TECHNOPOLIS

ANNUAL REPORT 2003

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Technopolis Plc will be held on Tuesday, March 30, 2004, starting at 12.00 noon, in the auditorium of the Medipolis Center, street address Kiviharjuntie 11, Oulu, Finland. Shareholders registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by March 19, 2004 have the right to participate. Shareholders whose shares have not been transferred to the book-entry system also have the right to participate provided they were registered in the company's shareholder register before March 6, 1998. In this case, upon arrival at the AGM, they must present their share certificates or other documentation proving that their shares have not been transferred to the book-entry system.

Shareholders wishing to attend the AGM must give notice of their intention to do so by 4.00 p.m. on March 24, 2004 by telephone to +358 8 551 3213, or by email to leena.marmila@technopolis.fi, or in writing to Leena Marmila, Technopolis Plc, Elektroniikkatie 8, 90570 Oulu, Finland. The notice must be received by the above deadline. Shareholders are requested to present any powers of attorney along with their notice of intention to participate. Copies of the financial statements and the proposals of the Board of Directors are available for shareholders to view from March 23, 2004, at the company's headquarters at (street address) Elektroniikkatie 8, Oulu, Finland. The company will send copies of the said documents to shareholders upon request.

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0,25 per share be paid for the financial year ending on December 31, 2003. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by the dividend record date, April 2, 2004. The Board proposes that the dividend be paid on April 14, 2004.

INTERIM REPORTS FOR 2004

Technopolis Plc will publish three Interim Reports for 2004 as follows: January-March on April 22, January-June on July 16 and January-September on October 22.

CONTENTS

This Annual Report has been prepared in accordance with the Corporate Governance guidelines and other regulations in force at the time of making the Annual Report. On July 1, 2004, Technopolis will begin to apply the new Corporate Governance Recommendation for Listed Companies prepared by the Helsinki Exchanges in December 2003.

TECHNOPOLIS IN A NUTSHELL

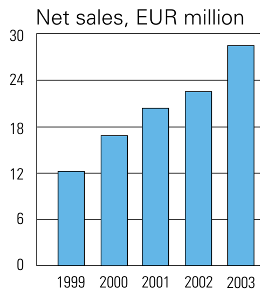
The year 2003 was very successful for Technopolis Plc, both financially and operationally. The company enjoyed good growth and profitability, with net sales and net profit rising to a record level. Technopolis recorded net sales of EUR 28.5 million, a profit before extraordinary items of EUR 8.1 million and a net profit of EUR 5.9 million. The company also expanded and developed its operations considerably. Innopoli in Espoo became part of Technopolis in January, while Technopolis Helsinki-Vantaa, next to Finland’s largest airport, was opened in June.

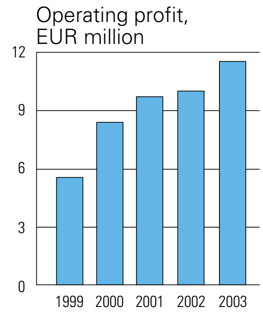
In terms of the number of companies, Technopolis is Europe’s largest technology center. It is also Finland’s largest company specializing in operating environments for technology companies. Approximately 8,000 people from more than 550 companies are currently working in its technology centers. At the company’s core is the service concept that it has developed to support the growth and success of technology companies in particular. The concept, refined through more than twenty years of experience, combines modern facilities, business and personal services and business development services and programs into a unique package.

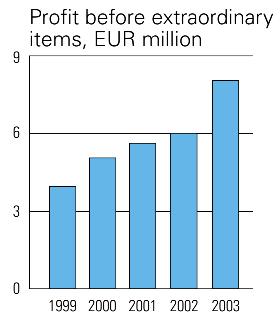
In Oulu, Technopolis operates at the Linnanmaa site on the University of Oulu campus, in the Kontinkangas site near the city center and by the Lentokentäntie road in Kempele. It is also preparing a new technology center in the Oulu city center, with construction due to begin in 2004. In the Helsinki metropolitan area, Technopolis operates in the immediate vicinity of the Helsinki-Vantaa International Airport and at Otaniemi in Espoo.

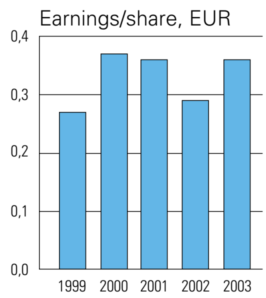
In 2004, Technopolis will focus on improving the Group’s efficiency and profitability after many years of rapid growth. The company expects that demand for the premises it rents out and for the services it offers will remain strong. A solid foundation has been created by its constantly improving co-operation with successful customers over many years.

Technopolis provides its shareholders with a good dividend yield. The company’s Board of Directors proposes the distribution of a dividend of EUR 0.25 per share, equivalent altogether to 70 per cent of the Group’s net profit. The company will continue its active and shareholder-friendly dividend policy. The Technopolis Plc share is quoted on the main list of the Helsinki Exchanges, in the Investment group.









TO OUR SHAREHOLDERS

YEAR OF GROWTH

The financial year, Jan 1 - Dec 31, 2003, was in many respects an excellent one for Technopolis. The Group's net sales increased by 26 % and the net profit for the year was up by a substantial 44 % on the previous year. The Technopolis share performed very positively, rising from a price of EUR 2.98 at the beginning of the year to EUR 3.85 at the year's end.

Technopolis' market capitalization rose by 47 % during the year and was EUR 64 million by the year's end. Factors improving the company's market value included its strong growth and good profit performance, and the increasing interest in the Investment group on the Helsinki Exchanges. Technopolis' market capitalization is now 1.7 times as much as it was two years ago.

Technopolis is known for its generous dividend policy. The Board of Directors will propose to the spring 2004 Annual General Meeting that the company distribute a dividend of EUR 0.25 per share from the net profit for 2003. The proposal is in line with the company's policy in recent years of distributing as much as possible of the parent company's distributable funds to shareholders as dividends.

CUSTOMERS

The success of the Technopolis Group is founded on high tech enterprises that have focused on growing technology sectors and the professional service companies that support them. Many of the new aspects of our service concept originate from ideas put forward by our customers. I would therefore like to thank our customers for their close interaction and excellent spirit of development.

SERVICE CONCEPT

The Technopolis service concept is now more comprehensive than ever before. It can be utilized by start-up companies, and as they grow, it supports their success all the way. Geographically Technopolis serves companies in some of Finland's best high-tech operating environments in the Oulu region, in Otaniemi, Espoo, and in the vicinity of the Helsinki-Vantaa International Airport.

The service concept has been created over the years in cooperation with customers. It includes adaptable premises, versatile services and business development services. The overall concept is explained in more detail on pages 7 - 13 of this Annual Report.

TECHNOPOLIS OULU

Some 6,000 people work in 234 companies in the three operating environments of Technopolis Oulu, namely Linnanmaa, Kontinkangas and Lentokentäntie. The occupancy ratio in the Oulu region premises was very high throughout the year, being 98 per cent at the year's end.

The largest of the areas in the Technopolis Oulu region is Linnanmaa with 4,500 employees in 172 companies. There are 29 buildings in Linnanmaa, and the area can cater for the needs of both technology start-ups and larger companies. What is special about the area is the great number of employees and companies even by national standards, opening up a variety of synergy benefits for companies in the cluster.

In 2003 there were some 1,400 employees and 11 companies operating in the Technopolis premises beside the Lentokentäntie road in Oulu. It is ideally located between the airport and the city center of Oulu.

The Kontinkangas site offers a work community of 600 employees and 51 companies. The Medipolis Center, Mediaani and GMP plant are located in the area. Kontinkangas is a unique community thanks to both the high concentration of expertise and the excellent location.

An architectural competition for the Technopolis Oulu city center was initiated in October and resolved in January 2004. Upon completion, the complex providing premises for almost 1,000 employees will be situated in the city center, a stone's throw from the pedestrian mall, making it a unique technology center – even by international standards.

TECHNOPOLIS HELSINKI-VANTAA

The first stage of Technopolis in the vicinity of the Helsinki-Vantaa International Airport was opened in June. Construction of the second stage began in March. This will be inaugurated in April 2004. The third stage of Technopolis Helsinki-Vantaa is still being planned, and construction is estimated to begin in 2004.

In the first stage of Technopolis Helsinki-Vantaa, the occupancy ratio rose to 93 per cent despite the challenging situation in the Helsinki metropolitan area. Companies have shown a great deal of interest in Technopolis Helsinki-Vantaa, which is located only a few minutes' drive from the international airport. Upon completion, some 3,000 employees in several hundred companies will work in the technology center.

TECHNOPOLIS ESPOO INNOPOLI

Technopolis Innopoli was merged with the Group on January 14, 2003. As two of Finland's oldest technology centers joined forces, Technopolis began operations in Otaniemi, Espoo, in the biggest high-tech cluster in the Nordic countries. The Technopolis Group owns Innopoli and the Otaniemi Science Park. Technopolis and Kiinteistö Oy Innopoli II have a management agreement on the services and premises.

At present approximately 1,500 people are working in some 250 companies in the entire Innopoli community. The occupancy ratio of the Innopoli Group premises owned by Technopolis was 89 per cent at the end of the year. The ratio increased during the year thanks to better marketing and services.

SHAREHOLDERS

Technopolis has 3,088 shareholders, of which 2,776 are households. The number of shares held by households accounted for 90 % of all the shares. The company's principal owners on December 31, 2003 were Erkki Etola and his investment company Etra-Invest Oy (22.5 %), the City of Oulu (18.2 %) and Juha Hulkko (4.0 %). All three principal owners increased their ownership during 2003.

OUTLOOK FOR 2004

The Government is preparing the renewal of the Act on Real Estate Funds to conform with international practices. The aim is to improve the legislation to attract more international investments into Finland. It is generally believed that the law will be revised relatively soon. If the law is amended successfully, we should be able to attract a lot more foreign capital into these investments. This would have a good effect on Technopolis through an increase in activity and liquidity.

Technopolis estimates that the occupancy ratio of the office facilities rented out by the Group and the demand for its services will remain good. The company expects its net sales to increase by 2 - 5 % and its net profit by 7 - 10 % in 2004 compared to the previous year. Earnings per share are estimated to total EUR 0.38 - 0.39.

PERSONNEL AND BOARD OF DIRECTORS

Technopolis personnel worked effectively and with good results in 2003, thanks to which the Group reached record figures in terms of net sales and net profit. One of the biggest challenges during the year was the integration of Technopolis and Innopoli as closely as possible to form a well-functioning entity. The personnel took an active part in this work too, with good results.

The Technopolis Board of Directors includes members who have served our society and corporate life in different ways. The Board of Directors has channeled a great deal of its resources into consideration of strategic and corporate governance issues. Technopolis is valued highly in surveys for its corporate responsibility, which is one of the company's key principles alongside the improvement of corporate customer success.

The Technopolis Board of Directors and the Executive Board is presented on pages 36 - 37 of this report.

I would like to extend my sincerest thanks to the Technopolis Group personnel and the Board of Directors for their excellent work in 2003.

