



**Annual Report** | **2003**

## Table of contents

2	<b>Financial releases 2004</b>
3	<b>Sentera presented as figures</b>
4	<b>Operational principles</b>
6	<b>CEO's review</b>
8	<b>Software products and services</b>
10	<b>Customer deliveries</b>
12	<b>Personnel</b>
14	<b>Report of the Board of Directors</b>
16	<b>Income statement</b>
17	<b>Balance sheet</b>
18	<b>Cash flow statement</b>
19	<b>Notes to the financial statements</b>
27	<b>Calculation of key figures</b>
28	<b>Profit distribution</b>
28	<b>Auditor's report</b>
29	<b>Shareholder structure, share price development</b>
30	<b>Shareholders</b>
31	<b>Corporate governance</b>
33	<b>Board of Directors</b>
34	<b>Management</b>
35	<b>Group information</b>

### **Financial releases 2004**

During the financial year 2004, Sentera Plc will publish the following financial releases in Finnish and in English:

24 February	Financial statement release year 2003
27 April	Interim report from 1 January–31 March
3 August	Interim report from 1 January–30 June
26 October	Interim report from 1 January–30 September

Sentera publications can be ordered by mail from Sentera headquarters, Valimopolku 4 A, 00380 Helsinki, Finland, by telephone on +358 20 7540 205, by fax on +358 20 7540 199 and by e-mail from the address [ir@sentera.fi](mailto:ir@sentera.fi). Sentera publishes the financial releases and the annual report in Finnish and in English on the company Web site at [www.sentera.fi](http://www.sentera.fi).

### **Share**

Sentera Plc's share is listed on the Helsinki Exchanges NM list. The company has one series of shares, in which each shareholder has an equal right of vote and dividend. Trading code: SNR1V.

### **Annual General Meeting**

Sentera Plc's Annual General Meeting will be held on Tuesday, 30 March 2004 at 9 am at Sentera headquarters, Valimopolku 4 A, 7th floor, 00380 Helsinki, Finland. For more information on signing up for the meeting, see page 35.

### **Dividend**

The Board of Directors proposes that no dividend be distributed from the financial year 1 October 2002–31 December 2003 (15 months).

### **Investment analyses**

Last year at least the following brokerage houses carried out investment analyses of Sentera: FIM Securities Ltd, Mandatum Pankkiiriliike Oy and Opstock Oy.

### **Investor relations**

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## Sentera presented as figures

### Change, coalescence, growth

Sentera Plc is an information system solution supplier, whose business operations are based on long-term customer relationships, business area know-how and productised solutions. The company

operates in Finland and its neighbouring areas, developing and delivering to companies business-critical information system and integration solutions as well as related services.

<b>FINANCIAL INDICATORS FOR THE GROUP 1999–2003</b>	<b>15 mo *</b>	<b>12 mo *</b>	<b>12 mo</b>	<b>12 mo</b>	<b>12 mo</b>
EUR 1000	31.12.2003	30.9.2002	30.9.2001	30.9.2000	30.9.1999
Turnover	27,692	22,455	13,470	7,926	3,423
Turnover increase%	23.3%	66.7%	69.9%	131.5%	N/A
Operating profit	-1,349	753	8	1,269	821
% of turnover	-4.9%	3.4%	0.1%	16.0%	24.0%
Profit before voluntary provisions and taxes	-1,340	-343	-308	1,495	813
% of turnover	-4.8%	-1.5%	-2.3%	18.9%	23.7%
Return on equity, %	-1.0%	4.1%	-3.4%	25.7%	105.6%
Return on investment	-7.5%	6.3%	-2.8%	32.2%	97.0%
Effective yield			1.8%	0.9%	
Interest bearing liabilities / securities	259	540	202	153	161
Bonds and shares + cash and bank receivables	6,322	6,396	5,009	6,673	962
Net gearing	-64.5%	-59.6%	-57.9%	-77.9%	-87.1%
Solvency ratio	71.8%	72.0%	76.3%	83.3%	27.2%
Gross investments in fixed assets	135	628	1,222	544	1,314
% of turnover	0.5%	2.8%	9.1%	6.9%	38.4%
Research and development costs	2,001	1,568	1,034	810	600
% of turnover	7.2%	7.0%	7.7%	10.2%	17.5%
Average personnel during financial year	234	265	128	93	29
Personnel at the end of financial year	238	263	179	102	46

<b>KEY FIGURES PER SHARE</b>	<b>15 mo *</b>	<b>12 mo *</b>	<b>12 mo</b>	<b>12 mo</b>	<b>12 mo</b>
EUR 1000	31.12.2003	30.9.2002	30.9.2001	30.9.2000	30.9.1999
Profit/share, euro (group)	-0.01	0.04	-0.04	0.29	0.13
Equity/share, euro	0.78	0.84	1.25	1.54	0.17
Dividend/share, euro	0,00	0,03	0,06	0	0
P/E ratio	-10.47	33.38	-33.29	22.09	
Share issue adjusted number of shares					
weighted average during financial year	11,736,156	11,736,156	6,335,341	4,126,662	3,500,000
Share issue adjusted number of shares					
at the end of financial year	11,736,156	11,736,156	6,634,253	5,438,604	3,500,000

\* Figures were calculated according to the new Group Structure as of 31 December 2003

## Operational principles

### Clear strategic goals and disciplined operations



Sentera's operational principles are responsibility, know-how and profitability. A good team spirit is a prerequisite of success. The sentera spirit consists of common goals, a common set of values and professional operations models.

#### **Mission**

Sentera's mission is to produce lasting benefits for the customer's business operations with information system solutions.

#### **Vision**

Sentera's vision is to be a recognised solution supplier and business area expert that operates in Finland and its neighbouring areas. Sentera aims to multiply the company's turnover, of which more than half is based on strategic customerships.

*"The flexibility of our solutions, their suitability to our customers' business operation processes and the business benefits the customers achieve – these are the focal objectives of our operations," says Asko Hakonen, Director of Wholesale and Industry Solutions at Sentera.*



#### **Values**

##### **Responsibility**

People in Sentera take responsibility for their jobs and the well-being of their working environment. They value the work contribution of everyone and understand its significance to the company as a whole. The common goals are successful delivery and a satisfied customer.

##### **Know-how**

People in Sentera are professionals and wish to continuously and determinedly both grow as individuals and develop as a team to secure functional solutions and a high-level of service for customers.

##### **Profitability**

People in Sentera carry out their work according to operational models professionally agreed on, committing themselves to common goals. The right attitude and diligence enable profitable operations and a future for the individual, the team and, ultimately, the whole company.

*"As the company grows, it is important that the gained synergy benefits can be utilised systematically and promptly. Conformity and fluency of internal actions and processes are emphasised along with growth. The common goal – the one that enables growth – is a satisfied customer and, with it, a developing customership," says Johanna Lindroos, Director of Business Development at Sentera.*

### **Sentera strategy**

The main points of Sentera's strategy are the ability to be the strategic supplier for more and more customers, to develop and deliver own software products and services and to attain strong growth, both organically and through company acquisitions.

### **Strategic customership**

Sentera's aim is to be the customer's first choice as an information system supplier, a supplier whose product range includes software products and services for developing and enhancing a company's business-critical processes. Extensive service supply and targeted supplier contacts save the customer's time and resources.

Sentera's many years' experience in ERP software development and delivery is the know-how capital that makes our project delivery models well refined.

Sentera has business area know-how for example in the fields of food industry, pension insurance, transportation and logistics, media, metal and electronics industry, daily consumer goods trade and technical wholesales.

### **Own software products and services**

Sentera's solutions are based on the company's software and service products and tailored solutions that reflect in their features and functionalities the company's business area expertise and years' of development investments. Where needed, Sentera's software product and service supply are complemented with partners' products.

Integration and ERP software products as well as wireless solutions enable comprehensive deliveries for enhancing companies' internal, external and wireless integration as well as intensifying ERP and financial management.

With software product and service productisation and reusability, the software production cost-efficiency and quality are improved and the delivery reliability is increased.

### **Strong growth**

Sentera's growth strategy is based on strong balance, the company's long experience as a system integration solution developer and growth expectance of the integration market. Sentera's aim is to multiply its turnover in the next couple of years through organic growth and company acquisitions.

Sentera takes an active part in ICT sector consolidation projects. Interesting objects for possible company acquisitions are companies that support the existing strategy, software product and service portfolio and would bring additional value to both existing and future customers.



## CEO's review

### The goals set guide our operations

6

The year 2003 laid the foundation for Sentera. The most important goals for the financial year were a successful merger with Solagem, restoring profitable business operations and creating a more detailed strategy for Sentera. These goals were also reached.

Today we are even deeper in the midst of continuous change. Here in Sentera, we see change as a possibility. Statistically speaking, only half of corporate acquisitions yield the planned additional value. There may be many reasons for that. Sometimes acquisitions are carried out based on the wrong reasons, or not enough is invested in following through the merger project. Feedback from customers is the best meter for measuring the success of corporate acquisitions.

We will continue to actively develop an extensive software product and service supply for our customers. Customers want to secure their investments and to intensify their procurement processes; they value the fact that the same company can provide all the solutions – that saves time and resources. Long-term customerships yield us business area know-how that we can use in helping our customers make their business operations more efficient.

