing the function for the customer company as a continuous service. The outsourced personnel uses either the customer's or Tieto-X's premises and tools under Tieto-X's supervision and with Tieto-X carrying the responsibility for employer obligations. The customer is charged by the hour, by a fixed monthly fee or on the basis of achievement of agreed goals.

Distinct benefit to customers

By using Tieto-X's expert services customer companies can maximise the IT expertise available to them in terms of quality, availability and flexibility of utilisation rate. Contract Work Solutions offer cost efficiency in utilising high-quality expertise and meeting the need for resources, and allow the customer to turn fixed costs into variable costs and to control the risks related to the acquisition and maintenance of expertise.

Cooperation with Tieto-X makes it possible for the customer company to keep IT management within its own organisation and to concentrate on its own core competence in both information management and actual business operations.



Corporate governance

General

Tieto-X's management and supervision procedure is based on the Companies Act, the Securities Markets Act and the company's own Articles of Association and internal operating instructions. Corporate management and supervision are divided between the shareholders' meeting, the Board of Directors, and the President and CEO. The top management are responsible for internal auditing and the auditors for external audits. The CEO is in charge of the operative management. Tieto-X aims to increase the company's shareholder value in compliance with legislation and its social responsibilities.

Shareholders' meeting

Tieto-X's highest decision-making organ is the general meeting of shareholders, at which the shareholders exercise their voting power in company matters under the provisions of the Companies Act and the Articles of Association.

The Annual General Meeting is held each year within six months of the end of the financial period. It elects the members of the Board and the auditors, and decides on issues such as distribution of profit, adoption of the financial statements and discharge from liability.

Extraordinary general meetings are convened if requested in writing by the Board, an auditor or shareholders exercising more than one tenth of the company shares.

Board of Directors

The Board represents all shareholders in corporate governance. It is responsible for the company's management and the proper arrangement of its operations. It decides on the company's mission, vision and central goals, and the strategies formulated to promote them. Further, the Board decides on the budgets and operational plans drawn up to implement the strategy, management and personnel reward systems, corporate and business acquisitions and other issues with extensive reverberations for the company. The Board decides on company organisation on the basis of proposals made by the President and CEO.

In accordance with the Articles of Association, Tieto-X's Board comprises at least five and at most nine members elected by the shareholders' meeting. The Board elects a chairman and deputy chairman from among its members. The term of the Board members ends at the end of the Annual General Meeting following their election. The Board may define special sectors of interest for its members, but all the members take a joint part in decision-making and discussion on the issues at hand.

The Annual General Meeting decides on the remuneration payable to Board members. The members may also be paid additional remunerations for various consultancy assignments agreed on in advance. Decisions on option rights granted to Board members are made by the shareholders' meeting.



President and CEO

The President and CEO is responsible for corporate business operations and day-to-day management in accordance with the Companies Act and instructions from the Board. The President and CEO is the chairman of the Management Team but not a member of the Board.

The Board appoints the President and CEO and decides on his salary and other benefits. The main terms and conditions of the President and CEO's contract must be agreed on in writing.

Management Team

The Management Team's function is to assist the President and CEO in the day-to-day management of business operations. The President and CEO chooses the members of the Management Team and the Board appoints them.

Internal audit

The top management are responsible for internal auditing. For internal audits, the Board appoints two of its members to work on an auditing committee in charge of audits concerning corporate economy and financial information. The Board also appoints two of its members to work on a personnel committee monitoring the implementation of personnel policy.

External audit

External auditing is the responsibility of an auditor appointed by the shareholders' meeting, which must be an accounting firm authorised by The Central Chamber of Commerce. The remuneration payable to the auditor is decided by the shareholders' meeting.

Insider regulations

The company adopted its own insider regulations on June 11, 2002. Under the regulations insiders are allowed to trade company shares two weeks after the issuance of yearly financial statement or an interim report. The company has an ordinary register of insiders comprising the members of the Board, the auditor and administrative personnel dealing with insider information. Apart from this, the Board and the President and CEO may list various people in a project-specific insider register, for which rules and expiry periods are determined separately case by case.

Information

The company's information policy complies with the law and the requirements of the Helsinki Stock Exchange.



Shares and shareholders

SHARE CAPITAL AND SHARES

Tieto-X Plc's share capital was EUR 303,080.00 on December 31, 2002.

The book countervalue of the share was EUR 0.04. The total number of shares was 7,577,000 on December 31, 2002.

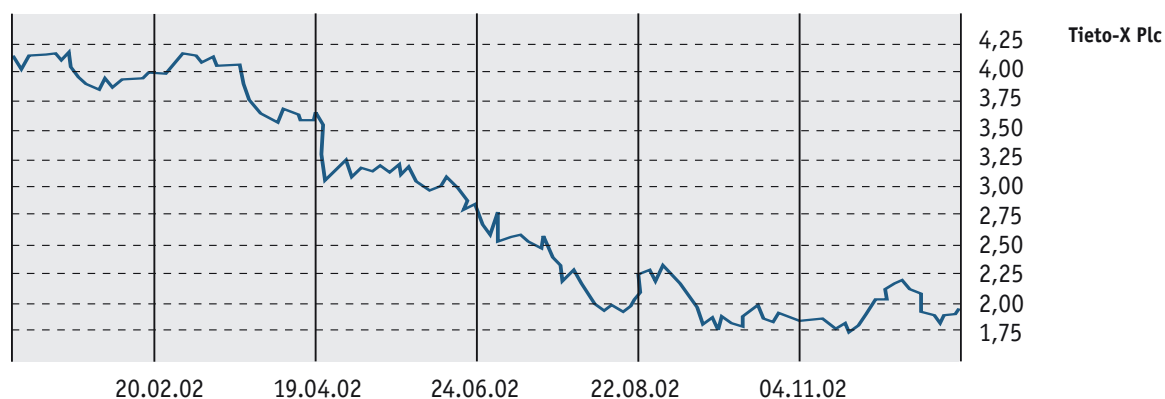
The company's Articles of Association include a redemption clause according to which a shareholder whose holding reaches or exceeds one third (1/3) or one half (1/2) of all the company shares is required to redeem the shares held by other shareholders at their demand. The Articles of Association contain more detailed provisions concerning the redemption liability.