Pertti Huuskonen
President and CEO

MAIN EVENTS IN 2003

The Innopoli Group at Otaniemi, Espoo was merged with Technopolis in January. The Otaniemi area is the leading concentration of research and development in the Nordic countries.

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In March, Technopolis began to construct the second stage of the Helsinki-Vantaa technology center. This building will be used mainly by EVITech (Espoo-Vantaa Institute of Technology) for training and testing related to electronics manufacture. Due for completion in April 2004, it will be about 6,300 gross square meters in size. The investment, including the parking block, will amount to approximately EUR 7.7 million.

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Technopolis and the University of Oulu's NorTech unit signed a co-operation agreement in April on the promotion of the Ecopark Oulu project. Ecopark Oulu is an alliance of Northern Finnish companies and players operating in the environmental field. Ecopark's operations include an environmental information service for companies and organizations, a project accelerator to develop good ideas into business, and an electronic register of environmental experts.

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The first stage of Technopolis Helsinki-Vantaa was completed in June. It provides premises for some 20 companies and about 200 employees, and is approximately 8,000 gross square meters in size.

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In June, Technopolis announced that it was negotiating with the City of Espoo to establish a joint venture, the purpose of which would be to boost the international marketing of Espoo and Otaniemi, to carry out various development programs and to strengthen business development.

Technopolis Helsinki-Vantaa was officially opened in October. At the inauguration, the company announced that it was planning to locate an international business accelerator, representing a new concept, in the third stage building of the technology center.

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In October, Technopolis announced that it had signed a EUR 45 million financing agreement with the European Investment Bank (EIB). The EIB agreed to finance the expansion projects of Technopolis in Oulu, Vantaa and Espoo through 20-year loans.

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Media Forum, which is part of the Oulu Region Centre of Expertise program implemented by Technopolis, held its first general meeting in early October. Media Forum's mission is to improve the business conditions and environment for companies and organizations in the media and communications sector in the Oulu region and elsewhere in northern Finland.

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An architectural competition for a Technopolis technology center in Oulu city center began in December. Four architect's offices were invited to submit entries. Technopolis intends to build a major new technology center in Oulu city center, housing almost 1,000 employees when fully completed. Construction is scheduled to begin in 2004.

THE TECHNOPOLIS CONCEPT

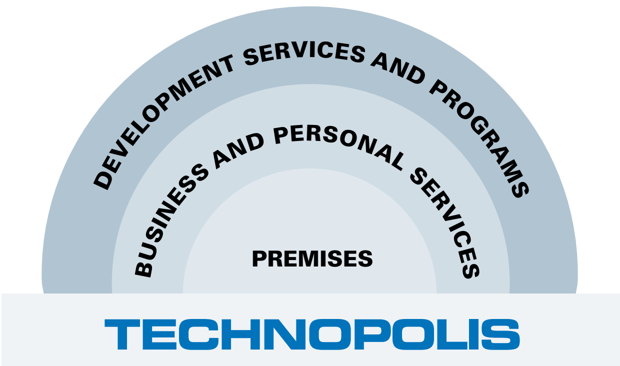
The Technopolis business idea is to support the growth and success of its customer companies. This idea is fulfilled especially through the service concept it has developed for the needs of high-tech companies. The concept consists of premises, business and personal services and development services and programs.

Technopolis designs and builds its premises to suit the needs of its customer companies. They are high-quality, modern and easily adaptable.

The business and personal services are designed for customer companies and their personnel. The business services improve the cost-efficiency and flexibility of companies and increase the flexibility of their operations, while the personal services promote employee satisfaction and improve work efficiency. The services are produced by Technopolis together with its partners.

The development services and programs improve the competitiveness of companies and support their internationalization. The company's development services and programs include the Oulu Region Centre of Expertise program, the Vantaa Hi-Tech Program and the Innopoli and Otaniemi Science Park programs.

A more detailed description of the Technopolis concept with examples of services offered can be found on pages 7 - 13.



Technopolis has been developing its three-part operating concept for well over twenty years. The concept is designed to meet the needs of high tech companies in particular, and to help them grow and prosper. Technopolis is constantly developing and expanding its services. The wishes and opinions of our customers play an important role in the development process.

PREMISES

Technopolis designs and builds its operating premises especially to suit the needs of high tech companies and companies providing services for them. The premises are high quality, modern and adaptable. They can be contracted or expanded, or adjusted cost-efficiently as required. Customer companies can always operate in premises tailored as far as possible to their own stage of development and goals.

EXAMPLES OF TECHNOPOLIS' PROJECTS

• Oulu City Center (1)

Technopolis is preparing to build a new technology center in the Oulu city center, with construction expected to begin after summer 2004. Thus the first stage building of the Technopolis Oulu City Center project – about 7,000 square meters – will be ready for customer use in summer 2005. When the planned three or four stages of the new technology center are completed, it will encompass about 20,000 square meters and house about 1,000 highly skilled professionals. The overall cost of the project will be some EUR 50 million.

The site of the center, on a former parking lot in the heart of Oulu, is unique, as very few technology centers in the world are located in downtown areas, and none in Finland.

Technopolis intends to offer premises to one or two large companies, complemented by a few medium-sized companies and many small ones. The aim is to create a versatile, stimulating environment in which companies of different sizes and from different fields can interact.

• Helsinki-Vantaa (2)

Technopolis Helsinki-Vantaa is a new technology center located right next to an international airport. The center's first stage building was brought into use in June 2003 and houses more than twenty companies. The second stage will be completed in April 2004. The main tenant of the second building will be the EVITech (Espoo-Vantaa Institute of Technology) training and testing plant for electronics manufacture. Marketing for the third stage has begun already. The construction of Technopolis Helsinki-Vantaa is planned to take place in 15 stages, and when complete the 65,000 square meter center will provide an operating environment for over 100 companies and about 3,000 employees.

• Otaniemi, Espoo (3)

Technopolis Innopoli is located in the heart of the internationally famous and biggest technology community in Finland, the Otaniemi area of Espoo. Science, education and business come together in a unique, creative way in Otaniemi. Technopolis Innopoli is known as an enterprise generator for the research institutes and universities of the Helsinki metropolitan area. It is also an excellent location for larger companies that have already operated for some time.

(2) © FM-KARTTA OY

(1)

(2)

(3)

The "A" building was completed in June 2003.

The "E" building will be completed in April 2004.

The "C" building is under planning.

BUSINESS AND PERSONAL SERVICES

The services provided by Technopolis are of two kinds: business services for customer companies, and personal services for their employees. In each case, the service selection is versatile and constantly being expanded.

The business services directly support the operations of Technopolis' customer companies. They allow customers to focus on their core businesses, while leaving Technopolis to take care of everything else. Thus the services support customer success and improve their competitiveness.

Technopolis pays particular attention to the easy availability and cost-efficiency of its services. Easy availability is achieved through the one-stop service principle that ensures the fast and simple procurement of a variety of services. Cost-efficiency is the result of Technopolis' extensive operations which bring economies of scale. Customer companies can choose exactly which services they wish to use and to what extent.

The personal services are aimed at the employees of companies located in Technopolis' technology centers. Their purpose is to make the working environment as pleasant as possible and improve job satisfaction among employees. The personal services boost work efficiency and increase the appeal of companies.

EXAMPLES OF TECHNOPOLIS' BUSINESS AND PERSONAL SERVICES

• Conference services

Technopolis is a significant provider of conference services. Its technology centers in Oulu, Helsinki-Vantaa and Espoo offer a significant number of auditoriums and conference and sauna facilities. Approximately 100 different-sized and equipped facilities are available, suitable for seminars, negotiations, meetings or even celebrations. The facilities are equipped with state-of-the-art conference technology, some of which is connected to a SmartLAN, enabling wireless connection to the Internet. High class restaurant services are also available for all conference facilities.

• FM (Facility management)

Facility management comprises the comprehensive management and maintenance of facilities. Technopolis handles all FM activities on behalf of its customer companies in a cost-efficient and professional manner, thus freeing up customer resources. Technopolis assumes responsibility for many facility management tasks, from the arrangement of cleaning services to monitoring the quality of indoor air, from repair and conversion work to other management services.

• Network of partners

Through its network of partners, Technopolis significantly broadens the scope of business and personal services available at its technology centers. Technopolis evaluates potential partners and accepts only those it considers good and reliable, and whose quality is proven. The scores of companies included in the partner network provide a multitude of skills, services skills and services.

Technopolis' state-of-the-art conference rooms provide perfect surroundings for successful meetings.

DEVELOPMENT SERVICES AND PROGRAMS

Technopolis' development services and programs are focused on many areas of industrial and business competence. Their purpose is to serve the needs of Technopolis' customer companies. They improve the competitiveness of companies and their ability to forecast the future, promote internationalization and lay the foundations for business success. At the same time they enable effective cooperation between companies.

Technopolis' key development services and programs comprise the Oulu Region Centre of Expertise program, the Vantaa Hi-Tech Program and the Otaniemi Science Park business development programs. All programs provide customer companies with concrete benefits and practical development tools.

In addition to supplying versatile development services and programs, Technopolis strives in many other ways to improve the operating environment of its customers. Its technology centers offer corporate consulting services and help in creating business plans and organizing financing. The centers also host a number of specialist companies from different fields, offering easy access to their services.

Another important element is the informal networking that constantly takes place in Technopolis' technology centers. Being a hub of enterprise, training and research from different fields, the Technopolis centers form an exceptionally creative and fertile platform for cooperation and interaction.

EXAMPLES OF TECHNOPOLIS' DEVELOPMENT SERVICES AND PROGRAMS

• Octopus

Octopus is a unique environment for developing mobile applications and services, coordinated by Mobile Forum, part of the Oulu Region Centre of Expertise Program. During 2003, the project was marketed and the development platform opened to customer companies, which to date have developed, tested and commercialized more than 50 innovative mobile applications that run in the Octopus environment. As results have been promising, the parties signed a letter of intent at the end of 2003 to continue the project.

• Training and testing plant for electronics manufacture

The second stage of Technopolis Helsinki-Vantaa, which will be completed in the spring of 2004, will host the EVITech (Espoo-Vantaa Institute of Technology) training and testing plant for electronics manufacture. The plant hosts cleanroom facilities and, in addition to EVITech, will be used by technology companies, universities and colleges. The plant conducts research and development, trains specialists and manufactures tailored components needed by companies.

• Otaniemi Science Park

An essential part of the technology centers are the business incubator operations and related Technopolis business development programs for new and growing companies. Otaniemi Science Park, located in Technopolis Espoo Innopoli, operates successfully as an enterprise generator, helping entrepreneurs to turn their business ideas into winning products. Technopolis intends to transfer the operating model developed in Otaniemi for utilization in other Technopolis centers, too.

Technopolis' development services promote the competitiveness of companies and international networking.

BOARD OF DIRECTORS' REPORT, JAN 1 - DEC 31, 2003

Technopolis is Finland's largest provider of high-tech operating environments, with a service concept combining premises, business services and development programs.