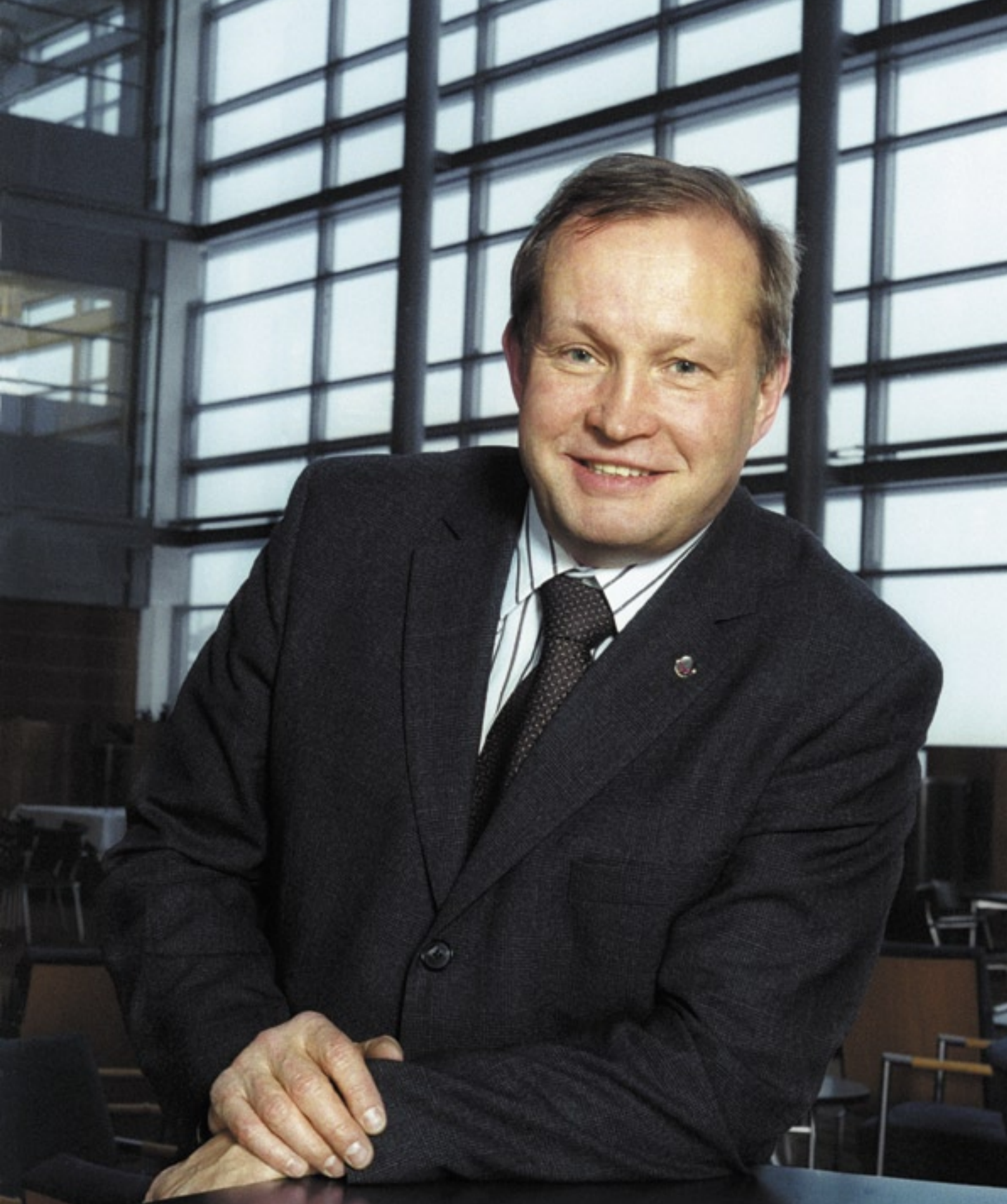
Clear strategic goals and disciplined operations ensure also our customers' investments. In the last quarter of the year 2003, Sentera's domestic operations' turnover rose circa 20 per cent compared to the previous quarter. For the last quarter of the last year, the whole organisation was already able to concentrate on the tasks essential for successful business operations and to restore the profitability of our business operations.

Just before the turn of the year we were able to complete our demanding strategy project. The main points in our sharpened strategy are customerships, own products and growth. Our aim is to be stronger than ever as an information system supplier and business area expert that operates in Finland and its neighbouring areas. The central success factors in attaining our aim are our products that are leaders in their range and our personnel that is competent and committed.

Now, in the beginning of the year 2004, we have clear and concrete objectives to which it is easy to commit. As the general economic outlook and market growth are evidently improving, this year looks promising. We will also continue our work to increase the profitability of our business operations.

Sentera has all the prerequisites of success: good software products and services, a rich legacy of know-how from companies that complement each other and a carefully built foundation. For this we thank our demanding, supportive and loyal customers. I am also thankful to our owners, whose trust in us made last year's far-reaching merger solution possible. Our competent and committed employees deserve thanks for their ability to regenerate themselves, to see change as a possibility and to advance. I am especially thankful to our management group, whose uncompromising feedback and constructive views made our strategic project a success.





*"Our aim is to be stronger than ever as an information system solution supplier and business area expert in Finland and its neighbouring areas," says Markku Toivanen.*





*"The most important factors in the future are compatibility and adapting to the existing environment. Often even a light integration can intensify operations and achieve significant operational benefits," says Roy Nurmi, Director of Research and Development at Sentera.*

partners' software is a part of product development and the reason why software and solutions are kept open and compatible with other solutions on the market.

### **Innovativeness and progressive solutions**

An innovative and open-minded attitude has enabled Sentera's operations in the vanguard of technological development.

ERP, integration and wireless solutions are common concepts that in Sentera have been joined seamlessly so that our customers can obtain true added value from our solutions, not just new technology.

Technologically, Sentera's software products are based on progressive technology and on approved, existing solutions.

### **Openness and standards**

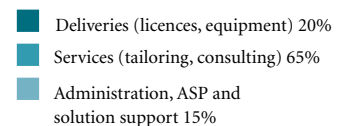
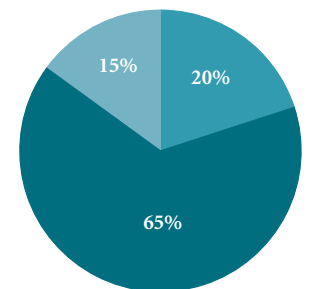
No one can be alone in extensive business operation networks. Sentera recognises the meaning of open interfaces and standard implementation methods in operations and in products.

Company systems are joined to other systems using different mechanisms. Openness offers an opportunity for efficient cooperation with other enterprises in the field.

### **Tight customer cooperation**

Product development is also done in delivery projects, in cooperation with customers. This enables personalised solutions. With technology, software and services, the customers will obtain solutions that advance their own business operations.

### **Turnover by business operations**



*Turnover consists of licences, delivery-related work, services and support services.*



## Customer deliveries

### Sentera focuses on business area expertise



#### Case Wihuri Oy

The Wihuri solution enhances everyday transactions between retail and wholesale shops and the central organisation of trade. The solution enables Wihuri's daily consumer goods shops and wholesale customers to place their orders directly into the central trade organisation's back-end system.

The solution consists of a message transfer service, based on centralised message traffic and wireless hand-held terminals. Operative applications of the daily consumer goods chain are integrated, and automated monitoring ensures that a message once sent will also be delivered.

Using hand-held terminals for shop routines is an essential part of the solution. Most activities involving ordering or storing goods are carried out with easy

hand-held solution for shops. Hand-held equipment automates routine tasks and enhances information flow. Terminal bar code readers make placing delivery orders faster and reduce faulty orders due to manual input errors.

Handling orders placed by wholesale customers used to be a full-time job for a couple of cashiers. Now the wholesales customers place their orders directly in the SAP R/3 system of the central trade organisation. Orders are relayed into collectors' hand-held terminals, and an invoice is printed according to the collected goods.

Wihuri is satisfied with the system's user-friendliness, reliability and fastness. The system's ability to be connected with other systems is also seen as a benefit.



#### Case Koskisen Oy

Cooperation between Sentera and Koskisen Oy started in 2001 with the delivery of a financial management system. During the year 2003, Koskisen Oy took Sentera Enterprise ERP system into use in the board production industry and moved on to paperless production management.

The information system implementation pays attention to the special needs of Koskisen Oy plywood and chipboard production industry. The system supports efficiently the company's business operation processes, and the benefits of the system are already visible. Precise production turnaround control enables a faster inventory rate and thus reduces the amount of capital tied up in warehouses.

The company's production planning has moved on to an electronic era. Produc-

tion instructions that used to be in paper format now move automatically inside the new system. Paper-printed production running instructions have been replaced by work queue views that are used for optimising the production sequence to best fit each specific work phase.

The sales configurator and sales agreement handling that have been introduced in the Sales department enable easier and more accurate order handling. With the help of these tools, order handling can be taken into use in the company's sales offices worldwide during the year 2004. The customer order progress can be monitored in sales offices without contacting Finnish offices.

*"In the future, Sentera's operations are more and more based on understanding our customers' business operations and on partnership. We aim to produce lasting added value to our customers' business operations with our solutions," says Juha Sihvonon, Director of Sales and Marketing at Sentera.*



### **Case Perel Group Oy**

Perel Group optimised its whole delivery chain with Sentera's ERP system for technical wholesales. Information flows smoothly within the company, work stages are automated and current and reliable information is within the reach of every user. The system has over a hundred users, and they are divided into different user groups according to their job description. Perel is satisfied with the benefits acquired through the system, and the system is also considered well suited to future needs.

The technical wholesales solution pays attention to the needs of both the business area and each of the user groups. The solution is used for example for handling wholesale sales and purchasing activities, logistics, financial management, wages, warehouse information collection interfaces and maintenance work. In addition

to this, the system makes wide use of electronic transactions related to partners.

Purchase activities have a central role in wholesales. Goods must always be available in warehouses, but, because of storage costs, the amount of stored goods must be restricted. The ERP system utilises information from the warehouse collection system and can thus automatically report to buyers when more goods need to be procured. The system is also an efficient tool for helping the sales department. The sales people have access to real-time product information, such as availability information and delivery timetables. Specific information about availability and delivery situations has improved customer service, and real-time financial management that has been integrated into the ERP system has clearly made financial reporting easier.



