

Annual Report 2003

Tieto-X



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Tieto-X operates in the IT service market, offering its customers flexible software development and maintenance solutions that support their competitiveness. Tieto-X's services range from contract work to software project deliveries and software maintenance services with comprehensive responsibility.

The Annual General Meeting will be held on 31 March 2004.

Interim reports for 2004 will be published as follows:

3-month report (1 January –31 March 2004) 21 April 2004

6-month report (1 January –30 June 2004) 11 August 2004

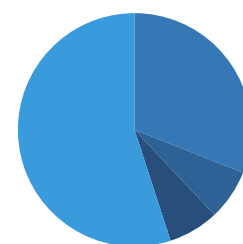
9-month report (1 January –30 September 2004) 20 October 2004

Main Events

- 26.02.2003 Financial statement bulletin for the financial year 1 January 2002 – 31 December 2002. Turnover fell but operating profit before goodwill amortisation stood at a relatively good level compared with the IT service sector average.
- 25.03 2003 Annual General Meeting. Decision to distribute as dividend EUR 0.12 per share.
- 07.04.2003 Tieto-X Plc Board decision to commence the repurchase the company's own shares.
- 23.04.2003 Interim report January 1 – 31 March 2003. The slight growth that started at the end of 2002 continued.
- 12.08.2003 Interim report January 1 – 30 June 2003. Increase in turnover and in profit before goodwill amortisation compared to the same period in 2002.
- 22.10.2003 Interim report January 1 – 30 September 2003. Turnover continued to grow. Relative profitability is expected to remain on previous year's level, and turnover is expected to exceed that of 2002. The number of staff is growing.

Summary of Financial Statement Data

Beginning of the financial year	1/1/2003	1/1/2002	1/1/2001	1/1/2000*	1/1/1999*
End of the financial year	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
Turnover, 1000 EUR	20,231	17,261	21,397	15,652	12,542
Turnover, increase%	17.2	-19.3	36.7	24.8	N/A
Operating profit before GW amortisation, 1000 EUR	2,465	1,952	3,945	2,857	2,240
% of turnover	12.2	11.3	18.4	18.3	17.9
Operating profit, 1000 EUR	1,054	815	2,828	2,411	2,240
% of turnover	5.2	4.7	13.2	15.4	17.9
Net profit, 1000 EUR	811	1,153	2,200	1,834	1,443
% of turnover	4.0	6.7	10.3	11.7	11.5
Return on investment (ROI)%	15.1	11.4	32.4	48.6	80.7
Return on equity (ROE)%	11.0	14.2	28.0	35.0	52.0
Balance sheet total, 1000 EUR	11,914	11,703	13,357	11,144	6,346
Shareholders' equity, 1000 EUR	7,601	7,700	8,489	7,204	2,901
Equity ratio%	62.2	65.8	63.6	64.6	53.9
Solvency ratio	0.9	1.1	1.1	1.4	1.3



Breakdown of turnover per customer sector 2003

Finance and Public Administration	31 %
Industry	7 %
Other	7 %
ICT	55 %

* Unaudited pro forma figure



Review by the President and CEO



The year 2003 put Tieto-X back on growth track after the slight drop in 2002. Although we fell somewhat short of the targets we had set for ourselves, a 17-percent increase in turnover over the 2002 figure is an excellent achievement in a market situation that has been difficult for quite some time. As we also managed to continue to keep relative profitability of our business operations on a reasonable level, you could say that these essential key figures of business development indicate that we were successful.

This accomplishment demonstrates how committed and determined our personnel are and that they have adopted the new values that were defined in early 2003 to steer the company's development: we want to develop ourselves, operate responsibly and profitably and respect openness among ourselves, in our relationships with our customers, cooperation partners and other interest groups. For this achievement I want to extend my warmest congratulations to the entire personnel and thank all of you: experts, sales personnel, administrative personnel and management.

Behind the achievement there is also the successful incorporation of the company's new strategy that was defined in 2002 and the consistent work that has been done in order to implement the measures it prescribes.

During the year, the competence of our personnel was developed in many different strategic areas, with more quantity and better quality than before. The development of our new service models and operating processes proceeded with speed: the share of turnover that was accrued from software development project deliveries with comprehensive responsibility increased in accordance with our targets to more than 20 per cent, and the new ISO 9001:2000 quality management system was introduced and certified in the autumn. The development of selected strategic customer relationships also yielded positive results.

The customer satisfaction study that was conducted in the spring revealed that our customers, who had given us top scores before, had become even more satisfied with us. This proves that the development of competences, services, operating processes and customer relationships have been successful.

The job satisfaction survey that was carried out in the autumn indicated that our personnel policy based on the new strategy produces good results: compared to the survey in 2002, personnel satisfaction has clearly improved in all areas and is now on average with the satisfaction level of the control group.

With the acquisition of Wireless Technology Systems WTS Oy in December 2003, the development of Tieto-X operations received a significant boost as the competence of the WTS staff and the company's operations were incorporated as part of the Tieto-X organisation.

Now when the general economic outlook is somewhat more positive, we believe that we are in a good position and well prepared to take on new challenges and to offer our customers services of even higher quality and wider range than before.

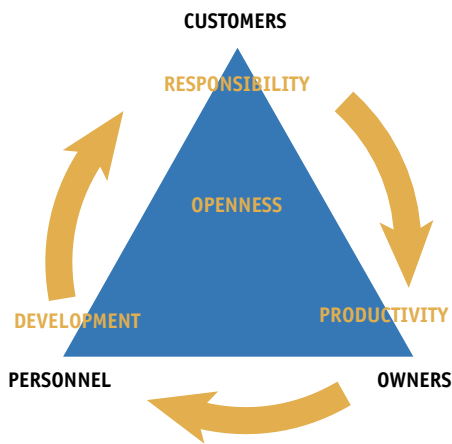
*Kari Happonen, born in 1958
Master of Political Science
Significant work experience:
2002 – Tieto-X Plc, CEO
1994 – 2002 Terra Nova Group Plc, CEO
1999 – 2000 Menire Plc, CEO*

*Member of the Tieto-X Plc Board
of Directors: 1999 – 2002*

*Number of shares in the company: 16,000.
Ownership and subscription rights
(share derivatives) through incentive
schemes: 70,000.*

Kari Happonen
President and CEO

Business principles



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

Mission

Tieto-X provides its customers with flexible software development and software maintenance solutions that support their competitiveness and risk management. Tieto-X's services range from contract work to software project deliveries and software maintenance services with comprehensive responsibility. Our customers are leading companies in the finance, industry and ICT sectors and public administration organisations.

Vision

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

Values

Apart from its mission and vision, Tieto-X operations are guided by its values: development, responsibility, productivity and openness.

These values provide guidelines for corporate development taking the interests and needs of personnel, customers and owners into account with maximum equitability.

Strategy

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



Competence

The company's core competences include wireless telecommunication technologies (e.g. Symbian), object oriented software technologies (e.g. Java) as well as software technologies used in mainframe and Notes/Domino environments.

The company aims at extending and deepening its software development competences, especially in Symbian and Java (J2EE and J2ME). It is necessary to considerably strengthen these competence areas in order to deepen present customer relationships as well as to obtain significant new customers and reach growth targets.

Maintenance of mainframe environment expertise is vital in order to preserve the company's strong position and to further strengthen it especially in the finance sector. With the development of the company's service concepts, a need has risen to increase competences related to the experts' project skills and project and team supervisor skills, and competences related to the management of development and maintenance functions outsourced by customer companies.

Services

Tieto-X's service development is guided by the needs and wishes of major customers. The company will answer these needs by productising services and developing new software project delivery services and software maintenance services parallel to the traditional contract work model.

Tieto-X will develop its software project delivery services in order to satisfy the needs of the company's strategic customers and to be able to take on even broader software development responsibilities. The software maintenance services will be developed with special regard to the mainframe application maintenance needs of the company's customers in the finance and public administration sectors. This development is done in cooperation with partner companies in the IT service sector.

The new service models call for more sophisticated risk management, the promotion of which is one of the company's key business development areas. The company provides customized services that take into account the nature of the customers' business sectors as well as the needs of the specific customer.