The net sales of the Technopolis Group grew to EUR 28.5 million in 2003, an increase of 25.8 % on the previous year. The company's profit before extraordinary items was EUR 8.1 million, up by 33.8 %. Technopolis Plc's Board of Directors proposes a dividend distribution of EUR 0.25 per share, totaling 70 % of the net profit. In 2004 the company expects its net sales to increase by 2 - 5 % and its net profit by 7 - 10 %. The company estimates that earnings per share will be EUR 0.38 - 0.39.

Business environment

The general situation regarding high-tech operating environments continued to be quite challenging in 2003. Some companies in the sector had to adjust their premises for lower personnel numbers. Due to Technopolis' overall concept, the Group's occupancy rate remained relatively high despite the challenging market, standing at 96.9 % at the end of the year.

In the Oulu region, the occupancy rate remained relatively high, totaling 98.0 % at the end of 2003. The unique location of Technopolis Helsinki-Vantaa and the overall concept enabled Technopolis to raise the occupancy rate of the first stage building to 92.6 % by year's end. The occupancy rate of Technopolis Espoo Innopoli developed positively, reaching 89.2 % for the facilities under the Group's rental responsibility by year's end.

Results

The net sales and operating profit of the Technopolis Group developed positively in 2003.The consolidated net sales were EUR 28.5 million (EUR 22.6 million in 2002), an increase of 25.8 % on the previous year. Operating profit for the year was EUR 11.6 million (EUR 10.0 million), up by 15.5 %. Profit before extraordinary items was EUR 8.1 million (EUR 6.0 million), an increase of 33.8 %. The company's equity to assets ratio at the end of 2003 was 35.2 % (36.7 %). Earnings per share were EUR 0.36 (EUR 0.29). The company's Board of Directors proposes a dividend distribution of EUR 0.25 per share (EUR 0.25), totaling 70 % of the net profit. Based on the proposal, the effective dividend yield is 6.5 % calculated from the year's closing share price of EUR 3.85.

Rent income accounted for EUR 23.9 million (EUR 18.9 million) of net sales, while service income accounted for EUR 4.6 million (EUR 3.7 million). Rent income increased by 26.2 % from the corresponding period of the previous year. Depreciation according to plan totaled EUR 4.4 million (EUR 3.3 million), an increase of 33.4 %. The balance sheet total was EUR 179.2 million (EUR 143.7 million), an increase of 24.7 %.

Structure of net sales

The business of the Technopolis Group was divided between group companies as follows:

EUR mill.	Parent company	Innopoli Group	Medipolis Ltd
Net sales	20.61	5.21	1.64
Other income	3.87	1.77	0.02
Planned depreciation	-3.07	-1.11	-0.35
Operating expenses	11.83	-5.64	-0.77
Operating profit	9.58	0.21	0.54
Net financial costs	-2.97	-0.41	-0.19
Net profit	3.74	-0.20	0.23

The Technopolis Group includes Innopoli Ltd and its fully-owned subsidiary Otaniemi Science Park Ltd (97.5 % owned by Technopolis) and Medipolis Ltd and its fully-owned subsidiary Medipolis GMP Oy (55.7 % owned by Technopolis). Also part of the Group is Technopolis Hitech Ltd, a fully-owned subsidiary. The Group's affiliated companies include Oulutech Ltd (30 % holding), Ii Micropolis Oy (25.7 % holding) and Technocenter Kempele Oy (48.5 % holding). In addition, the Group has smaller subsidiaries and affiliates.

EUR 8.8 million of the EUR 11.6 million badwill (negative consolidation difference) arising from the Innopoli arrangements has been allocated to buildings, with the remainder being allocated to earlier agreements made by the Innopoli Group. The badwill allocated to buildings will be recognized in accordance with the remaining 40-year depreciation period of the buildings. The remaining EUR 2.7 million will be recognized in 2003 and 2004.

At the end of the year, the Group's property for leasing comprised 40 properties with a total rentable area of 188,000 floor square meters (154,000 floor square meters on Dec 31, 2002). The end-of-year occupancy rate was 96.9 % (98.7 %). The Group's lease portfolio, which is mainly based on fixed-term leases, totaled EUR 69.7 million (EUR 72.4 million). 88.5 % of the lease portfolio based on fixed-term leases ends at the earliest in the years 2006 - 2019.

Capital expenditure

The first stage of Technopolis Helsinki-Vantaa was completed in June. The size of the building is 8,000 gross square meters and the investment was EUR 11.4 million.

In March, the Board of Directors decided to begin construction on the second stage of Technopolis Helsinki-Vantaa. The size of the stage is about 6,300 gross square meters and the investment including the parking building will amount to about EUR 7.7 million. Two thirds of the premises to be constructed have been rented on a 15-year contract to the Espoo-Vantaa Institute of Technology for use in training and as a testing plant for electronics manufacture.

Technopolis' project to build a new technology center in the Oulu City center is in the architectural competition stage. The deadline for proposals was the end of 2003, and the competition results were announced on Jan 30, 2004. After the competition, detailed designs for the project were begun. The size of the first stage of the center is 7,000 square meters. The company aims to complete the first stage in 2004.

Events related to the company's shares

The company's share was quoted on the main list of the Helsinki Exchanges, in the Investment group. The share price varied between EUR 2.67 and EUR 4.15 in 2003. The average price for 2003 was EUR 3.09. The closing trading price on Dec 30, 2003 was EUR 3.85. The trading volume was EUR 11,246,900.

In 2003, Technopolis Plc continued the exchange offer first made in November 2002, based on the initiative of Innopoli Ltd's majority owners, with a view to acquiring all of Innopoli's shares.

The extended exchange offer expired on Jan 10, 2003, by which time 97.5 % of all Innopoli shareholders had accepted it. The number of new Technopolis shares offered to the Innopoli shareholders was equivalent to 12.5 % of Technopolis' total shares after execution of the share offering. After the acceptance of subscriptions, the ownership rights to 1,378,229 Innopoli shares, corresponding to 97.45 % of all Innopoli shares, were transferred to Technopolis.

The company's Board of Directors decided to raise the company's share capital in two lots, in relation to the exchange offer. The first lot of the share capital increase was entered in the Trade Register on Jan 27, 2003, and the new shares were accepted for trading on the Helsinki Exchanges on Jan 29, 2003, in their own series (Technopolis uudet) until April 1, 2003, when the dividend for the 2002 financial year was paid for the old shares. The second increase and parts of the first, totaling EUR 140,629.97 i.e. 83,213 shares, were entered in the Trade Register on Oct 3, 2003. After the increases, the company's share capital totals EUR 28,107,743.69, divided into 16,631,801 shares with a counter-book value of EUR 1.69. The new shares corresponding with the second increase were accepted for trading together with the old shares on Oct 6, 2003.

At the end of 2003, the company had 3,088 shareholders. Households held 45.8 % of the total shares. 0.25 % of the shares were held by foreign parties or were nominee-registered.

No convertible bonds were launched. The company has not redeemed its own shares.

The company abides by and applies the insider guidelines prepared by the Helsinki Exchanges for listed companies on Oct 28, 1999, and will implement, from July 1, 2004, the Corporate Governance Recommendation for Listed Companies published in Dec 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

Financing

The Group's net financial expenses were EUR 3.5 million (EUR 4.0 million). The Group's balance sheet total was EUR 179.2 million (EUR 143.7 million), of which liabilities accounted for EUR 116.2 million (EUR 91.0 million). The Group's equity to assets ratio was 35.2 % (36.7 %). The Group's equity per share was EUR 3.51 (EUR 3.33).

The Group's long-term liabilities at the end of 2003 amounted to EUR 81.9 million (EUR 75.1 million). The average interest rate for loans on Dec 31, 2003 was 3.82 %. Due to the interest rate risk related to these loans, a policy of diversification has been followed. On Dec 31, 2003, 46.9 % of the company's loans were bound to the 6 - 12 month Euribor rate. 53.1 % of the loans were fixed-interest loans of 24 - 60 months. The average outstanding loan period was 7.4 years.

Technopolis supplements its finance with a EUR 30 million domestic commercial paper program which allows the company to issue commercial papers with a maturity of less than a year. On Dec 31, 2003, the issued commercial papers totaled EUR 19.9 million.

In October, Technopolis Plc signed a EUR 45 million financing agreement with the European Investment Bank (EIB). According to the agreement, the EIB will finance the future expansion projects of Technopolis through 20-year loans.

Organization and personnel

At the end of the financial year, the company's Board of Directors comprised Kari Nenonen (Chairman), Pertti Voutilainen (Vice Chairman) and the following elected members: Juha Hulkko, Marketta Kokkonen, Lauri H.J. Lajunen, Timo Parmasuo and Pertti Rantanen. The company's auditor was Ernst & Young Oy, Authorized Public Accountants, with Rauno Sipilä, APA, as the responsible auditor.

During the financial year, the Group employed an average of 95 (69) people. 18 (15) persons were employed in jobs related to premises activities, 32 (34) persons in business services and 45 (20) persons in development services.

Development activity
The Group was responsible for the implementation of the Oulu Region Centre of Expertise program and the Vantaa Hi-Tech Program. Expenses paid via the Group for development programs in 2003 amounted to EUR 5.4 million, with the corresponding incomes being entered as other operating income. As the development programs are non-profit by nature, they did not have an effect on the Group's result.

Decisions of the Annual General Meeting
The Annual General Meeting held on March 27, 2003 confirmed the consolidated and parent company income statements and balance sheets for the 2002 financial year, released those responsible for accounts from further liability and decided on the distribution of a dividend of EUR 0.25 per share for the year ended Dec 31, 2002. The Annual General Meeting also authorized the Board of Directors to decide on a rights offering and issue of convertible bonds.

Events after the financial year
In January, Medipolis GMP Ltd, a service company owned by Medipolis Ltd, a part of the Technopolis Group, warned its 13 personnel of possible lay-offs. In February, the company adapted its operations by laying off five of its 13 employees full-time and three part-time. The reason for the lay-offs is the delay in making a new customer agreement. Medipolis GMP Ltd's customers are Finnish and foreign drug development companies. The difficulties faced by Medipolis GMP Ltd are not estimated to have any material effect on the Group's financial results due to the non-profit nature of the company's operations and its limited role in the Group.

Technopolis Plc, the City of Espoo and other shareholders are starting up a joint venture called Otaniemen kehitys Oy. Technopolis will have a 25 % holding in the company and the City of Espoo 40 %. Other central members of the Otaniemi scientific community will participate in the project as small owners.

Outlook for the future
The management of Technopolis Plc estimates that in 2004 the demand for high tech operating environments will be satisfactory and that the occupancy rate of the Group's facilities and the demand for the Group's services will both remain good. The Group expects its net sales to increase by 2 - 5 % and its net profit by 7 - 10 % in 2004, compared to the previous year. Earnings per share are estimated to total EUR 0.38 - 0.39.

The Group is protected against fluctuations in the business cycle by fixed-term leases which totaled EUR 69.7 million on Dec 31, 2003. 88.5 % of the lease portfolio based on fixed-term leases ends at the earliest in the years 2006 - 2019.