### **Case Kotkan Kuljetus Osk**

The information system solution delivered to Kotkan Kuljetus has electrified the company's order-supply chain. The new solution makes order and information flow quicker and offers tools for efficient vehicle work time and event monitoring.

The Sentera ISMO vehicle application installed in wireless terminals located in vehicles relays delivery assignments and waybill information from company systems directly to the driver. The confirmations that drivers enter into applications are transferred directly to the invoicing and current account ledger that eventually sends an electronic invoice to the customer.

The service produces a full monitoring report of a vehicle's movements and events. Due to precise locating system, the

vehicle that is closest or can make it first to the destination may be contacted. These electronic functionalities enable cost-efficient use of vehicles and bigger utilisation rate - the amount of unnecessary driving is reduced, order delivery becomes faster and customer satisfaction increases. As the electronic order-supply chain enables customer-specifically personalised Internet services. Along with this project, The Kotkan Kuljetus' Web site has been renewed and its functionality has been extended. Customers can carry out transportation orders regardless of time and place via the Internet. They can also follow the progress of transportation from the extranet.

The people at Kotkan Kuljetus think that moving the services onto the Web has improved customer services and freed resources for projects related to the company's development.

## Personnel

### Continuous and determined growth and development

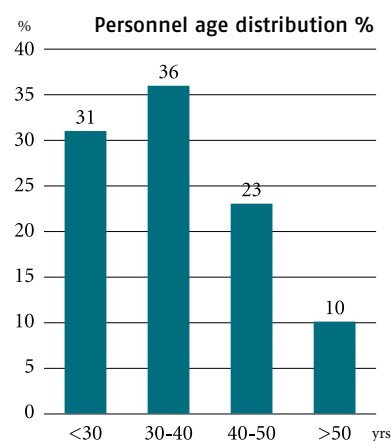


The cornerstone of Sentera's deliveries, software products and services is the competent personnel that enables the company's profitable operations and future. Continuous and determined development of know-how at both individual and team levels ensures the competitiveness of Sentera.

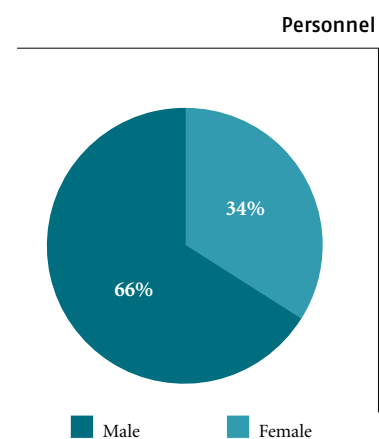
Sentera's aim is to be one of the best and most sought-after employers of the ICT sector. The guiding principles are to offer the whole personnel motivating responsibilities, the possibility for career development, individual and team level training and a competitive wage level.

At the beginning of the financial year, Sentera employed 260 employees and 25 contract employees. At the end of the financial year, the corresponding figures were 238 employees and 9 contract employees. The average age of the employees at the end of the financial year was 35 years. The proportion of women in the whole personnel was 34%.

The biggest change for the personnel in 2003 was the merger process that was launched in June. During the first phase of the merger process, by the end of the year, for example the conditions and benefits of employment were standardised. Sentera headquarters moved into the same premises in Pitäjänmäki at the beginning of December.



Due to company acquisitions and the related growth, the significance of internal communications has increased. The company is developing more efficient communications methods, more flexible working methods and management know-how to support growing operations that are spread out in different locations.





*"Defining and understanding the customer's needs is the starting point in creating successful information systems. Technical know-how is important, but technology benefits can only be derived from solutions that support and intensify business operations," says Osmo Suihko, Director of Professional Services at Sentera.*

The year 2003 was a year of changes. The most important events were the merger with Solagem, discontinuing unprofitable Central European business operations and restoring profitable business operations in the last quarter of the year.

With the merger, Sentera grew, it gained more business area know-how and widened its product and service supply. Utilising synergy benefits and sharpening the strategy were the main goals for the rest of the year.

The planned development of business operation and refutation measures were not successful and the unprofitable operations of the subsidiary companies in Belgium, the Netherlands and France were discontinued. Non-recurring expenses related to both the merger and discontinuing of operations were recorded by the end of September.

Sentera's turnover has been positive from the beginning of October. The business profit for the last quarter of the year was six per cent and the turnover grew 18.3% compared to the previous quarter.

### Turnover and development

The Sentera Group's turnover during 1 Oct 2002–31 Dec 2003 (15 months) amounted to EUR 27,692 thousand (EUR 22,455 thousand in 2002), a decrease of 4% (compared to the corresponding 15 months in 2002). Domestic operations accounted for 93% of the turnover and international operations for 7%. During 1 Oct 2002–31 Dec 2003, the turnover of the Finnish operations was EUR 26,187 thousand (EUR 18,549 thousand in 2002), an increase of 6% (compared to the corresponding 15 months in 2002). Licence sales accounted for 8.2% of turnover, service sales for 90.1% and devices and other sales for 1.7%.

### Profitability

The Group's operating profit before amortisation (EBITA) for 2003 totalled EUR -984 thousand (EUR 910 thousand in 2002). The operating profit for Finnish operations before amortisation (EBITA) totalled EUR -152 thousand (EUR 1,628 thousand in 2002). Amortisations in 2003 were EUR 364 thousand (EUR 157

thousand in 2002). Business expenses for Finnish operations include non-recurring expenses worth EUR 1,360 thousand. The operating loss for international operations was EUR -1,059 thousand (EUR -764 thousand in 2002). The Group's operating profit before taxes for 2003 totalled EUR -1,340 thousand (EUR -343 thousand in 2002).

### Financing and investments

Cash flow from operations amounted to EUR 434 thousand (EUR 1,377 thousand in 2002), investments in fixed assets totalled EUR 135 thousand (EUR 628 thousand in 2002), no investments were made in other investments (EUR 180 thousand in 2002), dividends before the merger were EUR 308 thousand (EUR 196 thousand in 2002) and EUR 7 thousand (EUR 167 thousand in 2002) were spent on the purchase of own shares. The total cash flow for the financial period was EUR -74 thousand (EUR 185 thousand in 2002).

The Group's financial position remained good during the financial year. The balance sheet total at the end of the financial year was EUR 12,802 thousand (EUR 13,886 thousand in 2002). The equity ratio was 71.8% (72.0% in 2002) and net gearing -64.5% (-59.6% in 2002). Cash and bank receivables and financial investments totalled EUR 6,322 thousand at the end of the financial year (EUR 6,396 thousand in 2002).

### Structure and group development

In the financial year 2003, Iocore Plc and Solagem Oy were united and became Sentera. Sentera Oyj and its English parallel business name Sentera Plc were entered in the trade register on 23 June 2003, and the share trade code IOC1V was changed to SNR1V in the Helsinki Exchanges HETI system. The network business was incorporated into a separate subsidiary company, Microext Oy. The Belgian, Dutch and French subsidiary companies were closed down.

### Business operations

Sentera delivered integration and wireless hand-held terminal solutions, ERP

products and customer-specific solutions and related services. The demand grew for business-area-specific ERP solutions and also for wireless and integration solutions in the trade, industry and logistics sectors. Sentera concluded over ten deals for new wholesales ERP system. In 2003 Sentera made, e.g., the following agreements and deliveries:

Kaukomarkkinat Oy and Sentera signed a three-year framework agreement on ERP and integration as well as sales, warehouse and maintenance solutions. The agreement covers the systems of the Kaukomarkkinat Group and its more than ten subsidiaries. The first project was launched in Telko with the delivery of Sentera's integration solution.

Kesko Food Ltd and Sentera signed a delivery agreement on store terminal software and a system for their management and integration.

Sentera delivered a training portal (KO-PO) for the Finnish Defence Forces Education Development Centre. Sentera will also take care of the system maintenance and further development projects.

Sentera delivered a new real-time portal solution for Edita Publishing Netmarket marketplace.

The company delivered a nationwide system for the Anttila Kodin Ykkönen chain for managing furniture contract sales of all seven Kodin Ykkönen stores.

The Centre of Expertise in Southeast Finland and Sentera agreed on a new-generation transportation and transportation arrangement development project for Kotkan Kuljetusosuuskunta.

Sentera's biggest customers were (in alphabetical order): the Finnish Defence Forces Education Development Centre, Hewlett-Packard Oy, Huoneistokeskus Oy LKV, Ilmarinen Mutual Pension Insurance Company, Indoor Group Oy, Kemira GrowHow Oy, Kesko Food Ltd, Koskisen Oy, Suomen Osuuskauppojen Keskuskunta (SOK) and VR Ltd.

### Product development

The Group invested 7.2% of the turnover (7.0% in 2002) in product development in 2003. These expenses have been recorded as cost. Product development

expenses include the salaries of the product development personnel as well as other related expenses.

### Personnel

The Group's payroll averaged 234 over the financial year (265 in 2002). The number of personnel decreased by 31 employees and totalled 238 at the end of the financial year (263 in 2002). In addition to permanently employed people, the group also had nine contract employees.

### Share capital and shares

The Annual General Meeting on 29 January 2003 decided to grant the Board of Directors an authorisation to acquire own shares using distributable funds until 29 January 2004. The Extraordinary General Meeting on 18 June 2003 decided to grant the Board of Directors an authorisation to acquire own shares using distributable funds until 18 June 2004. The Board has not used the authorisation.

At the end of the financial year, the company had 106,300 own shares with a total bookkeeping counter value of EUR 5,315. EUR 169,491.31 was paid for the shares. The own shares held by the company account for 0.9% of the share capital and total number of votes of all shares. The acquisition of the company's own shares has no significant impact on the distribution of ownership and votes in the company.