Quotations on the stock exchange

Tieto-X shares have been quoted on the Helsinki Exchanges Pre List since September 28, 1999 and on the NM List since October 1, 1999. The company has one series of shares listed (HEX: TIX1V).

Subscription price at listing on October 1, 1999	EUR 5.75
Highest quotation during the financial period	EUR 4.25
Lowest quotation during the financial period	EUR 1.75
Closing quotation on December 30, 2002	EUR 1.96
Market capitalisation on December 31, 2002	EUR 14,850,920
Share trading Jan.1 – Dec.31, 2002	1,846,535 shares EUR 5,934,368
Average quotation Jan.1 – Dec.31, 2002	EUR 3.21
Share trading as % of share-issue-adjusted number of shares	24 %
Share-issue-adjusted number of shares on December 31, 2002	7,541,889

Share price changes January 1 – December 31, 2002



SHARE OWNERSHIP

	shares	% of share capital	owners
Private persons	4,715,013	62.23 %	1766
Corporations	2,861,987	37.77 %	137
Total	7,577,000	100.00 %	1903
Institutional shareholders			
Financial and insurance institutions	1,349,850	47.16 %	
Companies	211,010	7.37 %	
Foreign	1,301,127	45.46 %	
Total	2,861,987	100.00 %	
Nominee-registered shares	1,301,127	17.17 %	



Biggest shareholders

	Number of shares	% of all shares
Nordea Nordic Small Cap	375,200	4.95 %
Jokinen Matti	321,400	4.24 %
Leikos Martti	317,250	4.19 %
Terho Risto	309,090	4.08 %
Gunnelius Karl	307,540	4.06 %
Nyysönen Tuomo	265,800	3.51 %
Rantala Lasse	260,000	3.43 %
Fondita Small Cap	200,900	2.65 %
Kemilä Hannu	199,690	2.64 %
Erikoissijoitusrahasto Avenir	150,000	1.98 %
Keskimaula Tapio	122,000	1.61 %
Salmi Mikael	121,880	1.61 %
Pyrhönen Kari	121,250	1.60 %
Saareila Lauri	120,280	1.59 %
Keskinäinen henkivakuutusyhtiö Suomi	100,000	1.32 %
Fim Fenno sijoitusrahasto	100,000	1.32 %
Vakuutusosakeyhtiö Suomi	100,000	1.32 %
Muut	4,084,720	53,9 %
Yhteensä	7,577,000	100,0 %

Breakdown of holdings

	Shareholders	% of shareholders	shares	Shareholders	% of all shares
1- 1000 shares	1,561	82.03 %	444,646	5.87 %	
1000-10000 shares	276	14.50 %	851,287	11.24 %	
10000-100000 shares	48	2.52 %	1,815,260	23.96 %	
over 100000 shares	18	0.95 %	4,465,807	58.94 %	
total	1,903	100.00 %	7,577,000	100.00 %	

Management's shareholdings and warrants

Shares held by the CEO and the Board	408,278	5.4 %
Warrants held by the Board and the CEO	102,000	warrants

OPTION PROGRAMMES

Option programme 1

Tieto-X Plc's shareholders' meeting on September 29, 2000 authorised the Board to issue a maximum of 610,000 (EUR 24,400) warrants for the entire company personnel. The warrants are divided into series A and B.

The subscription period for warrant A began on September 1, 2001 and ends on September 30, 2003.

The subscription price under warrant A is EUR 5.36.

The subscription period for warrant B began on September 1, 2002 and ends on September 30, 2003.

The subscription price under warrant A is EUR 3.38.

More details are given in the terms and conditions of the option programme.

Option programme 2

On February 26, 2002, Tieto-X Plc's Board of Directors decided to issue 500,000 (EUR 20,000) warrants for the company's President and CEO, the members of the Board, other members of the management and key persons determined by the Board. The warrants are divided into series A, B, C and D.

The subscription period for warrant A begins on October 1, 2003 (Series A1) and on October 1, 2004 (Series A2).

The subscription price under warrant A was determined between August 1-31, 2002 and is EUR 2.00.

The subscription period for warrant B begins on October 1, 2004 (Series B1) and on October 1, 2005 (Series B2).

The subscription price under warrant B will be determined between August 1-31, 2003.

The subscription period for warrant C begins on October 1, 2005 (Series C1) and on October 1, 2006 (Series C2).

The subscription price under warrant C will be determined between August 1-31, 2004.

The subscription period for warrant D begins on October 1, 2006 (Series D1) and on October 1, 2007 (Series D2).

The subscription price under warrant D will be determined between August 1-31, 2005.