Customers

Development of customer relations relies on establishing close, long-term cooperation with selected strategic customers. Tieto-X offers these customers flexible, customer-oriented software development and maintenance services that help the customer companies to promote their competitive edge and to manage the risks involved in software development.

In the ICT sector Tieto-X aims at increasing and deepening cooperation with its present customers by taking on bigger software development projects with more extensive responsibilities, within the risk management capacity. At the same time the company strives to broaden the business unit's domestic clientele, and to offer the services developed for Finland-based customers also to international customers.

In the finance, industry and public administration sectors Tieto-X will aim to position itself as a strategic software development and maintenance partner for both end customers and the IT companies serving them.

Personnel

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

As the company's service concepts become more varied, the company's potential to offer its personnel alternative careers will continue to improve. Productisation of services, project deliveries and maintenance functions outsourced to the company open several levels of supervisory opportunities. Training for these tasks started in 2003.

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



Corporate Acquisitions

In addition to organic growth, Tieto-X aspires to extend business operations and strengthen its market position through corporate acquisitions. Takeovers are also seen as a significant instrument to deepen strategic customer relationships and to develop new customer relationships, competence areas and service concepts. Takeovers will focus on companies with strong Symbian and Java competence, and whose processes and risk management methods enable successful project deliveries. The companies must also have a strong cash flow and be able to demonstrate their capacity for growth.

Organisation

Development of Tieto-X's organisation is steered by an aspiration to grow strongly and profitably, a desire to act as a strategic cooperation partner for the customer companies as well as to continuously develop the staff's competence in order to support these goals.

Tieto-X's operative business has been organised into four business units. Three of these have been formed based on our customers' business sectors, i.e. Finance and Public Administration, Industry and IT, Telecommunications. The fourth unit, Notes, implements customized solutions using Notes/Domino tools. The maintenance and project delivery services of the Finance and Public Administration as well as the industry and IT units are implemented by the Service Production Unit, which is a support unit.

Development of the business units' customer relationships and service production is also supported by the company's internal communication, administration and financial administration functions as well as the personnel administration functions, which also include resource deployment and coordination of skills development.

Kari Happonen is the company's President and CEO. In addition to the President and CEO, Management Team comprises the business unit managers: Pasi Ala-Luoko, Risto Alvejuuri, Jouko Korpi, Timo Leinonen, Kari Liuska, Matti Nevala and Asko Vainionpää.

Organisation 1 January 2004

The number of personnel in business units

	72	43	167	27
	FINANCE AND PUBLIC ADMINISTRATION Asko Vainionpää	INDUSTRY AND IT Jouko korpi	TELECOMMUNICATIONS Kari Liuska	NOTES/DOMINO Matti Nevala
PRESIDENT AND CEO Kari Happonen				
SERVICE PRODUCTION Pasi Ala-Luoko				
COMMUNICATIONS Satu Nora				
CORPORATE ACQUISITIONS Matti Jokinen				
PERSONNEL ADMINISTRATION Risto Alvejuuri				
ADMINISTRATION AND FINANCE Timo Leinonen				

The number of personnel in administration 26



Quality

During the financial year under review, Tieto-X modified its quality system to comply with the requirements of ISO 9001:2000. The certification was granted by Det Norske Veritas. The certified quality system covers Professional Services for Software Development and Maintenance.

Risk Management Policy

The aim of Tieto-X's risk management is to ensure undisturbed and continuous business operations and development, and to support the implementation of the company's operational targets and increase its value. Risk management should be part of each of the company's core processes, starting from the strategic process of the Board of Directors and reaching all the way to the business units' customised service production, and it should also be part of the company's quality management system.

The risks of software development and maintenance processes are regarded as the most significant risks that threaten the company's business development. These risks are managed with service production supervision and monitoring instruments that are in accordance with the quality management system. Other considerable risks are those related to information systems and data security. These risks are managed with data administration regulations. The management of these risks are extended to include partner companies acting as subcontractors. Other risks that are perceived as significant are market and competition risks as well as economic risks. These are managed with measures in accordance with the company's and business units' strategies and business plans and regulations of economic planning and control. In addition, risk management aims at minimising personnel risks with measures defined in the personnel strategy. Contractual, product liability and other legal threats are managed with the help of corporate governance and quality system practices as well as with proper liability insurances. The threat that possible accidents and injuries cause is prepared for by office-specific instructions and insurances.

Risk management planning, development and control are part of the responsibilities of Tieto-X's personnel manager

who reports to the President and CEO. The administrative units and the business units that implement the company's business operations are responsible for the assessment and prevention of risks related to their functions. The Board of Directors deals with significant business risks. The Board of Directors monitors the implementation of the company's risk management policy as part of the strategy, business plan and budgeting processes.

Environmental Policy

The starting point for Tieto-X's environmental policy is the company's service business that involves the development and maintenance of the customers' business operation processes, industrial production processes and software that enhances communication and thus relieves the strain on the environment. The aim of the environmental policy is to promote environmental protection and the implementation of the principles of sustainable development in the company's business operations and that all business processes be compliant with it.

Tieto-X complies with local environmental regulations, legislation and recommendations. In material procurement the company aims at choosing recyclable and environmentally friendly products. It also strives to consume energy and materials economically. The company wants to reduce waste accumulation by promoting electronic communication and reuse and recycling of materials. The company's waste treatment complies with local regulations and recommendations.

The company aspires to develop its employees' and customers' environmental consciousness in such a way that saving and protecting the environment becomes commonplace and part of all of the company's processes.

Environment policy planning, implementation and control are part of the responsibilities of Tieto-X's Chief Financial Officer, who reports to the President and CEO. The administrative units and the business units that implement the company's business operations are responsible, in their own functions, for complying with working methods and instructions that protect and save the environment. The Board of Directors monitors the implementation of the company's environmental policy as part of the annual action plan process.

Services





Tieto-X operates in the IT service market, offering its customers software development and maintenance solutions. Tieto-X's expert services cover the entire life cycle of a software product, from requirement specification to maintenance and controlled run-down.

Tieto-X's operations are based on a business model where the customer company's software development projects and software maintenance functions, or parts of these, are transferred to Tieto-X that specializes in these tasks. Service production is carried out in line with the customer's targets so that the processes and methods used are in accordance either with Tieto-X's or the customer's quality system. By cooperating with Tieto-X, the customer companies get an opportunity to enhance their software development and maintenance, manage the risks of software projects and to concentrate on their core business.

Tieto-X's supply of services comprise three service models:

- **Project deliveries** offer a solution for efficient implementation of software development projects and management of risks related to quality, costs and timetables. Tieto-X takes the responsibility for its customer companies' software development projects or sub-projects by producing comprehensive services related to software design, development and testing as well as project management.

- **Maintenance services** offer a cost-effective way to manage the life cycle of a software product. They also include technology, competence and resource risk management. Tieto-X takes the responsibility for the maintenance of the software as a continuous service and for producing further development services through projects with comprehensive responsibility.

- **Contract work services** offer the customers a way to acquire expert competence for software development projects or software maintenance, and they provide a solution that guarantees resource availability and flexibility as well as competence risk management. Depending on the customer's needs, a contract work assignment may concern entire project teams or individual consultants.

Tieto-X's core competences are development of software used in wireless telecommunication terminals, and the development, maintenance and project management related to business critical software used by financial institutions, industry and public administration organisations.

Operational environment and outlook

The general economic situation remained unstable throughout the most part of 2003. This instability reflected in the IT service market as sluggish demand as the customer companies refrained from major IT investments.

Low investment in information technology reflected in Tieto-X's business, especially in services aimed at the finance sector, as a slight drop in production. However, the business operations aimed at the trade and industry sectors grew slightly compared to 2002. Growth was particularly strong in the ICT sector.

The growth of the business in the ICT sector was largely due to Tieto-X's efforts in developing its services an especially to taking on larger software development responsibilities through project deliveries.

Sluggish demand also increased competition. The company's most significant competitors are domestic and international information technology consultants, in some customer sectors small local software subcontractors and staff hiring companies extending their services to the information technology business. Tieto-X responds to the competition by further specializing in its core competences and by developing its service models and processes, and offering its customers even more refined tools for the management of software development and maintenance risks, boosting product development and promoting competitiveness.

