

*Aldata*



❖ *Business Review 2003*



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## ➤ *Aldata in brief*

*Aldata's mission is to provide its customers with solutions that increase their productivity, profits and competitiveness.*

### *Key figures 2003*

		2003	2002
Net Sales	MEUR	75.3	65.6
Operating profit before goodwill and amortization (EBITA)	MEUR	5.1	6.8
as percentage of net sales	%	6.7	10.4
Operating profit (EBIT)	MEUR	3.4	4.7
as percentage of net sales	%	4.6	7.1
Profit before extraordinary items	MEUR	2.3	4.6
as percentage of net sales	%	3.1	7.1
Earnings per share (EPS)	EUR	0.004	0.028
Earnings per share (EPS) dilution effect adjusted	EUR	0.004	0.027
Shareholder's equity per share	EUR	0.372	0.359
Return on equity (ROE)	%	1.5	9.8
Return on investment (ROI)	%	13.8	20.1
Solvency	%	48.2	51.7
Gearing	%	-21.2	-28.8
Interest-bearing net debt	MEUR	-5.4	-7.2
Personnel on average		470	448

### *Board of Directors, 31 December 2003*

- Mr. Pekka Vennamo
- Mr. Werner Brockhagen M.Sc. (Eng.)
- Mr. Peter Titz, M.Sc. (Eng.), M.Sc. (Econ.)

### *Executive Management Team, 31 December 2003*

- Mr. Matti Hietala, M.Sc. (Eng.)
- Mr. René Homeyer, M.Sc. (Eng.)
- Mr. Manfred Alt, Dr. Eng.
- Mr. Dominique Chambas, Engineer
- Ms. Tiina Hansson, Dipl. Marketing
- Mr. Markus Kivimäki, Master of Laws
- Mr. Jukka Koivisto, Technician

### *As of January 2004 also:*

- Mr. Mark Croxton, B.Sc. (Zoology)
- Mr. Thomas Hoyer, M.Sc. (Econ.)
- Mr. Neil Thall, B.Sc. (Eng.), MBA

Aldata Group is one of the leading global providers of retail software solutions. The company develops integrated software solutions that enable retailers to gather, manage and analyze their complex data to reduce costs and optimize returns.

The group's product portfolio includes Supply Chain Management Software, In-Store Software and Security Systems.

The company is headquartered in Finland and has development teams in five countries and offices in seven countries. Its products are also distributed through a wide partner network. Aldata has installations with more than 200 customers in over 40 countries.

Aldata's net sales in 2003 amounted to 75.3 MEUR and the company had 495 employees on 31 December 2003.

Aldata's shares are quoted on the Helsinki Exchanges with the identifier ALD1V.

## Annual General Meeting

The Annual General Meeting of Aldata Solution will be held on Thursday April 15th, 2004, starting at 10 am (EET) in Rake-Sali, (address: Erottajankatu 4 C, 3rd floor) Helsinki, Finland.

In order to attend the meeting, shareholders must be registered in the company's shareholders register maintained by the Finnish Central Securities Depository Ltd. no later than on Monday April 5th, 2004.

Shareholders wishing to attend the Annual General Meeting are required to inform the company by 4.00 pm (EET) on Tuesday April 13th, 2004, either

- by e-mail            registration@aldata-solution.com or
- by telephone    +358 9 5422 5001/Marina Lindholm, or
- by mail             Aldata Solution Oyj  
                         Marina Lindholm  
                         Vetotie 3, FI-01610 Vantaa, Finland.

All shareholders registering to attend the Annual General Meeting are required to provide their name, address, telephone number and date of birth.

Letters containing authorization to vote by proxy at the meeting should reach the company at the above address before the end of the notification period.

## Financial calendar for 2004

12 February	Financial Statements Bulletin
3 March	Annual Report 2003 in Finnish and in English on the company's website at <a href="http://www.aldata-solution.com">www.aldata-solution.com</a>
Week 11	Printed Annual Report 2003 in English
6 May	Interim report for January–March
5 August	Interim report for January–June
29 October	Interim report for January–September

*Aldata*

## ➤ Strategy of profitable growth



### *Aldata targets continuing global expansion*

The company's goal is to be the world's leading supplier of supply chain management software for the daily goods sector and the leading supplier of retail software in Europe. In practice this means that Aldata targets to be one of the four largest retail software suppliers in the world by 2007.

In meeting these objectives, the cornerstones for Aldata's operations are its own software development, expanding the customer base in its chosen segments, and enhancing existing customer relationships. During 2003 the company restructured its organization to match its targets for future growth in line with the strategy. The key concept in the Aldata Group strategy is profitable growth. Partners play a key role in the growth strategy.

### *Business idea based on customer-orientation*

Aldata's objective is to make its customers more competitive. The system solutions help the customers in the retail sector to raise their profitability and boost their competitiveness. Key factors for success are Aldata's expert personnel, the Aldata G.O.L.D. Supply Chain Management Software with its auxiliary products and services, and retail application expertise.

Aldata's products offer unique features, especially for the retail sector. The Group also has strong customer references. This opens up excellent opportunities for expanding the customer base geographically in line with the Group's strategy. During 2003 Aldata focused on expansion particularly in the USA and the UK. Asia is also one of the key areas.

### *Ongoing growth required to meet targets*

Aldata's operations are governed by challenging objectives. In accordance with its chosen strategy, the company expects profitable growth during 2004–2007. Net sales should grow in the next few years at a faster rate than market growth. EBIT and net profitability are expected to rise from their present levels.

To meet the set targets, net sales has to grow strongly and profitability must improve. Even as it is at present, Aldata Group generates a profit, but it is only just now reaching the size where the economies of scale obtainable from software development and sales will significantly improve its profitability. Similarly, closer cooperation with partners will increase the share of license sales in the company's net sales, and this should also in the long term boost profitability. The Group's solid financial position and strong balance sheet are also success factors.

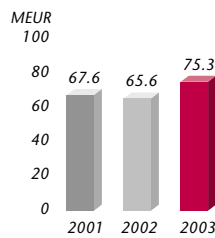
*Aldata*

## Highlights of 2003

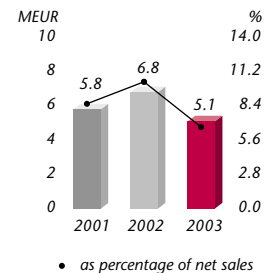
- **Feb 2003:** Global strategic partnership agreement with EDS (Electronic Data Systems Corporation).
- **Feb 2003:** The French store chain ATAC placed one of the largest orders in Aldata's history for Aldata G.O.L.D.
- **Feb 2003:** Carrefour Italy placed an order for Aldata G.O.L.D. stock replenishment module.
- **Feb 2003:** kKiosk AG in Switzerland ordered Aldata G.O.L.D. and the PickByVoice order picking system.
- **April 2003:** Global strategic partnership agreement with BearingPoint Inc.
- **May 2003:** Major order from Roche Diagnostics in Germany.
- **June 2003:** First Aldata G.O.L.D. order in the USA from Smart & Final Inc.
- **Aug 2003:** Established a subsidiary in London, UK.
- **Sep 2003:** Finnish retailer Tradeka contracted all its development and support services for retail operation support systems to Aldata.
- **Oct 2003:** Aldata's second contract for Aldata G.O.L.D. in the USA from Trader Joe's Company.
- **Dec 2003:** Major global agreement with Carrefour Group to supply the Aldata G.O.L.D. Supply Chain Management Software to eight countries in Asia.

### Group's financial figures

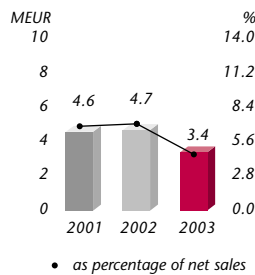
Net sales



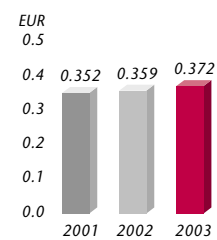
Operating profit before goodwill amortization



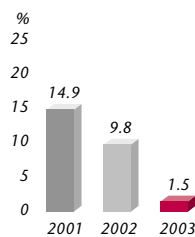
Operating profit (EBIT)



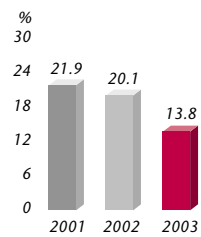
Shareholder's equity per share



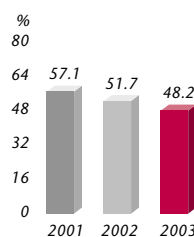
Return on equity (ROE)



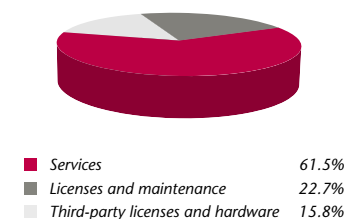
Return on investment, (ROI)



Solvency ratio



Licenses and maintenance, services and third-party licenses and hardware year 2003





## ➤ Market trends 2003



### *From in-house systems to standard application packages*

Retail industry consolidation and internationalization, coupled with the need for a faster return on software investments, continues to drive the retail industry's trend to replace in-house developed systems with packaged software applications.

Further, increasing competition within the industry is forcing differentiation in the channel. Unique product assortment, formats, and pricing strategies are requiring flexible support applications and centralized management of retail operations.

It is important that we manage these evolving retail strategies locally and take into account local market conditions. At the same time supporting global initiatives to achieve advantages of scale cannot be overemphasized. Software packages must have this flexibility; today more than ever, software products must be developed for global distribution and we expect this trend to continue and grow.

### *Efficient supply chain perspective*

Merchandise management systems are effective only if they are supported by effective logistics delivery systems. Working in tandem, these two systems components ensure the correct levels of goods available throughout the supply chain – from suppliers through warehouses/distribution centers to the stores and the consumer – to respond to varying consumer demand.

A seamless continuum of core merchandising and logistics execution is a growing requirement among retail industry clients.

### *The retail software industry remains fragmented*

Currently there is no single company dominating the supply chain management software market; the industry is fragmented. However, consolidation has begun and will continue. At the same time competition will become more fierce and more global, with the ability to support global retail initiatives being a differentiator among software suppliers.

### *Additional growth opportunities in new markets*

According to various research institutions retail software expenditures continue to grow. Also, emerging markets like Russia and China, as well as Latin America, the Far East and Eastern Europe present huge opportunities, as do the more established retail markets in Europe and North America.

For Aldata, this means the promise of new customers in new markets and expansion of its work with existing customers as they expand their operations into new geographies.

*“ We succeeded in our operational objectives to continue international expansion, to start up operations in the USA and the UK, and to reinforce our partner network.”*

## CEO's review

***Uncertainty was a dominating factor during the year under review affecting the economy throughout the world. It was also reflected in the operations of Aldata Group, making it difficult to predict developments.***

Despite the challenging circumstances, we met our operational targets for growth. Aldata's net sales in 2003 totalled MEUR 75.3 and operating profit before goodwill amortization totalled MEUR 5.1.

We also succeeded in our other objectives, which were to continue our international expansion, to start up operations in the USA and the UK, and to reinforce our partner network.

During 2003 Aldata signed major contracts in the USA with the Smart & Final and Trader Joe's retail chains. At the beginning of December we appointed the Vice President for our US operations. We started operations in the UK and appointed the Vice President for operations there at the beginning of 2004.

Aldata further strengthened its foothold in Europe with new contracts signed for example with Roche Diagnostics in Germany, ATAC in France, kKiosk in Switzerland and Tradeka in Finland. We also signed a global agreement on Supply Chain Management Software deliveries with the French retail chain Carrefour.

Aldata signed global alliances with the system integrators EDS Corporation and BearingPoint Inc. We believe that these alliances and contracts will generate more volume for us, and give us a good platform for future growth.

Our goal is by 2007 to become the leading supplier in the world of supply chain management software for the daily goods sector, the leading supplier of retail software in Europe, and one of the four largest retail software suppliers in the world.

This objective is also supported by Aldata Group's new organization. It makes us ready for strong growth and global expansion. Our knowledge of our customers' business and related application knowhow, our partner network, expert personnel and our own intense product development are the success factors that will help us meet the targets we have set.





To meet the growth targets Aldata will be investing heavily in its own R&D. Our products offer unique features, especially for customers in the retail sector. We aim to maintain and strengthen our product and technology leadership in developing cooperation between customers, partners and our personnel. Our Supply Chain Management Software with its auxiliary products and services is one of our key success factors.

Aldata's share price rose 123% during 2003, which was the fourth best growth performance on the Helsinki Exchanges. We will do our best in the current financial year to meet our targets and respond to the confidence shown in us by our shareholders. This requires hard and persistent work on our part and an improvement in the overall economic situation, as well as growth in investments by the retail sector during 2004.

One of Aldata's key objectives is to continue our successful project deliveries, in new as well as in established market areas. At the same time we are actively looking for growth in new areas, especially in cooperation with our partners. In our established markets we are actively looking to achieve market leadership and to maintain that position. Internally we are focusing on improving the efficiency and profitability of operations. Our new organization will have a key role in this, with increased investment in personnel training.

My warm thanks to all of Aldata Group's personnel for their excellent work in these challenging times, to all our customers, shareholders and partners for their confidence in us and in our expertise.

Vantaa, February 2004

**Matti Hietala**  
**President and CEO**  
**Aldata Group**

Aldata Business Review

## Supply Chain Management Software

**Aldata Group's Supply Chain Management (SCM) Software Aldata G.O.L.D. has installations in over 40 countries with more than 200 customers. The established key market area is Western and Central Europe but the business has rapidly won a foothold in the USA and has extended its presence in Asia during 2003.**

### Flexible and scalable software for complete supply chain management

Aldata G.O.L.D serves the needs of retail and wholesale businesses, industry, and third party logistics providers. It covers both food and non-food segments, with a general emphasis on consumer goods.

Aldata G.O.L.D. is an application software which serves the specific needs of distinct processes within the supply chain: merchandise (product/catalogue) management, purchasing management, sales management, stock management, replenishment optimization (consisting of sales forecasting and stock optimization), and goods and information flow management.