More details are given in the terms and conditions of the option programme.

BOARD AUTHORISATIONS

At the end of the financial period, the Board of Directors held the following valid authorisations:

Authorisation was granted by the shareholders' meeting on March 20, 2002 to decide to raise share capital in one or more new issues, to grant option rights and/or to float a convertible bond, resulting in an increase in share capital of a maximum of EUR 59,336. The authorisation had not been exercised by the end of the financial year. The authorisation is valid for one year from the date of the meeting.

Authorisation was granted by the shareholders' meeting on March 20, 2002 to decide on the acquisition and surrender of a maximum of 370,850 of the company's own shares. The authorisation had not been exercised by the end of the financial year. The authorisation is valid for one year from the date of the meeting.



Report by the Board of Directors

General

The financial period under review was Tieto-X Plc's seventh. The company has grown into a leading Finnish Contract Work Solutions company specializing in software development and system management, offering customers flexible expertise to support their competitiveness. As before, most turnover derived from contract work services supplied by software designers and programmers. The main aim of the business development programme launched during the second quarter is to develop new software development Subcontracting Services and system management Outsourcing Services side by side with the company's well-established Contract Work Services.

Turnover

During the first two quarters, Tieto-X turnover took a downturn on account of the decline in contracts from the financial sector, due to the client's reluctance to invest in IT-development in the current uncertain economic situation. Group turnover stabilised in the third quarter, however, and took a slightly upward turn during the last quarter. New contracts were acquired from the commercial and industrial fields, the telecommunications sector and public administration.

Turnover and result

Consolidated turnover came to EUR 17.3 million (2001: EUR 21.4m), a decrease of 19.3 per cent on the 2001 figure. EUR 9.3 million was accrued during the first six months and EUR 8.0 million during the second half. Operating profit before goodwill amortisations was EUR 2.0 million (2001: EUR 3.9m) and profit before taxes EUR 0.9 million (2001: EUR 2.5m). EUR 0.2 million was entered under taxes.

The net profit for the period came to EUR 1.2 million (2001: EUR 2.2m), representing 6.7% of turnover. Earnings per share (pro forma) came to EUR 0.30 (2001: 0.45).

The balance sheet total was EUR 11.7 million. Shareholders' equity stood at EUR 7.7 million and equity ratio at 65.8 per cent.

Business development programme

A new business development programme was launched during the second quarter. Its main aims are to extend the areas of competence of the experts that are offered to customers under the contract work service concept, and to develop software subcontracting services and system management outsourcing services to be targeted at selected customers.

The business development programme also included a revamp of the corporate organization. Sales and customer relations functions and service production were grouped into five business units. Competence groups were formed to help increase staff expertise.

Acquisitions

Towards the end of the year, Tieto-X concluded a contract on acquiring the entire stock of WTS Wireless Technology Systems Oy of Jyväskylä and Tampere. The acquisition was incorporated as part of the Group as of December 13, 2002. WTS Wireless Technology Systems Oy was founded in Jyväskylä in 1999 and specialises in software development in the field of wireless telecommunications. Twenty-nine of WTS's 32 employees continued to work for the Tieto-X Group without any loss of seniority, and three WTS employees were transferred to the employ of a new company continuing WTS's product business. In connection with the acquisition, Tieto-X acquired a

9% shareholding in the new product company; the remaining shares in the new product company being divided among WTS's former owners.

The acquisition will reinforce Tieto-X's existing strength in wireless IT technology and further expansion of its software subcontracting services in line with corporate strategy. The acquisition extended Tieto-X operations into Central Finland and increased its presence in the Tampere area.

Shares and share capital

Tieto-X's share capital totals EUR 303,080.00, divided into 7,577,000 shares. In accordance with the Articles of Association, the share capital is a minimum of EUR 217,668 and a maximum of EUR 870,672.

At the Annual General Meeting on March 20, 2002, the company decided on cancellation of the 206,000 shares purchased during the financial period January 1, 2001 – December 31, 2001. During the period now under review, the share capital was raised by a 160,000 share issue targeted at the vendors of Botnia Comp Engineering Oy, which was acquired during the previous year.

The company did not hold any of its own shares at the end of 2002.

The accounting countervalue of the shares is EUR 0.04. The ISIN code used in international securities trading is FI0009008007 and the trading symbol TIX1V.

Shareholders

There were 1,903 shareholders on December 31, 2002. Private persons held 62% and corporations 38% of the shares. The staff owned 26% of the shares, while foreign ownership was 17%.

Option programmes

Under Tieto-X's year 2000 option programme, a total of 610,000 option rights were granted, entitling holders to subscribe a maximum of 610,000 company shares. At the end of the period, 140,000 options that had not been reallocated had returned into the company's possession. Each option right entitles the holder to subscribe one Tieto-X share with an accounting countervalue of EUR 0.04.

The subscription price under warrant A (305,000 shares) is EUR 5.36, i.e. the average quotation weighted by the number of company shares traded on Helsinki Exchanges between August 1 and 31, 2000. The subscription price less dividends paid by the end of the financial period is EUR 4.87 per share. The subscription price under warrant B (305,000 shares) was defined using the average quotation weighted by the number of company shares traded on Helsinki Exchanges between August 1 and 31, 2001. The subscription price is EUR 3.38 per share. The subscription price less dividends paid by the end of the financial period is EUR 3.13 per share. Tieto-X PLC's share capital may be increased by a maximum of EUR 24,000. The subscription period began on September 1, 2001 under warrant A and on September 1, 2002 under warrant B; in both cases, it will end on September 30, 2003.