The slight improvement of the general economic trend in the latter half of 2003 may result in companies increasing their investments in information technology in 2004. Thanks to this trend, Tieto-X expects that its customer companies will need more services. The growth will most likely continue to be strongest in the ICT sector where the demand for Tieto-X's services has been less dependent on general economic outlooks as in the other customer segments.

If there is no turn for the worse in the general economic situation, the company's turnover in 2004 is expected to be bigger than that of 2003. Relative profitability is expected to remain on the 2003 level.

Personnel





The number of Tieto-X staff increased strongly in 2003. At the end of the year, the number of employees was 335, which is 88 more (36%) than in 2002. Growth was strongest in Telecommunications unit.

Competence development

One of the most important focus areas of the Tieto-X strategy is to develop its competences. The aim of skills development is to improve the company's ability to serve its customers' needs and lay the grounds for business expansion and promotion of staff motivation, commitment and well-being at work.

During the year 2003 Tieto-X promoted competence development in various ways in the TIX Academy, TIXA Project, business units and competence teams and by supporting individual training. Supervisor's skills were promoted through training of the leaders of the teams within the business units.

The training at the TIX Academy is aimed particularly at the company's senior software experts. During 2003 the experts were trained in project work, working as part of the customer's project and process, data security and programming in new environments.

The TIXA Project, which is funded by the European Social Fund as part of a larger project developing methods for utilizing the staff's diverse skills and so-called tacit knowledge, will continue in 2004.

In the first half of 2003 Tieto-X conducted a training programme for new Notes/Domino experts.

To strengthen competence development, the competence teams started to work in project management, Symbian programming, object oriented programming, mainframe and systems management groups during the year 2003. The competence teams arrange both intensive training on topical issues, e.g. Symbian programming, XP environment management, project management methodology and object oriented architectures, as well as extended training (e.g. on certification qualifications).

Tieto-X promotes continuous upkeep and development of its staff's expertise by participating in the acquisition of learning material agreed to be purchased in the experts' individual development plans, and by arranging development environments for self-studies of programming technologies and tools.

As part of the development of the Tieto-X organisation, the experts working in the different business units were organised in 2003 into regional, customer specific or project specific production teams. The experts who lead these teams were trained in supervisor's skills in a two-part training.

Workplace well-being

Promotion of physical and mental workplace well-being is an important part of the company's personnel strategy and continuous development of operations. The successfulness of the implemented actions are measured annually by a personnel and work-place atmosphere survey.

The survey carried out in 2003 indicated that, compared to the situation in 2002, the work-place atmosphere and well-being had developed positively in almost all areas.

During last year the personnel and representatives of Varma Mutual Pension Insurance Company worked out a plan containing the most important themes to be concentrated on in order to further develop workplace well-being in the year 2004.

Corporate governance



General

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

Shareholders' meeting

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

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

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

The Board of Directors

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

In accordance with the Articles of Association, Tieto-X's Board of Directors comprises at least five and at most nine members elected by the shareholders' meeting. The

Board elects a chairman and deputy chairman from among its members. The term of the Board members ends at the end of the Annual General Meeting following their election. The Board may define special sectors of interest for its members, but all the members take a joint part in decision-making and discussion on the issues at hand.

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

President and CEO

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

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

Management Team

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

Internal audit

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

External audit

External auditing is the responsibility of an auditor appointed by the shareholders' meeting, which must be



an accounting firm authorized by The Central Chamber of Commerce. The remuneration payable to the auditor is decided by the shareholders' meeting.

Insider regulations

The company adopted its own insider regulations on June 11, 2002. Under the regulations insiders are allowed to trade company shares two weeks after the issuance of yearly financial statement or an interim report. The company has an ordinary register of insiders comprising the

members of the Board, the auditor and administrative personnel dealing with insider information. Apart from this, the Board and the President and CEO may list various people in a project-specific insider register, for which rules and expiry periods are determined separately case by case. The company's insider regulations are stricter than those required by Helsinki Exchanges.

Information

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

Remuneration of the management

The Board of Directors

The Annual General Meeting of 25 March 2003 decided that the remuneration of Chairman of the Board of Directors is EUR 2,000 per month and EUR 300 per Board Meeting.

The Annual General Meeting decided that the remuneration of the Members of the Board of Directors is EUR 300 per month and EUR 150 per Board Meeting and Board Committee Meeting.

The remuneration of the Chairman of the Board of Directors, Ralf W. Saxén, totalled EUR 28,200 in the fiscal year. The Members of the Board of directors received remuneration as follows: Eero Hurme EUR 7,350, Juhani Pääkkö EUR 7,050, Esko Siik EUR 7,650 and Risto Terho EUR 7,200.

President and CEO

The compensation paid during the fiscal period to the President and CEO on basis of the CEO contract consisted of monthly salary, use of company car, company-paid phone and mobile phone as well as voluntary additional pension insurance.

In addition, the Board of Directors decided on a payment by result scheme based on Group turnover, profitability and targets set for the development of the company's business operations.

During the fiscal period, the President and CEO received EUR 134,427 as salary and fringe benefits and EUR 15,000

as performance compensation. The amount of voluntary additional pension insurance paid was EUR 8,500.

By a decision of the Annual General Meeting of 20 March 2002 the President and CEO was granted 70,000 option rights under the Tieto-X Plc stock option plan.

Other management

The compensation paid to the business unit managers consisted of monthly salaries and other benefits agreed upon in the employment contracts. Furthermore, the Board of Directors decided on a payment by results scheme based on business unit turnover and profitability targets.

By a decision of the Board of Directors, the business unit managers have been granted a total number of 60,000 option rights under the Tieto-X Plc stock option plan.

The compensation paid to the managers of the administrative units consisted of monthly salaries and other benefits agreed upon in the employment contracts. Furthermore, the Board of Directors decided on a bonus scheme based on Group turnover and profitability targets set.

By a decision of the Board of Directors, the managers of the administrative units have been granted a total number of 60,000 option rights under the Tieto-X Plc stock option plan.

Shares and shareholders

SHARE CAPITAL AND SHARES

Tieto-X Plc's share capital was EUR 303,080.00 on December 31, 2003.

The book countervalue of the share was EUR 0.04. The total number of shares was 7,577,000 on December 31, 2003.

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

Quotations on the stock exchange

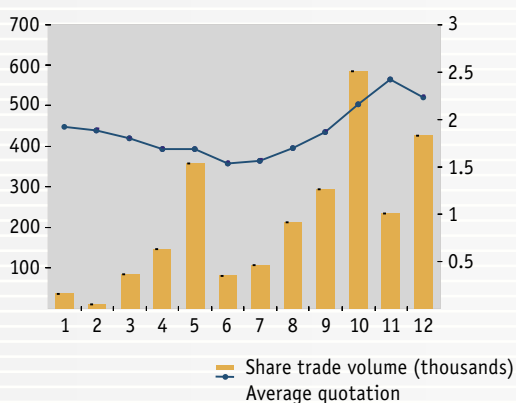
Tieto-X shares have been quoted on the Helsinki Exchanges Pre List since September 28, 1999 and on the NM List since October 1, 1999. The company has one series of shares listed (HEX: TIX1V).