Aldata G.O.L.D. is organized in modules, or groups of business functions, that represents the typical organization of a company's supply chain processes. Each module provides the level of sophistication and detailed functionality necessary to manage the particular business area in the supply chain.

### Sales and expansion targets met during 2003

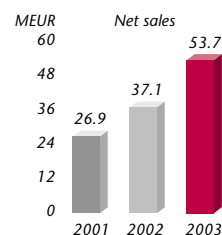
Net sales by Aldata's Supply Chain Management (SCM) business area rose by 45.0% from the previous year's figure to EUR 53.7 (37.1) million. Sales growth was entirely organic and based on the expansion of the Aldata G.O.L.D. product presence both in the European markets and in the USA and Asia. The operating profit before goodwill amortizations was EUR 4.3 (6.8) million.

The main expansion target for 2003 was to establish a customer presence for Aldata G.O.L.D. in the USA. This was successfully achieved and two contracts were signed during 2003. Also two significant partnership agreements were made with EDS and BearingPoint Inc, which both have a very strong presence among the US retailers.

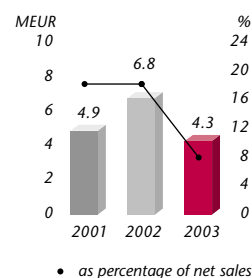
At the same time, Aldata Group continued its successful expansion in Eastern Europe and reinforced its presence in its established markets in Western Europe. Expansion in the UK took place as planned and a firm base has been established for future growth.



**Supply Chain Management Software business area**



**Operating profit before goodwill amortization**





**The main expansion target for 2003 was to establish a customer presence for Aldata G.O.L.D. in the USA. This was successfully achieved and two contracts were signed during the year.**

A major springboard for expanding into Asia was the global agreement signed with the major French retailer Carrefour, already a customer of Aldata in France, to supply the Aldata G.O.L.D. suite of modules for Carrefour's businesses in Asia. The first eight countries to be supplied are Thailand, Malaysia, Singapore, Indonesia, Taiwan, China, Korea and Japan.

#### **Market outlook for SCM in 2004**

During 2004, Aldata aims to continue its controlled growth by building up its presence in North America and reinforcing its position in Europe and in other markets.

Market trends indicate that IT expenditure will continue in both the retail and the SCM markets and this growth, while not dynamic, will remain stable and long-term.

The general customer demand for flexibility in the application architecture of supply chain management software, and the requirements for economies of scale and faster return on investment cycles in software implementations provide Aldata with clear opportunities to continue expanding sales of the Aldata G.O.L.D. product.

The primary R&D objective is to stay ahead of the competition by product and technology evolutions which in turn provide bottom-line business advantages to our customers.

Another critical area for development is the partner network and channel community, which Aldata is committed to further strengthen to boost its total solution capabilities.

Aldata Business Review

## **In-Store Software**

*Aldata Group is one of the biggest suppliers of in-store software in the Nordic countries. The software palette covers the needs of daily and speciality goods stores, as well as the hospitality sector.*

### **Efficient process management**

With competition becoming ever tougher, retailers have to consider more carefully the location of stores and their size and product assortment, so that supply closely matches local demand.

Competitive retailers must also be able to make more precise decisions on product assortment, space and prices to match weekly, monthly and annual variations in demand. To do this they have to collect more detailed information and make precise, systematic use of it in real-time.

Centralized management of cash terminal systems aims to simplify and thus intensify the maintenance and management of the systems at store level.

Aldata's In-Store Software offering covers all the functions mentioned above and helps retailers manage their core business processes even more effectively.

G.O.L.D. POS is a scalable In-Store Software that can be used equally well in a hypermarket as in a kiosk with a single cash terminal. Use has been made of Aldata's extensive experience as a supplier of In-Store Software in developing the system. G.O.L.D. POS can be smoothly integrated into the Aldata G.O.L.D. Supply Chain Management Software family. For speciality goods sector Aldata offers a complete store management system, Aldata Megadisc.

Aldata's in-store customers include leading companies in the sector such as the Finnish Tradeka, Kesko, SOK, Tekniset, Expertit and K-rauta chains, and TeliaSonera, the NK department store and Systembolaget in Sweden.

### **Consolidation opens up new opportunities**

Consolidation continued in the retail sector during 2003 and competition intensified. In the long term this development creates demand for Aldata's flexible, scalable retail software products, as management of retail operations becomes more centralized.

However, the retail sector continued to suffer from the general economic situation and this had a visible impact on In-Store Software business area during the financial year.

*To make precise product and pricing decisions to match weekly, monthly and annual variations, retailers must collect more detailed information and make systematic use of it in real-time.*







Net sales totalled EUR 14.0 (21.1) million and the operating profit before the write-down of goodwill was EUR 0.2 (0.7) million.

In Finland Aldata signed a wide-ranging agreement with Tradeka Ltd. for retail information systems, under which Tradeka has contracted all its development and support services for retail operation support systems to Aldata. Tradeka has used the Aldata G.O.L.D. Supply Chain Management Software in its centralized chain management since 1995. Under the new agreement, Aldata will provide a wider range of system supply, development and support services for Tradeka.

Another major partnership agreement was signed with the S-Group: Finnish retail chain HOK-Elanto chose the new version of G.O.L.D. POS In-Store Software for its Alepa retail chain.

#### **Market outlook for In-Store Software in 2004**

The retail business is expected to start to recover during 2004. Competition for software is expected to intensify, since international competitors are entering the market and this in turn may eliminate some players from the market.

Aldata has over 70% market share in Finland based on shop installations in daily goods.

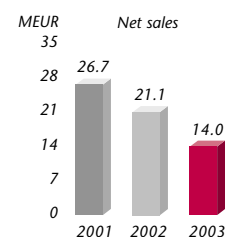
The major Finnish retailers are currently building information technology infrastructures so that they can combine the information from individual stores and make more effective use of it. Similar investments are going on in other Nordic countries, although Finland is slightly ahead in this process.

The new credit card processing standard EMV (Europay, Mastercard, Visa) for store cash terminals will create pressure on retailers to make investments in retail store systems. The purpose of the change is to improve security for credit card payments and prevent misuse.

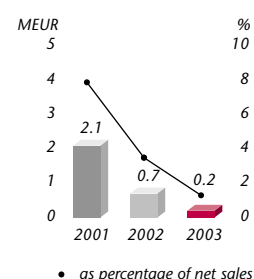
The market is also developing rapidly in Russia. Retailing is moving out of the market place into European-style retail stores, and major foreign retail chains are setting up in Russia. This creates openings for software suppliers like Aldata.

The prospects for Aldata's In-Store Software are improving. Aldata offers a modern, cost-effective and reliable option that can be integrated smoothly into the retail supply chain.

#### **In-Store Software business area**



#### **Operating profit before goodwill amortization**



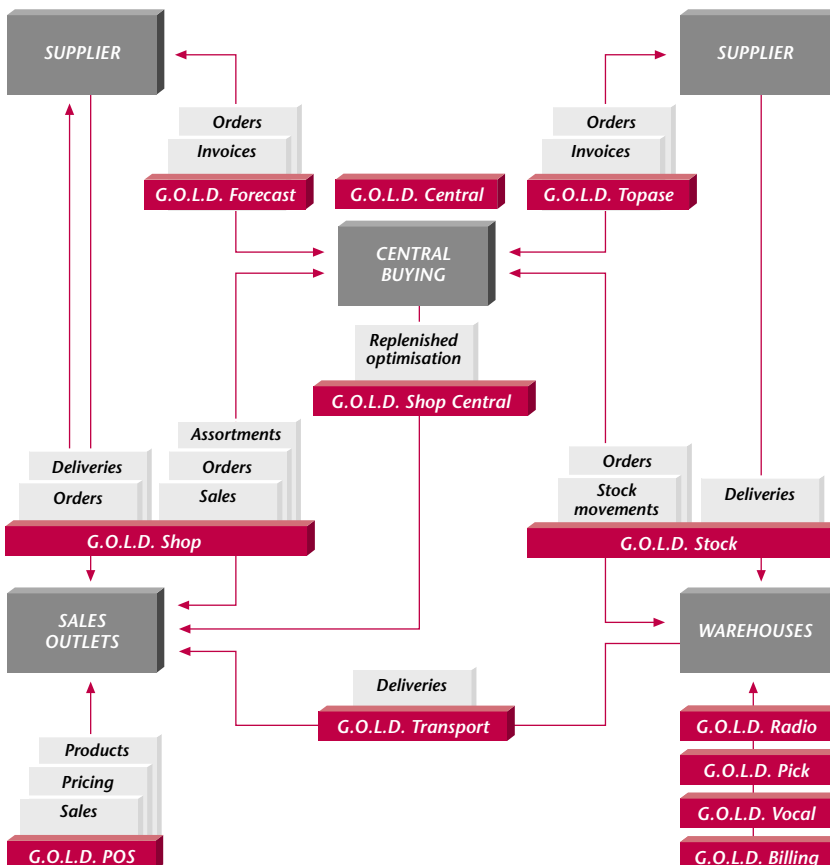
## ➤ Aldata G.O.L.D. for supply chain optimization

Aldata G.O.L.D. Supply Chain Management Software is a modular multinational and flexible software suite. Aldata G.O.L.D. Software provides functions to optimize supply chains in the areas of assortments, pricing, stocks level, goods and information flows at every level of the chain.

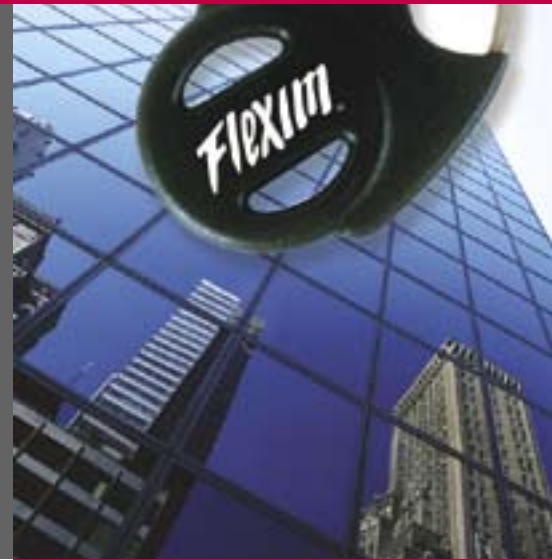
Aldata G.O.L.D. Software includes the following modules:

- G.O.L.D. CENTRAL: A complete central buying and merchandise management system. Multi-activity, multi-company, multi-currency, multi-lingual and conforming to international norms.
- G.O.L.D. SHOP: A complete back-office system for sales outlets with a range of management styles – fully centralized, fully decentralized or shared – and including profit and margin analysis by products.
- G.O.L.D. STOCK: A complete warehouse management system which provides continuous control of all warehouse operations. With RADIO and VOCAL options, all stock movement operations result in an immediate update.
- In addition to those major modules, G.O.L.D. Software suite provides a set of optimization modules for central forecasting and replenishment (G.O.L.D. FORECAST and TOPASE), picking locations optimization (G.O.L.D. PICK), business events detection and follow-up (G.O.L.D. EVENT).

### Aldata G.O.L.D. retail supply chain general architecture







**Flexim is a systems package which is business sector independent and has mainly Finnish companies and organizations as its customers.**

Aldata Business Review

## Security Systems

The products and services supplied by the Security Systems business area are based on system packages built around Aldata Flexim access control and time management software. The main product in the current Flexim product family is FlexWin System with its graphic user interface, which is used on Flexim 100 terminals. It is becoming increasingly common to integrate alarm and video monitoring systems with Flexim deliveries, so that customers can obtain integrated security systems.

### Targets were achieved in 2003

Security Systems achieved the targets set for sales and profitability in 2003. The performance during the year was strong. Net sales totalled EUR 7.7 (6.6) million, a growth of 17% on the previous year. Operating profit before the write-down of goodwill was EUR 0.6 (0.7) million. Security Systems also succeeded in raising its market share. Maintenance services were one of the main success factors for the entire business area during 2003, and their importance will continue to grow. At present service and software maintenance services account for 28% of net sales.

During 2003 the business area won many new customers; the Port of Turku, Finland and Stockmann department store in Moscow were major new customers. Improvements in the services and the desire of customers to outsource functions and concentrate on their core business create demand for the services offered by Security Systems also in the future.

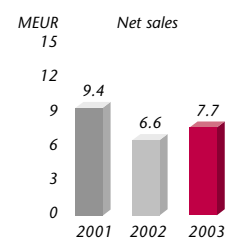
During 2003 Aldata launched new Flexim control room graphics software. The product is based on specifications drawn up with customers and is a good example of the importance of customer partnerships, both for the business and in developing products and technology.

### Market outlook for Security Systems in 2004

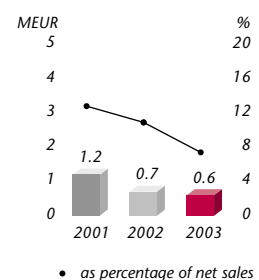
The decline in office construction is a challenge also for Aldata, but profitable growth is a cornerstone for the strategy in 2004. Aldata has already signed major security systems contracts for 2004. Developing partnerships and cooperation with customers is crucial for our competitive position in the future. Business partners act as system integrators, but customer partnerships are important especially for product development. At present YIT/Primatel is the main partner of Aldata's Security Systems.

The strategically most important area of product development is a new software platform offering excellent value for money. The packaging of services is another strategically important area for R&D.

**Security Systems business area**



**Operating profit before goodwill amortization**



## **R&D forms a spearhead**

*Research and development (R&D) activities are the cornerstone of Aldata Group's success, and they play an important role in the growth strategy. Aldata's R&D is decentralized, taking place in Finland, France, Germany, Slovenia and Sweden. Some 180 people work in R&D, which accounts for 37% of the company's personnel.*

Strong R&D is essential when the company is also to achieve its targets for growth in the future. Aldata's competitive edge is based on product leadership in selected business sectors, and this also creates added value for customers. One good example of this is Aldata's key success factor, the Supply Chain Management Software Aldata G.O.L.D. with its auxiliary products and services. The products offer unique features for customers, who are largely in the retail sector. During the review period Aldata released a new version of its Supply Chain Management Software, Aldata G.O.L.D. version 5, which contains major improvements to functions and technology that take into account customer needs. Numerous modules were developed for the software to meet more closely the needs of customers.