On February 26, 2002 the Board of Tieto-X decided, in accordance with authorisation from the company's Annual General Meeting held on April 10, 2001, to issue new stock options. In this option plan, members of the Board of Tieto-X or any Tieto-X Group company, Presidents and CEOs, management and key personnel of the Group, as determined by the Board, were offered stock options in deviation from the pre-emptive rights of the company's shareholders. The stock options entitle their holders to subscribe for



a total of 500,000 Tieto-X Plc shares, and correspondingly the company share capital due to share subscriptions may increase by a maximum of EUR 20,000. The share subscription price pursuant to stock options is based on the market value of the Tieto-X Plc share in public trading.

The share subscription period will commence no earlier than October 1, 2003 and terminate on December 31, 2008. The subscription price for series II/A options was determined by the weighted mean rate of August 1, 2002 – August 31, 2002 and stands at EUR 2.00. At the end of the financial period, 70,000 options had been allocated to the President and CEO under the decision taken by the Annual General Meeting of March 20, 2002. The subsidiary WTS Wireless Technology Systems Oy held 430,000 options at year-end.

Board authorisations

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

Authorisation granted by the Annual General Meeting on March 20, 2002 to decide to raise share capital in one or more new issues, to grant option rights and/or to float a convertible bond, resulting in an increase in share capital of a maximum of EUR 59,336. This authorisation was unutilised in its entirety at the end of the financial period. The authorisation is valid for one year from the date of the meeting.

Authorisation granted by the Annual General Meeting on March 20, 2002 to decide on the acquisition and surrender of a maximum of 370,850 of the company's own shares. This authorisation was unutilised in its entirety at the end of the financial period. The authorisation is valid for one year from the date of the meeting.

Investments and depreciation

Investments in computer hardware and software and in office and training equipment totalled EUR 0.29 million during the period. IT hardware was all entered as expenses, having an economic lifetime of less than three years. Other fixed assets were depreciated as planned.

Finance

Operations were financed entirely out of income. The company had interest-bearing debts worth 0.07 at year-end, while its liquid assets stood at EUR 4.14 million.

Tax rate

The company's tax rate and thus its net profit were affected both by non-deductible goodwill amortisations on company acquisitions and by deductible depreciations of liquidation losses arising from the incorporation of businesses acquired. Because both are depreciated over five years, their tax impact will remain at the present level for the next two years. The Uusimaa Tax Assessment Adjustment Board issued a tax decision in favour of Tieto-X Plc on February 5, 2003, the impact of which on the net result for the year under review was EUR 0.66 million.

Quality

The quality system adopted by Tieto-X complies with the ISO 9002 quality system. Det Norske Veritas granted the company certification in autumn 1999. The quality system covers contract working by IT specialists.

Staff

The number of staff averaged 237 (273) during the financial period and was 247 (275) at year-end.

Staff costs

Salaries and fees including indirect employee costs came to EUR 9.9 million, pension expenses to EUR 1.84 million and other indirect employee costs to EUR 0.62 million. Total staff costs were EUR 12.4 million, i.e. about 75% of total expenses.

Board of directors, president and ceo, and auditors

The company's Board of Directors comprised Ralf W. Saxén as chairman and Kari Happonen, Matti Jokinen, Juhani Pääkkö, Esko Siik and Risto Terho as members, until the Annual General Meeting held on March 20, 2003.

The new Board of Directors comprises Ralf W. Saxén as chairman and Eero Hurme, Juhani Pääkkö, Esko Siik and Risto Terho as members.

Martti Leikos, who had been President and CEO since February 1, 1995, retired on 30 April, 2002. The new President and CEO as of May 1, 2002 is Kari Happonen.

The Board of Directors met 23 times.

The auditors were PricewaterhouseCoopers Oy, Authorized Public Accounting Firm, with Heikki Lassila, Authorized Public Accountant, as responsible auditor.

Future prospects

The economy on the whole is expected to remain subdued both in Finland and in international markets for the first half of 2003 at least. Because of the current uncertainty, companies are likely to continue to avoid making major investments, particularly those in information technology. Although they have been putting off their new IT projects for some years already, the situation will hardly change until the market becomes more confident and the economy improves.

With companies making fewer IT investments, the need of new IT-personnel in Tieto-X's client companies is likely to remain at a low level. Nevertheless, the new competence areas and service concepts included in the company's business development programme is expected to bring new contracts during the second half of the year.

The current orders and offers situation seems to sustain the modest growth which began in late 2002 for the first quarter of the year. If the market situation remains unchanged, growth will also remain at the same level throughout the rest of the year. Profitability is expected to be at the same level as in 2002.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL MEETING OF SHAREHOLDERS

The parent company's disposable funds on December 31, 2002 were EUR 3,043,476.56.

The Group's disposable funds on December 31, 2002 were EUR 3,704,723.37.

The Board of Directors proposes that the disposable funds be disposed of as follows:

- a dividend to shareholders of EUR 0.12	
per share	EUR 909,240.00
- carried over in shareholders' equity	EUR 2,134,236.56
	EUR 3,043,476.56.

The Board of Directors proposes that the dividend be paid on April 4, 2003 on shares entered in the shareholders' register kept by the Finnish Central Securities Depository on the record date, March 28, 2003.

