



ANNUAL REVIEW **2004**



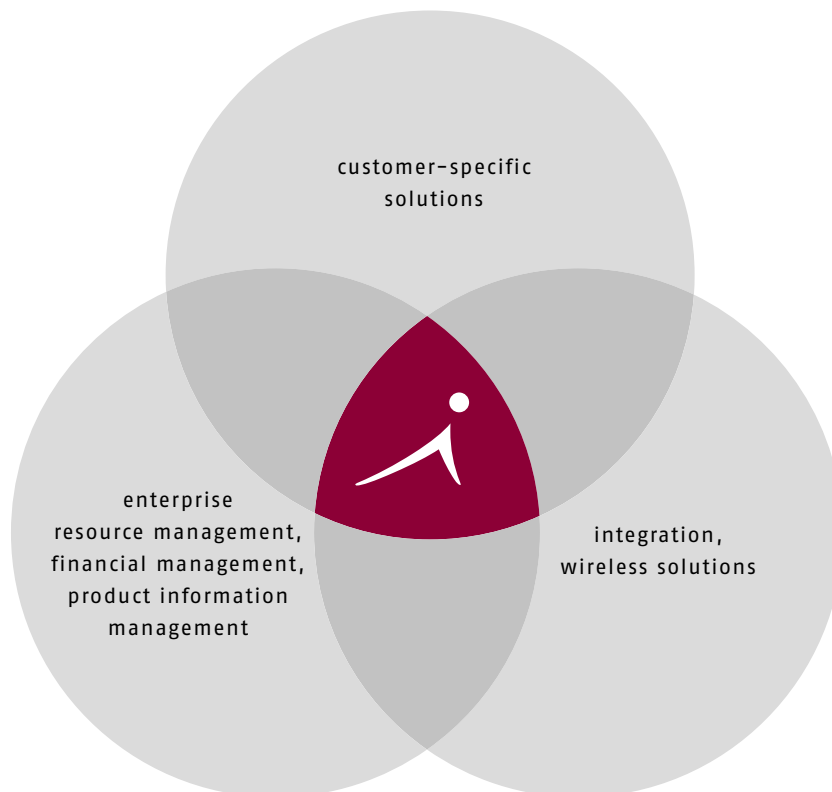


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Sentera Plc's Annual Report 2004 comprises two separate printed products; the Annual Review and Financials 2004. Both are available in Finnish and English. In addition, a Web version of the Annual Report is published on the Group's website at [www.sentera.fi](http://www.sentera.fi).

## Sentera's information system solutions



*Sentera combines its own and third party solutions and new technologies to design customer solutions for developing and improving the companies' business critical processes. Customers have a big role in the development of products and services. Focused growth enables Sentera to serve the needs of the existing customers and business area. Sentera's goal is to generate long-lasting benefits to the customers' business operations with the help of information system solutions.*

## Sentera in brief

Sentera Plc, an information solution provider operating in Finland and its neighbouring areas, bases its business operations on long-term strategic partnership with customers, on business area know-how and on solutions comprising products and services. Sentera's customers are medium-sized and large Finnish enterprises.

Sentera has solid know-how in the delivery of system integration, wireless and Web solutions, enterprise resource planning and financial management products and tailored system units to the finance, industry, media, public administration and service sectors and to the trade value chain.

### Information in the right place at the right time

Sentera provides solutions for enterprise resource planning and financial management and for the integration of applications, enterprises, business operations processes and supply chains. Wireless solutions, independent of terminal devices provide enterprises and users with freedom and at the same time confidence that information is provided to the right person in the right place at the right time.

Internal and external application and process integration streamline an enterprise's operating models and speed up its processes. Research and feedback from customers show that openness, suitability for integration, manageability and flexibility are characteristics that are associated with both Sentera and its solutions.

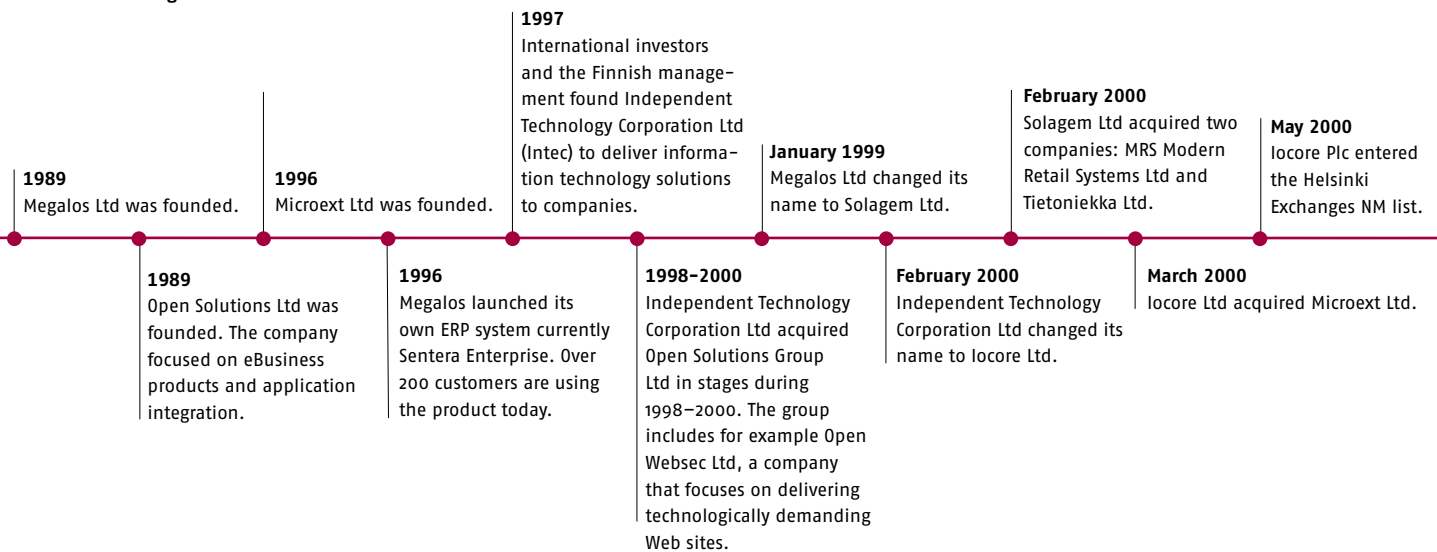
### The year 2004 in brief

- The turnover of the Sentera Group totalled EUR 22.5 million and operating profit before amortisation (EBITA) came to EUR 1.9 million. In 2004 turnover grew by 5.6% in spite of the removal of turnover from foreign operations as of 1 October 2003. Turnover from Finnish operations grew by 9.3% and operating profit before amortisation (EBITA) was 8.4% of turnover. The number of personnel at the end of the year was 187 (238 in 2003). Six people were made redundant in order to secure profitability and future operations.
- Sentera concluded over 50 new delivery agreements during 2004 with existing and new customers. Sentera's most significant customers in 2004

were among others (in alphabetical order), Atea Novosys, HP, Ilmarinen, Kemira GrowHow, Kesko (including Anttila, Indoor and Kaukomarkkinat), Finnish Defence Forces, Rolls-Royce, Silja and SOK.

- Sentera's sharpened modified strategy, published in January, has guided operations during the whole year. In 2004 a basis was created for the development of customer relationships, the solutions portfolio and profitability.
- During spring the organisation was renewed in order to utilise the know-how collected over the past few years in the whole organisation. Sales, which was previously divided into delivery units, was organised into one unit in order to improve service and make it more efficient. On this occasion the marketing unit focusing on targeted marketing was made part of the sales and sales support organisation. The delivery organisation was divided into two – product- and service-based units. The Customer Solutions unit is responsible for service provision and the Enterprise Business Solutions

→ During the past 15 years Sentera Plc has acquired extensive technological and business know-how.



unit for products and for research and development related to products. Product development, which previously operated as its own unit, was joined with the Enterprise Business Solutions unit.