The company's financial performance is dependent on trends in the general operating environment, in customer business and in the financial markets. Factors in these areas may affect the company's result through changes in occupancy ratios, the use of services, financing costs and office rent levels.

Currency unit: EUR 1 000

KEY INDICATORS AND FINANCIAL RATIOS

	2003	2002	2001	2000	1999
Summary of income statement					
Net sales	28 479	22 643	20 133	16 960	12 260
Rent income	21 892	17 697	15 589	12 486	9 257
Sub-rent income	2 000	1 238	1 215	1 096	1 104
Total rent income	23 892	18 935	16 804	13 582	10 360
Service income	4 587	3 708	3 329	3 376	1 900
Other operating income	5 621	2 666	2 896	2 584	2 192
Gross margin	15 067	13 316	12 688	10 825	7 419
Operating profit	11 579	10 027	9 721	8 426	5 636
Income after financial items	8 068	6 030	5 755	5 325	3 847
Net profit for the year	5 945	4 127	4 101	3 697	2 856
Summary of balance sheet					
Total assets	179 229	143 695	130 107	113 286	89 444
Buildings and structures	151 789	119 167	116 008	97 229	73 763
Financial securities, cash & bank	1 616	2 767	1 690	1 911	2 586
Shareholders' equity	56 602	48 612	40 544	34 270	32 439
Interest-bearing liabilities	107 740	83 334	79 962	69 973	49 488
Key indicators and financial ratios					
Change in net sales, %	25.77	12.47	18.71	38.33	35.98
Operating profit/net sales, %	40.66	44.28	48.28	49.68	45.97
Return on equity (ROE), %	10.38	8.92	9.95	10.17	8.76
Return on investment (ROI), %	7.74	7.83	8.52	8.79	7.43
Equity to assets ratio, %	35.21	36.70	34.15	33.59	40.44
Net debt/equity, %	168.45	153.03	176.37	179.17	129.96
Interest margin, %	312.38	244.81	238.98	267.22	303.65
Employees in Group companies	95	69	65	52	31
Share-related indicators					
Earnings/share, EUR	0.36	0.29	0.36	0.37	0.27
Earnings/share, adjusted for dilutive effect, EUR	0.36	0.29			
Equity/share, EUR	3.51	3.33	3.47	3.42	3.23
Dividend/share, EUR	0.25*	0.25	0.25	0.25	0.19
Issue-adjusted no. of shares, average	16 569 106	14 064 950	11 151 451	10 033 500	9 355 538
Issue-adjusted no. of shares on Dec 31	16 631 801	14 599 375	11 679 500	10 033 500	10 033 500
Real estate portfolio indicators					
Book value of real estate portfolio	159 429	124 859	121 659	102 690	76 783
Net investments in real estate portfolio	38 536	6 025	21 531	26 765	18 996
Net investments in real estate portfolio (incl. projects in progress)	39 891	15 156	20 156	25 253	20 310
Net yield of book value of real estate	10.17	11.30	11.42	11.82	11.28
Other key indicators and financial ratios					
Price/earnings (P/E) ratio	10.73	10.16	8.80	7.65	10.75
Dividend payout ratio, %	69.68*	85.21	70.08	67.86	67.62
Effective dividend yield, %	6.49*	8.39	7.96	8.87	6.29
Market capitalization of shares, EUR	64 032 434	43 506 138	36 673 630	28 294 470	29 498 490
Share turnover	3 640 689	1 674 781	2 812 126	3 507 575	1 406 863
Share turnover/ave. no. of shares, %	21.97	11.91	25.22	34.96	14.02
Share prices, EUR					
Highest price	4.15	3.32	3.25	3.92	3.60
Lowest price	2.67	2.60	2.50	2.75	2.35
Average price	3.09	2.91	2.83	3.09	2.86
Price on Dec 30	3.85	2.98	3.14	2.82	2.94

* Proposal for distribution of dividends

Currency unit: EUR

CONSOLIDATED INCOME STATEMENT

	1.1. - 31.12.2003	1.1. - 31.12.2002
Net sales	28 479 072	22 643 214
Other operating income	5 621 167	2 666 176
Personnel expenses	-4 591 362	-3 065 178
Depreciation and write-downs	-4 387 838	-3 289 490
Decrease in consolidation difference	900 000	
Other operating expenses	-14 441 797	-8 927 881
Operating profit	11 579 243	10 026 841
Financial income and expenses	-3 591 809	-4 085 124
Share of profits of affiliated companies	80 453	87 965
Profit before extraordinary items	8 067 887	6 029 683
Extraordinary items		
Profit before appropriations and taxes	8 067 887	6 029 683
Direct taxes	-2 068 784	-1 702 448
Minority interests	-54 461	-200 645
Net profit for the year	5 944 643	4 126 590

Currency unit: EUR

CONSOLIDATED BALANCE SHEET

	31.12.2003	31.12.2002
ASSETS		
Non-current assets		
Intangible assets	619 152	581 121
Tangible assets	172 742 349	137 481 721
Holdings in affiliated companies	832 558	814 535
Other shareholdings	212 852	215 254
Total non-current assets	174 406 912	139 092 631
Current assets		
Short-term receivables	3 205 740	1 835 523
Cash and bank	1 616 193	2 766 857
Total current assets	4 821 932	4 602 380
TOTAL ASSETS	179 228 844	143 695 011

	31.12.2003	31.12.2002
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	28 107 744	24 672 944
Premium fund	16 054 368	13 798 375
Revaluation fund	412 382	412 382
Other funds	19 176	19 176
Retained earnings	6 063 751	5 582 048
Net profit for the year	5 944 643	4 126 590
Total shareholders' equity	56 602 063	48 611 515
Minority interests	4 559 457	4 036 917
Consolidated difference	1 840 000	
Liabilities		
Deferred taxes	2 815 809	2 350 824
Long-term liabilities	79 038 892	72 733 102
Short-term liabilities	34 372 623	15 962 653
Total liabilities	116 227 324	91 046 579
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	179 228 844	143 695 011

Currency unit: EUR

CONSOLIDATED STATEMENT OF CASH FLOWS

	1.1. - 31.12.2003	1.1. - 31.12.2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	11 579 243	10 026 841
Depreciation and decrease in consolidation difference	3 487 838	3 289 490
Increase/decrease in working capital	-1 375 867	1 190 001
Interests received	33 714	75 696
Interests paid and payments	-3 989 435	-4 132 151
Income from other investments of non-current assets	12 072	3 000
Taxes paid	-1 598 858	-1 131 806
Net cash provided by operating activities	8 148 707	9 321 071
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	85 753	8 409
Investments in tangible and intangible assets	-12 728 451	-15 649 657
Acquisition of subsidiaries	-30 393	
Net cash used in investing activities	-12 673 091	-15 641 248
Net cash before financing activities	-4 524 384	-6 320 177
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	2 150 000	10 969 235
Decrease in long-term loans	-11 026 436	-11 514 398
Dividends paid	-3 649 844	-2 919 875
Paid share issues		6 861 706
Change in short-term loans	15 900 000	4 000 000
Net cash provided by financing activities	3 373 720	7 396 668
Net increase/decrease in cash assets	-1 150 664	1 076 491
Cash assets on January 1	2 766 856	1 690 365
Cash assets on December 31	1 616 193	2 766 856

Currency unit: EUR

PARENT COMPANY INCOME STATEMENT

	1.1. - 31.12.2003	1.1. - 31.12.2002
Net sales	20 608 838	17 650 820
Other operating income	3 868 589	2 829 600
Personnel expenses	-2 585 065	-1 355 728
Depreciation and write-downs	-3 075 082	-2 765 381
Other operating expenses	-9 241 038	-7 288 842
Operating profit	9 576 243	9 070 469
Financial income and expenses	-2 968 389	-3 299 962
Profit before extraordinary items	6 607 854	5 770 507
Extraordinary items	165 000	
Profit before appropriations and taxes	6 772 854	5 770 507
Appropriations	-1 476 365	-1 773 936
Direct taxes	-1 557 659	-1 005 771
Net profit for the year	3 738 830	2 990 801

Currency unit: EUR

PARENT COMPANY BALANCE SHEET

	31.12.2003	31.12.2002
ASSETS		
Non-current assets		
Intangible assets	370 582	431 574
Tangible assets	132 126 448	122 222 625
Holdings in Group companies and affiliated companies	14 141 627	5 798 931
Other shareholdings	148 895	196 989
Total non-current assets	146 787 553	128 650 118
Current assets		
Short-term receivables	2 141 452	1 408 231
Cash and bank	524 498	1 964 706
Total current assets	2 665 950	3 372 937
TOTAL ASSETS	149 453 502	132 023 056

	31.12.2003	31.12.2002
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	28 107 744	24 672 944
Premium fund	16 028 106	13 772 113
Retained earnings	475 500	1 134 543
Net profit for the year	3 738 830	2 990 801
Total shareholders' equity	48 350 180	42 570 400
Accumulated appropriations	9 144 227	7 667 862
Liabilities		
Long-term liabilities	61 131 819	66 787 339
Short-term liabilities	30 827 277	14 997 455
Total liabilities	91 959 096	81 784 794
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	149 453 502	132 023 056

Currency unit: EUR

PARENT COMPANY STATEMENT OF CASH FLOWS

	1.1. - 31.12.2003	1.1. - 31.12.2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	9 576 243	9 070 469
Depreciation	3 075 082	2 765 381
Increase/decrease in working capital	-1 500 813	987 007
Interests received	79 815	195 048
Interests paid and payments	-3 373 677	-3 811 990
Dividends received	3 608	316 980
Taxes paid	-1 557 659	-1 005 771
Net cash provided by operating activities	6 302 599	8 517 124
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-2 328 998	6 019
Investments in tangible and intangible assets	-12 596 049	-15 676 349
Net cash used in investing activities	-14 925 047	-15 670 330
Net cash before financing activities	-8 622 448	-7 153 206
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	2 150 000	10 969 235
Decrease in long-term loans	-7 217 916	-11 002 195
Dividends paid	-3 649 844	-2 919 875
Paid share issues		6 861 706
Change in short-term loans	15 900 000	4 000 000
Net cash provided by financing activities	7 182 240	7 908 871
Net increase/decrease in cash assets	-1 440 208	755 665
Cash assets on January 1	1 964 706	1 209 041
Cash assets on December 31	524 498	1 964 706

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

Scope of consolidated financial statements
The consolidated financial statements include the parent company Technopolis Plc and those subsidiaries in which the parent company directly or indirectly controls more than 50 % of the voting rights produced by the shares. Affiliated companies are primarily those in which the parent company controls 20 - 50 % of the voting rights and holds more than 20 % of the shares.

The subsidiaries Innopoli Ltd., Otaniemi Science Park Ltd., Medipolis Ltd, Technopolis Hitech Ltd, Oulun Teknoparkki Oy, Kiinteistö Oy Oulun Moderava, Kiinteistö Oy Oulun Mediaani and Medipolis GMP Oy are included in the consolidated financial statements. The subsidiary Tekno-Tennis Oy has not been included in the consolidated financial statements due to lack of activities. OuluTech Oy, Ii Micropolis Oy and Technocenter Kempele Oy are included in the financial statements as affiliated companies.