Subscription price at listing on October 1, 1999	EUR 5.75
Highest quotation during the financial period	EUR 2.64
Lowest quotation during the financial period	EUR 1.48
Closing quotation on December 30, 2003	EUR 2.17
Market capitalisation on December 31, 2003	EUR 15,805,629
Share trading Jan.1 – Dec.31, 2003	2,576,477 shares EUR 5,059,538
Average quotation Jan.1 – Dec.31, 2003	EUR 1.96
Share trading as % of share-issue-adjusted number of shares	34 %
Share-issue-adjusted number of shares on December 31, 2003	7,577,000
Share owned by the company	293,300

Share price development since public listing (28 September 1999 - 31 December 2003)



Monthly share trade volume and average quotation in 2003



Share ownership

	Shares	% of share capital	Owners
Private persons	4,938,292	65.17%	1,940
Corporations	2,638,708	34.83%	154
Total	7,577,000	100.00%	2,094

Institutional shareholders

Financial and insurance institutions	1,316,625	49.90%
Companies	592,106	22.44%
Foreign	729,977	27.66%
Total	2,638,708	100.00%

Nominee-registered shares	729,977	9.63%
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Biggest shareholders

	Number of shares	% of all shares
Nordea Nordic Small Cap	375,200	4.95%
Jokinen Matti	321,400	4.24%
Leikos Martti	317,250	4.19%
Gunnelius Karl	310,540	4.10%
Terho Risto	309,090	4.08%
Tieto-X Oyj	293,300	3.87%
Rantala Lasse	270,130	3.57%
Nyysönen Tuomo	265,800	3.51%
Fondita Small Cap Placfond	200,900	2.65%
Mutual Fund Avenir	200,000	2.64%
Kemilä Hannu	199,690	2.64%
Mandatum Finnish Growth	161,650	2.13%
Saareila Lauri	120,280	1.59%
Salmi Mikael	117,080	1.55%
Suomi Mutual Life Insurance Company	100,000	1.32%
Suomi Insurance Company	100,000	1.32%
Keskimaula Tapio	100,000	1.32%
Pyrhönen Kari	99,000	1.31%
Others	3,715,690	49.0%
Total	7,577,000	100.0%

Breakdown of holdings

	Shareholders	% of shareholders	shares	Shareholders	% of all shares
1- 1000 shares	1,632	77.9%	77,900	522,548	6.90%
1000-10000 shares	395	18.9%	18,900	1,261,178	16.64%
10000-100000 shares	50	2.4%	2,400	1,630,287	21.52%
More than 100000 shares	17	0.8%	8,700	4,162,987	54.94%
Total	2,094	100%	7,577,000	7,577,000	100.00%

Management's shareholdings and warrants

Shares held by the CEO and the Board	403,278	5.3%
Warrants held by the Board and the CEO	70,000	warrants

Report by the Board of Directors

Business operations

Tieto-X operates in the IT service market, offering its customers flexible software development and maintenance solutions that support their competitiveness and risk management. Tieto-X's services range from contract work of software experts to software project deliveries and software maintenance services with comprehensive responsibility. The customers utilizing Tieto-X's know-how are market leaders in finance, industry and ICT as well as public administration organisations.

The general economic situation in Finland remained unstable throughout the most part of the financial period under review. Due to this instability, as has been the case in recent years, companies held back their investments in information technology, which kept the demand for IT services low.

Weak demand for services also reflected in Tieto-X's business, especially in services aimed at the finance sector, as a slight drop in production. However, the business operations aimed at the industry and public sectors grew slightly compared to 2002. Growth was strongest in the ICT sector.

The growth in the ICT sector was largely due to Tieto-X's efforts in developing its services and processes, and taking on larger software development responsibilities through project deliveries.

Turnover and result

Consolidated turnover was EUR 20.2 million (2002: EUR 17.3 million), which is 17.2 per cent up from the previous year. Of the turnover total, EUR 9.7 million was accrued during the first six months of the year, EUR 10.5 million during the latter six months. Profit before goodwill amortisation was EUR 2.5 million (2002: EUR 2.0 million) and profit before taxes was EUR 1.1 million (2002: EUR 0.9 million). The profit for the fiscal year was EUR 0.8 million (2002: EUR 1.2 million) or 4.0 per cent of turnover. Earnings per share were EUR 0.11 (2002: EUR 0.15).

The balance sheet total was EUR 11.9 million (2002: EUR 11.7 million). Shareholders' equity stood at EUR 7.6 million (2002: EUR 7.7 million). Equity ratio was 62.2 per cent (2002: 65.8 per cent).

Shares and share capital

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

At the end of the fiscal year the company held 293,300 of its own shares. The Board of Directors will propose to the Annual General Meeting that the own shares be cancelled.

The accounting countervalue of the share is EUR 0.04. The ISIN code used in international securities trading is FI000908007 and the trading symbol is TIX1V.

Shareholders

There were 2,094 shareholders on 31 December 2003. Private persons owned 65 per cent and institutions 35 per cent of the company's shares. The staff owned 23 per cent of the shares. Foreign ownership was 10 per cent.

Option programmes

During the financial period, the subscription period for the options granted in the option programme of the year 2000 ended. No subscription rights had been exercised by the end of the subscription period.

At its meeting of 26 February 2002, the Tieto-X Board decided, in accordance with the company's Annual General Meeting held on 10 April 2001, to issue new stock options. In this option plan, members of the Board of Tieto-X or any Tieto-X Group company, Presidents and CEOs, management and key personnel of the Group, as determined by the Board, were offered stock options in deviation from the pre-emptive rights of the company's shareholders. The stock options entitle their holders to subscribe for a total of 500,000 Tieto-X Plc shares, and correspondingly the company share capital due to share subscriptions may increase by a maximum of EUR 20,000. The maximum dilution effect is 6.2 per cent.

The extended subscription periods for option series II/A1, II/A2, II/B1 and IIB/2 ended on 31 December 2003, at the latest.

The subscription price for option series II/A1 and II/A2 was defined using the volume weighted average quotation of company shares traded on Helsinki Exchanges between 1-31 August 2002. The subscription price is EUR 1.88 including correction for dividends paid in 2003. The subscription period for option series II/A1 started on 1 October 2003 and it covers 10,000 options. No subscription rights had been used by the end of the period. The subscription period for series II/A2 starts on 1 October 2004 and it covers 10,000 options.

The subscription price for option series II/B1 and II/B2 was defined using the volume weighted average quotation of the company shares traded on Helsinki Exchanges between 1-31 August 2003 and is EUR 1.69. The subscription period for option series II/B1 starts on 1 October 2004 and it covers 82,500 options. The subscription period for option series II/B2 starts on 1 October 2005 and it covers 22,500 options.

The total number of options allocated to open option series was 185,000 at the end of the financial period. The extended subscription period for series II/C1 and II/C2 is 1 January-31 December 2004 and the subscription prices will be defined during 1-31 August 2004. The subscription period for series II/C1 starts on 1 October 2005, and for series II/C2 on 1 October 2006.

The extended subscription period for series II/D1 and II/D2 is 1 January-31 December 2005, and the subscription price will be defined during 1-31 August 2005. The subscription period for series II/D1 starts on 1 October 2006, and for series II/D2 on 1 October 2007.

The subscription period of the option series ends on 31 December 2008, at the latest. The total number of option rights that had been allocated to the company's key personnel at the end of the financial period was 310,000. The subsidiary WTS Wireless Technology Systems Oy held 190,000 options at year-end.

Board authorizations

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

Authorization granted by the Annual General Meeting on 25 March 2003 to decide to raise share capital in one or more new issues, to grant option rights and/or to float a convertible bond, resulting in an increase in share capital of a maximum of EUR 60,616. This authorization was unutilized in its entirety at the end of the financial period. The authorization is valid for one year from the date of the Annual General Meeting. The purpose of the authorization is to facilitate the use of company shares in acquisitions and other corporate structuring, strengthening or developing the financial and capital structure of the company, realization of the objectives to seek motivation and commitment from personnel or other initiatives which need to be undertaken to further the company's business. The maximum dilution effect of the authorization is 16.6 per cent.

The authorization by the Annual General Meeting on 25 March 2003 gives the Board the authority to acquire and dispose of a maximum of 378,850 of the company's shares. At the end of the financial period, 293,300 own shares had been acquired within the authorization. The authorization is valid for one year from the date of the Annual General Meeting. Own shares can be acquired to develop the company's capital structure, to finance acquisition or other corporate structuring or to be conveyed or cancelled.

Investments and depreciation

The company amortises goodwill over a five-year period. Investments in computer hardware and software and in office and training equipment totalled EUR 0.21 million during the period. IT hardware was all entered as expenses, having an economic lifetime of less than three years. Other fixed assets were depreciated according to plan.

Financing

Operations were financed entirely out of income. The company's interest-bearing debt was EUR 0.07 million at the end of the period (2002: EUR 0.07 million). Its liquid assets at year-end stood at EUR 3.61 million (2002: EUR 4.14 million).

IFRS project

During the financial period, the company launched an IFSR project, the aim of which is to reach compliance with the International Accounting Standard (IAS) by the year 2005. In 2004 the company will use parallel accounting in order to produce reference data for the year 2005. As far as the company knows, the adoption of IFRS accounting will have no significant influence on shareholders' equity.