### Share trading and price development

Sentera Plc's shares are quoted on the Helsinki Exchanges NM list. The lowest trading price during the financial year was EUR 0.93 and the highest EUR 1.64. A total of 5,170,511 shares of Sentera Plc were exchanged on the NM-list during the financial year, equalling 43.7% of the company's shares.

The market value of Sentera Plc's share capital at the end of the financial year 2003 totalled EUR 19.0 million.

### Share option programme

Sentera Plc follows option programme I and option programme II approved by

the Extraordinary General Meeting on 15 May 2000 and the Annual General Meeting on 22 January 2001, as well as option programme 2003 approved by the Extraordinary General Meeting on 18 June 2003. Pursuant to the programmes, rights of option are granted to the personnel of the Sentera Group, to the Board members and managing directors of the Group companies and to the employees of Sentera Plc's fully owned subsidiaries. The option programmes enable the granting of 623,520 rights of option, each of which entitles the holder to subscribe for one Sentera Plc share.

### Company management and auditors

Sentera Plc's Annual General Meeting held on 29 January 2003 appointed Mike Frayne, Henrik Gayer, Ian R. Henson, Kari Katajamäki, Kari Kontuniemi and Chris E. Mottram as regular members of the Board of Directors. Mike Frayne acted as the Chairman and Kari Kontuniemi as the Vice Chairman. The Board operated in this composition until the Extraordinary General Meeting held on 18 June 2003.

The Extraordinary General Meeting on 18 June 2003 appointed Henrik Gayer, Kari Katajamäki, Kari Kontuniemi, Richard Lehtola, Johanna Lindroos, Ilkka Pärssinen and Timo Tiihonen as regular members of the Board of Directors. Henrik Gayer has acted as the Chairman and Kari Kontuniemi as the Vice Chairman.

Kari Katajamäki was Sentera Plc's CEO until 31 July 2003 and was succeeded by Markku Toivanen on 1 August 2003. The accountant is Ernst & Young Finland, with Kunto Pekkala, an authorised public accountant, as the accountant with principal responsibility.

### Significant events after the financial year

After the financial year 2003 Sentera purchased the share capitals of Sysforte Ltd and Sysforte Systems Ltd (Sysforte). This supports Sentera's long-term strategic objectives and strengthens its position as an integration, ERP and wireless solution supplier and business area ex-

pert in Finland and neighbouring areas. Additionally, Sentera's industry-specific solutions targeted at the food industry will in future cover the entire value chain from daily goods to logistics.

Sysforte's customers include large food industry, metal industry and service sector companies such as Saarioinen, Rolls Royce and Silja Line. The consolidated pro forma turnover of Sysforte in 2003 was EUR 3,730 thousand, and the profit was EUR 850 thousand.

The deal was executed as a joint cash transaction and share exchange. The cash transaction price was EUR 2.02 million. Furthermore, certain Sysforte shareholders were offered 331,878 of Sentera's new shares for subscription, which corresponds to 2.7% of all Sentera shares after the increase in the share capital. The transaction generated a goodwill that is estimated to be approximately (2) million euros, including the asset transfer tax. This goodwill will be amortised in ten years' time.

### Future outlook

The immediate utilisation of synergy benefits from the merger in June restored Sentera's positive turnover beginning from 1 October 2003. The turnover in the last quarter grew 18.3% compared to the previous quarter.

The company continues to operate according to the strategy published on 15 January 2004, investing in strategic customerships, developing own software and services and aiming for profitable growth. The company expects to obtain a positive return in the year 2004.

### Implementing IFRS (IAS) in financial statements

Sentera Plc will implement IFRS-compliant consolidated financial statements in 2005. Preparations for implementation were launched at the end of 2003.

### Profit distribution by the Board of Directors

The Board proposes that no dividend be distributed for the financial year 1 Oct 2002–31 Dec 2003.

## Income statement

EUR 1000	NOTES	GROUP		PARENT COMPANY		GROUP
		2003 15 mo *	2002 12 mo **	2003 15 mo *	2002 12 mo **	2003 12 mo ***
<b>TURNOVER</b>	2	<b>27,692</b>	<b>22,455</b>	<b>1,074</b>	<b>856</b>	<b>21,296</b>
Increase (+) or decrease (-) in of finished and unfinished goods		-32	266			-32
Other operating income	3	512	362	653	271	367
Materials and services		3,996	3,733	96	67	-2,945
Personnel expenses	4	16,454	13,209	727	363	-12,725
Depreciation and reduction in value	6	1,286	661	1,066	63	-1,147
Other business expenses		7,785	4,726	2,332	941	-6,325
<b>OPERATING PROFIT (OR LOSS)</b>		<b>-1,349</b>	<b>753</b>	<b>-2,494</b>	<b>-306</b>	<b>-1,511</b>
Financial income and expenses	7	391	-172	-1,481	20	357
<b>PROFIT (OR LOSS) BEFORE EXTRAORDINARY</b>		<b>-957</b>	<b>581</b>	<b>-3,975</b>	<b>-286</b>	<b>-1,154</b>
Extraordinary items +/-	8	-382	-924	765	940	-382
<b>PROFIT (OR LOSS) BEFORE TAXES</b>		<b>-1,340</b>	<b>-343</b>	<b>-3,210</b>	<b>654</b>	<b>-1,536</b>
Income taxes	10	-836	159	-772	305	-613
<b>PROFIT (OR LOSS) FOR FINANCIAL YEAR</b>		<b>-504</b>	<b>-502</b>	<b>-2,438</b>	<b>349</b>	<b>-923</b>

\* 2003 (15 mo) during 1 Oct 2002–31 Dec 2003

\*\* 2002 (12 mo) during 1 Oct 2001–30 Sep 2002

\*\*\* 2003 (12 mo) during 1 Jan 2003–31 Dec 2003



## Balance sheet

EUR 1000	LIITE	GROUP		PARENT COMPANY	
		2003	2002	2003	2002
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
Intangible assets	12	419	971		174
Consolidated goodwill	12	646	1,053		
Tangible assets	12	305	680	51	40
Investments	12	41	96		
Participations in Group companies	12			5,660	4,469
<b>FIXED ASSETS TOTAL</b>		<b>1,412</b>	<b>2,799</b>	<b>5,711</b>	<b>4,683</b>
<b>CURRENT ASSETS</b>					
Inventories	13	244	266		
Long-term receivables	14	198	198		840
Deferred tax credit	14	976	118	772	
Short-term receivables	14	3,651	4,109	4,775	1,672
Marketable securities	11	4,926	5,024	784	3,505
Cash and cash equivalent		1,397	1,372	6	55
<b>CURRENT ASSETS TOTAL</b>		<b>11,390</b>	<b>11,087</b>	<b>6,337</b>	<b>6,072</b>
<b>ASSETS TOTAL</b>		<b>12,802</b>	<b>13,886</b>	<b>12,048</b>	<b>10,755</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	592	592	592	332
Premium fund	15	8,664	9,265	8,664	6,976
Own share fund	15	169	128	169	128
Profit (or loss) for previous financial years	15	361	519	1 104	755
Profit ( or loss) for financial year	16	-504	-502	-2 438	349
<b>EQUITY TOTAL</b>		<b>9,283</b>	<b>10,002</b>	<b>8,091</b>	<b>8,540</b>
<b>ACCUMULATED VOLUNTARY PROVISIONS</b>					<b>0</b>
<b>BORROWED CAPITAL</b>					
Deferred tax debt	17	4	17		
Long-term liabilities	18	172	341		
Short-term liabilities	19	3,343	3,526	3,957	2,215
<b>LONG-TERM LIABILITIES TOTAL</b>		<b>3,519</b>	<b>3,883</b>	<b>3,957</b>	<b>2,215</b>
<b>LIABILITIES TOTAL</b>		<b>12,802</b>	<b>13,886</b>	<b>12,048</b>	<b>10,755</b>

## Cash flow statement

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Operating profit	-1,349	753	-2,494	-306
Adjustments to operating profit	1,465	395	819	63
Working capital	164	747	-1,092	492
Interests paid	-13	-338	-4	-41
Interests received	425	167	317	96
Dividends received	0	0	0	0
Taxes paid	-258	-349	-318	-209
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>434</b>	<b>1,376</b>	<b>-2,772</b>	<b>94</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in tangible and intangible assets	-135	-448		-119
Assignment income from tangible and intangible assets	113			
Assignment income from other investments	54			
Loans granted	-29	-114		
Repayment of loan receivables			13	
Subsidiaries acquired		-180		-180
<b>CASH FLOW FROM INVESTMENTS</b>	<b>4</b>	<b>-742</b>	<b>13</b>	<b>-300</b>
<b>CASH FLOW FROM FINANCING</b>				
Share issue		0		
Share buy-back	-7	-167		-167
Sales of own shares	55	99		
Repayment of long-term loans	-253	-186		
Dividends paid	-308	-196		-196
Group allowances received and paid			940	
<b>CASH FLOW FROM FINANCING</b>	<b>-512</b>	<b>-450</b>	<b>940</b>	<b>-363</b>
Change in cash and cash equivalent	-74	185	-1 819	-568
Cash and cash equivalent as of 1 Oct.	6,396	6,211	2,609	3,177
<b>CASH AND CASH EQUIVALENT 31 DEC./30 SEPT.</b>	<b>6,322</b>	<b>6,396</b>	<b>790</b>	<b>2,609</b>

# Sentera Plc

## Notes to the financial statement, 31 December 2003

### 1. Accounting principles

The financial statement has been prepared in compliance with the Finnish Accounting Act.