Principles of consolidation
All intra-Group transactions, internal margins on fixed assets, internal receivables and liabilities and internal profit distribution have been eliminated in the consolidation process. Minority interests are presented separately in the consolidated balance sheet and income statement. The acquisition method has been used in eliminating the mutual shareholdings of Group companies. The goodwill arising from the acquisition of Kiinteistö Oy Oulun Moderava has been allocated to buildings. Part of the badwill arising from the acquisition of the Innopoli Group has been allocated to buildings and the remaining consolidation difference will be recognized during 2003 and 2004. Affiliated companies have been treated using the equity method of accounting. A share of the net profit for the year of affiliated companies, corresponding to the ownership percentage, has been presented as financial income in the consolidated statements.

Comparability with the figures of the previous financial year
The Innopoli Group is included in the figures for the 2003 financial year from Jan 1, 2003.

Other operating income
The business subsidies received for certain development projects have been entered in other operating income. Correspondingly, the expenses relating to the development projects have been entered as other operating expenses and personnel expenses.

Capitalization of construction period interest expenses
Construction period interest expenses were capitalized in existing and unfinished buildings in the 2003 financial year.

Valuation of fixed assets
Intangible and tangible assets are stated in the balance sheet at cost, less accumulated depreciation. Fixed assets are valued in variable expenses. Existing and unfinished buildings also include interest expenses capitalized in the 2003 financial year. The book value of buildings includes a revaluation of EUR 1,042,765, originating from a subsidiary. A deferred tax liability of EUR 0.17 million has been transferred, after deducting minority interests, from the revaluation fund to long-term liabilities.

In the parent company financial statements, the depreciation difference is presented in the income statement as appropriations, while the accumulated depreciation difference is presented in the balance sheet as accumulated appropriations. In the consolidated financial statements, the accumulated depreciation difference is divided between shareholders' equity and tax liabilities.

A depreciation plan is used to determine the depreciation of fixed assets. The depreciation based on estimated economic lifetimes is as follows:

	2003	2002
Intangible rights	20 %	20 % straight-line depreciation
Other long-term expenditure	10 %	10 % straight-line depreciation
Buildings and structures (stone or similar)	2.0 - 2.5 %	2.0 - 2.5 % straight-line depreciation
Buildings and structures (wooden)	3 %	3 % straight-line depreciation
Machinery and equipment	15 - 25 %	15 - 25 % depreciation from book value

The subsidiary, Medipolis Ltd, applies a depreciation plan which differs from that of the parent company, i.e. 15 % depreciation from book value with regard to machinery and equipment.

Translation of foreign currency items
Foreign currency transactions are recorded at the rate of exchange prevailing on the date of each transaction. At the end of the financial year, unsettled foreign currency transaction balances are valued at the average rates of the balance sheet date.

Direct taxes
The direct income taxes for the financial year are accrued and written into the income statement. The change in deferred tax liabilities and assets is entered in the consolidated financial statements and calculations are made of accrual differences and other temporary differences in accordance with alternative 2 of the guidelines of the Finnish Accounting Standards Board. The deferred tax liabilities and assets are not written into the parent company balance sheet. Deferred taxes are calculated according to the tax rates on the balance sheet date. In the consolidated balance sheet the deferred tax liabilities and assets are netted and detailed in the notes to the balance sheet. The tax assets outstanding at the end of the financial year originate from unused depreciation in taxation.

Currency unit: EUR

NOTES CONCERNING THE INCOME STATEMENT

	Group 2003	2002	Parent company 2003	2002
Net sales by business area				
Rent income	23 892 149	18 935 359	18 301 772	17 447 434
Service income	4 586 923	3 707 855	2 307 066	203 386
Net sales	28 479 072	22 643 214	20 608 838	17 650 820
Other operating income				
Development projects	5 595 593	2 666 176	3 865 928	2 287 474
Merger profit	25 575		2 661	542 126
Other operating income	5 621 167	2 666 176	3 868 589	2 829 600
Personnel expenses				
Salaries and fees	3 624 637	2 401 738	1 939 663	1 026 548
Pensions	597 313	405 516	322 790	175 378
Indirect employee costs	369 412	257 925	322 612	153 802
Total	4 591 362	3 065 178	2 585 065	1 355 728
Average number of employees	95	69	51	21
Salaries of CEO and Board members				
President and CEO	402 755	379 348	191 920	193 484
Members of the Board	78 340	62 220	53 550	46 260

In 2003, the President and CEO received a basic salary with fringe benefits totaling EUR 163,690, and annual bonuses and other fees totaling EUR 48,460. The President and CEO's individual pension insurance payments for 2003 totaled EUR 6,048. The President and CEO has received 240,000 options issued under the company's 2001 options program. The notice period of the President and CEO's service agreement is six months.

The Board of Directors convened 11 times in 2003, with members receiving meeting fees totaling EUR 53,550.

	Group 2003	2002	Parent company 2003	2002
Depreciation according to plan and write-downs				
Depreciation of tangible and intangible assets	4 387 838	3 289 490	3 075 082	2 765 381
Decrease in consolidation difference	900 000			
Financial income and expenses				
Dividend income				
From Group companies				314 580
From others	5 299	3 000	3 608	2 400
Other interest income				
From Group companies			61 605	4 378
From others	55 779	75 695	18 211	61 230
Other financial income				
From Group companies				128 490
From shares of profits of affiliated companies	80 453	87 965		
From others	145 952			949
Write-downs of non-current asset investments	-111 693		-108 094	
Interest and other financial expenses				
To others	-3 687 145	-4 163 819	-2 943 719	-3 811 990
Total financial income and expenses	-3 511 356	-3 997 159	-2 968 389	-3 299 962
Exchange rate losses from earlier years included in "Interest and other financial expenses"	-31 668	-63 336		
Extraordinary items				
Group contribution			165 000	
Appropriations				
Depreciation difference			1 476 365	1 773 936
Direct taxes				
Income tax from extraordinary items			47 850	
Income tax from actual operations	1 596 413	1 131 806	1 509 809	1 005 771
Change in deferred tax liabilities	472 371	570 642		
Total	2 068 784	1 702 448	1 557 659	1 005 771

Currency unit: EUR

NOTES CONCERNING BALANCE SHEET ASSETS

	Group 2003	2002	Parent company 2003	2002
Changes in non-current assets				
Intangible rights				
Acquisition cost, Jan 1	132 221	97 309	79 291	34 578
Increases	33 590	34 912	31 273	44 713
Accumulated depreciation, Jan 1	-99 327	-65 468	-55 106	-26 906
Depreciation for the year	-23 166	-33 859	-16 108	-28 200
Intangible rights, Dec 31	43 318	32 894	39 350	24 185
Other long-term expenditure				
Acquisition cost, Jan 1	1 047 607	846 551	845 510	595 229
Increases	176 397	201 056	30 606	250 281
Accumulated depreciation, Jan 1	-499 381	-372 570	-438 122	-277 352
Depreciation for the year	-148 789	-126 811	-106 762	-160 770
Other long-term expenditure, Dec 31	575 834	548 226	331 232	407 389
Land areas				
Acquisition cost, Jan 1	9 763 312	3 224 634	7 785 956	1 247 277
Increases		6 538 678		6 538 678
Revaluation 1997	1 042 765	1 042 765		
Connection fees	1 424 437	1 383 138	1 341 938	1 305 460
Increases	611 434	41 299	378 627	36 479
Land areas, Dec 31	12 841 948	12 230 514	9 506 521	9 127 894
Buildings and structures				
Total acquisition cost, Jan 1	132 190 680	126 190 510	119 424 470	113 424 299
Increases	45 187 580	6 000 170	10 480 740	6 000 170
Accumulated depreciation, Jan 1	-13 380 231	-10 573 132	-11 731 263	-9 189 983
Depreciation for the year	-3 972 141	-2 807 099	-2 713 525	-2 541 280
	160 025 888	118 810 450	115 460 421	107 693 207
Construction period interest, Jan 1		708 907		
Increases	25 177		25 177	
Accumulated depreciation, Jan 1		-685 277		
Depreciation for the year	-294	-23 630	-294	
Construction period interest, Dec 31	24 884		24 884	
Goodwill from construction, Jan 1	378 767	378 767		
Accumulated depreciation, Jan 1	-22 385	-11 363		
Depreciation for the year	-10 691	-11 022		
Goodwill from construction, Dec 31	345 690	356 382		
Badwill from construction, Jan 1				
Increases	-8 828 480			
Decrease in badwill	220 712			
Badwill from construction, Dec 31	-8 607 768			
Buildings and structures, Dec 31	151 788 694	119 166 831	115 485 305	107 693 207

Depreciation of construction period interest was included in "Other financial expenses" in the 2002 income statement.
Depreciation of capitalized interest is included in "Depreciation according to plan" in the 2003 income statement.

	Group 2003	2002	Parent company 2003	2002
Machinery and equipment				
Net expenditures, Jan 1	1 249 713	1 294 699	566 860	388 264
Increases	978 029	318 772	388 102	380 035
Decreases	-48 723	-37 722	-1 394	-11 605
Depreciation for the year	-486 757	-326 035	-238 392	-189 834
Machinery and equipment, Dec 31	1 692 262	1 249 713	715 176	566 860

Currency unit: EUR

	Group 2003	2002	Parent company 2003	2002
Advance payments and projects in progress				
Net expenditures, Jan 1	4 816 869	2 224 570	4 816 869	2 224 570
Capitalized interest expenses	296 687		296 687	
Increases/decreases	1 288 096	2 592 299	1 288 096	2 592 299
Projects in progress, Dec 31	6 401 651	4 816 869	6 401 651	4 816 869
Investments				
Holdings in Group companies				
Acquisition cost, Jan 1			5 022 388	5 023 499
Increases/decreases			6 068 310	-1 111
Holdings in Group companies, Dec 31			11 090 698	5 022 388
Holdings in affiliated companies				
Acquisition cost, Jan 1	706 371	706 371	706 371	697 962
Increases/decreases				8 409
Write-downs	-60 000		-60 000	
Group share of profit/loss	186 187	99 755		
Holdings in affiliated companies, Dec 31	832 558	806 126	646 371	706 371
Other shareholdings				
Acquisition cost, Jan 1	215 255	223 664	196 989	205 314
Increases/decreases	49 290	-8 409		-8 325
Write-downs	-51 693		-48 094	
Other shareholdings, Dec 31	212 852	215 255	148 895	196 989
Receivables from Group companies				
Loans, Jan 1			70 172	75 164
Increases			2 341 042	
Decreases			-6 656	-4 992
Receivables from Group companies, Dec 31			2 404 558	70 172
Investments, Dec 31	1 045 410	1 021 380	14 290 522	5 995 920