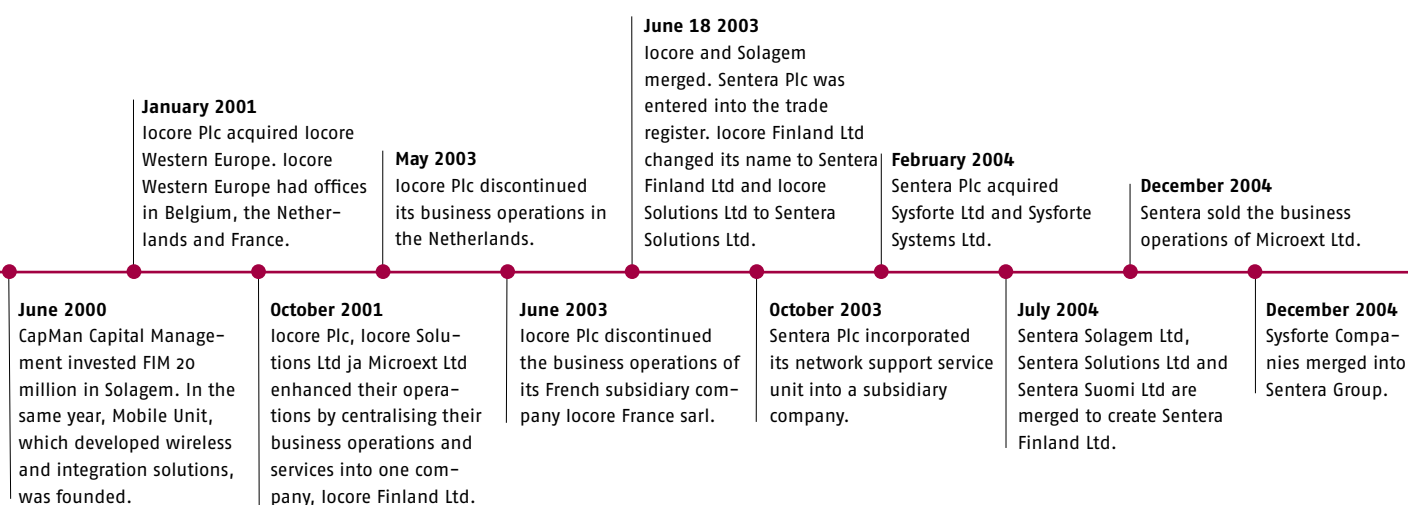
- The material created from merger processes was collected in order to provide guidelines for future company acquisition projects. Sentera expanded its business area know-how, among others, in the food industry sector by purchasing Sysforte Companies in February. At the same time the Group acquired new know-how in wireless and ERP and product information management solutions.
- Sentera invests in management training and the well-being of its staff. A balanced scorecard was introduced in the whole Group as part of business development efforts. It will function as a tool and support for personal development and ensure that personal goals contribute to the strategic goals of the whole Group.

Key figures	2004	2003*)	2002**)
Turnover of the Group, € million	22.5	27.7	22.5
Net sales growth, calendar year 2003 %	5.6	23.3	66.7
Operating profit (EBIT), € million	1.5	-1.3	0.8
% of turnover	6.8	-4.9	3.4
Profit before voluntary provisions and taxes, € million	1.6	-1.3	-0.3
% of turnover	7.1	-4.8	-1.5
Research and product development costs, € million	1,5	2.0	1.6
% of turnover	6.6	7.2	7.0
Equity ratio, %	70.9	71.8	72.0
Net gearing	-55.9	-64.5	-59.6
Personnel (average)	230	234	265
Personnel at the end of the financial year	187	238	263
Profit per share, €	0.09	-0.01	0.04
Dividend per share, € ***)	0.04	0.00	0.03

\*) Change of the financial year, 15 months, 1 October 2002–31 December 2003

\*\*\*) 1 Oct 2001–30 Sep 2002

\*\*\*) Board's proposal



## CEO's review

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The year 2004 can be characterised as a year of improved and established profitability. We improved continuously our results, and during the last quarter we stabilised a profit level that enables investment in profitable growth.

The feedback from our customers on the expansion of our product and service supply by means of company acquisitions and mergers has been positive. We have succeeded in acquiring more expertise and new products and services in existing business areas, and furthermore we have succeeded in complementing the value chain related to the whole value chain of trade. The purchase of Sysforte Companies in February created an opportunity for Sentera to operate as a supplier of business-critical systems for the whole value chain of the food industry. By means of these acquisitions we have achieved a strong foothold in the value chain of trade, from production to the supermarket's shelves.

In 2004 we invested strongly in the development of our customer strategy, the reorganisation of sales and the dissemination of product, service and technology expertise in our organisation so that we are able to utilise broad expertise throughout the organisation and thereby serve our customers even better. In my view we have succeeded in creating a good basis for expanded operations and a sustainable platform for new company acquisitions. We participate in active discussions with those private and publicly listed companies that are suited to our strategic aim of growing in a focused manner.

The profitability of our Group developed positively throughout the year. The positive development of operating profit that began already in the last quarter of 2003 continued throughout 2004.

The turnover of the Sentera Group grew to EUR 22.5 million. Growth amounted to 5.6% in spite of the

terminations of foreign operations on 30 September 2003. Due to the resources used for corporate restructuring and the caution in the market, we did not attain the aims we had set for organic growth. The clear picking up of the market towards the end of 2004 and at the beginning of 2005 and the increase in projects based on .NET technology created a strong need for recruitment already at the end of 2004. The beginning of 2005 has proven that the uplift in the market is continuing and projects that customers have been planning perhaps for years are finally seeing the light of day.

The optimisation of the expertise and resources brought by Sysforte Companies further deepened the merger arrangements performed earlier. Our organisation is arranged so that the transfer of resources and thereby of expertise within the organisation is as flexible as possible. This also means that the planning of new corporate restructurings and recruitments will become easier.

According to our strategy we concentrate on the development of product and service business operations in selected business areas. As a part of the implementation of this strategy we sold the network support business of Microext Ltd in December 2004.

At Sentera we have designated 2005 the year of growth. Our aim is to acquire more resources and expertise both by company acquisitions and organically. Already in the last quarter of 2004 we saw that there is demand for experts especially of new technologies, such as .NET technology, among our customers. The improved market situation means that many planned information technology projects will be launched. Our customers have a need to renew and be renewed. We participate in the planning and enabling of new operational ways and models. The ever tougher competition in all fields highlights efficiency and customer

service. This is true for us, too. However, I believe that our personnel's strong desire to help our customers to find new ways of operation is an indication of overall high commitment – commitment to the development of Sentera as a whole.

We will continue to probe for targets for company acquisitions according to our strategy. Our aim in company acquisitions is to expand the value chains related to selected business areas and the supply of products and services to existing customers. As necessary, we will complement our own product and service supply by our partners' products. In terms of product development and expertise management we focus on distributed and wireless integration, so-called tactical integration. Our partners, on the other hand, concentrate on basic integration, so-called strategic integration. Part of our professional expertise consists in finding always the best comprehensive solution for our customers, either in Sentera's product selection or together with products and services supplied by our partners.

In 2004 we celebrated our company's 15-year history with information systems. In my view, one of the best things during these 15 years is that many customer relationships are the same age as our company. We should give a big thanks for this to our customers and their ability to see change as an opportunity and to grow with us. But without an expert and responsible personnel the plans of the owners and management would remain unrealised. That is why thanks for the past year are due to the personnel. I also wish to thank the Board of Directors and the management team for active participation in the development of the whole, and their good results. We have built a strong basis for profitable growth and the development of our business operations in order to serve our customers even better.



Markku Toivanen





*In 2004 we continuously improved our results, and during the last quarter we stabilized a profit level that enables investment in profitable growth.*

# Strategy review

The three cornerstones of Sentera's strategy are customerships, solutions and profitable growth. The developing customer-supplier relationship provides customers with competitive advantages and enables solutions that develop according to the requirements of the business area. The products and services supplied by Sentera are built into comprehensive solutions for the customer that are supplemented with know-how acquired from the business area. Profitable business operations create a basis for the company to achieve the growth objectives in line with its strategy. The basis for future growth was built in 2004.

## Developing customerships

The basis for a customer strategy was created in 2004. Sentera invests in customer relationships by creating customer-specific development plans together with its strategic customers. In this way information systems support the customer's business objectives and information technology becomes part of the customer's business strategy. The plans provide valuable information sources to know-how management as well.

## Comprehensive industry-specific solutions

Industry and technology expertise enable extensive system deliveries, and our own product and service supply is complemented by our partners' products on a customer-specific basis. Sentera has strong expertise

in tactical integration operating on integration platforms provided by third parties, including distributed and wireless integration.

## Growth and profitability

One of the cornerstones of Sentera's strategy is growth. In February the Sentera Group expanded by some 50 people when the company acquired Sysforte Companies. By means of this acquisition Sentera gained expertise and customer relationships in existing industries and increased its market share throughout the value chain of trade. Sentera also gained from Sysforte solid expertise in business-critical wireless solutions for various industries.