Tax rate

Group tax rate and thus net profit was influenced, on the one hand, by non-deductible goodwill amortisation deriving from company acquisition and, on the other hand, by deductible depreciation of liquidation losses arising from the incorporation of businesses acquired. Since the company has no tax surplus, the tax influencing the company's result has been entered as minimum rate in accordance with the dividend proposal, with deduction of compensatory corporation tax credit. The tax rate of the year 2002 was lowered by an adjustment of the rectification board of the Uusimaa Regional Tax Office.

Quality

During the financial year Tieto-X modified its quality system to comply with the requirements of ISO 9001:2000. The certification was granted by Det Norske Veritas. The certified quality

management system covers Tieto-X's expert services in software development and software maintenance.

Staff

The number of personnel averaged 281 (2002: 237) during the period and stood at 335 at the end of the period (2002:247).

Personnel expenses

Salaries and fees including employer's social costs came to EUR 11.9 million (2002: EUR 10.0 million), pension expenses to EUR 2.0 million (2002: EUR 1.8 million) and other indirect employee costs to EUR 0.6 million (2002: EUR 0.6 million). Personnel expenses totalled EUR 14.5 million (2002: EUR 12.4 million), which was approximately 76 per cent of total costs (2002: 75 per cent).

Board of Directors, President and CEO, and Auditors

At the Annual General Meeting on 25 March 2003, Ralf W. Saxén, Eero Hurme, Juhani Pääkkö, Esko Siik and Risto Terho were elected as members of the Board of Directors. The Board of Directors elected Ralf W. Saxén as Chairman of the Board. The Board of Directors met 21 times during the financial period.

Kari Happonen has been President and CEO since 1 May 2002.

The company is audited by PricewaterhouseCoopers Oy, Authorized Public Accounting Firm, with Authorized Accountant Heikki Lassila as responsible auditor.

Future prospects

The slight improvement of the general economy in the latter half of 2003 may result in companies increasing their investments in information technology during 2004. Thanks to this trend, Tieto-X expects that the demand for its services will increase. The growth will most likely continue to be strongest in the ICT sector where the demand for Tieto-X's services has been less dependent on general economic outlooks as in the other customer segments.

Judging from the company's order volume and tender prospects, turnover is expected to continue to grow in the first quarter of 2004. If there is no turn for the worse in the general economic situation, turnover is expected to continue to grow throughout 2004 and exceed that of 2003. Relative profitability is expected to remain on the 2003 level.

Board of directors' proposal to the annual general meeting

The parent company's disposable funds on 31 December 2003 were EUR 3,217,526.27.

The Group's disposable funds on 31 December 2003 were EUR 3,106,909.20.

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

- a dividend to shareholders of EUR	
0.14 per share	EUR 1,060,780.00
- carried over in shareholders' equity	EUR 2,156,746.27
	EUR 3,217,526.27

The Board of Directors proposes that the dividend be paid on shares entered in the shareholders' register kept by the Finnish Central Securities Depository on the balancing date, 5 April 2004. The Board of Directors proposes that the dividend be paid on 14 April 2004.

Profit and Loss Account, Group EUR

	1.1.2003 - 31.12.2003	1.1.2002 - 31.12.2002
Turnover	20,231,379.05	17,261,132.42
Other operating income	440.60	31,532.68
Materials and services		
Materials	-8,726.27	-3,934.92
Services	-915,913.11	-473,434.12
Materials and services total	-924,639.38	-477,369.04
Personnel costs		
Salaries and Wages	-11,874,923.89	-9,974,670.76
Other personnel costs		
Pension costs	-2,025,321.61	-1,842,129.82
Other personnel costs	-623,936.04	-622,954.04
Other personnel costs total	-2,649,257.65	-2,465,083.86
Personnel costs total	-14,524,181.54	-12,439,754.62
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-86,224.40	-72,050.64
Amortisation on goodwill	-1,410,586.88	-1,136,140.48
Depreciation and amortisations total	-1,496,811.28	-1,208,191.12
Other operating expenses	-2,232,218.89	-2,351,977.50
Expences total	-19,177,851.09	-16,477,292.28
Operating profit	1,053,968.56	815,372.82
Financial income and expences		
Interests and other financial income total		
Interests	22,748.89	88.45
Other financial income	63,482.48	105,150.58
Interests and other financial income total	86,231.37	105,239.03
Interest charges and other financial expenditure	-4,385.61	-745.83
Financial income and expences total	81,845.76	104,493.20
Profit before extraordinary items	1,135,814.32	919,866.02
Extraordinary items	0.00	0.00
Profit before provisions and taxes	1,135,814.32	919,866.02
Income taxes	-324,914.49	233,225.61
Change in deferred tax	0.00	0.00
Net profit	810,899.83	1,153,091.63

Balance Sheet, Group EUR

	31.12.2003	31.12.2002
ASSETS		
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	126,113.70	117,921.49
Goodwill	2,995,975.64	4,221,914.52
Pre payments	14,620.00	48,793.52
Intangible fixed assets total	3,136,709.34	4,388,629.53
Tangible fixed assets		
Machinery and equipment	119,620.91	123,289.68
Other tangible assets	4,977.26	4,977.26
Tangible fixed assets total	124,598.17	128,266.94
Investments		
Other shares and holdings	224,173.72	217,264.96
Acquired own shares	499,474.00	0.00
Investments total	723,647.72	217,264.96
FIXED ASSETS TOTAL	3,984,955.23	4,734,161.43
CURRENT ASSETS		
Short term receivables		
Sales receivables	3,824,236.72	2,118,995.73
Loan receivables	36,691.86	82,807.15
Advance payments	0.00	0.00
Accrued income and deferred income	72,414.90	116,266.70
Other receivables	380,937.85	517,475.66
Short-term receivables total	4,314,281.33	2,835,545.24
Financial securities		
Other financial securities	1,997,111.26	2,993,338.76
Cash on hand and on deposits	1,617,185.49	1,140,187.51
CURRENT ASSETS TOTAL	7,928,578.08	6,969,071.51
ASSETS TOTAL	11,913,533.31	11,703,232.94
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	303,080.00	303,080.00
Share issue	0.00	0.00
Premium fund	3,692,032.54	3,692,032.54
Acquired own shares fund	499,474.00	0.00
Translation differences	0.00	337.39
Retained earnings	2,296,009.37	2,551,294.35
Net accounting period profit	810,899.83	1,153,091.63
SHAREHOLDERS' EQUITY TOTAL	7,601,495.74	7,699,835.91
LIABILITIES		
Long-term liabilities	70,638.93	70,638.93
Long-term loans	70,638.93	70,638.93
Long-term liabilities total		
Short-term liabilities	0.00	0.00
Advanced payments	213,458.40	122,004.74
Accounts payable	1,136,470.88	900,128.45
Other liabilities	2,891,469.36	2,910,624.90
Acrued expences and deferred income	0.00	0.00
Short-term liabilities total	4,241,398.64	3,932,758.10
LIABILITIES TOTAL	4,312,037.57	4,003,397.03
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,913,533.31	11,703,232.94

Sources and Applications of Funds, EUR

	1.1.2003- 31.12.2003	1.1.2002- 31.12.2002
Business operations		
Profit before extraordinary items	1,135,814	919,866
Depreciations and amortisations	1,496,811	1,208,191
Changes in net working capital	-849,443	-244,867
Fixed assets wrecking	0	19,449
Fixed assets sales profit	0	-715
Taxes	-335,973	-20,651
Cash flow from extraordinary items	0	0
Cash flow from business operations	1,447,210	1,881,273
Investments		
Investments in tangible and intangible assets	-63,483	-216,243
Transfer income from tangible assets	0	49,350
Investment in subsidiary companies	-540,358	-1,076,298
Cash flow from investments	-603,841	-1,243,191
Cash flow before financing	843,369	638,082
Financing		
Divident paid	-909,240	-1,894,250
Acquisition of own shares	-499,474	0
Short-term loan receivables decrease	46,115	79,712
Cash flow from financing	-1,362,599	-1,814,538
Change in funds	-519,230	-1,176,456
Funds in the beginning of the period	4,133,527	5,309,983
Funds at the end of the period	3,614,297	4,133,527