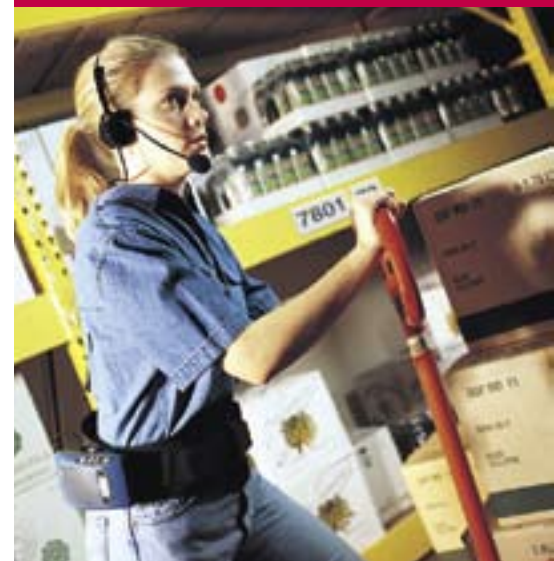
### **Customer driven R&D**

Aldata's R&D is driven by an understanding of the challenges faced by customer businesses and their application needs. The G.O.L.D. User Association (GUA) was established in 2001 by Aldata G.O.L.D. customers. Through regular meetings and focus sub-groups, the GUA actively promotes and makes proposals for the development of the Aldata G.O.L.D. product suite. For Aldata, this provides a clearly defined customer-driven approach to R&D. The key task of R&D is to keep Aldata ahead of its competitors, and this can only succeed as long as the company supplies the best products in the sector that improve the competitiveness of its customers. Performance, flexibility, scalability and economies of scale are features of Aldata's products that customers have particularly mentioned in positive feedback.

### **Improved traceability through new technology**

One of the key issues for 2004 is the new initiative launched on traceability, including the integration of Radio Frequency Identification (RFID). This new technology, applied e.g. into a tag equipped with a micro chip, is being rapidly adopted by the market in general and in supply chain management, and Aldata again holds a clear leadership in expertise in this application. It is generally assumed that RFID tag will totally replace the nowadays frequently used bar code during some time. Aldata's primary goal for R&D in 2004 is to stay ahead of its competitors and develop its technology to ensure its customers will also have business critical advantages in the future.

**G.O.L.D. Vocal is an application module of the Aldata G.O.L.D. software family. G.O.L.D. Vocal enables warehouse operations via voice recognition technology.**





## ❖ *Partners play a key role*

*The basis of Aldata Group's strategy is profitable growth, and partners have a key role in this growth strategy. In assessing potential success factors, Aldata recognizes that both local and global partners will also play a key role in implementing its strategy.*

Knowledge of customer businesses and related application knowhow, the network of partners, expert personnel and the company's own strong R&D are all factors needed to remain successful also in the future.

Aldata serves its customers on a global basis. Through the expertise of its own local organizations and of its network of partners, Aldata can offer customers the best solutions in the sector, that also take into account the special requirements of different countries and individual customers.

Developing and reinforcing the partner network is also expected to have a positive impact on the volume of the company's business.

One of the operational goals for 2003 was to reinforce the partner network. Aldata signed global alliances with system integrators EDS Corporation and BearingPoint Inc. It also has global and local partnerships with all major computer vendors. Additionally several local partnership agreements were signed during the review year. The agreements speak for Aldata's ability to serve the customers globally and confirm that Aldata's software can meet the special requirements of different countries.

Partners are expected to take on even greater significance in the future, and for that reason Aldata will actively develop its existing network and look for new partners.

## Human resources



Personnel	2003	2002
On 31 December	495	457
Average	470	448
Net Sales/employee (EUR) *	160,296	146,430
Operating profit before goodwill amortization/employee (EUR) *	10,763	15,209

\* Calculated from average personnel

**Aldata Group's human resources strategy supports the business strategy and aims to ensure the company has motivated, committed and proficient personnel. Some of the main challenges facing human resources management are supporting growth and international expansion and creating a common business culture in the Group.**

### New organization supports growth and internationalization

Aldata remodeled its organization during 2003 in response to the future growth targets. The new more international organization was introduced in September. In the new organization, functions are divided on the one hand into geographical regions and on the other into business areas which the corporate functions support.

### Number of personnel grew

At the end of 2003, Aldata employed 495 people, and on average 470 people during the year. The increase from the previous year was 8%. The growth was entirely organic. The number of personnel grew in all geographical areas apart from Sweden, where streamlining action was taken to improve profitability. Growth was strongest in France, Germany and Slovenia. In the UK and the USA business operations were started during the review period.

In line with Aldata's strategy, a considerable proportion of personnel work within R&D, forming 37% of personnel. The average age of personnel was 36 years and the average years of service were 5.3 years. Women accounted for 26% of personnel. Personnel turnover of permanent employees was 13.6% including the streamlining actions taken in Sweden.

Several recruitment campaigns were carried out during the year. As a result of these and other recruitment channels altogether 116 new employees were recruited. These were mainly for R&D and project management.

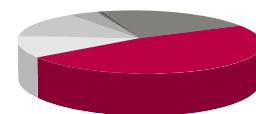
Factors contributing to the success of these recruitment efforts were on the one hand the general state of the labour market and on the other increased awareness of Aldata among job-seekers.

Personnel by employee group  
31 Dec. 2003



Product development	37%
Customer services and project management	44%
Sales and marketing	7%
Management and administration	12%

Personnel by country  
31 Dec. 2003



Finland	23%	Slovenia	4.3%
France	4.7%	UK	0.5%
Germany	14%	USA	0.2%
Sweden	11%		

Personnel by business area  
31 Dec. 2003



Supply Chain Management Software	68%
In-store Software	22%
Security Systems	7%
Corporate administration	3%





*Human resources development supports the company in reaching its business goals: international expansion, innovative product development and strong industry expertise.*



## Human resources

New employees were also recruited as the result of systematic, long-term co-operation with universities and other educational institutions, especially in Germany and France.

### HR development supports achieving business goals

Human resources development is based on the company's strategy and business needs. It aims to support the company in reaching its business goals: international expansion, innovative product development and strong industry expertise.

The personnel development discussions that each employee has with their superiors are for assessing the employee's performance and setting goals. Personal training and development plans are also drawn up during the discussions. The goal is for each employee to spend two weeks a year in self-development and training in various forms.

Extensive internal product training was held during 2003, especially for the new version of Aldata Supply Chain Management Software, as well as induction training for new employees. Personnel were also given training in new technologies and how to make use of them. The company also arranged language courses and training in project management and teamwork.

### Incentives for motivation, commitment and management by objectives

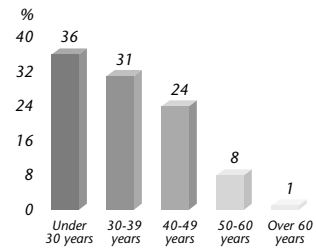
Aldata has five share option schemes that serve to motivate Aldata's key personnel and create commitment. Aldata also has other incentive schemes that support the company in meeting its goals.

Aldata supports employee recreational activities that promote team spirit and help develop work fitness. The company also supports occupational healthcare that involves preventive care and maintaining the health of its employees.

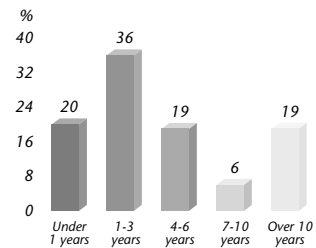
### Aldata supports child welfare

As in previous years, during 2003 Aldata supported work to promote the welfare of children and young people. The donated funds were used to purchase medical equipment for the department of paediatric surgery at the Hospital for Children and Adolescents at the Helsinki University Central Hospital and to support the jungle mural project at the Children's Neurological Unit.

Personnel by age  
31 Dec. 2003



Personnel by years of service  
31 Dec. 2003





## Aldata worldwide



### ■ *Europe – offices*

Finland  
Sweden  
France  
Germany  
Slovenia  
United Kingdom



### ■ *Europe and North Africa – installations*

Austria	Belgium	Czech Republic
Estonia	Finland	France
Germany	Hungary	Italy
Luxembourg	Morocco	The Netherlands
Norway	Poland	Portugal
Romania	Russia	Slovakia
Slovenia	Spain	Sweden
Switzerland	United Kingdom	



### ■ *North America – office*

United States

### ■ *Americas – installations*

Argentina	Brazil
Caribbean	Colombia
Mexico	Uruguay
Venezuela	



### ■ *Asia-Pacific – installations*

Bahrain	China
Indonesia	Lebanon
Malaysia	Mauritius
Philippines	Singapore
Taiwan	Thailand

## Information for shareholders

### *Contact details*

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CFO

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### *Investing in Aldata*

More information about investing in Aldata can be found for example from the following banks and brokerage firms:

- ABG Sundal Collier
- Carnegie Investment Bank AB, Finland Branch
- Cazenove & Co.
- Enskilda Securities Ltd
- Evli Bank Plc
- FIM Securities
- Handelsbanken Securities
- Mandatum Private Bank
- Nordea Securities Oyj
- Opstock Investment Banking
- Osaketieto

This Aldata Business Review 2003  
and the Aldata Financial Review 2003  
together form the Aldata Annual Report 2003.

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Fax +44 208 334 8140

### ***Aldata Solution, Inc.***

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Ashburn, VA 20148, USA

### ***Company website***

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***Aldata***

*Aldata*

*Aldata*



➤ *Financial Review 2003*

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This Aldata Financial Review 2003 and the Aldata Business Review 2003 together form the Aldata Annual Report 2003.

## Annual General Meeting

The Annual General Meeting of Aldata Solution will be held on Thursday April 15th, 2004, starting at 10 am (EET) in Rake-Sali, (address: Erottajankatu 4 C, 3rd floor) Helsinki, Finland.

In order to attend the meeting, shareholders must be registered in the company's shareholders register maintained by the Finnish Central Securities Depository Ltd. no later than on Monday April 5th, 2004.

Shareholders wishing to attend the Annual General Meeting are required to inform the company by 4.00 pm (EET) on Tuesday April 13th, 2004, either

- by e-mail            registration@aldata-solution.com or
- by telephone        +358 9 5422 5001/Marina Lindholm, or
- by mail                Aldata Solution Oyj  
Marina Lindholm  
Vetotie 3, FI-01610 Vantaa, Finland.

All shareholders registering to attend the Annual General Meeting are required to provide their name, address, telephone number and date of birth.

Letters containing authorization to vote by proxy at the meeting should reach the company at the above address before the end of the notification period.

## Financial calendar for 2004

12 February	Financial Statements Bulletin
3 March	Annual Report 2003 in Finnish and in English on the company's website at <a href="http://www.aldata-solution.com">www.aldata-solution.com</a>
Week 11	Printed Annual Report 2003 in English
6 May	Interim report for January–March
5 August	Interim report for January–June
29 October	Interim report for January–September

*Aldata*

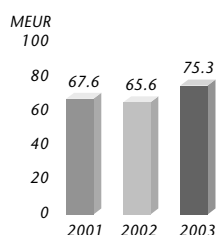


## Highlights of 2003

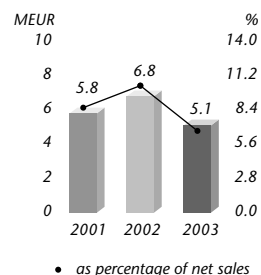
- **Feb 2003:** Global strategic partnership agreement with EDS (Electronic Data Systems Corporation).
- **Feb 2003:** The French store chain ATAC placed one of the largest orders in Aldata's history for Aldata G.O.L.D.
- **Feb 2003:** Carrefour Italy placed an order for Aldata G.O.L.D. stock replenishment module.
- **Feb 2003:** kKiosk AG in Switzerland ordered Aldata G.O.L.D. and the PickByVoice order picking system.
- **April 2003:** Global strategic partnership agreement with BearingPoint Inc.
- **May 2003:** Major order from Roche Diagnostics in Germany.
- **June 2003:** First Aldata G.O.L.D. order in the USA from Smart & Final Inc.
- **Aug 2003:** Established a subsidiary in London, UK.
- **Sep 2003:** Finnish retailer Tradeka contracted all its development and support services for retail operation support systems to Aldata.
- **Oct 2003:** Aldata's second contract for Aldata G.O.L.D. in the USA from Trader Joe's Company.
- **Dec 2003:** Major global agreement with Carrefour Group to supply the Aldata G.O.L.D. Supply Chain Management Software to eight countries in Asia.

### Group's financial figures

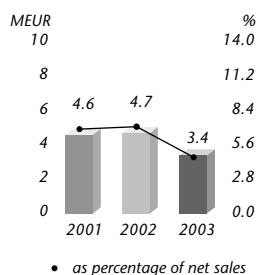
Net sales



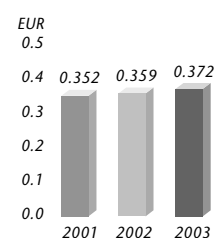
Operating profit before goodwill amortization



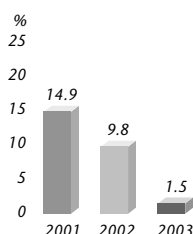
Operating profit (EBIT)



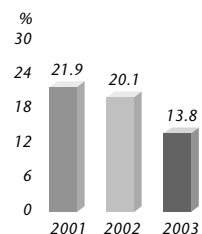
Shareholder's equity per share



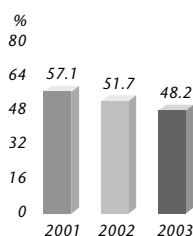
Return on equity (ROE)



Return on investment, (ROI)



Solvency ratio



Licenses and maintenance, services and third-party licenses and hardware year 2003



## Report by the Board of Directors

January 1 – December 31, 2003

### **General**

The cornerstone of Aldata's strategy is profitable growth. The objective has been set that Aldata will be among the four leading companies in the world in retail software market by 2007. During 2003, several steps were taken towards this objective. The most important single step was the successful entry into the US market. In addition to this, Aldata reinforced its position in existing current market areas and in selected segments. The company developed and strengthened its global partner network, a key element in entering new geographical markets.