Sentera's strategy of growth is based on the company's strong balance sheet, an increasing demand for integration solutions by existing customers, and a positive outlook on growth of the integration solutions market. Enterprises' internal integration projects (Enterprise Application Integration, EAI) and integration projects between enterprises (business-to-business) are both increasing. Enterprises have an ever-growing need to share information and applications. Electronic business models are increasing along with open technologies, such as Web Services. The Web Services technology has made it possible to share traditional applications, such as ERP applications, between enterprises in networked business operations. The new

business models are seen in the need of existing ERP customers to update their systems and in the increase of new integration customers. Today almost all information system deliveries include integration either on the application or the process level.

Focused corporate restructuring supports Sentera's strategic goals, such as the development of existing customer relationships, management of the solutions portfolio and business area know-how.

## Operating principles

Sentera's operating principles are based on responsibility, know-how and profitability. Good team spirit is a prerequisite for success. The Sentera spirit comprises a common set of goals and values and professional operating models.

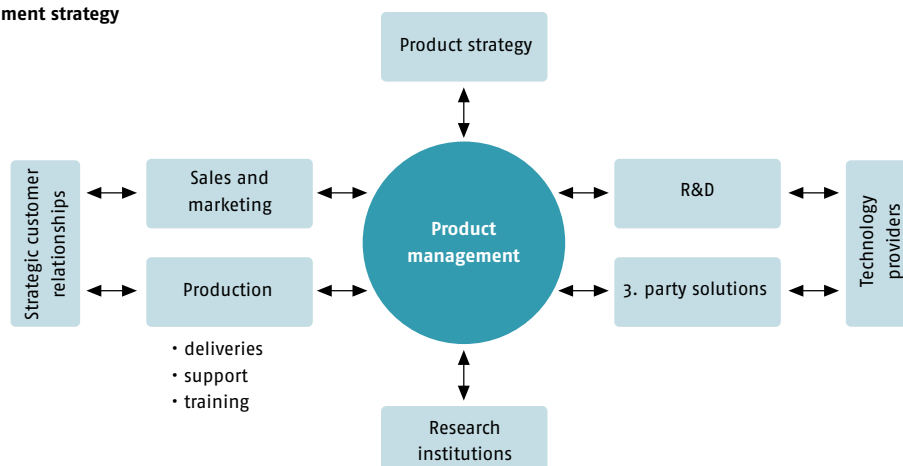
## Mission

Sentera's mission is to generate long-lasting benefits to the customer's business operations with the help of information system solutions.

## Vision

It is Sentera's vision to be a respected solution provider and business area expert operating in Finland and the neighbouring areas. Sentera's aim is to multiply its turnover, more than half of which is based on strategic customer relationships.

### → Sentera's product management strategy



The input from strategic customers and their involvement as part of the R&D process is essential to ensure continuing development.





## VALUES

### → Responsibility

We at Sentera take responsibility for our duties and the well-being of our working environment. At Sentera, everyone's work contribution is valued and appreciated as a part of the company as a whole. Our common goals are successful delivery and a satisfied customer.

### → Know-how

We are professionals that are willing to develop continuously and determinedly, both as individuals and as a team, in order to secure functional solutions and high-level service for our customers.

### → Profitability

We work according to professional operating models and towards agreed common goals. Attitude and diligence enable profitable operations and secure the future of the individual, the team and thereby the whole company.

## Business operations review

In 2004 a solid basis was built for Sentera's business operations, which meant defining strategic customer relationships and creating common internal operating models in order to further improve customer service. The pruning down of foreign operations did not burden the operating profit from Finnish operations. Business operations were focused during 2004. The purchase of Sysforte Companies strengthened Sentera's expertise in the trade value chain sector. The network support business, clearly different from the software business, was sold towards the end of 2004. Industry-specific development areas, the contents of the solutions portfolio and the emphasis on technology were also defined during the year.

### The market is clearly picking up

The market was clearly picking up towards the end of 2004, even if caution is and continues to be the dominant trend. Caution can be seen, among other things, in longer decision-making processes and in IT projects being divided into smaller units than earlier. On the other hand, shorter and more compact projects enable more precise analysis of project results and verification of advantages. Shorter projects enable faster deployment and advantages and thereby improve customer satisfaction. The market's slight uplift in information system investments could be seen in 2004 as an increase in the number of deals in new sales, among others. However, many of the projects already planned were moved to 2005.

Another very strong trend can be seen in the renewal of old systems with new technologies, such as .NET technology. By means of these, customers can utilise existing systems and are able to gain added value from earlier investments. Sentera uses new technol-

ogy when building new functionality in old systems. Silja's customer implementation introduced on page 19 shows how new technology enables further development of old systems.

The outsourcing trend in IT operations that has become increasingly common in the past few years was seen in the more widespread demand for ASP solutions. In addition, the demand for ready industry solutions increased. The Sentera Enterprise ERP system for the technical wholesale business has been developed in close cooperation with the customer in view of industry-specific needs.

### Sentera focuses on the value chain of trade

Sentera has strong expertise in terms of the whole value chain of trade. Sentera delivers business-critical information systems for the value chain of trade, ranging from systems that ensure the traceability of food industry production to outlet-specific wireless integration solutions. Please see the Marli Case on page 16 for more information about traceability. The value chain of trade also includes technical wholesale systems and the contract sales software for the furniture business. The value chain of trade includes the transport of goods from suppliers to consumers. Solutions based on wireless handheld terminals, among other things, improve the optimisation of logistics and warehouse management.

### ERP as a part of integration

The Sentera Enterprise ERP system is suitable for many industries and especially for enterprises that engage in production comprising many components and maintenance activities. The ERP system is supported

by wireless handheld terminal solutions, Web-based electronic trading places and integration applications. Please see the Kemira GrowHow Case on page 17 for more information about critical ERP systems.

The ERP product is extremely well suited to the needs of the technical wholesale business. The most significant achievement of the technical wholesale business was the conclusion of a five-year framework agreement with Kaukomarkkinat. The agreement includes the delivery of ERP systems for some ten wholesale businesses to the subsidiaries of Kaukomarkkinat.

Sentera's ERP product received excellent grades in the study conducted by AARA in autumn 2004 on the functionality of IT systems for the technical wholesale business. The system received good grades for industry-specific functionality, flexibility, usability and price-quality ratio, among others.

### Integration solutions boost the efficiency of business operations

In 2004 we could see a breakthrough in the commercial utilisation of electronic business. Edita Publishing, Kesko and OP Bank Group are examples of enterprises that utilise real-time systems providing wireless or Web solutions, integrated in the background systems. Enterprise resource planning is a part of companies' internal integration.

Web-based solutions offer customers, staff and partners an opportunity to use the same applications and information on a real-time basis. Integration enables the true inclusion of suppliers and customers into the business operations process. Enterprises focus increasingly on their core businesses, and the number of networks and interest groups operating in the net-

*The feedback from strategic customers and their participation in product development are important for continuing development.*

works and their requirements are increasing. Smooth and efficient business operations require more and more closely integrated systems both internally and externally. One example of the electronification of the business world is electronic billing, which is rapidly becoming common.

The procurement portal implemented for the OP Bank Group represents an application that strives to centralise internal procurement processes in one place and to guide the traffic directed at suppliers in a centralised and efficient manner. The procurement portal made for OP Group is introduced on page 18.

#### **An opening to the media market**

One of the main openings in 2004 was made in the media market. The know-how collected from earlier industry experience was applied to a ready information system, which was made into what is in the media market a pioneering open order system application for the comprehensive sales and management of media campaigns, among others.

#### **Good customer relationships provide the basis for product development**

The needs of customers in Sentera's strategic focus areas guide the development of Sentera's products and services. In 2004 the objectives set for the development of operations were met well. Various development projects were launched to deepen customer relationships. The feedback from strategic customers and their participation in product development are important for continuing development.

The ERP product user club convened and organised an opportunity for the customer users to update their information and to share their experiences with

other users. The renewed training room located in Valimopolku provided a better environment for training the customer's key personnel. Sentera's training team organises some 20 training courses annually. In addition, the team organises training for the new solutions as part of the installation project.

Business operations were developed and focused by centralising functions. Sales was organised into a specific unit in order to enable sharing of industry-, product- and service-specific information within the organisation. The reorganisation also supported the dissemination throughout the organisation of information collected by company acquisitions. The renewed organisational structure is more open than before, and it also supports future corporate restructuring.

#### **Rapid technology change**

The utilisation of RFID technology in the food industry and Microsoft .NET technology training in a non-industry-specific manner had the strongest effect on operations. One of the largest .NET projects in Europe is in progress at Sentera. For more information on the Silja project, see page 19.