Currency unit: EUR

Shareholdings of parent company	End of financial year	Holding, %	Nominal value/ counter-book value	Book value
Holdings in Group companies				
Innopoli Ltd, 1 378 230 shares, Espoo	31.12.2003	97.5	13 782 300	6 068 310
Medipolis Ltd, 26 350 shares, Oulu	31.12.2003	55.7	4 431 752	4 431 752
Technopolis Hitech Ltd, 500 shares, Oulu	31.12.2003	100.0	50 000	63 304
Oulun Teknoparkki Oy, 100 shares, Oulu	31.12.2003	69.0	16 819	22 688
Kiinteistö Oy Oulun Moderava, 22 270 shares, Oulu	31.12.2003	100.0	3 786	496 214
Kiinteistö Oy Oulun Mediaani, 2 810 shares, Oulu	31.12.2003	100.0	8 430	8 430
Total				11 090 698
Holdings in affiliated companies				
OuluTech Ltd, 30 shares, Oulu	31.12.2003	30.0	5 046	33 806
Iin Micropolis Oy, 500 shares, Ii	31.12.2003	25.7	84 094	24 094
Technocenter Kempele Oy, 501 shares, Kempele	31.12.2003	48.5	125 250	588 471
Total				646 371
Other shareholdings				
Incap Oyj, 20 000 shares	31.12.2003	0.2	32 600	36 000
Oulun Puhelin Oyj, 22 500 shares	31.12.2003	0.06	11 250	51 079
Kiinteistö Oy Teknocent, 250 shares	31.12.2003	6.2	42 047	42 047
Tekno-Tennis Oy, 68 shares	31.10.2003	64.8	2 859	16 238
Nallikari-Tennis Oy, 20 shares	28.02.2003	0.9	3 027	3 196
Subscription rights				252
Share in Luottokunta cooperative				84
Total				148 895
Shareholdings of Group				
Holdings in affiliated companies				
OuluTech Oy, 30 shares		30.0	5 046	33 806
Group share of profit/loss				78 489
Iin Micropolis Oy, 500 shares		25.7	84 094	24 094
Group share of profit/loss				-84 094
Technocenter Kempele Oy, 501 shares		48.5	125 250	588 471
Group share of profit/loss				191 792
Total				832 558
Other shareholdings				
Incap Oyj, 20 000 shares		0.2	32 600	36 000
Oulun Puhelin Oyj, 30 000 shares		0.08	15 000	69 344
Kiinteistö Oy Teknocent, 250 shares		6.2	42 047	42 047
Tekno-Tennis Oy, 68 shares		64.8	2 859	16 238
Culminatum Ltd Oy, 90 shares		10.8	15 300	15 137
Elisa Corporation A, 2 250 shares		0.00	1 125	11 978
Jamera Networks Oy, 17 973 shares		1.4	180	11 858
Twinbic Oy, 200 shares		33.3	3 364	3 364
Otaverkko Oy, 75 shares		5.3	1 261	2 523
Other shares				4 364
Total				212 852

Currency unit: EUR

	Group 2003	2002	Parent company 2003	2002
Short-term receivables				
Sales receivables	1 393 149	833 779	715 037	615 222
Receivables from Group companies				
Sales receivables			164 527	42 224
Adjusting entries for assets			165 000	272
Receivables from affiliated companies				
Sales receivables	112	1 588	112	1 588
Adjusting entries for assets	1 807 179	1 000 157	1 091 476	748 925
Loans	5 300		5 300	
Total short-term receivables	3 205 740	1 835 523	2 141 452	1 408 231
Adjusting entries for assets				
Exchange rate losses on currency credits, Jan 1	31 668	95 004		
Decreases	-31 668	-63 336		
Exchange rate losses on currency credits, Dec 31		31 668		

Depreciation of capitalized exchange rate losses on currency credits is presented under "Financial expenses" in the income statement.
Exchange rate losses are depreciated annually based on loan periods.

Currency unit: EUR

NOTES CONCERNING BALANCE SHEET SHAREHOLDERS' EQUITY AND LIABILITIES

	Group 2003	2002	Parent company 2003	2002
Changes in shareholders' equity				
Share capital, Jan 1	24 672 944	19 738 355	24 672 944	19 738 355
Share issues	3 434 800	4 934 589	3 434 800	4 934 589
Share capital, Dec 31	28 107 744	24 672 944	28 107 744	24 672 944
Share issues, Jan 1				
Increases	5 690 793	6 861 706	5 690 793	6 861 706
Transfer to share capital	-3 434 800	-4 934 589	-3 434 800	-4 934 589
Transfer to premium fund	-2 255 993	-1 927 118	-2 255 993	-1 927 118
Share issues, Dec 31				
Premium fund, Jan 1	13 798 375	11 871 257	13 772 113	11 844 996
Issue premium	2 255 993	1 927 118	2 255 993	1 927 118
Premium fund, Dec 31	16 054 368	13 798 375	16 028 106	13 772 114
Revaluation fund, Jan 1	412 383	412 383		
Change in deferred tax liability				
Revaluation fund, Dec 31	412 383	412 383		
Other funds				
Building fund, Jan 1	19 176	5 872		
Increases		13 304		
Building fund, Dec 31	19 176	19 176		
Retained earnings, Jan 1	9 708 638	8 515 906	4 125 344	4 054 418
Other increases/decreases	4 956	-13 982		
Dividends distributed	-3 649 844	-2 919 875	-3 649 844	-2 919 875
Net profit for the year	5 944 643	4 126 590	3 738 830	2 990 801
Retained earnings, Dec 31	12 008 393	9 708 638	4 214 330	4 125 344
Shareholders' equity	56 602 063	48 611 516	48 350 180	42 570 401
Distributable funds				
Retained earnings	6 063 750	5 582 049	475 500	1 134 543
Net profit for the year	5 944 643	4 126 590	3 738 830	2 990 801
Accumulated depreciation difference and amount transferred to shareholders' equity from optional reserves	-6 548 776	-5 484 998		
Distributable funds	5 459 617	4 223 640	4 214 330	4 125 344

Revaluation

The value of a lot owned by Medipolis Ltd was raised by EUR 1,042,765 in 1997, based on a calculation of the probable sales price. Deferred tax liabilities of EUR 168,438 million (EUR 168,438 in 2002) have been transferred, after deducting minority interests, from the revaluation fund to long-term liabilities.

	Group 2003	2002	Parent company 2003	2002
Long-term liabilities				
Loans from financial institutions	78 018 556	71 420 455	60 195 577	65 851 097
Convertible bonds	84 094			
Deferred taxes	2 815 809	2 350 824		
Other liabilities	936 242	1 312 647	936 242	936 242
Total long-term liabilities	81 854 702	75 083 926	61 131 819	66 787 339

Currency unit: EUR

	Group 2003	2002	Parent company 2003	2002
Short-term liabilities				
Loans from financial institutions	9 737 204	7 473 969	7 687 789	7 100 185
Advances received	314 948	231 494	288 529	229 988
Accounts payable	1 396 952	2 160 723	1 022 549	1 938 938
Liabilities to Group companies				
Accounts payable			55 669	108 929
Adjusting entries for liabilities			4 030	
Liabilities to affiliated companies				
Accounts payable	24 384	167	24 384	167
Other short-term liabilities	20 815 931	4 419 238	20 265 867	4 231 432
Adjusting entries for liabilities	2 083 203	1 677 062	1 478 459	1 387 815
Total short-term liabilities	34 372 623	15 962 653	30 827 277	14 997 455
Deferred tax assets				
Deferred tax assets from accrued items		57 966		
Total		57 966		
Deferred tax liabilities				
From appropriations	2 647 371	2 240 352		
From other temporary items	168 438	168 438		
Total	2 815 809	2 408 789		
Deferred tax liabilities (net)	2 815 809	2 350 824		
Assets pledged and contingent liabilities				
Mortgages				
Loans from financial institutions	87 755 760	78 894 424	67 883 365	72 951 282
Mortgages	132 313 812	103 394 670	96 835 062	101 897 700
Rent liabilities				
Mortgages	456 825	456 825	456 825	456 825
Total mortgages	132 770 637	103 851 495	97 291 887	102 354 525
Pledged rent income				
Loans from financial institutions	2 453 562	3 343 970	2 453 562	3 343 970
Pledged rent income	777 499	770 791	777 499	770 791
Interest rate swaps in 2001 (fixed interest 5 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2002 (fixed interest 5 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2002 (fixed interest 3 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2003 (fixed interest 3 years)	1 464 599		1 464 599	
Interest rate swap values are nominal values.				
Other liabilities				
Liability for return of VAT, which is realized if properties are sold or their intended use is changed in the situations referred to in section 33 of the VAT Act.	21 061 539	19 177 970	20 538 214	19 177 970
Rent payment liabilities	584 790	676 831		
Collateral given on behalf of Group companies				
Guarantees			100 000	840 940
Collateral given on behalf of affiliated companies				
Guarantees	504 563	504 563	504 563	504 563
Leasing liabilities				
To be paid in the current financial year	18 591	25 289	17 591	
To be paid later	2 450	14 125	1 161	
Total leasing liabilities	21 041	39 413	18 752	

DEFINITIONS OF KEY INDICATORS AND FINANCIAL RATIOS

Return on equity (ROE), %

$$100 \times \frac{\text{Profit or loss before extraordinary items - Taxes}}{\text{Equity + Minority interests + Consolidation difference}}$$

Return on investment (ROI), %

$$100 \times \frac{\text{Profit or loss before extraordinary items + Interest and other financial expenses}}{\text{Total assets - Non interest-bearing liabilities}}$$

Equity to assets ratio, %

$$100 \times \frac{\text{Equity + Minority interests + Consolidation difference}}{\text{Total assets - Advances received}}$$

Net debt/equity, %

$$100 \times \frac{\text{Interest-bearing debt - Cash and bank and financial securities}}{\text{Equity + Minority interests + Consolidation difference}}$$

Interest margin, %

$$100 \times \frac{\text{Income before extraordinary items + Financial expenses}}{\text{Financial expenses}}$$

Earnings/share

$$\frac{\text{Profit before extraordinary items - Taxes +/- Minority interests}}{\text{Average issue-adjusted number of shares during year}}$$

Equity/share

$$\frac{\text{Equity + Consolidation difference}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Dividend/share

$$\frac{\text{Dividend}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Dividend payout ratio, %

$$100 \times \frac{\text{Dividend/share}}{\text{Earnings/share}}$$

Price/earnings (P/E) ratio

$$\frac{\text{Issue-adjusted share price on Dec 31}}{\text{Earnings/share}}$$

Effective dividend yield, %

$$100 \times \frac{\text{Issue-adjusted dividend/share}}{\text{Issue-adjusted share price on Dec 31}}$$

Net rent income ratio, %

$$100 \times \frac{\text{Rent income (from Group-owned properties) - Direct expenses (from Group-owned properties)}}{\text{Average book value of real estate portfolio during year}}$$

Floor area occupancy ratio, %

$$100 \times \frac{\text{Total rented floor area (floor square meters)}}{\text{Total rentable floor area (floor square meters)}}$$

SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its domicile is Oulu, Finland. It was entered in the Trade Register on Sept 16, 1982 under the name Oulun Teknologiakylä Oy (reg. no. 309.397). It became a public limited company on Nov 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1998, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis' shares are quoted on the main list of the Helsinki Exchanges, in the Investment group. A trading lot is 200 shares.