Changes in Shareholders' Equity, EUR

	1.1.2003-31.12.2003	1.1.2002-31.12.2002
SHAREHOLDERS' EQUITY		
Share capital in the beginning of the period	303,080.00	304,920.00
Share issue during the period	0.00	6,400.00
Capitalisation issue during the period	0.00	0.00
Share cancelling during the period	0.00	-8,240.00
Share capital at the end of the period	303,080.00	303,080.00
Share issue in the beginning of the period	0.00	0.00
Share issue during the period	0.00	0.00
Share issue at the end of the period	0.00	0.00
Premium fund in the beginning of the period	3,692,032.54	3,018,192.54
Share issue during the period	0.00	665,600.00
Decrease during the period	0.00	0.00
Share cancelling during the period	0.00	8,240.00
Premium fund at the end of the period	3,692,032.54	3,692,032.54
Own shares fund in the beginning of the period	0.00	720,122.90
Increase during the period	499,474.00	0.00
Decrease during the period	0.00	-720,122.90
Own shares fund at the end of the period	499,474.00	0.00
Retained earnings in the beginning of the period	3,704,723.37	4,445,544.35
Divident distribution	-909,240.00	-1,894,250.00
Own shares	-499,474.00	0.00
Capitalisation issue during the period	0.00	0.00
Other changes	0.00	337.39
Profit for the period	810,899.83	1,153,091.63
Retained earnings 12/31/03	3,106,909.20	3,704,723.37
SHAREHOLDERS' EQUITY 12/31/03	7,601,495.74	7,699,835.91

Distributable funds of the group 12/31/03 are 3,106,909.20 EUR.

Accounting principles

Fixed Assets

Fixed assets are entered in the balance sheet at acquisition cost less planned depreciations.
Computer hardware are entered as expences for the year because they have an economic life less than 3 years.

Depreciation plan

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

Financial assets

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

Pensions

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

Sales recognition

Sales are recognized according to the percentage of completion method.

Comparability of figures on the previous financial period

The figures are comparable.

Extend of the consolidated annual accounts

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

Accounting principles for the consolidated annual accounts

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

Inter-Group business transactions and margins

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

Deferred Tax

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

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

Notes for Profit and Loss Account, Group EUR

	1.1.2003-31.12.2003	1.1.2002-31.12.2002
Turnover by market area		
Finland	20,231,379.05	17,261,132.42
Other countries	0.00	0.00
Total	20,231,379.05	17,261,132.42
Turnover under the percentage of completion method	76,738.77	0.00
Personnel costs		
Salaries and fees paid to managing director and to the board of directors	216,577.00	197,345.67
Other salaries	11,658,346.89	9,777,325.09
Pension costs	2,025,321.61	1,842,129.82
Other personnel costs	623,936.04	622,954.04
Total personnel costs total in P&L	14,524,181.54	12,439,754.62
Cash value of the Management's and the Board of Director's fringe benefits	10,500.00	9,025.20
Cash value of fringe benefits	138,618.50	161,162.61
Cash value of fringe benefits total	149,118.50	170,187.81
Total	14,673,300.04	12,609,942.43
The President and CEO's pension scheme is in accordance with Finland's Employee Pension Act		
The average number of personnel employed during the period		
Specialists	244	208
Administrative and sales personnel	36	28
Trainees	1	1
Total	281	237
Personnel employed at the end of the period		
Specialists	294	219
Administrative and sales personnel	40	27
Trainees	1	1
Total	335	247
Depreciation and amortisation		
Depreciation according to plan		
Machinery and equipment	86,224.40	72,050.64
Amortisation on goodwill	1,410,586.88	1,136,140.48
Total	1,496,811.28	1,208,191.12
Income taxes		
From extraordinary items		
From normal operations	-324,914.49	233,225.61
Deferred tax	0.00	0.00
Total	-324,914.49	233,225.61

Notes for Balance Sheet, Group EUR

	31.12.2003	31.12.2002
Intangible assets		
Goodwill		
Goodwill in the beginning of the period	4,221,914.52	4,038,822.20
Increase during the period	184,648.00	1,479,715.74
Decrease during the period	0.00	-160,482.94
Amortisation during the period	-1,410,586.88	-1,136,140.48
Goodwill at the end of the period	2,995,975.64	4,221,914.52
Intangible rights		
Intangible rights in the beginning of the period	117,921.49	16,111.33
Increase during the period	60,787.87	132,346.99
Depreciation during the period	-52,595.66	-30,536.83
Intangible rights at the end of the period	126,113.70	117,921.49
Advance payments		
Advance payments in the beginning of the period	48,793.52	26,728.85
Increase during the period	14,620.00	48,793.52
Decrease during the period	-48,793.52	-26,728.85
Book value at the end of the period	14,620.00	48,793.52
Tangible assets		
Machinery and equipment in the beginning of the period	128,266.69	158,367.84
Increase during the period	29,960.22	68,441.79
Decrease during the period	0.00	-58,944.77
Depreciations during the period	-33,628.74	-39,598.17
Machinery and equipment at the end of the period	124,598.17	128,266.69
Investments		
Acquired own shares		
In the beginning of the period	0.00	720,122.90
Increase during the period	499,474.00	0.00
Decrease during the period	0.00	-720,122.90
Own shares at the end of the period	499,474.00	0.00
Other shares and holdings		
In the beginning of the period	217,264.96	167,013.86
Increase during the period	6,908.76	52,240.32
Decrease during the period	0.00	-1,989.22
Other shares and holdings at the end of the period	224,173.72	217,264.96
Investments total at the end of the period	723,647.72	217,264.96
GROUP COMPANIES 31 JANUARY 2003	31.12.2003	31.12.2002
Polar Profit Oy, in receivership		
Registered office	Haapavesi	Haapavesi
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity and book value in the last published financial	280,252.51	280,252.51
Topsystems Oy, in receivership		
Registered office	Helsinki	Helsinki
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity in the last published financial statements	1,104,236.39	1,104,236.39
Book value	1,293,371.99	1,293,371.99
Tietovara Oy, in receivership		
Registered office	Helsinki	Helsinki
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity and book value in the last published financial	711,144.63	711,144.63

Botnia Comp engineering Oy, in receivership		
Registered office	Kemi	Kemi
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity and book value in the last published financial	513,570.67	513,570.67
Botnia Comp Haparanda Ab, Haaparanta Sweden		
Registered office	Haaparanta	Haaparanta
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity and book value in the last published financial	11,110.10	11,110.10
WTS Wireless Technology Systems Oy, Jyväskylä		
Registered office	Jyväskylä	Jyväskylä
Share of ownership	100.00	100.00
Profit for the last published financial period	-4.27	218,662.23
Shareholders' equity in the last published financial statements	260,361.73	479,066.00
Book value	2,073,004.60	1,888,356.60
Financial securities	31.12.2003	31.12.2002
Other securities		
Financial securities includes Fund units that are under public trade		
Market value	1,997,111.26	2,993,338.76
Book value	1,997,111.26	2,993,338.76
Difference	0.00	0.00
Other liabilities, accrued expenses and deferred income		
Material issues included		
Personnel costs	1,712,664.98	1,406,322.78
Withholding tax liability	333,961.21	279,901.64
Acquisition price reserve	984,648.00	1,300,000.00
VAT liability	761,452.27	591,598.64
TAX liability	124,903.99	46,338.24
Other liabilities	394,407.11	379,235.72
Other liabilities, accrued expenses and deferred income total	4,312,037.56	4,003,397.02
COMMITMENTS		
Commitments for group		
Bank deposits as security for rent	63,182.75	64,708.75
Leasing liabilities, 12 months	119,472.97	36,572.00
Leasing liabilities, over 12 months	151,679.74	52,628.40
Leasing liabilities, total	271,152.71	89,200.40
Deferred tax receivables		
Deferred tax receivables from capitalisation differences	766,436.70	857,852.10
Affirmed tax deductible losses	0.00	85,299.00
Total	766,436.70	943,151.10

Deferred tax receivables are not entered in financial statements.

Deferred tax receivables from capitalisation differences can be used during financial year 2004.