The year 2004 was also a year of change. Because of the technology change that took place in the market, many of Sentera's staff work on different types of customer deliveries than a year ago. By training and new recruitments it has been possible to update the staff know-how in line with customers' needs and the increased demand for .NET experts, among others. In 2004 Sentera trained some 40 .NET experts. The picking up of the market that began in 2004 and the ensuing increase in recruitment needs is believed to continue in 2005.

#### **The importance of integration expertise is growing**

Sentera has strong expertise and a long history in deliveries of integration solutions. The importance of integration expertise will continue to grow as the number of information systems in enterprises increases. In addition, electronic business between enterprises is spreading along with globalisation. Consolidation of markets is also taking place in many industries, and with it integration as well as collection and sharing of information will increase. With globalisation, the enterprises' operating models will change, because electronic operating models are becoming more common. In the value chain of trade, new official regulations protecting the consumer are to be expected, and they will increase the importance of collecting and sharing information. Electronic commerce is expanding strongly, as open technologies such as Web Services enable sharing of information, applications and processes over enterprise and organisational boundaries.

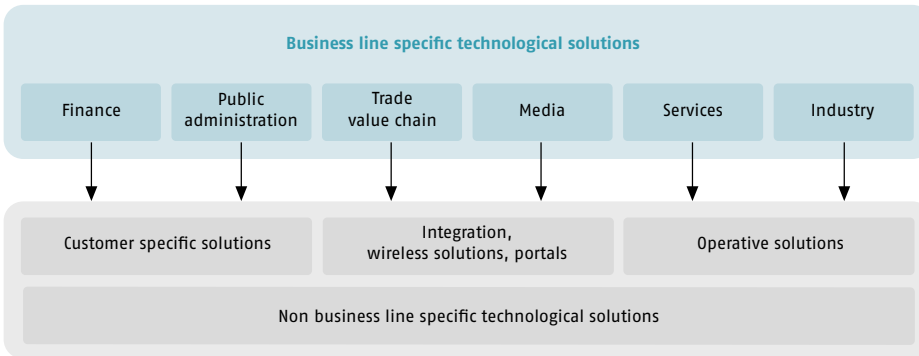
Sentera will in the future, too, follow trends closely and enable the development of business-critical processes for its customers by means of enterprise business solutions. The current customers hold a key position when Sentera makes strategic decisions. Sentera will grow in a focused manner so that growth will support the needs of customers in the existing and chosen industries. Sentera will continue to give priority to flexible and open systems. Open systems secure the usability of old, already operational systems alongside new ones. Sentera has established development groups for strategic industries and technologies in order to develop chosen products and services and industry expertise comprehensively.





*Good customer relationships provide the basis for product development. The needs of customers in Sentera's strategic focus areas guide the development of Sentera's products and services.*

## Products and services



Sentera's solutions comprise of own and third party products and services. Sentera's solution portfolio strategy is divided into two main sectors: business area sector and technology sector. The company concentrates on acquiring in depth knowledge in vertical business sectors, which are finance, industry, media, public administration, trade value chain and services. Technology expertise is acquired in a horizontal and sector-independent areas; examples of this include J2EE, .NET, RFID and wireless solutions. Business area specific and technology development groups concentrate on profound development of the related products, services and business area solutions.

### GLOSSARY

**Sentera Enterprise** = ERP and financial management system. The Sentera Enterprise ERP system for wholesale encompasses CRM, tender, order, delivery, inventory, purchase, cash sale and invoicing modules, as well as a financial and HR management module.

**Sentera eEngine** = Electronic transaction and trading. Sentera eEngine offers a real-time Web user interface to the Enterprise product. Off-the-shelf solutions are available for sales, CRM, procurement, service and Call Centre operations.

**Sentera Sales@Hand** = Handheld terminals for sales personnel enables the sales personnel to enter orders using bar codes, make a variety of queries in the ERP system, request customer, item and availability information, as well as find price information for individual customers in either online or offline mode.

**Sentera Warehouse@Hand** = Handheld terminal solution for warehouse employees enables the warehouse personnel to carry out inventory operations online or offline. The system is used, for example, to handle goods reception, collection, warehouse transfers, stocktaking, and balance and shelf location queries.

**Sentera iSuite** = An integration solution for both inter- and cross-company application integration.

**Sentera MediaSuite** = An order system application for the comprehensive sales and management of media campaigns, for example.

**Sentera PiccoLink Suite** = A control program designed for production control by industry and trade – preventive quality control, verifications and monitoring of working instructions.

**Sentera PIMS (Production Information Management System)** = A versatile software solution for industry on production's material flows, inventories, cost efficient process management and optimisation.

**ASP solution** = The Application Service Provider (ASP) model enables flexible operating models for companies and the newest applications without big investments in equipment and systems.

**ERP** = An Enterprise Resource Planning system used by companies to control their core processes.

**Distributed integration** = A manner of implementing integration between systems, where processing is distributed as close as possible to the systems that are to be integrated with each other. If necessary, it is possible to manage a distributed architecture in a fully centralised manner. In a geographically fragmented environment, distributed solutions enable better information security and reliability in message transmission.

**Microsoft .NET technology** = A Microsoft programming environment. Thanks to the Web service support, existing systems can be utilised by building new functionalities on top of old systems. By means of the internal XML Web service support, different programs can communicate with each other and share information regardless of the operating system and programming language.

**RFID technology** = Radio Frequency Identification technology is used in localisation, for example.

**Strategic customership** = Close cooperation with the customer in order to develop industry-specific business operations processes and related applications. The customer works with both the industry team and the technology team and with product development.

**The value chain of trade** = Companies that operate in the food, retail, technical wholesale and furniture industry are included in the value chain of trade. In addition, the value chain includes the processes and systems related to the logistics and maintenance of the companies operating in the above-mentioned business areas.

**Wireless integration solutions** = Systems that are related to logistics, warehouse, retail, sales and maintenance processes and operate in handheld terminals, and that have been integrated in the company's operative back-end systems.

**Web Services technology** = Web Services are a set of XML-based standards and protocols independent of the technology platform, and they provide a basis for data transmission between information systems. By means of Web Services different applications can interact efficiently through the Internet.

# Personnel

Sentera guarantees for its customers quality products, solutions and deliveries by means of professional personnel who know their field and the technologies used. In 2004 the personnel strategy focused on clarifying the common rules and operating models after the company acquisitions.

At the beginning of the year the company's personnel totalled 208. In February the personnel increased by 50 people with the acquisition of Sysforte Companies. In May the number of personnel decreased by 6 people as a result of statutory negotiations. In December the company sold the network support business. In this connection 57 people moved out of the company's service. At the end of the year the number of personnel totalled 187 people (238 in 2003).

## Personnel training and development

At Sentera the development of personnel is based on team leadership. The development plan of the team also provides a basis for individual development plans. Drafting an individual development plan and planning a career path are the main objectives of the Performance Review. Sentera Academy, which was established at the beginning of 2005, strives to promote the personnel's continuing career development by means of internal and external training.

Systematic development of the leadership skills of supervisors and management is another objective. In 2004 all members of the management group participated in a management development programme intended to promote and develop operative and strategic management. The team leaders participated in a team leader development programme, that objectives include the development of one's own area of responsibility and operative management.

Sentera encourages internal job rotation in order to disseminate expertise beyond unit boundaries. Training for new technologies is one of the cornerstones of the personnel strategy. In 2004 a broad Microsoft .Net training programme was organised, offering personnel an opportunity to train themselves to use the new technology. Keeping personnel updated on new and developing technologies ensures that customers are provided with professional service meeting their needs.

## The working community

Sentera's equality plan was added to the terms of employment on 1 January 2005. Personnel administration monitors the implementation of equality in the working environment annually.

An operating plan is drafted together with the occupational health services for one year at a time. Particular attention is paid to supporting, maintaining and promoting the well-being and working capacity of the personnel. In 2004 a workplace survey was conducted, which included a risk assessment. A representative of the industrial safety council is also included in meetings on occupational health.

One of the most important internal communication channels is Sentera Intranet. The intranet is continuously developed on the basis of feedback received from the personnel, so that it would better meet the needs of employees working in many different locations and in the premises of various customers.

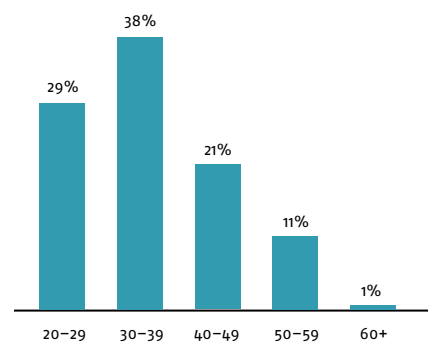
Shake! is responsible for leisure activities. Its aim is to promote a team spirit and well-being at work by organising recreational activities and events for Sentera's personnel.