#### Consolidated financial statement

The consolidated financial statement includes the parent company Sentera Plc and the subsidiaries in which it directly or indirectly owns more than 50% of votes. Sentera Solagem Oy, acquired during the financial year, has been consolidated with the Group using the pooling method. Sentera Solagem Oy's figures are included in the financial year's and the comparison period's figures.

Inter-company income and expenses and mutual receivables and payables have been eliminated in the consolidated financial statements. The mutual shareholding of subsidiaries acquired in previous years has been eliminated using the acquisition cost method. The elimination differences between the acquisition cost of subsidiary shares and the shareholders' equity at the time of acquisition is shown as consolidated goodwill, which will be depreciated over a period of ten years.

The French, Dutch and Belgian subsidiaries were closed down during the financial year, and the companies have been removed from the consolidated balance sheet.

Sentera Finland Ltd's network support service was transferred to Microext Oy on 1 October 2003. Microext Oy is Sentera Finland Ltd's fully owned subsidiary.

#### Turnover entered as income

Turnover has been calculated by subtracting issued discounts and indirect sales taxes from sales profit. Sales profit is entered as profit at the time of goods or service delivery. Customer projects with a fixed price are recorded in phases as the specified project milestones are met.

#### Fixed assets and other long-term investments

Fixed assets are entered in the balance sheet at the original acquisition cost less planned depreciation. Planned depreciation is based on the estimated economic lifetime and is calculated on a straight-line basis. The goodwill accrued through the purchase of subsidiaries and businesses will be depreciated over 10 years. The productisation of products for the market takes 3–4 years. Products are marketed for 6–7 years, and they have a lifecycle of 7–15 years. Product maintenance is governed by contractual commitments. The development of products currently on sale started approximately ten years ago

#### The depreciation periods are as follows:

Major renovation of rented premises	10 years
Computer software	3–4 years

Goodwill	5–10 years
Equipment	8 years
Computer hardware	4 years

#### Valuation principles for inventories

Inventories are valued at their acquisition cost or their replacement value or probable sales price if these are lower. The difference between the replacement value and capitalised acquisition cost is not essential. Inventories mainly consist of software licences.

#### Appropriations and deferred tax liabilities

The accumulated appropriations in the consolidated balance sheet, comprised of the accumulated depreciation difference, is divided into shareholders' equity and deferred tax liability. In the consolidated financial statements, the taxes calculated for the financial year have been separated from the changes in the depreciation of fixed assets entered in the income statements of Group companies. Deferred tax credit has been calculated on the periodisation differences resulting from the reduction in the value of securities and on the write-offs of foreign subsidiaries in the parent company's balance sheet.

#### Own shares

Own shares are entered as securities under current assets in the balance sheet. Own shares are valued at their acquisition cost or their market value on the balance sheet date if this is lower. When calculating key indicators, own shares have been eliminated from shareholders' equity and the number of shares.

#### Securities

Securities are entered at their acquisition cost or at a lower market price.

#### Retirement plans

The pension schemes of the Group's Finnish employees are administered by an external pension insurance company. Pension schemes for foreign subsidiaries have been arranged according to local legislation.

#### Comparability of financial years

The financial year stretched over 15 months from 1 October 2002 to 31 December 2003. The comparison figures for the previous year are for 1 October 2001–30 September 2002.

The consolidated financial statements include the income statements of Sentera Plc, Sentera Solagem Oy, Sentera Finland Ltd, Sentera Solutions Oy, Microext Oy and Iocore Western Europe bvba for the period 1 October 2002–31 December 2003. The income statements of Iocore B.V and Iocore France Sarl are included in the consolidated financial statements for the period 1 October 2002–30 September 2003.

## NOTES TO THE INCOME STATEMENT

### 2. Turnover

Turnover has been calculated by subtracting issued discounts and indirect sales taxes from sales profit. Sales profit is entered as profit at the time of goods or service delivery.

Customer projects with a fixed price are recorded in phases as the specified project milestones are met.

DISTRIBUTION OF TURNOVER:	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
EUR 1000				
Licences	2,284	1,478		
Services	24,940	20,547	1,074	856
Equipment	426	428		
Other turnover	42	2		
<b>TOTAL</b>	<b>27,692</b>	<b>22,455</b>	<b>1,074</b>	<b>856</b>
<b>By geographic market area</b>				
Finland	25,746	18,489	1,074	856
Rest of Europe	1,946	3,966		
<b>TOTAL</b>	<b>27,692</b>	<b>22,455</b>	<b>1,074</b>	<b>856</b>
<b>By geographic location</b>				
Finland	26,187	18,992	1 074	856
Rest of Europe	1,506	3,463		
<b>TOTAL</b>	<b>27,692</b>	<b>22,455</b>	<b>1,074</b>	<b>856</b>
<b>Operating income/loss by geographic location</b>				
Finnish companies	-290	1,517	-2,494	-306
Companies in other European countries	-1,059	-763		
<b>TOTAL</b>	<b>-1,349</b>	<b>754</b>	<b>-2,494</b>	<b>-306</b>

3. Other operating income	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
EUR 1000				
Income from leases	409	213	406	213
Received allowances	38	65		
Administrative services		66	246	58
Compensatory damages	3			
Sales profit from fixed assets	62	18		
<b>TOTAL</b>	<b>512</b>	<b>362</b>	<b>653</b>	<b>271</b>

4. Personnel expenses	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
EUR 1000				
Wages and salaries	13,458	10,748	642	298
Pension expenses	2,156	1,542	63	50
Other personnel expenses	840	919	22	15
<b>TOTAL</b>	<b>16,454</b>	<b>13,209</b>	<b>727</b>	<b>363</b>

Salaries and fees paid to the management that are included in the above figures:

CEOs of parent company and subsidiaries

and deputy CEO 240 351 167

Board members 112 104 43

**TOTAL** 352 454 210

<b>5. Average number of employees</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
	234	263	7	6

<b>6. Depreciation and reduction in value</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	2003	2002	2003	2002
Depreciation of intangible assets	588	230	174	42
Depreciation of tangible assets	334	274	23	20
Extraordinary depreciation of fixed assets			868	
Depreciation of consolidated goodwill	364	157		
<b>FINANCIAL INCOME AND EXPENSES</b>	<b>1,286</b>	<b>661</b>	<b>1,066</b>	<b>63</b>

<b>7. Financial income and expenses</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	2003	2002	2003	2002
Dividend income				
From non-Group companies	0	0	0	0
<b>DIVIDEND INCOME, TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other interest and financial income				
Income from Group companies			96	3
Income from other fixed assets	431	189	221	81
<b>INTEREST INCOME, TOTAL</b>	<b>431</b>	<b>189</b>	<b>317</b>	<b>84</b>
Interest payable and other financial expenses				
To Group companies			-1,794	
To others	-40	-338	-4	-41
<b>INTEREST EXPENSES, TOTAL</b>	<b>-40</b>	<b>-338</b>	<b>-1,799</b>	<b>-41</b>

The parent company's financial expenses in the financial statements for 2003 include reductions in the value of receivables of EUR 1,794,401.95

Reductions in value

Reductions in the value of securities

in current assets -23 -23

**TOTAL** -23 -23

**FINANCIAL INCOME AND EXPENSES, TOTAL** 391 -172 -1,481 20

<b>8. Extraordinary items</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	2003	2002	2003	2002
Extraordinary income				
Group contributions			715	940
Other extraordinary income	50		50	
<b>TOTAL</b>	<b>50</b>		<b>765</b>	<b>940</b>
Extraordinary expenses				
Loss from subsidiary liquidation	-432	-924		
<b>TOTAL</b>	<b>-432</b>	<b>-924</b>		

**9. Appropriations****PARENT COMPANY**

EUR 1000	2003	2002
Difference between planned depreciation and depreciation used in taxation increase - decrease +	0	5

**10. Income taxes****GROUP****PARENT COMPANY**

EUR 1000	2003	2002	2003	2002
Income taxes on ordinary operations	548	289	0	111
Income taxes on extraordinary items				199
Change in deferred tax liability/credit *	-1,383	-130	-772	
<b>INCOME TAXES, TOTAL</b>	<b>-836</b>	<b>159</b>	<b>-772</b>	<b>310</b>

\* Itemised deferred tax credit for financial year 2003

Deferred tax liabilities related to subsidiary write-offs 772

Unentered tax credit resulting from subsidiary write-offs amounts to EUR 1,122,520.

Deferred tax credit entered for the confirmed losses of previous financial years 599

Deferred tax credit entered for depreciation differences 12

**TOTAL 1,383**

**NOTES TO THE BALANCE SHEET****11. Marketable securities****GROUP****PARENT COMPANY**

The marketable securities mainly consist of publicly traded mutual fund units.