Profit and Loss Account, Group EUR

	1.1.2002 - 31.12.2002	1.1.2001 - 31.12.2001
Turnover	17,261,132.42	21,396,474.55
Other operating income	31,532.68	56,854.59
Materials and services		
Materials	-3,934.92	-19,612.23
Services	-473,434.12	-516,568.37
Materials and services total	-477,369.04	-536,180.60
Personnel costs		
Salaries and Wages	-9,974,670.76	-11,585,885.97
Other personnel costs		
Pension costs	-1,842,129.82	-2,065,170.28
Other personnel costs	-622,954.04	-822,345.61
Other personnel costs total	-2,465,083.86	-2,887,515.89
Personnel costs total	-12,439,754.62	-14,473,401.86
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-72,050.64	-28,694.21
Amortisation on goodwill	-1,136,140.48	-1,117,360.69
Depreciation and amortisations total	-1,208,191.12	-1,146,054.90
Other operating expenses	-2,351,977.50	-2,470,186.27
Expences total	-16,477,292.28	-18,625,823.63
Operating profit	815,372.82	2,827,505.51
Financial income and expences		
Interests and other financial income total		
Interests	88.45	27,875.76
Other financial income	105,150.58	16,175.33
Interests and other financial income total	105,239.03	44,051.09
Interest charges and other financial expenditure	-745.83	-329,981.26
Financial income and expences total	104,493.20	-285,930.17
Profit before extraordinary items	919,866.02	2,541,575.34
Extraordinary items		
Extraordinary costs	0.00	0.00
Extraordinary items total	0.00	0.00
Profit before provisions and taxes	919,866.02	2,541,575.34
Income taxes	233,225.61	-417,142.33
Change in deferred tax	0.00	75,166.53
Net profit	1,153,091.63	2,199,599.54

Balance Sheet, Group EUR

	31.12.2002	31.12.2001
ASSETS		
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	117,921.49	16,111.33
Goodwill	4,221,914.52	3,995,982.02
Pre payments	48,793.52	26,728.85
Intangible fixed assets total	4,388,629.53	4,038,822.20
Tangible fixed assets		
Machinery and equipment	123,289.68	148,616.28
Other tangible assets	4,977.26	9,751.57
Tangible fixed assets total	128,266.94	158,367.85
Investments		
Other shares and holdings	217,264.96	167,013.86
Acquired own shares	0.00	720,122.90
Investments total	217,264.96	887,136.76
FIXED ASSETS TOTAL	4,734,161.43	5,084,326.81
CURRENT ASSETS		
Short term receivables		
Sales receivables	2,118,995.73	2,307,083.47
Loan receivables	82,807.15	162,519.21
Advance payments	0.00	24,085.15
Accrued income and deferred income	517,475.66	469,020.13
Other receivables	116,266.70	0.00
Short-term receivables total	2,835,545.24	2,962,707.96
Financial securities		
Other financial securities	2,993,338.76	3,658,932.50
Cash on hand and on deposits	1,140,187.51	1,651,050.45
CURRENT ASSETS TOTAL	6,969,071.51	8,272,690.91
ASSETS TOTAL	11,703,232.94	13,357,017.72
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	303,080.00	304,920.00
Share issue	0.00	0.00
Premium fund	3,692,032.54	3,018,192.54
Acquired own shares fund	0.00	720,122.90
Translation differences	337.39	-484.01
Retained earnings	2,551,294.35	2,246,428.83
Net accounting period profit	1,153,091.63	2,199,599.53
SHAREHOLDERS' EQUITY TOTAL	7,699,835.91	8,488,779.79
LIABILITIES		
Long-term liabilities		
Long-term loans	70,638.93	0.00
Long-term liabilities total	70,638.93	0.00
Short-term liabilities		
Advanced payments	0.00	0.00
Accounts payable	122,004.74	167,963.11
Other liabilities	900,128.45	1,075,384.60
Accrued expences and deferred income	2,910,624.90	3,624,890.22
Deferred tax	0.00	0.00
Short-term liabilities total	3,932,758.10	4,868,237.93
LIABILITIES TOTAL	4,003,397.03	4,868,237.93
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,703,232.94	13,357,017.72

Sources and Applications of Funds, EUR

	1.1.2002- 31.12.2002	1.1.2001- 31.12.2001
Business operations		
Profit before extraordinary items	919,866	2,541,575
Depreciations and amortisations	1,208,191	1,146,055
Changes in net working capital	-244,867	-672,257
Fixed assets wrecking	19,449	49,239
Fixed assets sales profit	-715	
Taxes	-20,651	-637,360
Cash flow from extraordinary items	0	0
Cash flow from business operations	1,881,273	2,427,252
Investments		
Investments in tangible and intangible assets	-216,243	-200,964
Transfer income from tangible assets	49,350	0
Investment in subsidiary companies	-1,076,298	-972,991
Cash flow from investments	-1,243,191	-1,173,955
Cash flow before financing	638,082	1,253,297
Financing		
Divident paid	-1,894,250	-914,760
Acquisition of own shares	0	-720,123
Short-term loan receivables decrease	79,712	0
Cash flow from financing	-1,814,538	-1,634,883
Change in funds	-1,176,456	-381,586
Funds in the beginning of the period	5,309,983	5,691,569
Funds at the end of the period	4,133,527	5,309,983