## Personnel satisfaction

An organisational functionality study conducted annually collects opinions from the whole personnel concerning the smoothness of operations, management practices, the internal workplace atmosphere, the level of motivation and job satisfaction. The results are compared with the results of a comparison group consisting of comparable study results from 80 companies. The enterprises in the comparison group represent medium-sized and large companies and organisations from the IT industry and other industries, such as the State and local authorities and the service industry. In 2004 the study showed perceived improvement compared to the previous year in all areas.

In addition to the annual organisational functionality study, a so-called pulse measurement study is conducted quarterly, where the personnel assesses the most recent quarter. Each profit centre is supplied with a summary of the results from that centre. In the measurement of the last quarter of 2004 the general grade of the whole Group improved somewhat compared to the results from the previous quarter.

→ Age distribution





*At Sentera the development of personnel is based on team leadership. The development plan of the team also provides a basis for individual development plans.*



# Case Marli

## TRACEABILITY THROUGHOUT THE PRODUCTION PROCESS

Oy Marli Ab has inaugurated the Sentera PIMS® solution. While the information related to the production chain and product traceability was formerly scattered on paper forms and in several different systems, information is now available in a centralised manner from a single information system. Sentera PIMS has improved the transparency of the production chain and provided tools for material flow management and product traceability.

The new EU directive increases manufacturers' responsibility for traceability. Traceability means that Marli, for example, is able to identify the origin of raw materials and packaging materials used throughout the production chain up to the end product pallet. The raw materials of juices come in big casks from different places around the world, and one raw material batch

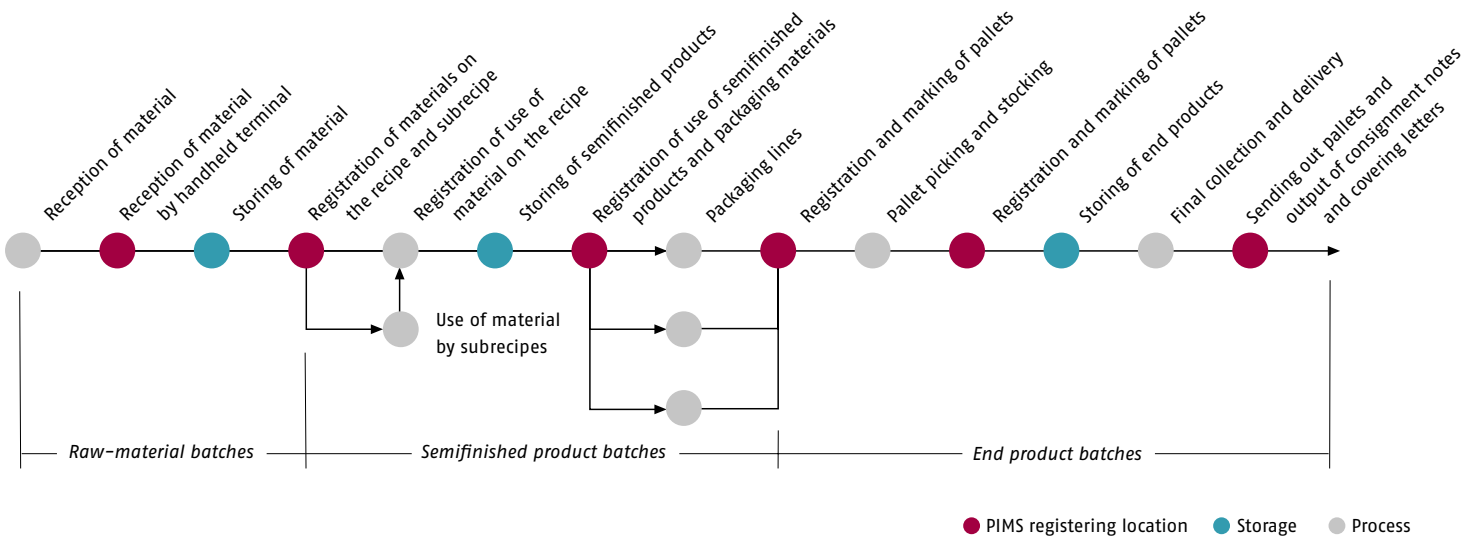
is divided between several products. By means of the Sentera PIMS system Marli knows which raw or other material has been used at each stage of production, which pallet has been used for packaging the product in question and where the pallet has been delivered.

The information related to the production chain is stored by means of the Sentera PIMS user interface. The collection of information at different work locations is performed by real time interfaces, which enable product quality control. Bar code labels and bar code readers make the storing process faster and minimise the risk of error. The solution implemented by Sentera supports Marli's business needs and improves the company's competitiveness and the quality of its operations.



By means of the Sentera PIMS system Marli knows which raw or other material has been used at each point of the production, which pallet has been used for packaging the product in question and where the pallet in question has been delivered.

### → Marli's material flow diagram



“ We decided on Sentera's solution, because our evaluation showed that Sentera has knowledge of our business area and good references of solutions delivered. The solution has met our expectations and for its part removed manual information processing from the process, providing a unified and efficient view of the traceability chain from the supplier's raw material batch up to the end product batch delivered to our customer.”

Jari Metsäranta, IT manager, Oy Marli Ab.

# Case Kemira GrowHow

## A SOLUTION BASED ON THE CUSTOMER'S BUSINESS NEEDS

Cooperation between Kemira GrowHow and Sentera is an example of a long-term customer relationship that has developed over the years into a partnership benefiting both parties.

The cooperation between the companies started in 1997, when Sentera delivered an ERP system to Kemira GrowHow. However, through a company acquisition, the roots of the partnership date back to the 1980s, when GrowHow deployed the Edi message transmission software. This software manages order, invoice, consignment note, forwarding and payment itemisation message traffic. The system is still in use, and the message traffic runs partly through Sentera's service centre.

The ERP system delivered by Sentera is tailored to support the business operations processes of the fer-

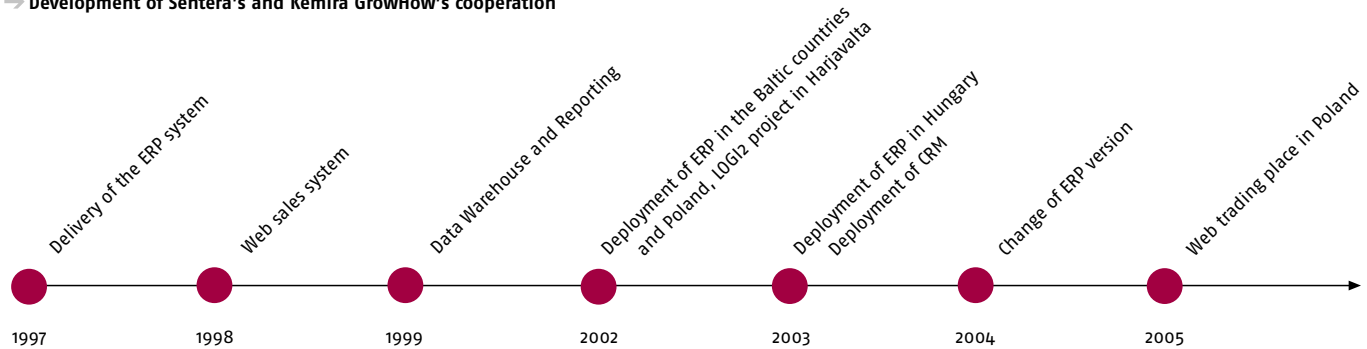
tiliser industry and the special needs of the company. By means of the ERP system GrowHow streamlined its order management, sales, warehouse and production functions. In addition to Finland, the system is in use in the Baltic countries, Poland and Hungary. Furthermore, the company uses Web-based order systems implemented by Sentera.

Kemira GrowHow is a strategic partner for Sentera. One and the same team is responsible for project deliveries to GrowHow. Over the years the team has acquired deep knowledge of the company's business operations and their special characteristics. A smooth and confidential discussion contact between customer and supplier has enabled efficient deliveries and fast reactions to the changing needs of the company.



"Sentera has learned the special requirements of our business operations and is able to take into account the challenges of our business at the application implementation stage, when no unplanned interruptions are allowed in the operations at any time of the day or night."

### → Development of Sentera's and Kemira GrowHow's cooperation



"The cooperation that we have been engaged in with Sentera for a long time enables flexible launching of projects and smooth implementation. Sentera knows its own products and development tools and is able to rapidly assess the most efficient way of implementing new features. We have been able to react rapidly to the new challenges originating from our customers."