EUR 1000	2003	2002	2003	2002
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**Mutual fund units**

Interest funds

Replacement value 4,817 4,339 621 2,658

Net book value 4,756 4,257 615 2,610

**DIFFERENCE 61 82 6 47**

**Equity funds**

Replacement value 767 767

Net book value 767 767

**DIFFERENCE 0 0**

**OWN SHARES 169 128 169 128**

**12. Fixed assets and other long-term investments****GROUP****PARENT COMPANY**

EUR 1000	2003	2002	2003	2002
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**Capitalised product development expenses**

Acquisition cost

At beginning of period 0 81

Increase 0 0

Decrease 0 0

**ACQUISITION COST 30 SEPT. 0 81**

Accumulated depreciation

At beginning of period	0	-71
Depreciation during period	0	-10
Accumulated depreciation 31 Dec./30 Sept.	0	-81
<b>BALANCE SHEET VALUE 31 DEC./30 SEPT.</b>	<b>0</b>	<b>0</b>

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>Other long-term costs</b>				
Acquisition cost				
At beginning of period	629	428	288	169
Increase	70	201	0	152
Decrease	-8	0	0	-33
<b>ACQUISITION COST 30 SEPT.</b>	<b>691</b>	<b>629</b>	<b>288</b>	<b>288</b>
Accumulated depreciation				
At beginning of period	-302	-150	-113	-71
Depreciation during period	-252	-152	-174	-42
<b>ACCUMULATED DEPRECIATION 31 DEC./30 SEPT.</b>	<b>-554</b>	<b>-302</b>	<b>-288</b>	<b>-113</b>
<b>BALANCE SHEET VALUE 31 DEC./30 SEPT.</b>	<b>137</b>	<b>326</b>	<b>0</b>	<b>174</b>

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>Goodwill</b>				
Acquisition cost				
At beginning of period	742	676	0	0
Increase	0	66	0	0
Decrease	0	0	0	0
<b>ACQUISITION COST 30 SEPT.</b>	<b>742</b>	<b>742</b>	<b>0</b>	<b>0</b>
Accumulated depreciation				
At beginning of period	-123	-45	0	0
Depreciation during period	-336	-78	0	0
<b>ACCUMULATED DEPRECIATION 30 SEPT.</b>	<b>-459</b>	<b>-123</b>	<b>0</b>	<b>0</b>
<b>BALANCE SHEET VALUE 31 DEC./30 SEPT.</b>	<b>283</b>	<b>618</b>	<b>0</b>	<b>0</b>

<b>INTANGIBLE ASSETS, TOTAL</b>	<b>419</b>	<b>945</b>	<b>0</b>	<b>174</b>
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EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>Consolidated goodwill</b>				
Acquisition cost				
At beginning of period	1,432	1,251		
Acquisition-related costs	0	180		
Decrease	-42	0		
<b>ACQUISITION COST 30 SEPT.</b>	<b>1,390</b>	<b>1,432</b>		
Accumulated depreciation				
At beginning of period	-379	-223		

Depreciation during period	-364	-157		
<b>ACCUMULATED DEPRECIATION 30 SEPT./31 DEC.</b>	<b>-744</b>	<b>-379</b>		
<b>BALANCE SHEET VALUE 30 SEPT./31 DEC.</b>	<b>646</b>	<b>1 053</b>		

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>Tangible assets, machinery and equipment</b>				
Acquisition cost				
At beginning of period	1,238	1,014	140	140
Increase	64	230	34	0
Decrease	-105	-6		0
<b>ACQUISITION COST 30 SEPT</b>	<b>1,198</b>	<b>1,238</b>	<b>175</b>	<b>140</b>
<b>Accumulated depreciation</b>				
At beginning of period	-558	-284	-100	-79
Depreciation during period	-334	-274	-23	-20
<b>ACCUMULATED DEPRECIATION 30 SEPT./31 DEC.</b>	<b>-893</b>	<b>-558</b>	<b>-123</b>	<b>-100</b>
<b>BALANCE SHEET VALUE 30 SEPT./31 DEC.</b>	<b>305</b>	<b>680</b>	<b>51</b>	<b>40</b>

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
<b>Other long-term investments</b>				
Participations in Group companies				
Sentera Solutions Oy			1,282	1,282
Sentera Finland Ltd (previously Microext Oy)			2,320	2,320
Sentera Solagem Oy			2,059	0
Iocore Western Europe			0	868
<b>TOTAL</b>			<b>5,660</b>	<b>4,469</b>

GROUP COMPANIES	ownership-%	ownership-%
Sentera Finland Ltd (prev. Microext Oy)	100.0	91.7
Sentera Solutions Oy	100.0	100.0
Sentera Solagem Oy	100.0	100.0
Microext Oy	100.0	0.0

13. Inventories	GROUP		PARENT COMPANY	
EUR 1000	2003	2002	2003	2002
Other inventories	244	266		
The item Other inventories includes capitalised software licences.				

14. Receivables	GROUP		PARENT COMPANY	
EUR 1000	2003	2002	2003	2002
<b>Long-term receivables</b>				
Other receivables	198	198		
Receivables from Group companies				840
Deferred tax credit	976	118	772	



**Short-term receivables**

Sales receivables	2,818	3,234		
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**Receivables from Group companies**

Sales receivables				
Loan receivables			4,356	1,524
Accrued income				

<b>TOTAL</b>			<b>4,356</b>	<b>1,524</b>
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Loan receivables	147	175	2	15
Other receivables	395	239	357	48
Accrued income	291	462	60	85
<b>SHORT-TERM RECEIVABLES, TOTAL</b>	<b>3,651</b>	<b>4,109</b>	<b>4,775</b>	<b>1,672</b>

The item Other long-term receivables comprises EUR 197,621 of rent guarantees paid.

**15. Shareholders' equity**

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
Share capital 1 Oct.	592	592	332	332
Share issue 7 July 2003			260	
<b>SHARE CAPITAL 30 SEPT./31 DEC.</b>	<b>592</b>	<b>592</b>	<b>592</b>	<b>332</b>
Share premium account 1 Oct.	9,265	9,265	6,976	6,976
Transfer to free equity	-603			
Issue premium	1		1,687	
<b>SHARE PREMIUM ACCOUNT 30 SEPT./31 DEC.</b>	<b>8,664</b>	<b>9,265</b>	<b>8,664</b>	<b>6,976</b>
Reserve for own shares 1 Oct.	128	1	128	1
Increase	42	126	42	126
<b>RESERVE FOR OWN SHARES 30 SEPT./31 DEC.</b>	<b>169</b>	<b>128</b>	<b>169</b>	<b>128</b>
Retained earnings 1 Oct.	17	890	1,104	1,119
Dividend paid *	-308	-196		-196
Transfer to share capital				
Transfer to reserve for own shares		-168		-168
Own shares purchased/sold *	49	-7		
Transfer from share premium account	603			
<b>RETAINED EARNINGS 30 SEPT./31 DEC.</b>	<b>361</b>	<b>519</b>	<b>1,104</b>	<b>755</b>
<b>PROFIT (OR LOSS) FOR THE PERIOD</b>	<b>-504</b>	<b>-502</b>	<b>-2,438</b>	<b>349</b>

\* Sentera Solagem Oy paid dividend totalling EUR 307,770.78 and purchased and sold own shares before the merger.

**16. Calculation of distributable funds**

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
Retained earnings	361	519	1,104	755
Profit for the period	-504	-502	-2,438	349
Portion of accumulated depreciation difference recorded into shareholders' equity	-30	-41		
<b>DISTRIBUTABLE FUNDS 30 SEPT.</b>	<b>-172</b>	<b>-23</b>	<b>-1,334</b>	<b>1,104</b>

**17. Deferred tax credits and liabilities**

EUR 1000	GROUP		PARENT COMPANY	
	2003	2002	2003	2002
Deferred tax credit				

from periodisation differences of securities	118	118	
Deferred tax credit from subsidiary write-offs	772		722
Deferred tax credit from confirmed losses	86		
Deferred tax liability from appropriations	4	17	

<b>18. Long-term liabilities</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Other long-term liabilities	172	341		
<b>LONG-TERM LIABILITIES, TOTAL</b>	<b>172</b>	<b>341</b>		

Debt due after five years

<b>19. Short-term liabilities</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Accounts payable	452	645	54	15
<b>Liabilities to Group companies</b>				
Accounts payable			91	171
Other liabilities			3,605	1,836
<b>TOTAL</b>			<b>3 697</b>	<b>2 007</b>
Other liabilities	1,025	1,450	19	8
Accrued expenses and deferred income	1,865	1,432	187	185
Deferred tax liabilities	4	17		
<b>SHORT-TERM LIABILITIES, TOTAL</b>	<b>3,347</b>	<b>3,543</b>	<b>3,957</b>	<b>2,215</b>

<b>20. Pledges, collateral and other contingent liabilities</b>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
EUR 1000	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Pledged collaterals</b>				
Business mortgage	252	252	252	252
<b>Other collateral</b>				
Rent guarantees	249	272		12
Customer project delivery collateral	108	304		
Leasing liabilities				
Payable during financial year 2004	585	526	97	23
Payable later	325	398	21	24
<b>TOTAL</b>	<b>910</b>	<b>924</b>	<b>119</b>	<b>46</b>

Leasing agreements conform to generally used leasing terms. There is no redemption right at the end of the contract period.

#### **Other contingent liabilities**

Rent guarantees				
Payable during the following financial year	699	1 238	672	821
Payable later	2,932	7,074	2,931	6,975
<b>TOTAL</b>	<b>3,631</b>	<b>8,312</b>	<b>3,604</b>	<b>7,796</b>

## Calculation of key figures

### Return on equity (ROE) =

$$\frac{\text{profit before extraordinary items, provisions and taxes} - \text{taxes}}{\text{equity} + \text{provisions and depreciation difference} - \text{deferred tax liability} + \text{minority interest (average)}} \times 100$$

### Return on investment (ROI) =

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

### Net gearing =

$$\frac{\text{interest bearing liabilities} / \text{securities (bonds and shares} + \text{cash and bank receivables)}}{\text{equity} + \text{provisions and depreciation difference} - \text{deferred tax liability} + \text{minority interest}} \times 100$$

### Solvency ratio =

$$\frac{\text{equity} + \text{provisions and depreciation difference} - \text{deferred tax liability}}{\text{balance sheet total} - \text{received advances}} \times 100$$

### Profit/share =

$$\frac{\text{profit before extraordinary items, provisions and taxes} - \text{taxes} \pm \text{minority interest}}{\text{share issue adjusted average number of shares}} \times 100$$

### Effective yield =

$$\frac{\text{share issue adjusted dividend/share}}{\text{latest share issue adjusted stock quotation on the date of the financial statement}} \times 100$$

### Equity/share =

$$\frac{\text{equity} + \text{provisions and depreciation difference} - \text{deferred tax liability} \pm \text{minority interest}}{\text{share issue adjusted number of shares on the date of the financial statement}} \times 100$$

## Profit distribution proposed by the Board of Directors

The Group's distributable funds total EUR -172,489.11. The parent company's distributable funds total EUR -1,334,034.82, of which the loss for the financial year is EUR 2,438,074.60.