Shares and share capital

According to its Articles of Association, Technopolis Plc's share capital is EUR 15,000,000 at minimum and EUR 60,000,000 at maximum, within which limits it may be increased or decreased without amending the Articles of Association. The company's registered, fully paid share capital on Dec 31, 2003 was EUR 28,107,743.69, divided into 16,631,801 shares with a counter-book value of EUR 1.69. The company's shares have been in the book-entry system since March 7, 1998. The company has one share series. Each share gives the right to one vote at a General Meeting.

Increases in share capital

	Share capital	Nominal value/ counter-book value of shares	Number	Entered in the register
Company foundation	336,375.80	168.19	2,000	16.9.1982
Increase in share capital	1,345,503.40	168.19	8,000	22.5.1986
Increase in share capital	2,691,006.80	168.19	16,000	10.2.1988
Increase in share capital	4,372,886.10	8.41	520,000	28.3.1990
Increase in share capital	6,392,654.90	8.41	760,180	10.4.1991
Increase in share capital	8,092,362.10	8.41	962,300	7.3.1996
Increase in share capital	14,063,033.50	1.68	8,361,500	26.11.1998
Increase in share capital	16,875,135.60	1.68	10,033,500	8.6.1999
Increase in share capital	16,956,615.00	1.69	10,033,500	7.4.2000
Increase in share capital	19,488,235.00	1.69	11,531,500	20.4.2001
Increase in share capital	19,738,355.00	1.69	11,679,500	8.10.2001
Increase in share capital	24,672,943.75	1.69	14,599,375	2.4.2002
Increase in share capital	27,967,113.72	1.69	16,548,588	27.1.2003
Increase in share capital	28,107,743.69	1.69	16,631,801	3.10.2003

Acquiring the shares of Innopoli Ltd

In Oct 2002, Technopolis offered to acquire the shares of Innopoli Ltd after Innopoli's main owners had reached a joint understanding on the terms of the sale, and Technopolis' Board of Directors had accepted their proposal. Technopolis offered, as a consideration for each Innopoli share, 1.47469 new shares of the company with a counter-book value of EUR 1.69. By the end of the offer period on Dec 16, 2002, 92.78 % of Innopoli's shareholders had accepted the exchange offer. The Board decided to extend the offer period to Jan 10, 2003, by which time Innopoli shareholders representing 97.5 % of all Innopoli shares had accepted.

An Extraordinary General Meeting of Technopolis held on Dec 18, 2002 decided, in deviation from the pre-emptive subscription rights of shareholders, to raise the share capital by a minimum of EUR 1,762,353.97 and a maximum of EUR 3,524,796.25, by issuing a minimum of 1,042,813 and a maximum of 2,085,625 new Technopolis shares with a counter-book value of EUR 1.69. The shares were offered for subscription by the shareholders of Innopoli Ltd registered in Innopoli's share register who had accepted the exchange offer, on the terms and conditions set by the Board. The number of new shares offered in two lots to the Innopoli shareholders who had accepted the exchange offer was equivalent to 12.5 % of Technopolis' total shares after execution of the share issue. The subscription period was Jan 9 - 13, 2003, during which the first lot was subscribed. The Board decided to extend the subscription period to Nov 30, 2003, during which the second lot was subscribed. After acceptance of subscriptions, the ownership rights to 1,378,229 Innopoli shares, i.e. 97.45 % of all Innopoli shares, were transferred to Technopolis.

The first lot of the share capital increase was entered in the Trade Register on Jan 27, 2003, and the new shares were accepted for trading on the Helsinki Exchanges on Jan 29, 2003 in their own series (Technopolis uudet) until April 1, 2003, when the dividend for the 2002 financial year was paid for the old shares. The second lot of the increase and part of the first, totaling EUR 140,629.97, i.e. 83,213 shares, were entered in the Trade Register on Oct 3, 2003. After the increases, the share capital totals EUR 28,107,743.69, divided into 16,631,801 shares with a counter-book value of EUR 1.69. The new shares from the second increase were accepted for trading together with the old shares on Oct 6, 2003.

Technopolis began a redemption procedure in compliance with the Companies Act at the end of 2003 to redeem the shares of Innopoli's two minority owners.

Annual General Meeting of March 27, 2003

The Annual General Meeting of March 27, 2003 decided to distribute a dividend of EUR 0.25 per share.

The AGM authorized the Board to decide, within one year of the AGM, on the raising of share capital by a rights offering or an issue of convertible bonds in one or more installments. Authorization was given, in such a rights offering or issue of convertible bonds, to subscribe to a maximum of 3,309,717 new shares with a counter-book value of EUR 1.69. Based on the authorization, the company's share capital could be raised by a maximum of EUR 5,593,421.73.

Largest shareholders, Dec 31, 2003

	Number of shares	Percentage of shares and votes
City of Oulu	3,035,062	18.25
Erkki Etola	2,930,000	17.62
Etra Invest Oy	816,050	4.91
Juha Hulkko	669,959	4.03
Finnvera plc	632,875	3.81
Yleisradio Pension Trust	426,200	2.56
City of Vantaa	375,000	2.25
The Central Union of Agricultural Producers and Forest Owners (MTK)	250,000	1.50
The Association for the Finnish Cultural Foundation	195,143	1.17
Oulun Osuuspankki	179,687	1.08

After Nordea Bank Finland Plc, a subsidiary of Nordea AB (publ), accepted the exchange offer made by Technopolis to Innopoli shareholders in Dec 2002, Nordea Bank Finland Plc's holding of the company's share capital and votes exceeded one twentieth (5 %) in Jan 2003. According to the disclosure received by the company, Nordea Bank Finland Plc's holding of the company's share capital and votes fell below one twentieth (5 %) in Feb, while the joint holding of Etra-Invest Oy and Erkki Etola of the company's share capital and votes exceeded one fifth (20 %) in May, with Erkki Etola's personal holding of the company's share capital and votes exceeding three twentieths (15 %). To the company's knowledge, no other ownership changes of the type referred to in chapter 2, section 10 of the Securities Market Act have occurred.

Shareholding breakdown, Dec 31, 2003

Share amount	Holdings	%	Shares/ votes	%
1 - 500	1,247	40.38	339,509	2.04
501 - 1 000	718	23.25	556,413	3.34
1 001 - 10 000	1,021	33.06	2,687,169	16.16
10 001 - 100 000	87	2.82	2,784,669	16.74
100 001 -	15	0.49	10,237,991	61.56
Total	3,088	100.00	16,605,751	99.84
Joint account			26,050	0.16
No. of shares issued			16,631,801	100.00

Shareholdings by sector, Dec 31, 2003

	Holdings	%	Shares/ votes	%
Private companies	225	7.29	2,105,509	12.66
Finance & insurance	15	0.49	1,256,740	7.56
Public bodies	20	0.65	4,168,927	25.07
Non-profit institutions	46	1.49	1,432,755	8.61
Households	2,776	89.92	7,624,469	45.84
Foreign investors	5	0.16	17,351	0.10
Total	3,087	100.00	16,605,751	99.84
Joint account			26,050	0.16
No. of shares issued			16,631,801	100.00
Nominee-registered shares	1		23,646	0.14

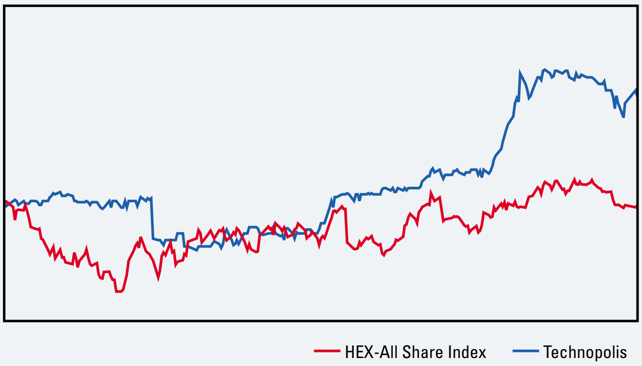
Share-based incentive systems

A General Meeting of Technopolis in 2001 decided on the company's option program and the issuing of options to key personnel. There are 600,000 options, each giving the right to subscribe for 1.25 Technopolis shares with a counter-book value of EUR 1.69. The options are divided into "A", "B", "C" and "D" options exercisable from Oct 31, 2002, Oct 31, 2003, Oct 31, 2004 and Oct 31, 2005 respectively. By Dec 31, 2003, 590,000 options altogether had been issued to the company's President and CEO and to other key personnel.

Share-related indicators

Issue-adjusted number of shares	
On Dec 31, 2003	16,631,801
Average during year	16,569,106
Share-related indicators	
Earnings/share, EUR	0.36
Equity/share, EUR	3.51
Dividend/share, EUR (proposal)	0.25
Dividend payout ratio, %	69.7
Price/earnings (P/E) ratio, %	10.7
Effective dividend yield, %	6.5
Share prices	
Highest price	4.15
Lowest price	2.67
Average price	3.09
Price on Dec 30	3.85
Market capitalization of shares, Dec 30, EUR	64,032,434
Share turnover, EUR	11,246,900
Shares traded	3,640,689

Share prices



BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable funds at the disposal of the Annual General Meeting amount to EUR 4,214,330. The Board of Directors proposes that dividends of EUR 0.25 per share be distributed, totaling EUR 4,157,951. The Board proposes that the remaining EUR 56,379 be left in retained earnings.

Oulu, February 24, 2004

Kari Nenonen
Chairman of the Board

Pertti Voutilainen
Vice Chairman of the Board

Juha Hulkko
Member of the Board

Marketta Kokkonen
Member of the Board

Lauri H. J. Lajunen
Member of the Board

Timo Parmasuo
Member of the Board

Pertti Rantanen
Member of the Board

Pertti Huuskonen
President and CEO

AUDITOR'S REPORT

To the shareholders of Technopolis Plc

We have audited the accounting, the financial statements and the corporate governance of Technopolis Plc for the period of 1.1. - 31.12.2003. 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 President and CEO. 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. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO have legally complied with the rules of the Companies Act.

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

Oulu, February 25, 2004

ERNST & YOUNG OY
Authorized Public Accounting Firm

Rauno Sipilä
Authorized Public Accountant

COMPANY MANAGEMENT AND AUDITORS

BOARD OF DIRECTORS

Mr. Kari Nenonen, M.A., born 1953, has served as Chairman of the Board since 2000. He has also been the Mayor of Oulu since 1999. Before that, he was the Business Enterprise Director and Internationalization Manager of the City of Oulu, and the Development Manager of the Regional Council of Northern Ostrobothnia.

Mr. Pertti Voutilainen, M.Sc. (Engineering), M.Sc. (Econ. & Bus. Adm.), born 1940, has served as the Vice Chairman of the Board since 2003. He previously served as the CEO of Outokumpu Oy and Kansallis Bank. He retired from the position of Deputy CEO of MeritaNordbanken in 2000. He is currently Chairman of the Board of Viola Systems Ltd, Vice Chairman of the Board of Riddarhyttan Resources AB, and a Member of the Boards of Fingrid Oyj and Oy Mizar Ab.