Tuomo Orpana, Senior Vice President, Information Technology, Kemira GrowHow.

# Case OPK

## THE STREAMLINED PROCUREMENT PROCESS OF THE OP BANK GROUP

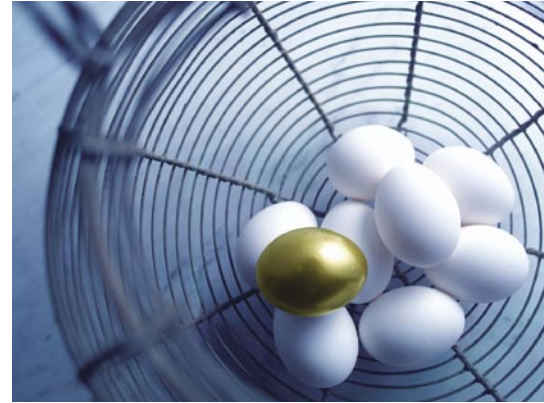
The cooperation between Sentera and the OP Bank Group Central Cooperative (OPK) began in 1998, when OPK was introduced a procurement system by Sentera. The utilisation of a uniform procurement channel was then a new operating model, and the implementation included a lot of new technology.

In 2004 began the renewal of the procurement system. Sentera was selected for its implementation. The Web-based procurement system is implemented as an ASP solution. An ASP solution means that Sentera provides the management, control, application configuration and maintenance of the system as a service implemented according to the business operations needs of the OP Bank Group.

The user interface of the system is provided by a portal that is personalised according to the role of each user. By means of the procurement system the banks of the OP Bank Group member cooperative banks, OP-Kiinteistökeskus estate agencies and daughter companies of OP Bank Group Central Cooperative handle their procurement in a centralised manner

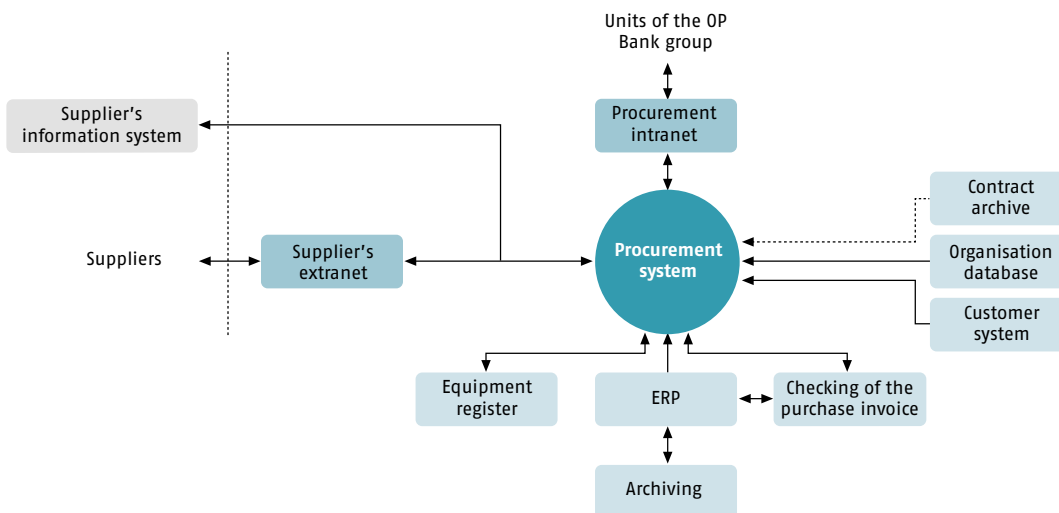
through the intranet. Some 20 contract suppliers fall within the sphere of the solution, and users in the OP Bank Group are estimated to total 3,000 persons in various locations in Finland. The solution is integrated in the information systems of suppliers and transport companies and the internal handling system of purchase invoices.

By means of the system the OP Bank Group will further streamline the procurement process. Procurement proposals are made and approved in a centralised manner through the procurement portal. When the procurement proposal has been approved, an order is created, which the system sends to the supplier automatically. When the goods arrive to the orderer, he checks the correctness of the delivery and acknowledges it in the system. The system creates a purchase invoice of the approved delivery, which it compares to the supplier's invoice. If the invoices match, the invoice is transferred directly to the current account ledger without a separate invoice approval stage.



By means of the procurement system the banks of the OP Bank Group member cooperative banks, OP-Kiinteistökeskus estate agencies and daughter companies of OP Bank Group Central Cooperative handle their procurement in a centralised manner through the intranet.

### → Procurement system environment



The interfaces to suppliers, delivery monitoring and internal systems make the handling of orders and invoices more efficient, because the time used for ordering becomes shorter and it becomes easier to check purchase invoices and orders."

Antti Saarelainen, Administrative Director, OP Bank Group Central Cooperative.



# Case Silja

## A SYSTEM SUPPORTING BUSINESS OPERATIONS PROCESSES

Sentera has renewed Silja Oy Ab's reservation and production system by building new functionalities to existing information systems utilising Microsoft's .NET architecture. This is one of the largest .NET implementations in Europe. The renewed systems support Silja's business operations processes, such as the Web-based business model, and enable use of several different systems through a single user interface.

The front-end system YouSee provided with a graphic user interface has been built on top of the existing reservation system. YouSee is easier to use than the previous system. The system includes a number of functionalities that facilitate work, such as checking functions that prevent errors. In addition, the system guides customer service personnel to offer customers supplementary services already at the reservation stage.

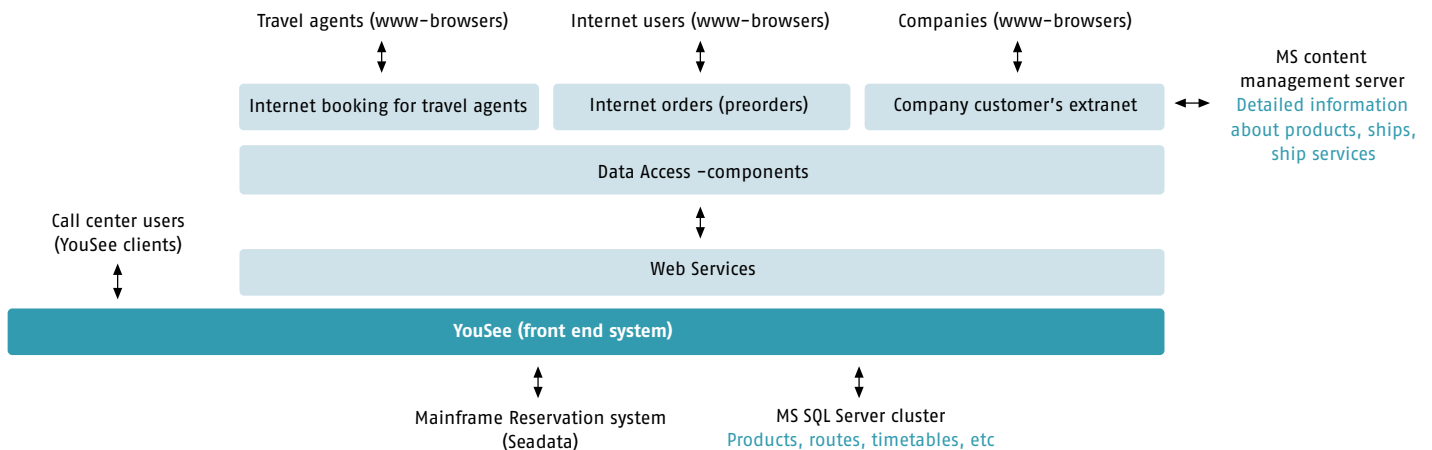
The renewed system makes travel planning more efficient and improves customer profile management. The system was implemented with Microsoft's .NET tools, and the programming language used was C#. The architecture of the system is planned to be flexible in case there is the need to renew other systems in the future.

In addition to the reservation system, the closely related production system was renewed, too. The production system maintains product information used by other systems. The renewed system enables flexible campaign and product planning, and easy maintenance of product and price information. The database of the system is MS SQL Server 2000.



The renewed systems support Silja's business operations processes, such as the Web-based business model, and enable use of different systems through a single user interface.

### → An architectural view of the services built on top of Silja's reservation system



“ We are satisfied with the work input and skills of the people at Sentera. Sentera supports continuous development, which has been an advantage for us, because new technologies and challenging duties have been grappled quickly and in a professional manner.”

Raimo Vapaavuori, CIO, Silja Oy Ab.