Key Ratios on Financial Performance

	1.1.-31.12.03	1.1.-31.12.02	1.1.-31.12.01	1.1.-31.12.00*	1.1.-31.12.99*
1000 EUR					
Turnover	20,231	17,261	21,397	15,652	12,542
Turnover, increase %	17.2%	-19.3%	36.7%	24.8%	N/A
Operating profit	1,054	815	2,828	2,411	2,240
% of turnover	5.2%	4.7%	13.2%	15.4%	17.9%
Operating profit before goodwill amortisation	2,465	1,952	3,945	2,857	2,240
% of turnover	12.2%	11.3%	18.4%	18.3%	17.9%
Profit before extraordinary items	1,136	920	2,542	2,583	2,541
% of turnover	5.6%	5.3%	11.9%	16.5%	20.3%
Profit before provisions and taxes	1,136	920	2,542	2,557	2,261
% of turnover	5.6%	5.3%	11.9%	16.3%	18.0%
Return on equity %	11.0%	14.2%	28.0%	35.0%	52.0%
Return on investment %	15.1%	11.4%	32.4%	48.6%	80.7%
Interest related liabilities	71	71	0	0	0
Financial assets	3,614	4,136	5,310	5,691	4,807
Gearing	-49.9%	-52.8%	-62.6%	-79.0%	-140.7%
Equity ratio	62.2%	65.8%	63.6%	64.6%	53.9%
Gross investment under fixed assets	91	214	155	140	42
% of turnover	0.4%	1.2%	0.7%	0.9%	0.3%
Personnel, average during the period	281	237	273	204	164
Personnel, at the end of the period	335	247	275	255	166
Key ratios per share					
Earnings per share, EUR	0.11	0.15	0.30	0.26	0.25
Earnings per share EUR, with adjustment for options dilution	0.11	0.15	N/A	N/A	N/A
P/E ratio	19.73	13.07	13.40	16.50	24.00
Closing quotation at the end of the period	2.17	1.96	4.02	4.29	6.00
Adjusted number of shares average during the period	7,577,000	7,541,889	7,623,000	7,192,000	6,532,000
Adjusted number of shares at the end of period	7,577,000	7,577,000	7,623,000	7,623,000	6,532,000
Number of shares adjusted by acquired of shares	7,283,700	7,577,000	7,417,000		
Number of shares with adjustment for options dilution	7,388,075	7,577,000	7,417,000		
Dividend / earnings %	125.75%	78.85%	84.31%	69.50%	N/A
Dividend / share, EUR	0.14	0.12	0.25	0.18	N/A
Effective dividend yield %	6.45	6.12	6.22	4.20	
Shareholders' equity / share, EUR	0.98	1.02	1.11	0.95	0.52

* Unaudited pro forma figures

Calculation of Financial Ratios

RETURN ON EQUITY (ROE) %:

$$\frac{\text{Profit or loss before extraordinary items, provisions and taxes} - \text{taxes} +/- \text{taxes from extraordinary items}}{\text{Shareholders' equity} + \text{minority share} + \text{voluntary provisions and depreciation difference minus deferred tax liabilities} - \text{own shares fund (average)}} \times 100$$

RETURN ON INVESTMENT (ROI) %:

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

EQUITY RATIO %:

$$\frac{\text{Shareholders' equity} + \text{minority share} + \text{voluntary provisions and depreciation difference minus deferred tax liabilities}}{\text{Balance sheet total} - \text{advance payments} - \text{own shares fund}} \times 100$$

EARNINGS PER SHARE:

$$\frac{\text{Profit before extraordinary items, provisions and taxes} - \text{taxes} +/- \text{taxes from extraordinary items}}{\text{Number of shares with adjustment for shares in the company's possession and options dilution}}$$

Number of shares with adjustment for shares in the company's possession = 7,283,700

Number of shares with adjustment for shares in the company's possession and options dilution = 7,388,075

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

EQUITY PER SHARE:

$$\frac{\text{Shareholders' equity} + \text{voluntary provisions} - \text{own shares fund} + \text{depreciation difference minus deferred tax liabilities and minority share}}{\text{Number of shares with adjustment for shares in the company's possession}}$$

DIVIDEND / EARNINGS:

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

The board proposal for dividend for the financial period has been taken into account as dividend distributed for 1 January 2003 – 31 December 2003, with adjustment for dividend for shares in the company's possession.

P/E ratio:

$$\frac{\text{Share-issue-adjusted last quotation on 30 December 2003}}{\text{Earnings per share}}$$

EFFECTIVE DIVIDEND YIELD:

$$\frac{\text{Share-issue-adjusted dividend / share}}{\text{Share-issue-adjusted last quotation on 30 December 2003}} \times 100$$

Profit and Loss Account, Parent Company, EUR

	1.1.2003-31.12.2003	1.1.2002-31.12.2002
Turnover	18,308,048.75	17,068,574.15
Other operating income	440.60	19,217.41
Materials and services		
Materials	-8,726.27	-1,006.78
Services	-2,301,740.01	-472,959.12
Materials and services	-2,310,466.28	-473,965.90
Personnel costs		
Salaries and wages	-10,405,590.69	-9,858,389.89
Other personnel costs		
Pension costs	-1,787,035.69	-1,828,462.85
Other personnel costs	-570,873.47	-611,517.15
Other personnel costs total	-2,357,909.16	-2,439,980.00
Personnel costs total	-12,763,499.85	-12,298,369.89
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-934,814.76	-952,510.27
Depreciation and amortisations total	-934,814.76	-952,510.27
Other operating expenses	-1,930,701.10	-2,386,069.67
Expences total	-17,939,481.99	-16,110,915.73
Operating profit	369,007.36	976,875.83
Financial income and expences		
Interests	10,333.35	19,754.77
Other financial income	371,781.02	86,227.37
Interests and other financial income total	382,114.37	105,982.14
Interest charges and other financial expenditure		
Interest charges	-475.05	-975.90
Other financial expenditure	-2,502.58	0.00
Interest charges and other financial expenditure total	-2,977.63	-975.90
Financial income and expences total	379,136.74	105,006.24
Profit before extraordinary items	748,144.10	1,081,882.07
Extraordinary items		
Extraordinary items, group contribution	1,248,858.03	0.00
Extraordinary expenses	0.00	0.00
Extraordinary items total	1,248,858.03	0.00
Profit before provisions and taxes	1,997,002.13	1,081,882.07
Income taxes	-414,238.39	2,970.62
Net profit	1,582,763.74	1,084,852.69

Balance Sheet, Parent Company, EUR

ASSETS	31.12.2003	31.12.2002
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	114,156.41	102,702.36
Other capitalised expenditure	1,295,456.69	2,152,883.93
Pre payments	14,620.00	48,793.52
Intangible fixed assets total	1,424,233.10	2,304,379.81
Tangible fixed assets		
Machinery and equipment	106,456.63	106,625.38
Other tangible assets	4,977.26	4,977.26
Tangible fixed assets total	111,433.89	111,602.64
Investments		
Intra-Group holdings	4,882,454.50	4,697,806.50
Other shares and holdings	171,933.40	165,024.64
Acquired own shares	499,474.00	0.00
Investments total	5,553,861.90	4,862,831.14
FIXED ASSETS TOTAL	7,089,528.89	7,278,813.59
CURRENT ASSETS		
Short-term receivables		
Sales receivables	3,571,833.11	1,850,899.86
Receivables from subsidiary companies	1,748,474.99	3,244.36
Loan receivables	36,691.86	82,807.15
Other receivables	62,012.75	66,248.75
Accrued income and deferred income	281,612.05	516,494.47
Share subscription receivables	0.00	0.00
Short-term receivables total	5,700,624.76	2,519,694.59
Financial securities		
Other financial securities	1,997,111.26	2,993,338.76
Cash on hand and on deposits	754,118.97	616,420.04
CURRENT ASSETS TOTAL	8,451,854.99	6,129,453.39
ASSETS TOTAL	15,541,383.88	13,408,266.98
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	303,080.00	303,080.00
Share issue	0.00	0.00
Premium fund	3,692,032.54	3,692,032.54
Acquired own shares fund	499,474.00	0.00
Retained earnings	1,634,762.53	1,958,623.84
Net accounting period profit	1,582,763.74	1,084,852.69
SHAREHOLDERS' EQUITY TOTAL	7,712,112.81	7,038,589.07
LIABILITIES		
Short-term liabilities		
Advanced payments	0.00	0.00
Accounts payable	190,040.16	101,481.56
Intra-Group liabilities	1,322,361.09	0.00
Other liabilities	946,495.83	787,285.86
Accrued expences and deferred income	5,370,373.99	5,480,910.49
Short-term liabilities total	7,829,271.07	6,369,677.91
LIABILITIES TOTAL	7,829,271.07	6,369,677.91
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	15,541,383.88	13,408,266.98