Matti Hietala began his duties as President and CEO of Aldata on September 1, to prepare the company for further expansion and internationalization. A new organization structure was set up to better meet the targets for future growth.

Aldata Group won more than 40 new customers during the year 2003.

Aldata will continue to invest in R&D to guarantee its product and technology leadership. The company will continue to invest in international expansion to achieve the targeted market position. The chosen partner strategy will ultimately have an effect on the company's business model. In the longer term, the proportion of license sales is expected to increase and profitability to improve. The investments for establishing presence in new markets are lower when entering the markets together with partners. In order to reach a global presence and productivity gains, the company is allocating substantial resources in both global and regional partnerships.

### **Financial reporting during 2003**

Uncertainty was a dominant factor in the prevailing world economic climate during the year under review, and this in turn made it difficult to predict business developments. In January 2003, Aldata expected net sales during the 2003 financial year to exceed 70 MEUR and operating profit to be at least 6 MEUR. In October, the company revised its forecast for 2003 by estimating that net sales would be clearly over 70 MEUR and operating profit at least 5 MEUR. However, after the closing of the financial year, in January 2004, Aldata informed the market that due to non-recurring items the company lowers the operating profit forecast for the fourth quarter of 2003. According to the new forecast, the net sales for 2003 were expected to be 75 MEUR and the operating profit 3.4 MEUR.

### **Net sales and profitability**

Aldata Group had net sales of 75.3 (65.6) MEUR. Supply Chain Management (SCM) Software accounted for 71.2% (56.5%) of Group net sales, In-Store Software for 18.6% (32.1%) and Security Systems for 10.2% (10.0%). Software licenses and maintenance accounted for 22.7% (22.2%) of 2003 net sales, services for 61.5% (59.5%) and third party licences and hardware for 15.8% (18.3%). Ten largest customers represent 52.3% of the Group's net sales.

The Group's gross profit was 55.7 (49.2) MEUR. The Group's operating profit before goodwill amortization was 5.1 (6.8) MEUR. The operating profit was 3.4 (4.7) MEUR and the profit before extraordinary items was 2.3 (4.6) MEUR. In 2003 the earnings per share was 0.004 (0.028) euro, the return on investment was 13.8% (20.1%) and the return on equity 1.5% (9.8%).

During the final quarter of 2003 Aldata Group had net sales of 22.0 (20.1) MEUR, and the SCM software business area accounted for 15.7 MEUR of this. The consolidated operating profit in the final quarter was 1.3 (2.7) MEUR and SCM contributed 1.0 (2.4) MEUR to this. In the final quarter of 2003 the Group's gross profit was 16.5 (14.1) MEUR.

## Report by the Board of Directors

January 1 – December 31, 2003

The operating profit before goodwill amortization was 1.7 (3.0) MEUR. The profit before extraordinary items was 0.2 (2.5) MEUR.

Aldata's consolidated net sales in 2003 by category and quarter were as follows:

	Q1/03	Q2/03	Q3/03	Q4/03
License and maintenance	22 (20)%	19 (20)%	20 (23)%	29 (25)%
Services	65 (65)%	64 (61)%	63 (60)%	55 (53)%
Third party licenses and equipment	13 (15)%	17 (19)%	17 (17)%	16 (22)%

### Financing

The balance sheet total at the end of 2003 stood at 52.6 (48.3) MEUR. Short-term receivables totalled 28.2 MEUR, compared to 27.0 MEUR at the end of 2002. Short-term receivables include a receivable of 2.0 MEUR from Grand Vision S.A. The case has been submitted to the Paris Court. Aldata's opinion is that the company has a strong position in the case.

Aldata Group's cash, cash equivalents and marketable securities totalled 9.0 (8.5) MEUR at the end of 2003. The Group's solvency ratio stood at 48.2% (51.7%), gearing at -21.2% (-28.8%) and shareholder's equity per share was 0.372 (0.359) euro.

Gross capital expenditure in 2003, on hardware and software purchases and the purchase of subsidiary company shares, amounted to 7.3 (7.4) MEUR.

### Supply Chain Management Software

Net sales for the Supply Chain Management Software business area grew 45.0% from 2002 to 53.7 (37.1) MEUR in 2003. The gross profit was 40.3 (30.8) MEUR. The operating profit before goodwill amortization was 4.3 (6.8) MEUR and the operating profit before goodwill amortization as a percentage of net sales was 8.0% (18.3%). The operating profit was 3.6 (6.4) MEUR and as a percentage of net sales it was 6.7% (17.3%).

In 2003 the Group proceeded on schedule with the roll-out of the G.O.L.D. Version 5 modules for Casino and successfully conducted the pilot phase for the other major installation in France for ATAC (Groupe Auchan).

During the review period, the Group won two major projects in the USA to fully equip the retail chains Smart & Final and Trader Joe's. These projects are on schedule and are expected to be operational as planned during 2004.

In the end of the review period, Aldata signed a global agreement with Carrefour. The first project will start in early 2004 and will cover eight countries in Asia: Thailand, Malaysia, Singapore, Indonesia, Taiwan, China, Korea and Japan.

Major global partnership agreements were signed with integrators EDS and BearingPoint. Both of these agreements brought results even during the review period, with several projects in France, the UK and the USA.

### In-Store Software

Net sales from In-Store Software in 2003 totalled 14.0 (21.1) MEUR. The gross profit was 11.2 (13.8) MEUR. The operating profit before goodwill amortization was 0.2 (0.7) MEUR and the operating result was -0.5 (-0.1) MEUR.

A new version of the G.O.L.D. POS In-Store Software was released in 2003. The focus in developing the system has been on integrated supply chain management, to provide customers with the possibility for utilizing the In-Store Software systems as part of an end-to-end solution.

## Report by the Board of Directors

January 1 – December 31, 2003

The deliveries of G.O.L.D. POS In-Store Software have already started for existing customers.

During the third quarter Aldata signed a wide-ranging cooperation agreement with a Finnish retail chain Tradeka relating to retail information systems. Under the terms of the agreement, Tradeka has contracted all its development and support services for retail operation support systems to Aldata.

A clear pick-up in interest from In-Store Software business area's customers was seen towards the end of the year in both main markets in Finland and in Sweden. The last two quarters of the year 2003 presented strong growth for In-Store Software.

### **Security Systems**

Security Systems had net sales of 7.7 (6.6) MEUR in 2003. The gross profit was 4.3 (3.9) MEUR. Operating profit before goodwill amortization was 0.6 (0.7) MEUR and the operating profit was 0.4 (0.5) MEUR.

The growth in net sales of 17.0% is due to enhanced time and attendance capabilities and security integration. Security Systems, with its brand name Flexim, focuses on serving Finnish customers and the business succeeded in making significant gains in market share in 2003.

Major contracts signed in 2003 were Aldata Flexim solutions for the Port of Turku, Finland and for the Stockmann department store in Moscow, Russia.

### **Research and development (R&D)**

Aldata Group has R&D centers in Finland, France, Germany, Slovenia and Sweden.

The purpose of Aldata's R&D is to maintain and further strengthen the company's product leadership and technological advance. R&D activities take place in close cooperation with customers and partners.

The most significant R&D project in 2003 was Aldata G.O.L.D. Version 5. It was launched during the review period with major functional and technological evolutions. The company also launched the G.O.L.D. POS In-Store Software system.

In 2003, 182 employees worked in R&D activities, which represent 37% of total workforce. The Group's R&D costs are recorded as costs for the period in which they are incurred.

### **Personnel**

Aldata Group had 495 (457) employees in the end of 2003 and an average of 470 (448) employees during the year. The number of personnel increased by 8.0% from the previous year and the growth was organic at large. The number of personnel grew in all geographical areas except Sweden where it subsided. Relative growth was strongest in France, Germany and Slovenia.

At the end of the year 2003, approximately 23% of employees worked in Finland, 47% in France, 14% in Germany, 11% in Sweden, 4.3% in Slovenia, 0.5% in the UK and 0.2% in the USA.

### **Share performance, foreign ownership and changes in ownership during 2003**

The highest price of the Aldata Solution Oyj share in 2003 was 2.19 EUR and the lowest was 0.86 EUR. The average share price was 1.58 EUR and the closing price was 1.94 EUR. The absolute trading volume of the Aldata share on the Helsinki Exchanges during the period totalled 84.12 MEUR and 53.1 million shares changed hands.

## ❖ *Report by the Board of Directors*

*January 1 – December 31, 2003*

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, rose to 17.0% on 13 January 2003.

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, rose to 20.2% on 17 April 2003.

The holding of Ilmarinen Mutual Pension Insurance Company in Aldata Solution Oyj rose to 5.13% on 26 June 2003.

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, decreased to 19.9% on 2 October 2003, due to an increase in the share capital of Aldata Solution Oyj.

31.7% of Aldata Solution Oyj shares were in foreign ownership at the end of 2003. The company had 8,533 shareholders and the free float totalled 99.56% of the share capital at the end of the year.

### ***Changes in share capital and number of shares in 2003***

During 2003 Aldata issued 1,288,200 new shares for the B stock options under the company's 1999 stock option scheme and the share capital was raised by 12,882.00 EUR.

In the end of 2002 Aldata Solution Oyj had 66,145,742 shares and by the end of 2003 this figure had risen to 67,433,942 shares. The increase in the number of shares during 2003 corresponds to 1.9% of the total number of shares.

### ***Board of Directors and President***

In the beginning of 2003 the members of the Board were Werner Brockhagen, Peter Titz, Pekka Vennamo, Jere Lahti, Jarmo Kalliola and Matti Hietala.

The Annual General Meeting of Aldata Solution Oyj on 26 March 2003 elected the following members to the Board of Directors: Werner Brockhagen, Peter Titz, Pekka Vennamo and Matti Hietala. Pekka Vennamo was elected chairman. Matti Hietala resigned from the Board when he took over as President and CEO.

The company's President and CEO was Jarmo Kalliola until 31 August and Matti Hietala from 1 September 2003.

### ***Executive Management Team***

At the beginning of 2003 the Executive Management Team (EMT) consisted of Jarmo Kalliola, René Homeyer, Manfred Alt, Peter Uddfors and Kim Berknov. Matti Hietala begun his duties as new President and CEO as of September 1, 2003. As of September 5, Matti Hietala announced the new Executive Management Team to meet Aldata's objectives for global success.

The Chairman of the EMT is President and CEO Matti Hietala and the Vice Chairman is Deputy CEO and COO René Homeyer. The other members are Manfred Alt, German speaking countries; Dominique Chambas, International Sales; Tiina Hansson, Corporate Communications; and Jukka Koivisto, Finland, the Baltic countries and Russia. In November, the Executive Management Team was strengthened by Markus Kivimäki, Corporate Legal Affairs. After the end of the review period Thomas Hoyer, CFO; Neil Thall, USA and Canada, and Mark Croxton, UK and Ireland, joined the Executive Management Team.

### ***Auditors***

The company's auditors throughout the financial year were Ernst & Young Oy. The supervising auditor until the Annual General Meeting was Per-Olof Johansson, Authorized Public Accountant, and from the Annual General Meeting onwards was Tomi Englund, Authorized Public Accountant.



## Report by the Board of Directors

January 1 – December 31, 2003

### **Group structure, changes and business transactions during the period**

Aldata Solution Oyj is the parent company of Aldata Group. At the end of 2003 Aldata Group consisted of Aldata Industries Oy (100%) and Aldata Solution Finland Oy (100%), with operations in Finland, and the following subsidiaries with operations outside Finland: Aldata Solution S.A. (97.43%) in France, Aldata Solution AB (100%) and Melior Utbildning AB (100%) in Sweden, Aldata Retail Solutions GmbH (98.75%), in Germany, the Slovenian company Aldata Solution d.o.o. (81.21%), Aldata Solution Inc. (100%) in the USA and Aldata Solution UK Ltd. (100%) in UK. In 2003 Aldata Solution Oyj established a subsidiary in Finland, Aldata Solution Silvola Oy (100%), without any business operations.

In 2003 BUSY Warenwirtschaft mit System GmbH and ceris soft Gesellschaft für Beratung und Informationssysteme GmbH in Germany were integrated with Aldata Retail Solutions GmbH and Omegamax S.A. in France with Aldata Solution S.A.

The holding of Aldata Solution Oyj in the French subsidiary increased during 2003 following the purchase of shares in the subsidiary in accordance with the terms of the year 2000 contract.

On 1 May Aldata Solution Oyj incorporated its Retail Business in Finland as a separate Finnish company, Aldata Solution Finland Oy, 100% owned by the parent company Aldata Solution Oyj.

### **Board authorizations**

The Annual General Meeting on 26 March 2003 authorized the Board to raise the share capital by issuing new shares or convertible bonds or bonds with warrants or stock options in one or more installments totalling at most 132,291.48 EUR. At most 13,229,148 new shares of nominal value 0.01 EUR per share may be offered for subscription at a price and on other conditions to be determined by the Board.

The Board is also authorized to decide who shall be entitled to subscribe for shares and the authorization includes the right to disapply shareholders' pre-emptive subscription rights provided that the company has important financial grounds for doing so, such as to strengthen the company's financial structure, to finance acquisitions and other corporate arrangements, or to carry out co-operative arrangements. The Board may not disapply shareholders' pre-emptive rights in the interests of a company insider. New shares may also be issued on payment of consideration in kind. The authorization shall remain in force until 25 March 2004.

By 31 December 2003 the Board had not issued any shares under the authorization given at the Annual General Meeting on 26 March 2003.

### **New Option Programme and annulment of earlier option rights**

The Annual General Meeting on 26 March 2003 decided to issue stock options in accordance with the proposal by the Board of Directors, which was entirely published as a Stock Exchange Release on 6 March 2003, however changed as follows:

The share subscription period shall be:

For stock option 2003A 1 October 2005 – 30 April 2007

For stock option 2003B 1 October 2006 – 30 April 2008

For stock option 2003C 1 October 2007 – 30 April 2009

For stock option 2003D 1 October 2008 – 30 April 2010.