The Board of Directors proposes to the General Meeting that no dividend be distributed.

Helsinki, 23 February 2004

Henrik Gayer, Chairman  
Kari Kontuniemi, Vice Chairman  
Kari Katajamäki  
Richard Lehtola

Johanna Lindroos  
Ilkka Pärssinen  
Timo Tiihonen  
Markku Toivanen, CEO

## Auditor's report

### To the shareholders of Sentera plc

We have audited the accounting, the financial statements and the corporate governance of Sentera plc for the period 1.10.2001–31.12.2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine whether the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

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

Helsinki, 8 March 2004

ERNST & YOUNG OY  
Authorised Public Accountants

Kunto Pekkala  
APA

## Shareholder structure and share price development

### Share capital and shares

Sentera Plc's shares are quoted on the Helsinki Exchanges NM list. The company has one series of shares, and each shareholder has an equal right of vote and dividend. At the end of the financial year the total number of shares was 11,842,456. The company's paid-in and registered share capital was EUR 592,122.80. The bookkeeping counter value of one share is EUR 0.05.

### Authorisation of Board of Directors

The Annual General Meeting on 29 January 2003 decided to grant the Board of Directors an authorisation to acquire own shares using distributable funds until 29 January 2004. The Extraordinary General Meeting on 18 June 2003 granted the Board of Directors an authorisation to acquire own shares using distributable funds until 18 June 2004. The Board has not used the authorisation. At the end of the financial year, the company had 106,300 own shares with a total bookkeeping counter value of EUR 5,315. EUR 169,491.31 was paid for the shares. The own shares held by the company account for 0.9% of the share capital and total number of votes of all shares. The acquisition of the company's own shares has no significant impact on the distribution of ownership and votes in the company.

### Share trading and price development

During the financial year, Sentera Plc's shares worth EUR 7.0 million were exchanged (5,170,511 shares), equalling 43.7% of the company's shares. The share mean rate in the financial year was EUR 1.18 and during the year 2003 EUR 1.38. The rate at the end of the year was EUR 1.60. The highest trading price

was EUR 1.64 and the lowest EUR 0.93. The market value of Sentera Plc's share capital on 31 December 2003 totalled EUR 18.948 million.

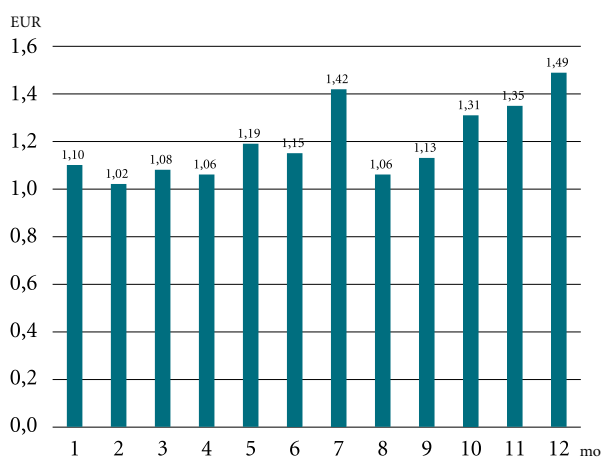
### Option programme

Sentera Plc follows option programme I and option programme II approved by the Extraordinary General Meeting on 15 May 2000 and the Annual General Meeting on 22 January 2001, as well as option programme 2003 approved by the Extraordinary General Meeting on 18 June 2003. Pursuant to the programmes, rights of option are granted to the personnel of the Sentera Group, to the Board members and managing directors of the Group companies and to the employees of Sentera Plc's fully owned subsidiaries. The option programmes enable the granting of 623,520 rights of option, each of which entitles the holder to subscribe for one Sentera Plc share.

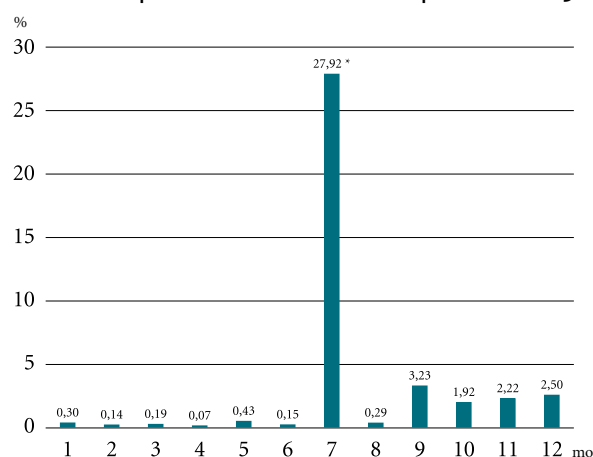
### Management shares

On 31 December 2003 the Sentera Plc Board members and CEO owned a total of 2,762,698 of the company shares. These equal 23.33% of the company stock capital and their votes. The Board members and CEO also owned a total of 28,184 rights of options for the company shares. These rights of options entitle to subscribing for the maximum of 28,184 Sentera Plc shares, which equalled 0.2% of the share capital on 31 December 2003.

Development of relative exchange of share per month 2003



Development of mean rate of share per month 2003



\* 18 June 2003 share transaction related to the merger

## Shareholders

### SHARE CAPITAL AND SHAREHOLDERS

Shareholder sector distribution	Ownership	%	Shares	%
Total of companies	67	6.4	4,583,180	38.7
Financial and insurance institutions	3	0,3	218	0,0
Non-profit organisations	3	0.3	68,400	0.6
Households	945	91.8	6,741,228	56.9
Foreign organisations	10	1.0	346,198	2.9
Nominee registered	2	0,2	103,232	0,9
<b>TOTAL</b>	<b>1,030</b>	<b>100.00</b>	<b>11,842,456</b>	<b>100,00</b>

### SHAREHOLDING DISTRIBUTION PER SIZE ORDER

Amount of shares	Owners	%	Shares	%
1–50	16	1.55	650	0.0
51–100	409	39.71	40,856	0.3
101–500	233	22.62	73,140	0.6
501–1 000	83	8.06	72,333	0.6
1001–5 000	193	18.74	469,184	4.0
5 001–10 000	42	4.08	306,875	2.6
10 001–50 000	33	3.20	686,226	5.8
50 001–100 000	5	0.49	365,270	3.1
100 001–500 000	10	0.97	1,811,733	15.3
500 001–1 000 000	1	0.10	828,571	7.0
1 000 001–	5	0.49	7,187,618	60.7
<b>TOTAL</b>	<b>1,030</b>	<b>100.00</b>	<b>11,842,456</b>	<b>100.00</b>

### MAJOR SHAREHOLDERS

Name	Shares	%
Finnventure Rahasto V ET Ky	1,905,168	16.09
Finnventure Rahasto V Ky	1,905,168	16.09
Toivanen Markku	1,305,856	11.03
Kohonen Jorma	1,035,713	8.75
Pärssinen Ilkka	1,035,713	8.75
Hakonen Asko	828,571	7.00
Suihko Osmo	272,900	2.30
Katajamäki Kari	250,005	2.11
Vandekeybus Jan	224,220	1.89
Mykkänen Markku	200,005	1.69
Finnventure Rahasto IV Ky	187,475	1.58
Partanen Kari	173,750	1.47
Kontuniemi Kari	161,124	1.36
Ingman Finance Oy Ab	125,000	1.06
Strömberg Björn	110,954	0.94
Sentera Plc	106,300	0.90
Nordea Bank Finland Plc (nominee register)	92,932	0.78
Kontuniemi Heikki	80,726	0.68
Oy Leimark Invest Ab	75,000	0.63
M.R. Hendriks Beheer B.V.	66,375	0.56
Others	1,699,501	14.35
<b>TOTAL</b>	<b>11,842,456</b>	<b>100.00</b>

## Corporate governance

### Principles

Sentera aims at transparent communications about the company's governance and steering systems and follows recommended good governance and steering practices applied according to the company's situation. These governance practices will be notified, in addition to established legislation and articles of association, according to the Corporate Governance recommendations of HEX Plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. Updated Corporate Governance specifications are posted on the company Web site.

### General meeting

The Annual General Meeting is the highest decision-making body, and it meets once a year. The Annual General Meeting is held on a date decided by the Board of Directors, by the end of June, within six months of the end of the financial year. The General Meeting is held in the company's domicile in Helsinki. If needed, an Extraordinary General Meeting can be summoned. The Annual General Meeting of 2004 will be held on 30 March 2004 in Helsinki. General Meeting duties are defined in the Finnish Companies Act.

### Board of Directors

The duties of the Board of Directors are specified in the Finnish Companies Act. Pursuant to the articles of association, Sentera's Board consists of no less than five (5) and no more than nine (9) regular members. The Board members are elected and confirmed each year by the Annual General Meeting. In compliance with the articles of association, the Board elects from among its members the Chairman and the Vice Chairman for a year. The Board has a quorum when more than half of the members are present. Issues are solved by a simple majority of votes. In case of parity, the Chairman's vote decides.

Issues that are significant for the Sentera Group and affect its long-time goals are discussed by the Board of Directors. Such

issues are, e.g., appointing the CEO, the group's strategic goals, the budget and strategies and controlling their implementation, group structure, company acquisitions, major investments and personnel and bonus policies.

The Board of Directors must ensure that controlling the company accounting and financial administration is appropriately organised. The Board also prepares items on the General Meeting agenda, summons the General Meeting and ensure the implementation of the General Meeting decisions.