Mr. Juha Hulkko, M.Sc. (Tech.), eMBA, born 1954, has been a Member of the Board since 1995, serving as Vice Chairman of the Board from 2001 to 2002. He is the Chairman of the Board of Elektrobit Group Plc.

Ms. Marketta Kokkonen, M.A., born 1946, has been a Member of the Board since 2003. She has served as Mayor of the City of Espoo since 1995. She was previously the Municipal Director of Vihti, and a Departmental Manager in SKOP Bank.

Dr. Lauri H.J. Lajunen, Professor of Chemistry, born 1950, has served in different roles on the Board of Directors of Technopolis since 1996. He has been President of the University of Oulu since 1993, having been appointed Professor of Chemistry in 1976.

Mr. Timo Parmasuo, Engineer, born 1950, has been a Member of the Board since 2003. He is Chairman of the Board of Meconet Oy.

Mr. Pertti Rantanen, Civil Engineer, born 1942, has been a Member of the Board since 2001. From 1989, he was employed by the Nokia Group, serving first as the responsible Construction Manager and then as a Real Estate Director and Real Estate Development Director. In October 2003, he retired from Nokia and has since worked as an independent consultant.

PRESIDENT AND CEO

Mr. Pertti Huuskonen, M.Sc. (Tech), eMBA (Marketing), born 1956, has been the President and CEO of the parent company, Technopolis Plc, since 1985. Previously, he was the CEO of Vakote Oy, a machine automation company that he founded.

EXECUTIVE BOARD

Ms. Satu Barsk, M.Sc. (Econ. & Bus. Adm.), eMBA, born 1961, has been with the Technopolis Group since 1997. She is currently the Director of Service Operations of the Oulu unit. Previously, she was Sales Director of Finland Post Ltd, responsible for corporate services in Northern Finland.

Ms. Eija Hakala, Diploma in Business and Administration, born 1952, has been with the Technopolis Group since 1999, and was appointed the Group's CFO in October 2003. She previously served as Financial Manager in Lappli-Talot Oy, part of the PRT-Forest Group.

Ms. Mervi Käki, MJD, born 1957, has been Director of Technopolis Plc's operations in the Helsinki metropolitan area since 2001. She was previously Managing Director of Helsinki Fair Ltd Wanha Satama.

Dr. Martti Launonen, born 1953, has been the Director of the Group's development services and programs since 1999. Previously, from 1990 to 1999, he was a Director in the POHTO Institute for Management and Technological Training, specializing in business management and organizational development.

Mr. Seppo Selmgren, Dip.EMC, born 1965, has held various positions in Technopolis Plc since 1997. He is currently the Marketing Director of the Oulu unit. Previously, he was Marketing Manager at the Spa Hotel Eden.

Mr. Keith Silverang, BA, MBA, born 1961, was appointed CEO of Otaniemi Science Park Ltd in March 2004. He served as Vice President and Director of the Training Division of AAC Global from 2000 to 2004. Before that he was CEO of his own consulting company. He also served as Product and Export Manager at Oy Hackman Metos Ab and held training and communications positions at Hackman Group.

SHAREHOLDINGS OF THE MANAGEMENT

The Members of the Board of Directors, the President and CEO and the Members of the Executive Board and the companies under their control held 707,818 shares of Technopolis Plc on Dec 31, 2003, which is 4.26 % of the total number of shares.

AUDITORS

The company's auditor is Ernst & Young Oy, Authorized Public Accountants, with Rauno Sipilä, APA, as the responsible auditor.

Members of the Board of Directors of Technopolis Plc on Dec 31, 2003 (from the left): Lauri H.J. Lajunen, Marketta Kokkonen, Pertti Voutilainen (Vice Chairman), Kari Nenonen (Chairman), Juha Hulkko, Timo Parmasuo and Pertti Rantanen.

CORPORATE GOVERNANCE IN TECHNOPOLIS PLC
Summary

According to the Companies Act and the Articles of Association of Technopolis Plc, the company's management is supervised by General Meetings of Shareholders, the company's Board of Directors and the President and CEO.

These guidelines are aimed at ensuring that good corporate governance practices are employed at all levels of the company. It is thus important to ensure that all members of the Board, corporate management and personnel are aware of the contents of the guidelines.

1. BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management and the proper organization of the operations of the company. According to the Articles of Association, the Board comprises at least four and at most seven members. The Board of Directors must always promote the interests of the company and comply with legislation, official regulations and the norms of society.

1.1 Electing Members of the Board of Directors

The Annual General Meeting elects the members of the Board. According to the Articles of Association, the term of Board members expires at the end of the Annual General Meeting that first follows their election.

A working group comprising the Chairman and Vice Chairman prepare a proposal concerning the election of the Board after consulting the largest shareholders. It must be ready in good time for the proposed composition of the Board to be attached to the Notice of Annual General Meeting. Personal information and information concerning the business interests of the proposed members must be presented.

1.2 Composition of the Board of Directors

Board members will be elected in accordance with the required qualifications stated in the Companies Act. The composition of the Board of Directors must fulfill the requirements set by the business sector and market situation. Board members must be professionals, independent of the company. The President and CEO cannot be a Board member.

1.3 Chairman and Vice Chairman of the Board of Directors

According to the Articles of Association, the Annual General Meeting elects the Chairman and Vice Chairman of the Board.

1.4 Compensation of the Board Members

The Annual General Meeting will decide on the fees to be paid to Board Members when electing them.

The independence of the Board members requires that the company may order consulting or other such services in exchange for payment from them only in exceptional circumstances, with the special permission of the Board.

The fees paid to Board Members must be published in the company's Annual Report.

1.5 Operations of the Board of Directors

The Board of Directors makes its decisions in accordance with the Companies Act and the Articles of Association, and has a quorum when more than half of the members are present. Under special circumstances, a Board meeting may be arranged as a telephone conference. The Board of Directors shall plan a schedule for Board meetings for the duration of the year.

The Board of Directors' duties have been determined in the Companies Act and in the Articles of Association. All matters having far-reaching consequences for the company's operations must be considered by the Board of Directors. The Board of Directors' duties include:

- Determining corporate strategy
- Decisions regarding any major organizational changes
- Appointing the President and CEO and the members of the Executive Board, and decisions concerning their salaries and other benefits, and decisions concerning continuity plans for key personnel
- Decisions regarding any major capital expenditure and divestments of assets
- Making proposals to the Annual General Meeting on the distribution of profits
- Monitoring the company's financial situation and risk position

The Board of Directors will conduct an annual evaluation concerning its work and performance.

The company has taken liability insurance to cover the operations of the Board of Directors.

1.6 Board committees and working groups

In order to prepare matters properly, the Board of Directors may appoint special committees and working groups consisting of Board members. The Board must provide the committees and groups with appropriate instructions and information concerning their duties, and they will report back to the Board. Even if the preparation of a specific matter is delegated to a committee or group, the Board of Directors makes all decisions collectively.

1.7 Disqualification of Board Members

The provisions of the Companies Act concerning the disqualification of board members apply to the Board of Directors' decision making process. Board Members must always act in accordance with the interests of the company and its shareholders.

2. PRESIDENT AND CEO

According to the Articles of Association, the company has a President and CEO.

2.1 Appointing and discharging the President and CEO

The Board of Directors appoints the President and CEO and, if necessary, discharges him/her of his/her duties.

The company and the President and CEO will sign a written service contract.

2.2 Duties of the President and CEO
The President and CEO manages the day-to-day affairs of the company in accordance with the Companies Act, Articles of Association and other rules and regulations, as well as instructions given by the Board of Directors.

The Board of Directors sets annual operational and financial goals for the President and CEO.

The President and CEO must report to the Board of Directors on all matters significant to the company and its operations.

The President and CEO must receive the Board of Directors' approval before accepting any key positions of trust or secondary positions.

The company has taken liability insurance to cover the operations of the President and CEO.

3. EXECUTIVE BOARD
The company has an Executive Board to assist the President and CEO. The Board of Directors appoints the members of the Executive Board based on a proposal from the President and CEO.

The President and CEO of the company is responsible for the decisions made by the Executive Board.

4. COMPANY REPRESENTATION
According to the company's Articles of Association, the company's business name may be signed by the Chairman of the Board and the President and CEO, each alone, or by two Board members together.

5. DIVIDEND POLICY
The Annual General Meeting will decide on dividends based on the Board of Directors' proposal concerning the distribution of profits. The aim of the Board of Directors is to have a stable and active dividend policy. The target is to distribute a minimum of 2/3 of the Group's annual profit to shareholders as dividends.

6. MANAGEMENT BONUSES AND INCENTIVE SCHEMES
The Board of Directors will decide on the general principles concerning the bonuses and incentive systems aimed at the company's management.

6.1 Executive-level management salaries and other benefits
The Board of Directors will decide on the salaries of the President and CEO and members of the Executive Board.

6.2 Incentive schemes
Corporate management and personnel may be paid bonuses on the basis of corporate and personal performance. The Annual General Meeting will decide if the company's shares or instruments giving the right to subscribe for the company's shares can be used as incentives. The Annual General Meeting will also determine the terms and conditions of the aforementioned incentives. The Board of Directors will make decisions concerning additional bonuses to the President and CEO and members of the Executive Board (e.g. bonuses based on corporate performance during the financial year). The President and CEO will decide on other bonuses for the personnel. The incentive schemes must support company strategy and their terms and conditions must be competitive.

6.3 Reporting salaries and bonuses
All valid share-based incentive schemes must be stated in the company's Annual Report.

The Annual Report must also report the salaries and bonuses paid to the President and CEO within the last financial year, specifying in detail the proportion of the total sum formed by the basic salary and that of other bonuses.

The Annual Report must also state all other significant terms and conditions of the President and CEO's service contract with the company, such as retirement age and criteria used for determining pension, terms and conditions of terminating employment, and any share options granted.

7. CONTROL AND REPORTING SYSTEMS

7.1 Auditors
According to the company's Articles of Association, the company will have one auditor appointed by the Annual General Meeting. Both the auditor and possible deputy auditor must be public accountants or public accounting firms authorized by the Central Chamber of Commerce of Finland.

The terms of the auditor and the deputy auditor expire at the end of the Annual General Meeting that first follows their election.

The Board of Directors will hold a meeting with the auditors once a year to discuss the auditing plan and results.

7.2 Internal control
According to the Companies Act, the Board of Directors and the President and CEO are responsible for arranging internal control and reporting systems for the company.

The Board of Directors must, at regular intervals, evaluate the efficiency of the company's internal control.

8. SUBSIDIARIES
The Board of Directors decides how to elect company representatives to attend general meetings and to sit on the boards of the company's subsidiaries. The Board also authorizes the representatives to make decisions regarding the subsidiaries if necessary.

9. INTERNAL GUIDELINES
The company has a number of rules for its personnel to follow in their day-to-day operations. The company abides by and applies the valid insider guidelines.

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