The distribution of stock options shall start on 1 May 2003 and end on 1 March 2005.

## ❖ *Report by the Board of Directors*

*January 1 – December 31, 2003*

The Board of Directors has the right to decide upon the further distribution of the stock options issued to the Subsidiary, for stock options 2003C from 1 May 2004 and for stock options 2003D from 1 May 2005.

The Annual General Meeting decided in accordance with the proposal by the Board of Directors that the 2001A and 2001B stock options, which entitle to subscription for 1,840,000 Aldata Solution shares and which have not been allocated, shall not be used and shall be annulled.

From stock option program 2003A 129,000 options rights have been allocated by the end of December 2003.

### ***Transition to IAS/IFRS standards***

Aldata has started preparing the transition to IAS/IFRS standards, and Aldata plans to publish its financial statements in accordance with IFRS from the financial year 2005.

### ***Events after review period***

Aldata Solution Oyj appointed Mark Croxton as Vice President, UK and Ireland and Managing Director of Aldata Solution UK Ltd. as of 19 January 2004.

On 28 January Aldata informed the market with a stock exchange release that the company's operating profit is expected to be lower than forecast in the fourth quarter of 2003.

On 28 January Aldata was granted the Software Industry Award 2003 in the category of business performance.

Aldata Group has received orders from new important customers e.g. Thorntons which is the leading chain of candy stores in UK and ERA which is a significant trading company in Slovenia.

### ***Board's dividend proposal***

The Board of Directors proposes to the Annual General Meeting on 15 April 2004 that no dividend is distributed from the financial year 2003. The assumption is that in the rapidly developing and expanding markets shareholders' investments are likely to give best returns if the company invests its profits primarily in developing its business.

### ***Future outlook for 2004***

The objectives for 2004 are built around organic growth. Aldata aims to increase net sales and profits compared to 2004. Profitability is expected to improve.

During 2004, Aldata is targeting to gain market share in retail software business. In general, the company expects retail software market to grow faster than the IT-market. Also in the Security Systems business area Aldata's goal is to further increase its market share.

The Board of Directors of Aldata Solution Oyj is aware that both the overall economic situation as well as the development of IT spending by the retail industry have a significant impact on the performance of the company.

In order to reach these objectives, Aldata will continue to invest in R&D to maintain its product and technology leadership. The company will also invest in international expansion together with the partners.

In January 2004 Aldata Group had an order book for the coming 12 months of 31.8 MEUR. The order book consists of binding orders and contracts. Maintenance orders are also included in the order book.

## Consolidated income statement

		<b>EUR 1,000</b>	<b>EUR 1,000</b>
	<b>NOTE</b>	<b>Jan. 1–Dec. 31, 2003</b>	<b>Jan. 1–Dec. 31, 2002</b>
<b>Net Sales</b>	<b>1</b>	<b>75,339</b>	<b>65,601</b>
Other operating income	3	386	767
Materials and services			
Materials and supplies:			
Purchases during the year		9,037	8,114
Increase (–) or decrease (+) in inventories		–298	7
External services		11,248	9,078
Materials and services total		–19,987	–17,199
Personnel expenses	4		
Salaries and fees		24,955	20,676
Pension expenses		6,592	5,027
Other employee–related expenses		2,807	2,606
Personnel expenses total		–34,354	–28,309
Depreciations and writedowns	5		
On fixed assets and other long–term expenditure		1,157	1,225
Goodwill amortization		1,622	2,132
Depreciation and writedowns total		–2,779	–3,357
Other operating expenses		–15,169	–12,821
<b>Operating profit</b>	<b>2</b>	<b>3,437</b>	<b>4,682</b>
Financial items	6		
Financial income		370	553
Financial expenses		–1,501	–588
Financial items total		–1,132	–35
<b>Profit before extraordinary items</b>		<b>2,305</b>	<b>4,647</b>
Extraordinary items	7		
Extraordinary income		0	137
Extraordinary expenses		0	–2,490
Extraordinary items total		0	–2,353
<b>Profit before taxes</b>		<b>2,305</b>	<b>2,294</b>
Minority interest		–121	–565
Income taxes	8	–1,932	–1,583
<b>Profit for the financial period</b>		<b>252</b>	<b>146</b>

## ❖ Consolidated cash flow statement

	<b>EUR 1,000 2003</b>	<b>EUR 1,000 2002</b>
<b>Cash flow from operating activities</b>		
Operating profit	3,437	4,682
Adjustments to operating profit	3,300	2,937
Change in working capital	-765	-1,727
Interest received	370	551
Interest and charges paid	-404	-595
Dividends received	0	3
Taxes	-2,509	-3,215
Net cash from operating activities	3,429	2,634
<b>Cash flow from investing activities</b>		
Group companies acquired	-4,890	-3,677
Group companies sold	0	-172
Other investments	0	-313
Investments in tangible and intangible assets	-1,844	-717
Transfer prices of tangible and intangible assets	322	79
Loans granted	0	-721
Net cash used in investing activities	-6,412	-5,521
<b>Cash flow before financing</b>	<b>-2,983</b>	<b>-2,887</b>
<b>Cash flow from financing activities</b>		
Long-term loans, received	145	97
Long-term loans, repayments	-465	-776
Short-term loans, received	3,000	0
Short-term loans, repayments	-388	0
Share issue	1,198	262
Dividends paid	0	-40
Net cash used in financing activities	3,490	-457
<b>Net cash flow, total</b>	<b>507</b>	<b>-3,344</b>
Change in cash and cash equivalents	507	-3,344
Cash and cash equivalents 1 Jan.	8,486	11,830
Cash and cash equivalents 31 Dec.	8,993	8,486

## Consolidated balance sheet

	NOTE	EUR 1,000 Dec. 31, 2003	EUR 1,000 Dec. 31, 2002
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Intangible assets	9		
Goodwill		9,492	6,224
Other long-term expenditure		518	318
Advance payments		0	0
		10,010	6,542
Tangible assets	10		
Machinery and equipment		1,039	1,263
Other tangible assets		290	174
		1,329	1,437
Investments	11		
Other shares and holdings		46	205
Loans receivable		33	749
Other investments		348	301
		426	1,255
NON-CURRENT ASSETS TOTAL		11,765	9,234
CURRENT ASSETS			
Inventories			
Work in progress		246	731
Finished products / goods		918	730
		1,164	1,461
Deferred tax assets	16	2,510	2,127
Short-term receivable	12		
Accounts receivable		19,847	22,044
Loans receivable		63	300
Prepaid expenses and accrued income		4,800	1,513
Other receivables		3,504	3,096
		28,215	26,953
Cash and cash equivalents		8,993	8,486
CURRENT ASSETS TOTAL		40,882	39,027
<b>ASSETS</b>		<b>52,647</b>	<b>48,261</b>

## Consolidated balance sheet

	<b>NOTE</b>	<b>EUR 1,000</b> <b>Dec. 31, 2003</b>	<b>EUR 1,000</b> <b>Dec. 31, 2002</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY	13		
Share capital		674	661
Share issue		0	0
Share premium fund		17,167	15,982
Translation difference		-261	-230
Retained earnings		7,271	7,199
Profit for the financial period		252	146
SHAREHOLDERS' EQUITY	14	25,103	23,757
MINORITY INTEREST		286	1,118
PROVISIONS	15		
Other provisions		827	417
		827	417
<b>LIABILITIES</b>			
Deferred tax liability	16	0	194
Long-term liabilities	17		
Loans from financial institutions		16	419
Other loans		196	113
		211	532
Short-term liabilities	18		
Loans from financial institutions		3,404	792
Other loans		0	0
Advances received		25	113
Accounts payable		5,432	6,208
Accrued expenses and prepaid income		10,221	8,286
Other short-term liabilities		7,137	6,844
		26,219	22,243
LIABILITIES		26,430	22,969
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>52,647</b>	<b>48,261</b>



## Parent company income statement

		<b>EUR 1,000</b>	<b>EUR 1,000</b>
	<b>NOTE</b>	<b>Jan. 1–Dec. 31, 2003</b>	<b>Jan. 1–Dec. 31, 2002</b>
<b>Net Sales</b>		<b>2,319</b>	<b>8,545</b>
Other operating income	3	2,690	1,799
Materials and services			
Materials and supplies:			
Purchases during the year		450	1,849
Increase (–) or decrease (+) in inventories		60	17
External services		74	310
Materials and services total		–585	–2,175
Personnel expenses	4		
Salaries and fees		2,793	4,147
Pension expenses		366	727
Other employee–related expenses		202	132
Personnel expenses total		–3,361	–5,006
Depreciations and writedowns	5		
On fixed assets and other long–term expenditure		205	418
Goodwill amortization		225	607
Depreciation and writedowns total		–430	–1,024
Other operating expenses		–3,665	–4,349
<b>Operating result</b>		<b>–3,030</b>	<b>–2,211</b>
Financial items	6		
Financial income		7,086	468
Financial expenses		–1,178	–2,414
Financial items total		5,908	–1,946
<b>Result before extraordinary items</b>		<b>2,877</b>	<b>–4,157</b>
Extraordinary items	7		
Extraordinary income		1,930	620
Extraordinary expenses		0	–2,511
Extraordinary items total		1,930	–1,891
<b>Result before taxes</b>		<b>4,807</b>	<b>–6,048</b>
Income taxes	8	0	0
<b>Result for the financial period</b>		<b>4,807</b>	<b>–6,048</b>

## Parent company cash flow statement

	<b>EUR 1,000 2003</b>	<b>EUR 1,000 2002</b>
<b>Cash flow from operating activities</b>		
Operating profit	-3,030	-2,211
Adjustments to operating profit	204	647
Change in working capital	5,075	1,156
Interest received	77	348
Interest and charges paid	-287	-622
Dividends received	0	135
Taxes	124	-100
Net cash from operating activities	2,162	-647
<b>Cash flow from investing activities</b>		
Group companies acquired	-5,756	-3,814
Group companies sold	654	12
Other investments	0	-43
Investments in tangible and intangible assets	-68	-118
Transfer prices of tangible and intangible assets	5	104
Loans granted	-151	-632
Net cash used in investing activities	-5,316	-4,491
<b>Cash flow before financing</b>	<b>-3,154</b>	<b>-5,138</b>
<b>Cash flow from financing activities</b>		
Long-term loans, repayments	-404	-776
Short-term loans, received	3,000	0
Short-term loans, repayments	-388	0
Share issue	1,198	262
Group contribution received	620	0
Net cash used in financing activities	4,026	-514
<b>Net cash flow, total</b>	<b>872</b>	<b>-5,652</b>
Change in cash and cash equivalents	872	-5,652
Cash and cash equivalents 1 Jan.	441	6,093
Cash and cash equivalents 31 Dec.	1,313	441

## Parent company balance sheet

	<b>NOTE</b>	<b>EUR 1,000</b> <b>Dec. 31, 2003</b>	<b>EUR 1,000</b> <b>Dec. 31, 2002</b>
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Intangible assets	9		
Goodwill		0	1,445
Other long-term expenditure		80	120
		80	1,565
Tangible assets	10		
Machinery and equipment		105	277
Other tangible assets		5	32
		110	309
Investments	11		
Shares in subsidiaries		17,707	11,426
Other shares and holdings		46	98
Loans receivable		238	936
		17,991	12,460
NON-CURRENT ASSETS TOTAL		18,182	14,334
CURRENT ASSETS			
Inventories			
Other products / goods		0	60
		0	60
Short-term receivable	12		
Accounts receivable		176	998
Loans receivable		310	169
Prepaid expenses and accrued income		9,926	2,207
Other receivables		0	6
		10,413	3,380
Cash and cash equivalents		1,313	441
CURRENT ASSETS TOTAL		11,725	3,881
<b>ASSETS</b>		<b>29,907</b>	<b>18,215</b>

## Parent company balance sheet

	<b>NOTE</b>	<b>EUR 1,000</b> <b>Dec. 31, 2003</b>	<b>EUR 1,000</b> <b>Dec. 31, 2002</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' EQUITY	13		
Share capital		674	661
Share issue		0	0
Share premium fund		17,002	15,817
Retained earnings		-3,118	2,930
Profit for the financial period		4,807	-6,048
SHAREHOLDERS' EQUITY		19,366	13,361
PROVISIONS	15		
Other provisions		257	60
		257	60
LIABILITIES			
Long-term liabilities	17		
Loans from financial institutions		16	419
		16	419
Short-term liabilities	18		
Loans from financial institutions		3,404	792
Advances received		0	0
Accounts payable		76	311
Accrued expenses and prepaid income		945	1,071
Other short-term liabilities		5,844	2,201
		10,268	4,375
LIABILITIES		10,284	4,794
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>29,907</b>	<b>18,215</b>

## Accounting principles

### **Principles of consolidation**

The consolidated financial statements have been prepared using the acquisition cost method of accounting.

The consolidated financial statements include all the Group companies.

Minority interest in the Group's result and shareholders' equity is shown as a separate item in the consolidated income statement and consolidated balance sheet.

The difference between the acquisition cost of subsidiaries and their shareholders' equity at the time of acquisition is shown as goodwill on consolidation. The acquisition cost of the subsidiaries acquired in 1998-2002 through an exchange of shares is the net asset value of these companies in their balance sheets and therefore no significant goodwill or consolidation difference arose on their consolidation.

The figures in the income statements of foreign subsidiaries are translated each month into euros at the average exchange rate and the figures in their balance sheets at the average exchange rate prevailing on 31 December.

Exchange rate differences arising from translation and the translation differences of shareholders' equity are shown separately under shareholders' equity.

Intragroup transactions, receivables and payables are eliminated.

Pension expenses are shown in accordance with the national legislation applied in each country. In Finland, Aldata has arranged the pension benefits of its personnel through third-party pension insurance companies.

### **Fixed assets**

Fixed assets are capitalized at direct acquisition cost less planned depreciation.