During 2003, Sentera's Board of Directors met 20 times. The mean attendance per cent of the members was 94. On 31 December 2003 the Board owned a total of 1,493,171 shares, or 12.61%.

### CEO

Sentera Plc's Board of Directors appoints the CEO. The Board decides on the conditions of employment that will be defined in writing in the CEO contract. The CEO prepares the issues discussed in the Board meetings and undertakes the implementation of goals, plans, definitions and objectives in the Sentera Group. Markku Toivanen was appointed the CEO of Sentera Plc as from 1 August 2003.

The CEO's tasks include managing and developing the company's business operations according to the Companies Act and the directions and orders set by the Board. The CEO is liable for making sure that the company accounting complies with the law and the financial administration is reliably organised. The CEO reports to the Board on implementation of strategic goals, budget and strategies. The CEO reports to the Board also on issues related to the group structure, business acquisitions, major investments and personnel and bonus policies.

On 31 December 2003 the CEO owned a total of 1,305,856 shares, or 11.03%.

*"Communications must be transparent, continuous and focused. Messages must be targeted according to the needs of different interest groups, but at the same time it must be made sure that contents and meaning do not change on the way," says Rita Uotila, Director of Corporate Communications at Sentera.*

### **Other management**

Sentera's business operations are operatively divided into business and competence units. The management group helps the CEO, monitors strategy implementation and develops company business operations. Unit directors report to the CEO. The management group has no authority based on company law and/or articles of association.

On 31 December 2003 the management group owned a total of 2,488,965 shares, or 21.02%.

### **Compensation**

Compensations, wages and other benefits paid to the members of the Board of Directors during the financial year 2003 (15 months) totalled EUR 111,976.

Compensations, wages and other benefits paid to the CEO during the financial year 2003 (15 months) totalled EUR 111,976.

### **Internal controlling, risk management and internal inspection**

The group's business operations are steered and monitored by reporting systems. The company's internal inspections are carried out both inside the financial management and by auditors. Appropriate insurances have been taken out against business operation damages.

### **Inner circle**

Sentera adheres to the insider rules set by Helsinki Exchanges. The company's statutory insiders are the members of the Board of Directors, the CEO and the auditor. In addition to these, the company defines as insiders the people who in their work have regular access to information affecting the company's bonds. They are bound to the same trading restrictions and compulsory

notifications as the statutory insiders. The company's insider register resides in the Sire system of Suomen Arvopaperikeskus Oy.

### **Auditing**

Statutory auditing establishes that the financial statement for the finished financial year gives accurate and adequate information about the company's profit/loss and financial standing. Sentera's financial year is a calendar year. The auditor's term of office is the company's financial year.

Sentera's accountant is Ernst & Young Finland with Kunto Pekkala, an authorised public accountant, as the accountant with principal responsibility.

### **Communications**

The corporate communication process is based on transparency, continuity and two-way communication. Corporate communications builds the company's image in the chosen business areas and interest groups as well as supports and advances business operations. The corporate communications steering group, which comprises of the CEO and the business unit directors, decides on the communication matters concerning the whole group. The director of corporate communications is responsible for corporate communications and implementation of the decisions made by the steering group.

The main focus of corporate communications is in network communications. Sentera publishes on its Web site all the company's financial statements, interim reports, stock exchange and press releases as well as annual reports in Finnish and in English. Sentera publishes printed annual reports in Finnish and in English.



## Board of Directors



Henrik Gayer, b. 1953  
M.Sc. (Econ.)  
Chairman since 18 June  
2003  
Member since 2002



Richard Lehtola, b. 1967  
Doctor of Technology  
M.Sc. (Econ.)  
Member since 2003  
10,000 shares \*



Kari Katajamäki, b. 1951  
M.Sc. (Econ.)  
Member since 2000  
Company CEO in 2001–  
2003  
250,005 shares \*



Johanna Lindroos  
(see page 34)

Ilkka Pärssinen, b. 1960  
System architect  
Undergraduate of Technology  
Member since 2003  
Employed by the company  
since 1990  
1,035,713 shares \*



Kari Kontuniemi, b. 1941  
M.Sc. (Tech.)  
Member since 1999  
161,124 shares \*



Timo Tiihonen, b. 1948  
M.Sc. (Tech.), M.Sc. (Econ.)  
Member since 2000  
36,329 shares \*

\* Shareholding on the date of publication on 24 February 2004.

## Management



Markku Toivanen, b. 1953  
CEO  
B.Sc.  
Joined the company 1989  
1,305,856 shares \*



Roy Nurmi, b. 1969  
Director  
Research and Development  
M.Sc. (Tech.)  
Joined the company 1997  
38,114 shares \*



Asko Hakonen, b. 1961  
Director  
Wholesale and Industry  
Solutions  
Dipl. in BA and marketing  
Joined the company 1989  
828,571 shares \*



Tom Puusola, b. 1967  
Director  
Enterprise Business Solutions  
Undergraduate of Technology  
Joined the company 1998  
5,585 shares \*



Mikko Korpela, b. 1972  
Director  
Food Industry  
Secondary school graduate  
Joined the company Feb 2004  
97,466 shares \*



Juha Sihvonon, b. 1968  
Director  
Sales and Marketing  
Dipl. Business IT  
Joined the company 2000  
50,237 shares \*



Johanna Lindroos, b. 1968  
Director  
Business Development  
M.Sc. (Econ.)  
Board member 2002–2004  
Joined the company Feb 2004



Osmo Suihko, b. 1954  
Director  
Professional Services  
Undergraduate of Science  
Joined the company 1997  
272,900 shares \*



Petteri Mussalo, b. 1962  
CFO  
Undergraduate of Econ.  
Joined the company 1999  
25,816 shares \*



Rita Uotila, b. 1968  
Director  
Corporate Communications  
BA Hons.  
Joined the company 2002

\* Shareholding on the date of publication on 24 February 2004.

## Group Information

### Annual General Meeting

Sentera Plc's Annual General Meeting will be held on Tuesday, 30 March 2004 at 9 am at Sentera headquarters, Valimopolku 4 A, 7th floor, 00380 Helsinki, Finland.

### Signing up for

#### Annual General Meeting

The deadline for signing up for the Annual General Meeting is 25 March at 4 pm to Anna-Mari Wycherley, by telephone, +358 20 7540 394, by facsimile, +358 20 7540 100 or by e-mail, anna-mari.wycherley@sentera.fi.

Powers of attorney must be delivered for inspection by 25 March by mail, Sentera Plc, Anna-Mari Wycherley, Valimopolku 4 A, 00380 Helsinki, Finland or by facsimile, +358 20 7540 100.

### Dividend

The Board of Directors proposes that no dividend is distributed for the financial year 1 October 2002–31 December 2003 (15 months).

### Share

Sentera Plc's share is listed in Helsinki Exchanges NM list. The company has one series of shares, in which each shareholder has the equal right of vote and dividend. Trading code: SNR1V.

### Investment analyses

Last year at least the following brokerage houses carried out investment analyses of Sentera: FIM Securities Ltd, Mandatum Pankkiiriliike Oy and Opstock Oy.

### Contact information

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Valimopolku 4 A  
00380 Helsinki, Finland  
tel. +358 20 7540 000  
fax +358 20 7540 100  
info@sentera.fi  
www.sentera.fi

### Regional business units

Sentera - Jyväskylä  
Polttolinja 35  
PL 54  
40521 Jyväskylä, Finland  
tel. +358 20 7540 000  
fax +358 20 7540 150

Sentera - Rauma  
Teknologiakylä  
Syväraumankatu 39  
PL 293  
26100 Rauma, Finland  
tel. +358 20 1166 600  
fax +358 20 1166 601

Sentera - Tampere  
Hatanpään valtatie 24  
33100 Tampere, Finland  
tel. +358 20 1166 630  
fax +358 20 1166 631

Sentera - Turku  
Teknologiakeskus  
Lemminkäisenkatu 14-18 C  
20520 Turku, Finland  
tel. +358 20 1166 670  
fax +358 20 1166 671

### Group

The Sentera group structure at the time of the annual report publication, 24 February 2004: Sentera Plc (management and administration).

Valimopolku 4 A  
00380 Helsinki, Finland  
tel. +358 20 7540 000  
fax +358 20 7540 100  
info@sentera.fi  
www.sentera.fi

### Subsidiary companies

Microext Oy \*  
Sentera Solagem Oy \*\*  
Sentera Solutions Oy \*\*  
Sentera Finland Ltd \*\*  
Sysforte Oy \*\*\*  
Sysforte Service Oy \*\*\*  
Sysforte Systems Oy \*\*\*

\* On 23 September 2003 Sentera Plc decided to incorporate its network support service unit. The new subsidiary company will start its operations on 1 October 2003 and will be called Microext Oy. Sentera Finland Ltd owns 100 percent of Microext Oy's share capital.

\*\* On 13 February 2004 the Board of Directors of Sentera has decided to simplify Sentera's group structure by decreasing the number of legal entities in the group. This will be carried out through mergers so that Sentera Solutions Oy owned in its entirety by Sentera Plc will first be merged into the parent company by a so-called subsidiary merger and immediately thereafter Sentera Finland Ltd will be merged into Sentera Solagem Oy by a so-called sister company merger. The mergers will be carried out without giving any consideration. The objective is that the mergers would take place prior to 31 July 2004 (Sentera Solutions Oy by 30 July 2004 and Sentera Finland Ltd by 31 July 2004).

\*\*\* On 13 February 2004 the ownership of all Sysforte Oy and Sysforte Systems Oy (Sysforte Systems Oy owns 100% of the Sysforte Service Oy share capital) shares was transferred to Sentera Plc. Along with the transfer of ownership, the new group structure is born.

[www.sentera.fi](http://www.sentera.fi)