Changes in Shareholders' Equity, EUR

	1.1.2002-31.12.2002	1.1.2001-31.12.2001
SHAREHOLDERS' EQUITY		
Share capital in the beginning of the period	304,920.00	304,920.00
Share issue during the period	6,400.00	0.00
Capitalisation issue during the period	0.00	0.00
Share cancelling during the period	-8,240.00	0.00
Share capital at the end of the period	303,080.00	304,920.00
Share issue in the beginning of the period	0.00	0.00
Share issue during the period	0.00	0.00
Share issue at the end of the period	0.00	0.00
Premium fund in the beginning of the period	3,018,192.54	3,018,192.54
Share issue during the period	665,600.00	0.00
Decrease during the period	0.00	0.00
Share cancelling during the period	8,240.00	0.00
Premium fund at the end of the period	3,692,032.54	3,018,192.54
Own shares fund in the beginning of the period	720,122.90	0.00
Increase during the period	0.00	720,122.90
Decrease during the period	-720,122.90	
Own shares fund at the end of the period	0.00	720,122.90
Retained earnings in the beginning of the period	4,445,544.35	3,881,311.73
Divident distribution	-1,894,250.00	-914,760.00
Own shares	0.00	-720,122.90
Capitalisation issue during the period	0.00	0.00
Other changes	337.39	-484.01
Profit for the period	1,153,091.63	2,199,599.53
Retained earnings 12/31/02	3,704,723.37	4,445,544.35
SHAREHOLDERS' EQUITY 12/31/02	7,699,835.91	8,488,779.79

Distributable funds of the group 12/31/02 are 3,704,723.37 EUR

Accounting principles

Fixed Assets

Fixed assets are entered in the balance sheet at acquisition cost less planned depreciations.

Computer hardware are entered as expences for the year because they have an economic life less than 3 years.

Depreciation plan

Machinery and equipment	25 % expenditure residue depreciation
Intangible rights	4 years straight-line depreciation
Goodwill	5 years straight-line depreciation

Financial assets

Liquid securities are entered in the balance sheet at market value.

Pensions

Parent company employees' pension coverage is arranged with outside pension companies.

Pension costs are entered as expences in the year in which they occur.

Comparability of figures on the previous financial period

The figures are comparable.

Extend of the consolidated annual accounts

The consolidated annual accounts include all Group companies from the acquisition date.

Accounting principles 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 rate value.

Inter-Group business transactions and margins

Inter-Group business transactions, unrealized margins on internal deliviries, internal receivables and liabilities, and distribution of profit have been eliminated.

Deferred Tax

Deferred tax liabilities are calculated on differences between tax assessment and financial statements, using the tax rate confirmed for subsequent years on the date of closing.

Deferred tax receivables are only calculated from material differences in group consolidations.

Notes for Profit and Loss Account, Group EUR

	1.1.2002-31.12.2002	1.1.2001-31.12.2001
Turnover by market area		
Finland	17,261,132.42	21,396,474.55
Other countries	0.00	0.00
Total	17,261,132.42	21,396,474.55
Personnel costs		
Salaries and fees paid to managing director and to the board of directors	197,345.67	157,534.90
Other salaries	9,777,325.09	11,428,351.06
Pension costs	1,842,129.82	2,065,170.28
Other personnel costs	622,954.04	822,345.61
Total personnel costs total in P&L	12,439,754.62	14,473,401.86
Benefits of kind	170,187.81	141,902.76
Total	12,609,942.43	14,615,304.62
The average number of personnel employed during the period		
Specialists	208	243
Administrative and sales personnel	28	30
Trainees	1	0
Total	237	273
Personnel employed at the end of the period		
Specialists	219	245
Administrative and sales personnel	27	30
Trainees	1	0
Total	247	275
Depreciation and amortisation		
Depreciation according to plan		
Machinery and equipment	72,050.64	28,694.21
Amortisation on goodwill	1,136,140.48	1,117,360.69
Total	1,208,191.12	1,146,054.90
Income taxes		
From extraordinary items		
From normal operations	-233,225.61	417,142.33
Deferred tax	0.00	-75,166.53
Total	-233,225.61	341,975.81

Notes for Balance Sheet, Group EUR

	31.12.2002	31.12.2001
Intangible assets		
Goodwill		
Goodwill in the beginning of the period	4,038,822.20	2,235,763.33
Increase during the period	1,479,715.74	2,920,419.56
Decrease during the period	-160,482.94	
Amortisation during the period	-1,136,140.48	-1,117,360.69
Goodwill at the end of the period	4,221,914.52	4,038,822.20
Intangible rights		
Intangible rights in the beginning of the period	16,111.33	0.00
Increase during the period	132,346.99	16,590.51
Depreciation during the period	-30,536.83	-479.18
Intangible rights at the end of the period	117,921.49	16,111.33
Advance payments		
Advance payments in the beginning of the period	26,728.85	0.00
Increase during the period	48,793.52	26,728.85
Decrease during the period	-26,728.85	0.00
Book value at the end of the period	48,793.52	26,728.85
Tangible assets		
Machinery and equipment in the beginning of the period	158,367.84	81,742.75
Increase during the period	68,441.79	105,319.30
Decrease during the period	-58,944.77	0.00
Depreciations during the period	-39,598.17	-28,694.21
Machinery and equipment at the end of the period	128,266.69	158,367.84
Investments		
Acquired own shares		
In the beginning of the period	720,122.90	0.00
Increase during the period	0.00	720,122.90
Decrease during the period	-720,122.90	0.00
Own shares at the end of the period	0.00	720,122.90
Other shares and holdings		
In the beginning of the period	167,013.86	163,448.28
Increase during the period	52,240.32	3,565.58
Decrease during the period	-1,989.22	
Other shares and holdings at the end of the period	217,264.96	167,013.86
Investments total at the end of the period	217,264.96	887,136.77
Subsidiary companies 31.12.2002	Ownership %	Ownership %
Polar Profit Oy, liquidation	100.00	100.00
Topsystems Oy, liquidation	100.00	100.00
Tietovara Oy, liquidation	100.00	100.00
Botnia Comp Engineering Oy, liquidation	100.00	100.00
Botnia Comp Haparanda Ab, Haaparanta Sweden	100.00	100.00
WTS Wireless Technology Systems Oy, Jyväskylä	100.00	0.00