The planned depreciation is recorded on a straight-line basis over the expected economic lives of the assets. The expected economic lives of the fixed assets are as follows:

Machinery and equipment	3 – 5 years
Other long-term expenditure	5 years
Goodwill	5 – 15 years

Goodwill is amortized over a period of more than five years based on the economic yield period of the acquired business operations. During the financial year the goodwill amortization periods have been revised.

### **Inventories**

Inventories are valued at the lower of their weighted average purchase price or probable sales price.

### **Securities**

Securities are valued at the lower of their acquisition cost or fair value.

### **Foreign currency**

Items denominated in foreign currency are valued at the monthly average rates and at the average rates on 31 December 2003 published by the Bank of Finland.

### **Research and development**

Research and development costs are expensed in the financial period during which they are incurred.

### **Project revenue recognition**

Under the Group's uniform, company-wide revenue recognition principles the revenue from projects under delivery is recognized according to the degree of completion, which is based on the project's progress and on expenses as they arise and is continually monitored. Revenue from the services and licenses is recognized when the service or license is delivered to the customer.

### **Deferred taxes**

No deferred tax assets or liabilities are entered in the parent company's balance sheet. Deferred tax assets or liabilities in the consolidated balance sheet are calculated for all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes using the official tax rate confirmed on the balance sheet date for the following fiscal periods. Deferred tax assets are entered in the balance sheet at their estimated realizable amounts, whereas deferred tax liabilities are recorded in full. In the consolidated balance sheet, appropriations of Group companies made for taxation purposes are divided into shareholders' equity and deferred tax liability. In the consolidated income statement, changes in appropriations are divided into change in deferred tax liability and the result for the financial period.

## Notes to the financial statements

EUR 1,000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>1. Net sales by market area and business area</b>				
<b>By market area:</b>				
Finland	15,944	15,320		
Other Scandinavian countries	6,359	12,666		
France	36,852	22,198		
Germany	8,398	6,326		
Other countries	7,786	9,091		
<b>Total</b>	<b>75,339</b>	<b>65,601</b>		
<b>By business area:</b>				
Supply Chain Management Software	53,671	37,021		
In-Store Software	14,013	21,127		
Security Systems	7,655	6,557		
E-Business	0	895		
<b>Total</b>	<b>75,339</b>	<b>65,601</b>		
<b>2. Operating profit by business area</b>				
Supply Chain Management Software	3,608	6,435		
In-Store Software	-529	-61		
Security Systems	358	502		
E-Business	0	-2,194		
<b>Total</b>	<b>3,437</b>	<b>4,682</b>		
<b>3. Other operating income</b>				
Sales of business operations and fixed assets	0	557	423	482
Income from Group companies	0	0	2,024	1,276
Other	386	210	243	41
<b>Total</b>	<b>386</b>	<b>767</b>	<b>2,690</b>	<b>1,799</b>
<b>4. Personnel expenses</b>				
Salaries and fees, incl. benefits in kind, paid to management:				
Presidents and Board of Directors	1,503	1,215	509	344
Average number of personnel	470	448	33	95
<b>5. Depreciation according to plan</b>				
Depreciation for the financial period:				
Goodwill	1,622	2,132	225	607
Other long-term expenditure	320	139	53	65
Machinery and equipment	770	1,018	134	319
Other tangible assets	67	67	17	34
<b>Total</b>	<b>2,779</b>	<b>3,357</b>	<b>430</b>	<b>1,024</b>



## Notes to the financial statements

EUR 1,000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>6. Financial income and expenses</b>				
Dividend income from Group companies	0	0	7,009	135
Dividend income from other companies	0	3	0	0
Dividend income, total	0	3	7,009	135
Financial income from Group companies	0	0	38	70
Other interest and financial income	370	551	38	263
Interest income, total	370	551	77	333
Writedowns of investments	1,097	0	897	1,800
Writedowns, total	1,097	0	897	1,800
Interest expenses to Group companies	0	0	154	72
Other interest and financial expenses	404	588	126	543
Interest expenses, total	404	588	280	614
Interest and other financial expenses, total	1,501	588	1,178	2,414
<b>Financial income and expenses, total</b>	<b>-1,131</b>	<b>-35</b>	<b>5,908</b>	<b>-1,946</b>
Other interest and financial income and expenses, total, includes an exchange rate loss (net)	34	300	34	300
<b>7. Extraordinary income and expenses</b>				
Extraordinary income				
Group contributions received	0	0	1,930	620
Other	0	137	0	0
<b>Total</b>	<b>0</b>	<b>137</b>	<b>1,930</b>	<b>620</b>
Extraordinary expenses				
Divestment of E-business	0	2,000	0	1,980
Other	0	490	0	531
<b>Total</b>	<b>0</b>	<b>2,490</b>	<b>0</b>	<b>2,511</b>
<b>8. Taxes</b>				
Income tax on extraordinary items	0	-682	0	0
Income tax on operations	2,509	3,821	0	0
Change in deferred tax liability	-577	-1,556	0	0
<b>Total</b>	<b>1,932</b>	<b>1,583</b>	<b>0</b>	<b>0</b>
<b>9. Intangible assets</b>				
Goodwill on consolidation				
Acquisition cost 1 Jan.	12,440	8,916	3,797	3,927
Increases 1 Jan. – 31 Dec.	4,890	3,776	0	60
Decreases 1 Jan. – 31 Dec.	0	-252	-1,220	-190
Acquisition cost 31 Dec.	17,330	12,440	2,577	3,797
Accumulated depreciation according to plan 31 Dec.	-7,838	-6,216	-2,577	-2,352
<b>Book value 31 Dec.</b>	<b>9,492</b>	<b>6,224</b>	<b>0</b>	<b>1,445</b>

## Notes to the financial statements

EUR 1,000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
Other long-term expenditure:				
Acquisition cost 1 Jan.	1,027	907	437	435
Increases 1 Jan. – 31 Dec.	536	228	30	11
Decreases 1 Jan. – 31 Dec.	-17	-108	-16	-9
Acquisition cost 31 Dec.	1,546	1,027	451	437
Accumulated depreciation according to plan 31 Dec.	-1,030	-710	-371	-317
<b>Book value 31 Dec.</b>	<b>516</b>	<b>317</b>	<b>80</b>	<b>120</b>
<b>10. Tangible assets</b>				
Machinery and equipment				
Acquisition cost 1 Jan.	6,177	5,790	1,862	1,823
Increases 1 Jan. – 31 Dec.	1,067	871	38	106
Decreases 1 Jan. – 31 Dec.	-523	-484	-75	-68
Acquisition cost 31 Dec.	6,721	6,177	1,824	1,862
Accumulated depreciation according to plan 31 Dec.	-5,684	-4,914	-1,719	-1,585
<b>Book value 31 Dec.</b>	<b>1,037</b>	<b>1,263</b>	<b>105</b>	<b>277</b>
Other tangible assets:				
Acquisition cost 1 Jan.	381	287	180	180
Increases 1 Jan. – 31 Dec.	202	103	0	0
Decreases 1 Jan. – 31 Dec.	-20	-10	-10	0
Acquisition cost 31 Dec.	563	381	170	180
Accumulated depreciation according to plan 31 Dec.	-273	-207	-165	-148
<b>Book value 31 Dec.</b>	<b>290</b>	<b>174</b>	<b>5</b>	<b>32</b>
<b>11. Investments</b>				
Group companies				
Subsidiary shares	0	0	17,707	11,426
Loan receivables				
Loan receivables Group companies	0	0	206	190
Loan receivables from others	33	749	33	746

	% OF VOTES PARENT COMPANY	% OF VOTES GROUP
<b>Group companies</b>		
Aldata Industries Oy, Vantaa, Finland	100.0	100.0
Aldata Solution Finland Oy, Vantaa, Finland	100.0	100.0
Aldata Solution Silvola Oy, Vantaa, Finland	100.0	100.0
Aldata Solution AB, Täby, Sweden	20.7	100.0
Aldata Solution Holding AB, Täby, Sweden	100.0	100.0
Melior Utbildning AB, Täby, Sweden	100.0	100.0
Aldata Solution S.A, Paris, France	97.4	97.4
Aldata Solution d.o.o., Trzin, Slovenia	81.2	81.2
Aldata Retail Solutions GmbH, Stuttgart, Germany	51.0	98.8
Aldata Solution UK Ltd, London, UK	100.0	100.0
Aldata Solution Inc, Ashburn, VA, USA	100.0	100.0

## Notes to the financial statements

EUR 1,000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
Other shares 1 Jan.	205	55	98	54
Increase 1 Jan. – 31 Dec.	0	150	0	44
Decrease 1 Jan. – 31 Dec.	-159	0	-52	0
<b>Other shares 31 Dec.</b>	<b>46</b>	<b>205</b>	<b>46</b>	<b>98</b>
<b>12. Current receivables</b>				
Accounts receivable				
Accounts receivable from Group companies	0	0	173	-342
From others	19,847	22,044	3	1,340
Total	19,847	22,044	176	997
Loan receivables				
Loan receivables from Group companies	0	0	301	61
From others	63	300	9	108
Total	63	300	310	169
Prepaid expenses and accrued income				
From group companies	0	0	9,756	1,508
From others	4,800	1,513	170	699
Total	4,800	1,513	9,926	2,207
Other receivables				
From others	3,504	3,096	0	6
Total	3,504	3,096	0	6
<b>Current receivables total</b>	<b>28,215</b>	<b>26,953</b>	<b>10,413</b>	<b>3,380</b>

Group accounts receivable include some 2.0 MEUR receivable from Grand Vision S.A.. Some uncertainty may be related to this receivable due to the situation described in the Board's report.

	EUR	EUR	EUR	EUR
<b>13. Shareholders' equity</b>				
Share capital 1 Jan.	661,457.42	652,062.21	661,457.42	652,062.21
Increase in share capital, euro rounding	0.00	500.00	0.00	500.00
Increase in share capital/share exchange	0.00	6,082.71	0.00	6,082.71
Increase in share capital/warrants	12,882.00	2,812.50	12,882.00	2,812.50
Share capital 31 Dec.	674,339.42	661,457.42	674,339.42	661,457.42
Share issue 1 Jan.	0.00	500.00	0.00	500.00
Share issue to share capital	0.00	-500.00	0.00	-500.00
Share issue 31 Dec.	0.00	0.00	0.00	0.00
Share premium fund 1 Jan.	15,981,819.81	15,292,639.22	15,817,206.39	15,128,025.80
Share exchange premium	0.00	430,430.59	0.00	430,430.59
Warrant subscription premium	1,185,144.00	258,750.00	1,185,144.00	258,750.00
Share premium fund 31 Dec.	17,166,963.81	15,981,819.81	17,002,350.39	15,817,206.39
Translation difference 1 Jan.	-230,899.32	-260,341.76	0.00	0.00
Change in translation difference	-30,517.59	29,442.44	0.00	0.00
Translation difference 31 Dec.	-261,416.91	-230,899.32	0.00	0.00
Profit from previous financial periods 1 Jan.	7,344,966.52	7,238,854.70	-3,118,083.86	2,929,925.64
Dividend distribution	-73,983.91	-39,851.21	0.00	0.00
Retained earnings 31 Dec.	7,270,982.61	7,199,003.49	-3,118,083.86	2,929,925.64
Profit (loss) for the financial year	252,063.31	145,963.03	4,807,388.01	-6,048,009.50
<b>Shareholders' equity total 31 Dec.</b>	<b>25,102,932.24</b>	<b>23,757,344.44</b>	<b>19,365,993.96</b>	<b>13,360,579.95</b>

## Notes to the financial statements

	<b>GROUP</b>		<b>PARENT COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Calculation of distributable funds:</b>				
Retained earnings 31 Dec.	7,270,982.61	7,199,003.49	-3,118,083.86	2,929,925.64
Profit for the financial period	252,063.31	145,963.03	4,807,388.01	-6,048,009.50
Less accumulated depreciation allocated to shareholders' equity	0.00	-499,716.00	0.00	0.00
<b>Distributable funds</b>	<b>7,523,045.92</b>	<b>6,845,250.53</b>	<b>1,689,304.15</b>	<b>-3,118,083.86</b>

### 14. Treatment of accumulated depreciation difference and voluntary provisions in the group

In 2002 500.000 EUR of the Group's total accumulated depreciation difference and voluntary provisions, 694.000 EUR, was entered under shareholders' equity.

<b>EUR 1,000</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>15. Provisions</b>				
Retirement indemnity provision	543	343	0	0
Other provision	283	74	257	60
<b>Total</b>	<b>826</b>	<b>417</b>	<b>257</b>	<b>60</b>
<b>16. Deferred tax receivables and liabilities</b>				
Deferred tax receivables				
From consolidation measures	6	12		
From timing differences	2,504	2,115		
<b>Total</b>	<b>2,510</b>	<b>2,127</b>		
Deferred tax liabilities				
From appropriations	0	194		
<b>Total</b>	<b>0</b>	<b>194</b>		
<b>17. Long-term liabilities</b>				
Loans from financial institutions	16	419	16	419
Other long-term loans	196	113	0	0
<b>Total</b>	<b>211</b>	<b>532</b>	<b>16</b>	<b>419</b>
<b>18. Short-term liabilities</b>				
Loans from financial institutions	3,404	792	3,404	792
Other loans from Group companies	0	0	5,824	1,974
Advances received	25	113	0	0
Accounts payable from Group companies	0	0	2	14
Accounts payable from others	5,432	6,208	73	297
Accrued liabilities and deferred income from Group companies	0	0	13	0
Accrued liabilities and deferred income from others	10,221	8,286	932	1,071
Other liabilities	7,137	6,844	19	226
<b>Total</b>	<b>26,219</b>	<b>22,243</b>	<b>10,268</b>	<b>4,375</b>

## Notes to the financial statements

EUR 1,000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>19. Pledges given and contingent liabilities</b>				
<b>Liabilities</b>				
Loans from financial institutions	3,419	1,211	3,419	1,211
Mortgages for the above	5,432	5,432	5,432	5,432
Pledged bank account (rental security)	63	21	0	0
Rent liabilities	5,022	4,168	1,402	1,392
Leasing liabilities	1,922	1,210	95	384
Repurchase commitments	0	3	0	3
Guarantees on behalf of Group company debt	31	482	31	74
Guarantees on behalf of others	2,700	2,700	2,700	2,700
<b>Maturity of leasing liabilities</b>				
Within the following year	848	529	57	245
After the following year	1,074	581	38	142

### 20. Management holdings

The members of the Board of Directors, the President and CEO, and the Deputy CEO own a total 258,884 shares, or 0.4% of all shares. Under the stock option schemes they own a total of 50,000 option rights, or 0.1% of the share-issue adjusted total number of shares, adjusted for the dilution effect.