Auditors' Report

To the shareholders of Tieto-X Plc

We have audited the accounting, the financial statements and the corporate governance of Tieto-X Plc for the period 1 January - 31 December 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 Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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

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

Helsinki February 24, 2004

Pricewaterhouse Coopers Oy
Authorised Public Accountants

Heikki Lassila, APA

The Board of Directors



Ralf W. Saxén, born in 1942
Master of Science in Technology
Master of Science in Economics and Business Administration
CEO, IT Venture Management Oy 1993 -
Work experience:

- 1982 – 1993 Programator Group Oy Finland, CEO
- 1980 - 1982 Nokia Plc, Director
- 1979 - 1980 Procons Oy, CEO
- 1973 - 1979 Oy Softplan Ab, CEO

Member of the Board of Directors (Chairman) since the year 2000.

Other posts of confidence:

- Pretax Oy, Chairman of the Board of Directors
- Modultek Oy, Member of the Board of Directors
- Söderström & Co, Member of the Board of Directors
- Kustannustaito Oy, Member of the Board of Directors

Member of Hallitusammattilaiset ry
(the Association of Board Professionals)
Number of shares in the company: 5,000
through IT Venture Management Oy.



Eero Hurme, born in 1938
Retired from work
Work experience:

- 2000 - 2001 Tieto-X Plc, Manager
- 1984 - 2000 Tietovara Oy, CEO and full-time Chairman of the Board of Directors
- 1964 - 1984 Postipankki, various IT tasks

Member of the Board of Directors since the year 2002

Other posts of confidence:

- Suomen Business Viestintä Oy, Chairman of the Board of Directors
- Numerous auditor's tasks

Number of shares in the company: 67, 943



Juhani Pääkkö, born in 1949
Agrologist, LIFIM (Finnish Institute of Management) course 172
CEO, Polar Forest Oy 1995 -
Work experience:

- 1992 – 1995 Polar Lake Oy, CEO
- 1972 – 1992 Maustaja Oy, CEO

Member of the Board of Directors since the year 2000

Other posts of confidence:

- Suomen CBA Trading Oy, Member of the Board of Directors
- Woodcomp Oy, Member of the Board of Directors
- Osuuskauppa Arina, Member of the Body of Representatives and Naming Committee

Number of shares in the company: 2,400
(together with wife)



Esko Siik, born in 1942
Master of Economic Sciences and Business Administration
Retired from work
Work experience:

- 1988 - 1998 Postipankki/Leonia, Data Administration Manager
- 1986 - 1988 Esko Siik Konsultointi Oy, CEO
- 1985 - 1986 Suunnittelutoimisto Software Oy, Deputy CEO, CEO
- 1971 - 1984 Postipankki, Head of Department

Member of the Board of Directors since the year 2000

Other posts of confidence:

- Tuusulan Golfklubi Oy, Chairman of the Board of Directors
- Helia Säätiö, Member of the Board of Directors
- Opetustalo Oy, Member of the Board of Directors

Number of shares in the company: 2,150 shares.

2,600 shares through Esko Siik Konsultointi Oy.

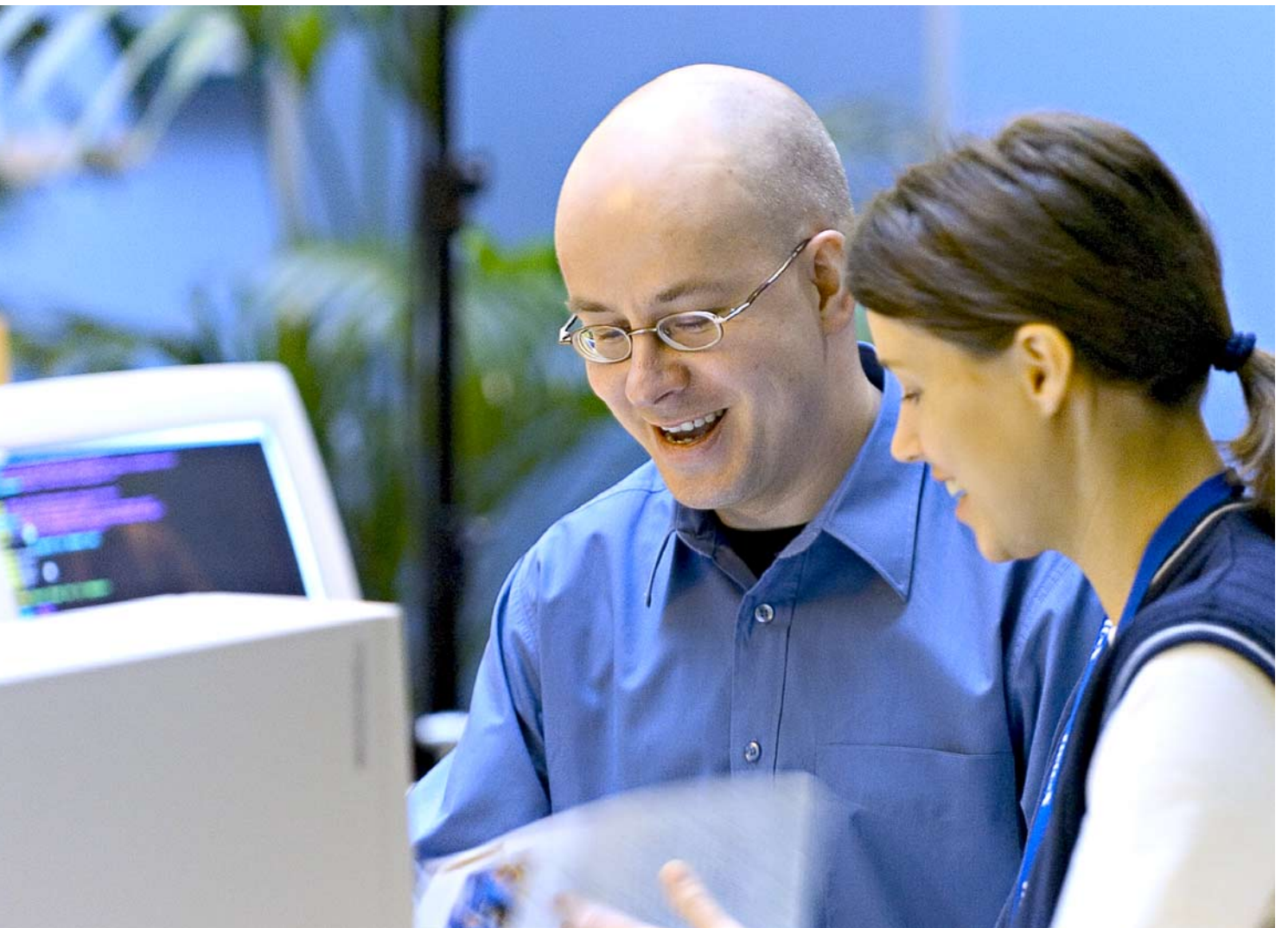


Risto Terho, born in 1947
Master of Science
Consultant, Tieto-X Plc 1995 -
Work experience:

- 1994 - 1995 Uniware Oy, Project Consultant
- 1993 - 1994 Asio-Data Oy, Export Manager
- 1990 - 1992 Tietosuora Oy/NovoCenter Oy, Unit Manager
- 1987 - 1989 Witec Oy, Head of Computer Center
- 1975 – 1986 Wärtsilä Plc, i.a. Head of Computer Center

Member of the Board of Directors since the year 1995

Number of shares in the company: 309,090
(4.08 %)



Tieto-X Group units

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Tieto-X Plc, Tampere
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