Financial securities

Other securities

Financial securities includes Fund units that are under public trade

Market value	2,993,338.76	3,658,932.50
Book value	2,993,338.76	3,658,932.50
Difference	0.00	0.00

Other liabilities, accrued expenses and deferred income

Material issues included

Personnel costs	1,406,322.78	1,471,636.30
Withholding tax liability	279,901.64	310,889.83
Acquisition price reserve	1,300,000.00	0.00
Rest of the acquisition price of Botnia Comp Engineering Oy	0.00	1,798,397.34
VAT liability	591,598.64	724,640.90
TAX liability	46,338.24	259,361.77
Other liabilities	379,235.72	135,348.69
Other liabilities, accrued expenses and deferred income total	4,003,397.02	4,700,274.82

COMMITMENTS

Commitments for group

Bank deposits as security for rent	64,708.75	74,734.70
Amounts payable for leasing contracts	89,200.40	54,991.40

Deferred tax receivables

Deferred tax receivables from capitalisation differences	857,852.10	1,231,776.00
Affirmed tax detuctable losses	85,299.00	0.00
Deferred tax from group consolidations	0.00	0.00
Total	943,151.10	1,231,776.00

Deferred tax receivables are not entered in financial statements.

Deferred tax receivables from capitalisation differences can be used during financial years 2003 and 2004.

Key Ratios on Financial Performance

1000 EUR	1.1.-31.12.02	1.1.-31.12.01	1.1.-31.12.00*	1.1.-31.12.99*	1.7.98-30.6.99
Turnover	17 261	21 397	15 652	12 542	12 011
Turnover, increase %	-19.3 %	36.7 %	24.8 %	N/A	33.4 %
Operating profit	815	2 828	2 411	2 240	2 059
% of turnover	4.7 %	13.2 %	15.4 %	17.9 %	17.1 %
Operating profit before goodwill amortisation	1 952	3 945	2 857	2 240	2 059
% of turnover	11.3 %	18.4 %	18.3 %	17.9 %	17.1 %
Profit before extraordinary items	920	2 542	2 583	2 541	2 192
% of turnover	5.3 %	11.9 %	16.5 %	20.3 %	18.2 %
Profit before provisions and taxes	920	2 542	2 557	2 261	2 190
% of turnover	5.3 %	11.9 %	16.3 %	18.0 %	18.2 %
Return on equity %	14.2 %	28.0 %	35.0 %	52.0 %	55.6 %
Return on investment %	11.4 %	32.4 %	48.6 %	80.7 %	77.6 %
Interest related liabilities	71	0	0	0	0
Financial assets	4 136	5 310	5 691	4 807	3 441
Gearing	-52.8 %	-62.6 %	-79.0 %	-140.7 %	-93.8 %
Equity ratio	65.8 %	63.6 %	64.6 %	53.9 %	69.6 %
Gross investment under fixed assets	214	155	140	42	22
% of turnover	1.2	0.7	0.9	0.3	0.2 %
Personnel, average during the period	237	273	204	164	
Personnel, at the end of the period	247	275	255	166	179
Key ratios per share	1.1.-31.12 2002	1.1.-31.12 2001	1.1.-31.12 2000*	1.1.-31.12. 1999*	1.7.98-30.6.99
Earnings per share, EUR	0.30	0.45	0.32	0.25	0.24
Earnings per share pro forma, EUR	0.15	0.30	0.26	0.25	0.24
P/E ratio, official	13.07	13.40	16.50	24.00	
P/E ratio, pro forma	6.53	8.93	13.41	24.00	
Closing quotation at the end of the period	1.96	4.02	4.29	6.00	
Adjusted number of shares average during the period	7 541 889	7 623 000	7 192 000	6 532 000	6 402 000
Adjusted number of shares at the end of period	7 577 000	7 623 000	7 623 000	6 532 000	6 402 000
Number of shares adjusted by acquired of shares	7 577 000	7 417 000			
Dividend / earnings %	78.85	84.31	69.50	N / A	62.20
Dividend / share, EUR	0.12	0.25	0.18	N / A	0.15
Effective dividend yield %	6.12	6.22	4.20		
Shareholders' equity / share, EUR	1.02	1.11	0.95	0.52	0.56

* Unaudited pro forma figures

Calculation of Financial Ratios

Return on equity (ROE) %:

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

Return on investment (ROI) %:

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

Equity ratio %:

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

Earnings per share,

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

Earnings per share, pro forma:

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

Adjusted number of shares = 7 541 889 shares

Number of shares at the end of the period = 7 577 000 shares

Shareholders' equity per share:

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

Dividend / earnings %:

$$\frac{\text{Dividend distributed for the financial period}}{\text{Profit before extraordinary items, provisions and taxes - taxes +/- taxes from extraordinary items}} \times 100$$

The Board proposal for dividend for the financial period has been taken into account as dividend distributed for January 1, 2002 - December 31, 2002.