### 21. Completed share issues, issues of convertible loans and option rights

#### Board authorizations

The Annual General Meeting on 26 March 2003 authorized the Board to raise the share capital by issuing new shares or convertible bonds or bonds with warrants or stock options by at most 132,291.48 EUR. Under this authorization at most 13,229,148 new shares with a nominal value of 0.01 EUR per share may be offered for subscription at a price and on other conditions to be determined by the Board. The Board is also authorized to decide who shall be entitled to subscribe for shares, and the authorization includes the right to disapply the pre-emptive subscription rights of shareholders, provided the company has significant financial grounds for doing so, such as strengthening the company's financial structure, financing acquisitions and other corporate arrangements, or to carry out co-operative arrangements. The Board may not disapply the pre-emptive subscription rights of shareholders in the interests of a company insider. New shares may be issued on payment of consideration in kind. The authorization is valid till 25 March 2004.

#### Share issues during the year

The holders of the B warrants from the Aldata Stock Option Plan 1999 subscribed for a total of 1.288.200 Aldata shares during the financial year 2003.

The corresponding increase in the share capital was 12,882.00 euros.

## Notes to the financial statements

### Expired and current issues of stock options

	Expiry of subscription period	Max. authori- zation	Total distributed 31.12.2003	Remaining <sup>1)</sup> 31.12.2003	Subsc. price EUR	Subscription period
<b>I 1999 ended 24 September 1999</b>						
A warrants	31.12.2000	1,350,000	1,350,000	0	0.93	22 Apr. 01- 21 Apr. 02
B warrants	31.12.2000	1,350,000	1,350,000	0	0.93	22 Oct. 02- 21 Oct. 03
<b>Total</b>		<b>2,700,000</b>	<b>2,700,000</b>	<b>0</b>		
<b>II 2000 ended 29 March 2000 <sup>2)</sup></b>						
A warrants	31.12.2001	385,000	254,200	0	8.98	1 Jan. 02- 31 Dec. 02
B warrants	31.12.2001	385,000	346,200	204,100	4.49	1 Jul. 03- 30 Jun. 04
<b>Total</b>		<b>770,000</b>	<b>600,400</b>	<b>204,100</b>	<sup>2)</sup>	
<b>III 2001 ended 5 April 2001 <sup>3) 4)</sup></b>						
A warrants	15.3.2003	950,000	30,000	30,000	4.49	1 Apr. 03- 31 Dec. 06
B warrants	15.3.2003	950,000	30,000	30,000	4.49	1 Apr. 04- 31 Dec. 07
<b>Total</b>		<b>1,900,000</b>	<b>650,000</b>	<b>60,000</b>	<sup>3)</sup>	
<b>IV 2001 ended 10 October 2001/ France <sup>5)</sup></b>						
A warrants	31.10.2001	115,000	115,000	111,250	8.98	1 Nov. 05- 30 Nov. 07
B warrants	31.10.2001	165,000	165,000	161,250	4.49	1 Apr. 06- 30 Apr. 08
<b>Total</b>		<b>280,000</b>	<b>280,000</b>	<b>272,500</b>	<sup>5)</sup>	
<b>V 2003 ended 26 March 2003</b>						
A warrants	1.3.2005	1,125,000	129,000	129,000	1.55	1.10.05-30.4.07
B warrants	1.3.2005	1,125,000	0	0	1.03	1.10.06-30.4.08
C warrants	1.3.2005	1,125,000	0	0	<sup>6)</sup>	1.10.07-30.4.09
D warrants	1.3.2005	1,125,000	0	0	<sup>7)</sup>	1.10.08-30.4.10
<b>Total</b>		<b>4,500,000</b>	<b>129,000</b>	<b>129,000</b>		

1) Each option entitles the holder to subscribe for one share with a nominal value of EUR 0.01.

2) The original authorization granted by the AGM on 29 March 2000 covered 1,050,000 options, but an Extraordinary Shareholders' Meeting on 10 October 2001 reduced the authorization by 280,000 options.

3) Dividends paid after 5 April 2001 and before the share subscription period begins shall be deducted from the subscription price on each dividend payment date. However, the subscription price shall be no less than the nominal value of the shares.

4) The original authorization granted by the AGM on 5 April 2001 covered 1,900,000 options, but the AGM on 26 March 2003 decided that the 2001A and 2001B stock options, which entitle

5) Dividends paid after 10 October 2001 and before the share subscription period begins shall be deducted from the subscription price on each dividend payment date. However, the subscription price shall be no less than the nominal value of the shares.

6) weighted average quotation on Helsinki Exchanges between 1 April and 30 April 2004

7) weighted average quotation on Helsinki Exchanges between 1 April and 30 April 2005



## Shares and shareholders

### Aldata Solution Oyj's principal shareholders on 31 December 2003 in order of number of votes:

Shareholder	Number of shares	% of shares and votes
Ilmarinen Mutual Pension Insurance Company	4,640,500	6.88
FIM Forte Investment Fund	1,738,200	2.58
Varma-Sampo Mutual Pension Insurance Company	1,539,100	2.28
Tapiola Mutual Pension Insurance Company	1,432,900	2.12
FIM Fenno Investment Fund	1,108,600	1.64
Gyllenberg Finlandia Fund	1,078,400	1.60
Finnish State Pension Insurance Fund	900,000	1.33
Royal Skandia Life Assurance Limited	830,600	1.23
Sampo Finnish Equity Fund	681,857	1.01
Suomi Mutual Life Insurance Company	600,000	0.89
Nordea Life Insurance Finland Oy	578,300	0.86
Gyllenberg Small Firm Fund	556,400	0.83
Fondita Nordic Small Cap Placfond	543,000	0.81
Pohjola Indemnity Insurance Company	450,000	0.67
Finnish National Fund for Research and Development	419,700	0.62
Placeringsfond Aktia Capital	400,000	0.59
Sampo Finnish Institutional Equity Fund	393,900	0.58
Mandatum Finnish Small Cap Mutual Fund	379,400	0.56
Evli-Select Mutual Fund	353,500	0.52
Op-Suomi Kasvu Mutual Fund	350,000	0.52
<b>Nominee register accounts:</b>	<b>18,556,724</b>	<b>27.52</b>
Nordea Pankki Suomi Oyj	760,810	1.13
Svenska Handelsbanken Filialkontoret	170,400	0.25
HSS/Skandinaviska Enskilda Banken AB	52,650	0.08
OKO Osuuspankkien Keskuspankki Oyj	50,500	0.07
HSS/Svenska Handelsbanken AB	78,300	0.12

Shares/shareholder	No. of shareholders	% of shareholders	No. of shares	% of shares
1 – 100	846	9.91	73,863	0.11
101 – 500	2,382	27.92	840,163	1.25
501 – 1 000	1,707	20.00	1,540,580	2.28
1 001 – 5 000	2,754	32.27	7,116,340	10.55
5 001 – 10 000	466	5.46	3,566,154	5.29
10 001 – 50 000	278	3.26	5,720,784	8.48
50 001 – 100 000	39	0.46	2,821,614	4.18
Over 100 000	61	0.71	45,754,444	67.85
Total	8,533	100.00	67,433,942	100.00
Total on waiting list			0	0
Number of shares issued			67,433,942	100.00

### Shareholder groups on 31 December 2003

Group	Number	No. of shares	% of shares
Households	7,643	15,461,164	22.93
Companies	684	4,753,412	7.05
Foreign	50	1,739,550	2.58
Financial and insurance institutions	62	32,160,076	47.69
Public organizations	43	10,600,240	15.72
Non-profit institutions	51	2,719,500	4.03
Total	8,533	67,433,942	100.00
Nominee registrations, total		19,619,952	29.1

## Shares and shareholders

### Announcements of changes in ownership of Aldata Solution Oyj up to year end 2003

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, rose to 17.0% on 13 January 2003.

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, rose to 20.2% on 17 April 2003.

The holding of Ilmarinen Mutual Pension Insurance Company in Aldata Solution Oyj rose to 5.13% on 26 June 2003.

The holding in Aldata Solution Oyj of Mach Hitech AG, Aldata's largest shareholder, decreased to 19.9% on 2 October 2003, due to an increase in the share capital of Aldata Solution Oyj.

### Information about shares (unaudited)

Aldata Solution Oyj has one share series and at the end of the financial period the company had 67,433,942 shares with a nominal value of EUR 0.01 each. All the company's shares carry equal voting and dividend rights. The company's shares are quoted on the main list of the Helsinki Exchanges and the share's trading code is ALD1V. Aldata's share belongs to the book-entry system managed by the Finnish Central Securities Depository Ltd and is traded in lots of 100 shares. The company did not own any of its own shares at 24th February 2004.

### Foreign ownership (unaudited)

A total of 31.3% of Aldata's shares are nominee-registered and in foreign ownership on 30 January 2004.

### Free float (unaudited)

The free float of Aldata shares was 99.56% of the company's share stock at the end of 2003.

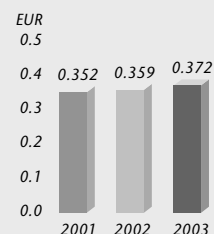
### Market capitalization

The company's market capitalization at the end of 2002 was 58 MEUR and at the end of 2003 it was 131 MEUR. More details about key figures for the shares and other key figures are on page 26.

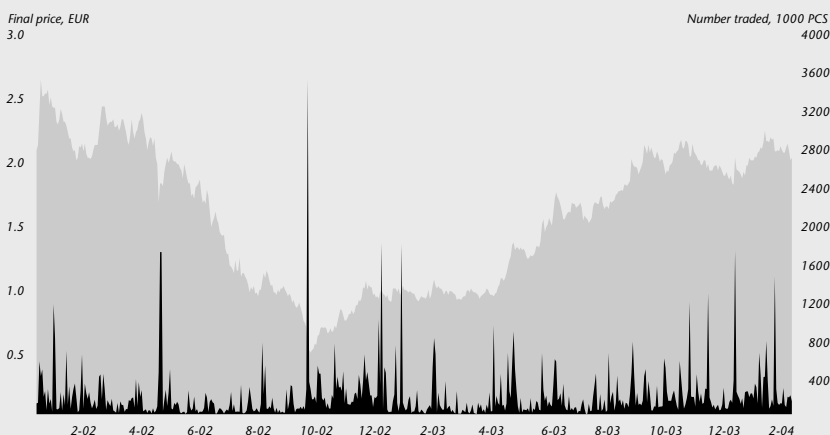
### Earnings per share



### Shareholder's equity per share



Trading price and volume of Aldata's share 31 Dec. 2002 - 28 Feb. 2004



## Key figures

	2003	2002	2001	2000	1999
<b>SCOPE OF OPERATIONS</b>					
Net sales, MEUR	75.3	65.6	67.6	50.8	32.2
Average number of personnel	470	448	451	280	185
Gross capital expenditure, MEUR	7.3	7.4	1.7	4.7	1.0
Gross capital expenditure, % of net sales	9.7	11.2	2.5	9.3	3.0
<b>PROFITABILITY</b>					
Operating profit before goodwill amortization, MEUR	5.1	6.8	5.8	3.5	3.6
Operating profit before goodwill amortization, % of net sales	6.7	10.4	8.6	6.8	11.3
Operating profit, MEUR	3.4	4.7	4.6	2.5	2.9
Operating profit, % of net sales	4.6	7.1	6.9	4.9	9.0
Profit before extraordinary items, MEUR	2.3	4.6	5.1	2.3	2.6
Profit before extraordinary items, % of net sales	3.1	7.1	7.5	4.5	8.2
Profit before appropriations and taxes, MEUR	2.3	2.3	6.2	2.2	1.9
Profit before appropriations and taxes, % of net sales	3.1	3.5	9.2	4.3	5.8
Return on equity, % (ROE)	1.5	9.8	14.9	9.2	18.6
Return on investment, % (ROI)	13.8	20.1	21.9	13.3	21.1
<b>FINANCIAL STANDING</b>					
Quick ratio	1.4	1.6	2.1	1.6	2.3
Current ratio	1.6	1.8	2.2	1.8	2.6
Solvency ratio, %	48.2	51.7	57.1	48.2	59.2
Interest-bearing net debt, MEUR	-5.4	-7.2	-9.8	-5.9	-4.9
Gearing, %	-21.2	-28.8	-41.1	-31.7	-37.3
<b>PER SHARE DATA</b>					
Earnings per share, EUR (EPS)	0.004	0.028	0.042	0.026	0.041
Earnings per share, EUR (EPS), adjusted for dilution effect	0.004	0.027	0.042	0.025	0.040
Shareholders' equity per share, EUR	0.372	0.359	0.352	0.289	0.253
Dividend/share, EUR	0.00	0.00	0.00	0.000	0.000
Dividend/earnings, %	0.0	0.0	0.0	0.0	0.0
Effective dividend yield, %	0.0	0.0	0.0	0.0	0.0
Price/earnings ratio	485	32	49	253	88
Share performance (EUR)					
Share price on 31 Dec, EUR	1.94	0.88	2.07	6.57	3.60
Share issue-adjusted average share price, EUR	1.58	1.38	2.64	7.71	1.20
Share issue-adjusted lowest share price, EUR	0.86	0.43	0.73	2.80	0.96
Share issue-adjusted highest share price, EUR	2.19	2.72	7.18	13.40	3.60
Market capitalization, MEUR	131	58	135	391	188
No. of shares traded during the financial period, (during the period of quotation in 1999)	53,101,752	53,655,506	263,710,407	104,187,521	37,316,500
% of the company's average number of shares	79%	81%	404%	175%	71%
Number of shares	67,433,942	66,145,742	65,206,221	59,507,846	52,317,680
Share issue-adjusted number of shares annual average	66,490,002	65,783,016	64,202,118	52,947,473	42,232,210
Share issue-adjusted number of shares at the end of the financial period	67,433,942	66,145,742	65,206,221	59,507,846	52,317,680
Share issue-adjusted number of shares annual average, adjusted for dilution effect	66,857,022	66,229,368	65,445,876	55,017,686	43,095,050
Share issue-adjusted number of shares at the end of the financial period, adjusted for dilution effect	67,436,122	66,567,535	66,237,889	61,842,593	53,407,680