## Board of Directors

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### **Timo Tiihonen**, b. 1948

- Chairman of the Board
- M.Sc. (Tech.), M.Sc. (Econ.)
- Member since 2000
- 36,329 shares
- 3,072 share options
- Member of the Board of Directors at: Boardman Oy, Fennia Consulting Oy (Chairman), Otamedia Oy, Printel Oy (Chairman), Setec Oy, Sportup Finland Oy, Suomen Urheilutelevisio Oy (deputy), Tamore Oy (Chairman), Tamore Group Oy, Tieturi Oy and Yomi Software Oy.
- Independent

### **Richard Lehtola**, b. 1967

- Vice Chairman
- Doctor of Technology, M.Sc. (Econ.)
- Member since 2003
- 10,000 shares
- No share options
- Independent

### **Kari Katajamäki**, b. 1951

- M.Sc. (Econ.)
- Member since 2000
- Company CEO in 2001–2003
- 250,005 shares
- 8,504 share options
- Member of the Board of Directors at: Basewell Oy (Advisory Board member)

### **Ilkka Pärssinen**, b. 1960

- System architect
- Undergraduate of Technology
- Member since 2003
- Employed by the company since 1990
- 1,035,713 shares
- No share options

### **Vesa-Pekka Silaskivi**, b. 1966

- Ph.D. (Jur.)
- Member since 2004
- No shares
- No share options
- Member of the Board of Directors at: Nanso Oy, Onni and Helmi Karttunen Foundation
- Independent





## Management team

### **Markku Toivanen**, b. 1953

- CEO
- B.Sc.
- Joined the company 1989
- 1,307,656 shares
- No share options

### **Asko Hakonen**, b. 1961

- Director
- Enterprise Business Solutions
- Dipl. in BA and marketing
- Joined the company 1989
- 828,571 shares
- No share options

### **Johanna Lindroos**, b. 1968

- Director
- Business Development
- M.Sc. (Econ.)
- Board member 2002–2004
- Joined the company Feb 2004
- No shares
- No share options

### **Petteri Mussalo**, b. 1962

- CFO
- Undergraduate of Econ.
- Joined the company 1999
- 25,816 shares
- 5,452 share options

### **Juha Sihvonen**, b. 1968

- Director
- Sales and Marketing
- Diploma Business IT
- Joined the company 2000
- 50,237 shares
- 8,044 share options

### **Osmo Suihko**, b. 1954

- Director
- Professional Services
- Undergraduate of Science
- Joined the company 1997
- 272,900 shares
- 8,504 share options





## Shareholder information

### Financial releases 2005

During the financial year 2005, Sentera Plc will publish the following financial releases in Finnish and in English:

- Interim report for 1 Jan–31 March 2005  
on Tue, 26 April 2005
- Interim report for 1 Jan–30 June 2005  
on Tue, 9 August 2005
- Interim report for 1 Jan–30 Sept 2005  
on Tue, 25 October 2005

Sentera publications can be ordered by mail from Sentera headquarters, Valimopolku 4 A, 00380 Helsinki, Finland, by telephone on +358 20 754 0000, by fax on +358 20 754 0199 and by e-mail from the address [ir@sentera.fi](mailto:ir@sentera.fi). Sentera publishes the financial releases and the annual report in Finnish and in English on the company Web site at [www.sentera.fi](http://www.sentera.fi).

### Annual General Meeting

Sentera Plc's Annual General Meeting will be held on Wednesday 23 March 2005 at 9 am at Sentera headquarters, Valimopolku 4 A, 7th floor, 00380 Helsinki, Finland.

### Share

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

### Dividend

The Board of Directors of Sentera Plc has decided to propose to the Annual General Meeting that EUR 0.04 per share be paid as dividend for 2004.

## Contact information

### Sentera Plc Group

Valimopolku 4 A  
00380 Helsinki, Finland  
t. +358 20 754 0000  
f. +358 20 754 0100  
[info@sentera.fi](mailto:info@sentera.fi)  
[www.sentera.fi](http://www.sentera.fi)

### Regional offices

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PL 54  
40521 Jyväskylä, Finland  
t. +358 20 754 0000  
f. +358 20 754 0150

#### Sentera - Rauma

Teknologiakylä  
Syväraumankatu 39  
PL 293  
26100 Rauma, Finland  
t. +358 20 116 6600  
f. +358 20 116 6601

#### Sentera - Tampere

Hatanpään valtatie 24  
33100 Tampere, Finland  
t. +358 20 116 6630  
f. +358 20 116 6631

#### Sentera - Turku

Teknologiakeskus  
Lemminkäisenkatu 14-18 C  
20520 Turku, Finland  
t. +358 20 116 6670  
f. +358 20 116 6671

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The following Sentera employees are presented in the pictures:

page 2: Anna-Mari Wycherley

page 9: Ismo Piispa (left), Irene Hernesmaa  
and Tapani Haartti

page 15: Merja Nurmela (left), Mikko Nyman,  
Paula Poikonen and Jali Jumisko



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





FINANCIALS 2004



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Sentera Plc's Annual Report 2004 comprises of two separate printed products; the Annual Review and Financials 2004. Both are available in Finnish and English language. In addition, an identical web version of the printed Annual Report has been made, and it is published on the Group's website at [www.sentera.fi](http://www.sentera.fi).



## Shareholder information

### Financial releases 2005

During the financial year 2005, Sentera Plc will publish the following financial releases in Finnish and in English:

- Interim report for Jan 1–March 31 2005 on Tue, April 27 2005
- Interim report for Jan 1–June 30 2005 on Tue, August 3 2005
- Interim report for Jan 1–Sept 30 2005 on Tue, Oct 26 2005

Sentera publications can be ordered by mail from Sentera headquarters, Valimopolku 4 A, 00380 Helsinki, Finland, by telephone on +358 20 754 0000, by fax on +358 20 754 0199 and by e-mail from the address [ir@sentera.fi](mailto:ir@sentera.fi). Sentera publishes the financial releases and the annual report in Finnish and in English on the company Web site at [www.sentera.fi](http://www.sentera.fi). Sentera publishes interim reports and the financial statements for 2005 according to the IAS/IFRS standards.

### Share

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

### Annual General Meeting

Sentera Plc's Annual General Meeting will be held on Wednesday 23 March 2004 at 9 am at Sentera headquarters, Valimopolku 4 A, 7th floor, 00380 Helsinki, Finland.

### Signing up for Annual General Meeting

The deadline for signing up for the Annual General Meeting is 18 March at 4 pm to Sari Heikkinen, by telephone, +358 20 754 0200, by facsimile, +358 20 754 0199 or by e-mail, [sari.heikkinen@sentera.fi](mailto:sari.heikkinen@sentera.fi).

Powers of attorney must be delivered for inspection by 18 March by mail, Sentera Plc, Sari Heikkinen, Valimopolku 4 A, 00380 Helsinki, Finland or by facsimile, +358 20 754 0199.

### Dividend

The Board of Directors of Sentera Plc has decided to propose to the Annual General Meeting that EUR 0.04 per share be paid as dividend for 2004, totalling EUR 482,739.20.

### Investment analyses

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

### Investor relations

Petteri Mussalo, CFO  
 Rita Uotila, Director of Corporate Communications  
 t. +358 20 754 0000  
 f. +358 20 754 0199  
[ir@sentera.fi](mailto:ir@sentera.fi)

## Sentera in brief

Sentera Plc, an information solution provider operating in Finland and its neighbouring areas, bases its business operations on long-term strategic partnership with customers, on business area know-how and on solutions comprising products and services. Sentera's customers are medium-sized and large Finnish enterprises.

Sentera has solid know-how in the delivery of system integration, wireless and Web solutions, enterprise resource planning and financial management products and tailored system units to the finance, industry, media, public administration and service sectors and to the trade value chain.

### Information in the right place at the right time

Sentera provides solutions for enterprise resource planning and financial management and for the integration of applications, enterprises, business operations processes and supply chains. Wireless solutions, independent of terminal devices provide enterprises and users with freedom and at the same time confidence that information is provided to the right person in the right place at the right time.

Internal and external application and process integration streamline an enterprise's operating models and speed up its processes. Research and feedback from customers show that openness, suitability for integration, manageability and flexibility are characteristics that are associated with both Sentera and its solutions.