P/E ratio official:

$$\frac{\text{Share-issue-adjusted last quotation on December 30, 2002}}{\text{Earnings per share}}$$

P/E ratio, pro forma:

$$\frac{\text{Share-issue-adjusted last quotation on December 30, 2002}}{\text{Earnings per share, pro forma}}$$

Effective dividend yield %:

$$\frac{\text{Share-issue-adjusted dividend/share}}{\text{Share-issue-adjusted last quotation on December 30, 2002}} \times 100$$

Profit and Loss Account, Parent Company, EUR

	1.1.2002-31.12.2002	1.1.2001-31.12.2001
Turnover	17,068,574.15	19,625,396.17
Other operating income	19,217.41	4,275.35
Materials and services		
Materials	-1,006.78	-5,217.42
Services	-472,959.12	-555,282.49
Materials and services	-473,965.90	-560,499.91
Personnel costs		
Salaries and wages	-9,858,389.89	-10,750,083.83
Other personnel costs		
Pension costs	-1,828,462.85	-1,933,856.56
Other personnel costs	-611,517.15	-753,352.71
Other personnel costs total	-2,439,980.00	2,687,209.27
Personnel costs total	-12,298,369.89	-13,437,293.10
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-952,510.27	-913,586.33
Depreciation and amortisations total	-952,510.27	-913,586.33
Other operating expenses	-2,386,069.67	-2,231,913.93
Expences total	-16,110,915.73	-17,143,293.27
Operating profit	976,875.83	2,486,378.25
Financial income and expenses		
Interests	19,754.77	27,160.97
Other financial income	86,227.37	16,122.52
Interests and other financial income total	105,982.14	43,283.49
Interest charges and other financial expenditure		
Interest charges	-975.90	-9,793.43
Other financial expenditure	0.00	-318,454.71
Interest charges and other financial expenditure total	-975.90	-328,248.14
Financial income and expenses total	105,006.24	-284,964.65
Profit before extraordinary items	1,081,882.07	2,201,413.60
Extraordinary items	0.00	0.00
Profit before provisions and taxes	1,081,882.07	2,201,413.60
Income taxes	2,970.62	, -250,784.90
Net profit	1,084,852.69	1,950,628.70

Balance Sheet, Parent Company, EUR

ASSETS	31.12.2002	31.12.2001
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	102,702.36	16,111.33
Other capitalised expenditure	2,152,883.93	3,151,482.60
Pre payments	48,793.52	26,728.85
Intangible fixed assets total	2,304,379.81	3,194,322.78
Tangible fixed assets		
Machinery and equipment	106,625.38	148,616.28
Other tangible assets	4,977.26	4,977.26
Tangible fixed assets total	111,602.64	153,593.54
Investments		
Intra-Group holdings	4,697,806.50	2,809,449.90
Other shares and holdings	165,024.64	167,013.86
Acquired own shares	0.00	720,122.90
Investments total	4,862,831.14	3,696,586.66
FIXED ASSETS TOTAL	7,278,813.59	7,044,502.98
CURRENT ASSETS		
Short-term receivables		
Sales receivables	1,850,899.86	2,306,835.71
Receivables from subsidiary companies	3,244.36	
Loan receivables	82,807.15	162,519.21
Accrued income and deferred income	516,494.47	458,110.73
Other receivables	66,248.75	74,902.91
Share subscription receivables	0.00	0.00
Short-term receivables total	2,519,694.59	3,002,368.56
Financial securities		
Other financial securities	2,993,338.76	3,658,932.50
Cash on hand and on deposits	616,420.04	1,644,708.26
CURRENT ASSETS TOTAL	6,129,453.39	8,306,009.32
ASSETS TOTAL	13,408,266.98	15,350,512.30
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	303,080.00	304,920.00
Share issue	0.00	0.00
Premium fund	3,692,032.54	3,018,192.54
Acquired own shares fund	0.00	720,122.90
Retained earnings	1,958,623.84	1,902,245.15
Net accounting period profit	1,084,852.69	1,950,628.70
SHAREHOLDERS' EQUITY TOTAL	7,038,589.07	7,896,109.29
LIABILITIES		
Short-term liabilities		
Advanced payments	0.00	0.00
Accounts payable	101,481.56	167,963.12
Intra-Group liabilities	0.00	7,063.96
Accrued expences and deferred income	5,480,910.49	6,208,969.35
Other liabilities	787,285.86	1,070,406.58
Short-term liabilities total	6,369,677.91	7,454,403.01
LIABILITIES TOTAL	6,369,677.91	7,454,403.01
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	13,408,266.98	15,350,512.30

Auditors' Report

Auditors' 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 1.1.-31.12.2002. 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 of the parent company.

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 distribution of retained earnings is in compliance with the Companies' Act.

Helsinki February 26, 2003

Pricewaterhouse Coopers Oy
Authorised Public Accountants

Heikki Lassila, APA

The Board of Directors



(from the left): Juhani Pääkkö, Eero Hurme, Risto Terho, Ralf W. Saxén (Chairman) and Esko Siik.



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