## ❖ Calculation of key figures and ratios

<b>Cash flow from operations</b>	=	Operating profit + adjustments to operating profit +/- change in working capital + interest received – interest and charges paid + dividends received – taxes	
<b>Return on equity %, (ROE)</b>	=	$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes +/- tax effect of extraordinary items}}{\text{Shareholders' equity} + \text{minority interest (average)}} \times 100$	x 100
<b>Return on investment %, (ROI)</b>	=	$\frac{\text{Profit before extraordinary items, provisions and taxes} + \text{interest and other financing expenses}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}} \times 100$	x 100
<b>Quick ratio</b>	=	$\frac{\text{Receivables} + \text{cash in hand and at banks and securities}}{\text{Current liabilities}}$	
<b>Current ratio</b>	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
<b>Solvency ratio, %</b>	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}}$	
<b>Interest-bearing net debt</b>	=	Interest-bearing liabilities – cash in hand and at banks and securities	
<b>Gearing, %</b>	=	$\frac{\text{Interest-bearing liabilities} - \text{cash in hand and at banks and certificates of deposit}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$	x 100
<b>Earnings per share (EPS)</b>	=	$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes +/- tax effect of extraordinary items} - \text{minority interest}}{\text{Average share-issue-adjusted number of shares during financial period}}$	
<b>Shareholders' equity per share</b>	=	$\frac{\text{Shareholders' equity}}{\text{Share-issue-adjusted number of shares on closing day}}$	
<b>Dividend/share</b>	=	$\frac{\text{Dividend proposed by the Board}}{\text{Share-issue-adjusted number of shares on closing day}}$	
<b>Payout ratio, %</b>	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$	x 100
<b>Effective dividend yield, %</b>	=	$\frac{\text{Dividend per share}}{\text{The last trading price on the last trading day of the financial period}} \times 100$	x 100
<b>Price-earnings ratio (P/E)</b>	=	$\frac{\text{The last trading price on the last trading day of the financial period}}{\text{Earnings per share (EPS)}}$	

## ❖ *Proposal by the Board of Directors*

The parent company's net profit for the financial year is 4,807,388.01 EUR and the retained earnings are 1,689,304.15 EUR. The Group's distributable funds total 7,523,045.92 EUR.

Aldata Solution Oyj's Board of Directors will propose to the Annual General Meeting on 15 April 2004 that no dividend be distributed on the financial year 2003 and the result for the year be carried forward to the retained earnings account.

Vantaa, February 25, 2004

Aldata Solution Oyj

Board of Directors

Pekka Vennamo  
Chairman

Werner Brockhagen

Peter Titz

Matti Hietala  
President, CEO

## ❖ *Auditor's report*

*To the shareholders of Aldata Solution Oyj*

We have audited the accounting, the financial statements, the consolidated financial statements and the administration of Aldata Solution Oyj for the accounting period 1.1. – 31.12.2003. The financial statements, which include the report of the Board of Directors, the income statements and the balance sheets and notes to the financial statements of the consolidated closing and of the closing of the parent company, 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 the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require, that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration 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 for the financial period showing a profit for the parent company of EUR 4,807,388.01, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of the consolidated and parent company's results of operations and financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period examined by us. The proposal by the Board of Directors regarding the handling of the result is in compliance with the Companies Act.

Vantaa, March 2, 2004

ERNST & YOUNG OY  
Authorized Public Accountant Firm

Tomi Englund  
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## ❖ Corporate Governance

As a Finnish listed company, Aldata Solution Oyj's corporate governance and the related communication are based on the applicable Finnish legislation including the Companies Act, Securities Markets Act and Accounting Act. Additionally the company complies with the rules of the Helsinki Exchanges and Financial Supervision Authority. The Finnish Companies Act contains provisions governing the protection of the rights of minority shareholders, the exercise of capital and administrative rights, and the requirement for equal treatment of shareholders.

The administrative bodies exercising the highest authority at Aldata Solution Oyj are the Annual General Meeting of Shareholders, the Board of Directors and the President. The Executive Management Team provides operational support for Aldata's President. The parent company of Aldata Group is Aldata Solution Oyj, whose Annual General Meeting of Shareholders is the supreme decision-making body in Aldata Group. At the Annual General Meeting, shareholders annually approve the company's Income Statement and Balance Sheet and decide on the distribution of profit, discharging the members of the Board and the President from liability, select the members of the Board and the auditors and decide on their remuneration. The Annual General Meeting of Aldata Solution Oyj is called by the company's Board of Directors. According to the Articles of Association, the Annual General Meeting of Shareholders is to be held annually on a date to be decided by the Board of Directors but no later than the end of June. The Annual General Meeting of Aldata Solution Oyj was held in Helsinki on 26 March 2003.

### **Tasks of the Board of Directors**

The main tasks and responsibilities of the Board of Directors are defined in the Articles of Association of the company and in the Finnish Companies Act. The Board guides and supervises the company's operational management. The Board defines the strategic guidelines, confirms the budget and operational plans, makes decisions on the corporate structure and major company acquisitions and investments; appoints and dismisses the President and decides on the terms of employment for the President, and approves the principles for risk management.

The Board of Directors meets regularly seven times a year and otherwise as necessary. During 2003 the Board met 13 times.

The Board of Directors has decided to commission a study to find the most effective way of assessing their work. The study will be carried out during the first half of 2004 so that the first assessment can be made in the fourth quarter of 2004.

The Board of Directors may not undertake any action that would unfairly benefit a shareholder or some other person at the expense of the company or another shareholder.

### **Election of the members of the Board**

According to the Articles of Association, the Annual General Meeting elects a minimum of three (3) and maximum of seven (7) members to the Board of Directors. The term of office for Board members ends at the close of the subsequent Annual General Meeting after they elected. The Annual General Meeting on 26 March 2003 elected four people to the Board: Mr. Pekka Vennamo, Mr. Peter Titz, Mr. Werner Brockhagen and Mr. Matti Hietala. Matti Hietala resigned from the Board when he took over as President and CEO of Aldata Solution Oyj on 1 September 2003.

According to the Articles of Association, the Board chooses from among its members a chairman. The chairman of the Board since the previous Annual General Meeting has been Pekka Vennamo.

The members of the Board of Directors are not in the employees of Aldata Solution Oyj.



## Corporate Governance

### **The Board of Directors of Aldata Solution Oyj elected at the Annual General Meeting on 26 March 2003:**

#### **Chairman**

**Pekka Vennamo** (b. 1944).

Chairman of the Board since 2002.

Member of the Board since 2002.

Chairman of the Board at Sijoitus Oy, Plusdial Oyj and Soprano Oyj; Board member at Saunalahti Group Oyj and Teleste Oyj.

Owns 8,000 Aldata Solution Oyj shares.

Permanent insider.

#### **Members**

**Werner Brockhagen** (b. 1942) MSc (Eng.).

Member of the Aldata Board since 2002. Partner and President of Con.Fortis Management GmbH, Chairman of the Board of Beechpoint Holding Inc.

Owns 9,000 Aldata Solution Oyj shares.

Permanent insider.

**Peter Titz** (b. 1953) MSc (Eng.), MSc (Econ.).

Member of the Aldata Board since 2001. Owns 9,000 Aldata shares. Permanent insider

The composition of the Board of Aldata Solution Oyj is such that the work of the Board and preparation for it have so far not made it necessary to set up separate permanent committees. The Board has, however, formed auditing and compensation work groups with management. These work groups consist of a member of the Board and one or two members of management.

#### **Fees paid to Board of Directors in 2003**

The Chairman Pekka Vennamo received EUR 43,200; the members Werner Brockhagen and Peter Titz each received EUR 36,000 and Matti Hietala received EUR 30,000 for membership up until 31 August 2003.

#### **President**

The Board of Directors of Aldata Solution Oyj appoints a president for the company. The Board decides on the terms of employment of the president and these are defined in a written contract of employment. The President is responsible for implementing in the Aldata Group the targets, plans, policies and goals set by the Board. The President prepares matters for consideration by the Board and carries out the decisions of the Board.

The company's President since 1 September 2003 has been Matti Hietala (born 1949) MSc (Tech.). Before being

appointed to this position, Matti Hietala served as vice chairman of the company's Board of Directors. Matti Hietala has had a long career and extensive experience in the IT sector before joining Aldata. In the years 1979-91 Matti Hietala worked in several positions at Hewlett Packard, both in Finland and abroad; from 1991 to 2001 he was president and a member of the Board of Oy Unisys Ab, and from 2001 to 2003 he was a partner in Helmet Business Mentor. Hietala is a member of the Board at Saunalahti Oyj and chairman of the Board at S.O.M.A. and ID Express.

Matti Hietala owns 62,460 Aldata shares and is a permanent insider.

#### **Executive Management Team**

The task of the Executive Management Team is to support the President in his work. The Executive Management Team monitors the development of the business operations and implements the company strategy, starts measures and confirms the company's operating principles and procedures in accordance with the guidelines given by the Board of Directors.

#### **Audit**

The task of the statutory audit is to verify that the financial statements give a true and fair view of the Group's result and financial position in the financial period. In addition to this, the auditors report to the Board of Directors on the continuous audit of administration and operations.

#### **Company insiders**

The company observes the insider guidelines issued by Helsinki Exchanges and the company's own insider instructions. The company also maintains insider registers for specific projects.

The company's statutory insiders are the members of the Board, the company's President and Deputy CEO and the auditor.

In addition to the statutory insiders the company has designated as permanent insiders the members of the Executive Management Team and the Group's financial manager and controller.

## Board of Directors

### Chairman



#### **Mr. Pekka Vennamo, born 1944**

Chairman of the Board at Sijoitus Oy, Plusdial Oyj and Soprano Oyj as well as a member of the Board of Saunalahti Group Oyj and Teleste Oyj. Member of the Aldata Board since 2002. Owns 8,000 Aldata shares. Permanent insider.

### Members



#### **Mr. Werner Brockhagen (b. 1942) MSc (Eng.).**

Member of the Aldata Board since 2002. Partner and President of Con.Fortis Management GmbH, Chairman of the Board of Beechpoint Holding Inc. Owns 9,000 Aldata shares. Permanent insider.



#### **Mr. Peter Titz (b. 1953) MSc (Eng.), MSc (Econ.).**

Member of the Aldata Board since 2001. Owns 9,000 Aldata shares. Permanent insider.

## Executive Management Team



#### **Mr. Matti Hietala**

Born 1949, M.Sc. (Eng.). President and CEO of Aldata Group and Chairman of the Executive Management Team. Has worked for Aldata since 2003. Member of the Executive Management Team since 2003. Owns 62,460 Aldata shares (31.12.2003). Permanent insider.



#### **Mr. René Homeyer**

Born 1946, M.Sc. (Eng.). Deputy CEO, COO and Vice President, France, ROW and South America. Managing Director of Aldata's French's subsidiary Aldata Solution S.A. Has worked for Aldata since 2000. Member of the Executive Management Team since 2000. Owns 170,424 Aldata shares (31.12.2003). Permanent insider.



#### **Mr. Manfred Alt**

Born 1949, Dr Eng. Vice President, German speaking countries and Managing Director of Aldata's German subsidiary, Aldata Retail Solutions GmbH. Has worked for Aldata since 2000. Member of the Executive Management Team since 2002. Owns 105,000 Aldata shares (31.12.2003). Permanent insider.

## Executive Management Team



**Mr. Dominique Chambas**

Born 1958, Engineer. Vice President, International Sales (SCM) and Deputy Managing Director of the French subsidiary Aldata Solution S.A. Has worked for Aldata since 2000. Member of the Executive Management Team since 2003. Owns 15,000 Aldata shares (31.12.2003). Permanent insider.



**Ms. Tiina Hansson**

Born 1964, Dipl. Marketing. Vice President, Corporate Communications. Has worked for Aldata since 2003. Member of the Executive Management Team since 2003. Owns no Aldata shares (31.12.2003). Permanent insider.



**Mr. Markus Kivimäki**

Born 1973, Master of Laws. Vice President, Corporate Legal Affairs and Secretary of the Board of Directors. Has worked for Aldata since 2003. Member of the Executive Management Team since 2003. Owns 4,000 Aldata shares (31.12.2003). Permanent insider.



**Mr. Jukka Koivisto**

Born 1961, Technician. Vice President, Finland, the Baltic countries & Russia and International Sales (In-Store Software) and Managing Director of Aldata Solution Finland Oy, which is Aldata's Finnish subsidiary. Has worked for Aldata since 1999. Member of the Executive Management Team since 2003. Owns no Aldata shares (31.12.2003). Permanent insider.

**As of January 2004 also:**

**Mr. Mark Croxton**

Born 1957, B.Sc. (Zoology). Vice President, UK and Ireland and Managing Director of Aldata's UK subsidiary, Aldata Solution UK Ltd. Has worked for Aldata since 2004. Member of the Executive Management Team since 2004. Owns no Aldata shares (31.12.2003). Permanent insider.

**Mr. Thomas Hoyer**

Born 1974, M.Sc. (Econ.). CFO. Has worked for Aldata since 2004. Member of the Executive Management Team since 2004. Owns 50 000 Aldata shares (31.12.2003). Permanent insider.

**Mr. Neil Thall**

Born 1946, B.Sc. (Eng.), MBA. Vice President, USA and Canada and CEO of Aldata's US subsidiary, Aldata Solution, Inc. Has worked for Aldata since 2004. Member of the Executive Management Team since 2004. Owns no Aldata shares (31.12.2003). Permanent insider.

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