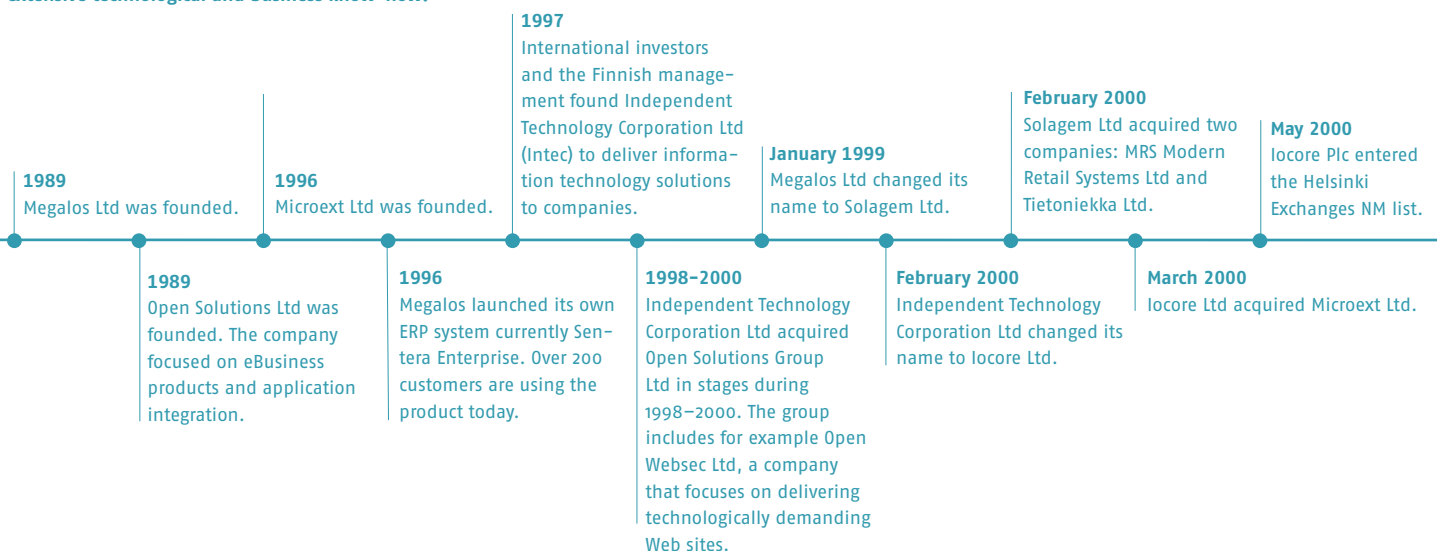
### The year 2004 in brief

- The turnover of the Sentera Group totalled EUR 22.5 million and operating profit before amortisation (EBITA) came to EUR 1.9 million. In 2004 turnover grew by 5.6% in spite of the removal of turnover from foreign operations as of 1 October 2003. Turnover from Finnish operations grew by 9.3% and operating profit before amortisation (EBITA) was 8.4% of turnover. The number of personnel at the end of the year was 187 (238 in 2003). Six people were made redundant in order to secure profitability and future operations.
- Sentera concluded over 50 new delivery agreements during 2004 with existing and new customers. Sentera's most significant customers in 2004 were

among others (in alphabetical order), Atea Novosys, HP, Ilmarinen, Kemira GrowHow, Kesko (including Anttila, Indoor and Kaukomarkkinat), Finnish Defence Forces, Rolls-Royce, Silja and SOK.

- Sentera's sharpened modified strategy, published in January, has guided operations during the whole year. In 2004 a basis was created for the development of customer relationships, the solutions portfolio and profitability.
- During spring the organisation was renewed in order to utilise the know-how collected over the past few years in the whole organisation. Sales, which was previously divided into delivery units, was organised into one unit in order to improve service and make it more efficient. On this occasion the marketing unit focusing on targeted marketing was made part of the sales and sales support organisation. The delivery organisation was divided into two – product- and service-based units. The Customer Solutions unit is responsible for service provision and the Enterprise Business Solutions unit for products and for research

→ During the past 15 years Sentera Plc has acquired extensive technological and business know-how.



and development related to products. Product development, which previously operated as its own unit, was joined with the Enterprise Business Solutions unit.

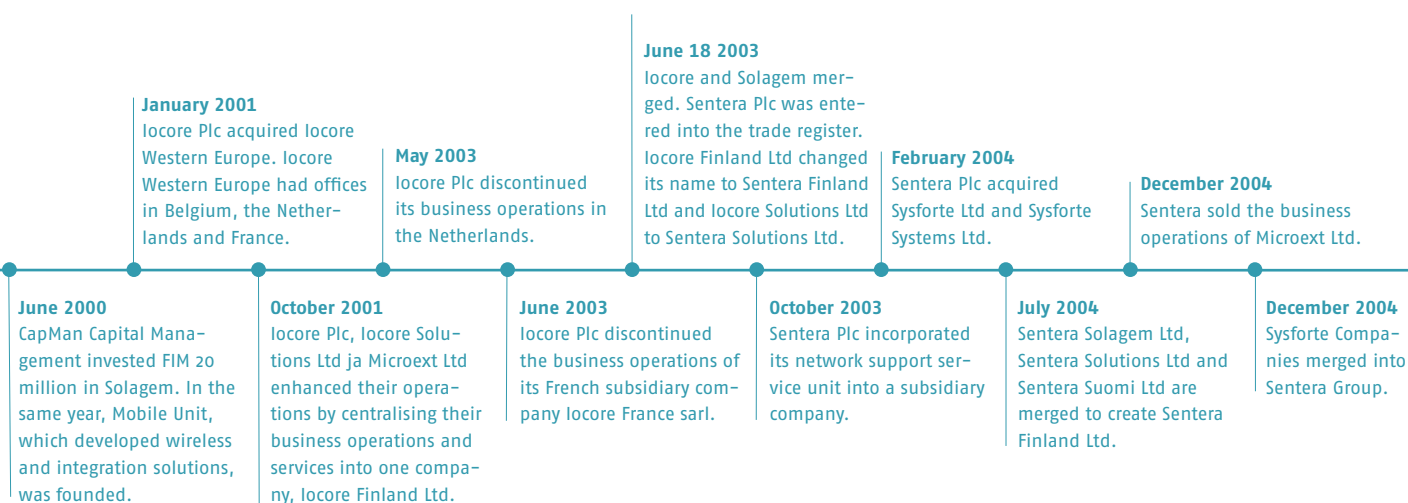
- The material created from merger processes was collected in order to provide guidelines for future company acquisition projects. Sentera expanded its business area know-how, among others, in the food industry sector by purchasing Sysforte Companies in February. At the same time the Group acquired new know-how in wireless and ERP and product information management solutions.
- Sentera invests in management training and the well-being of its staff. A balanced scorecard was introduced in the whole Group as part of business development efforts. It will function as a tool and support for personal development and ensure that personal goals contribute to the strategic goals of the whole Group.

Key figures	2004	2003*)	2002**)
Turnover of the Group, € million	22.5	27.7	22.5
Net sales growth, calendar year 2003 %	5.6	23.3	66.7
Operating profit (EBIT), € million	1.5	-1.3	0.8
% of turnover	6.8	-4.9	3.4
Profit before voluntary provisions and taxes, € million	1.6	-1.3	-0.3
% of turnover	7.1	-4.8	-1.5
Research and product development costs, € million	1.5	2.0	1.6
% of turnover	6.6	7.2	7.0
Equity ratio, %	70.9	71.8	72.0
Net gearing	-55.9	-64.5	-59.6
Personnel (average)	230	234	265
Personnel at the end of the financial year	187	238	263
Profit per share, €	0.09	-0.01	0.04
Dividend per share, € ***)	0.04	0.00	0.03

\*) Change of the financial year, 15 months, 1 October 2002–31 December 2003

\*\*\*) 1 Oct 2001–30 Sep 2002

\*\*\*) Board's proposal



## Board of Directors' report

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In 2004 Sentera's business focussed on increasing profitability, developing strategic customer relationships and fine-tuning the business strategy. Efforts were launched to strengthen the position and image of Sentera, formed in the summer of 2003 with the merger of Iocore and Solagem. Although 2004 was the first complete year of operation under the Sentera brand, the company has developed and delivered information systems solutions for already 15 years.

Sentera aims at focussed business growth and development by both organic means and acquisitions. The acquisition of the Sysforte Companies carried out in early 2004 brought important expertise on the food-stuff industry, further complementing Sentera's strong competence as a supplier of wireless solutions. Sentera now develops and delivers business-critical information systems for the entire value chain of trade. Sentera's business was further focussed in December with the sale of Microext Oy's network services business.

Sentera invests in its industry-specific expertise in the sectors of finance, public administration, the value chain of trade, media, services and heavy industry. In addition to its industry expertise, Sentera actively utilises the opportunities afforded by new technologies. The customer-specific business model encourages us to seek the right technologies with the customer. Sentera's objective is to produce sustainable benefit to the customer by helping the customer to enhance its business processes with information systems solutions and by producing added value to the customer by improving the functionality of existing information system solutions.

The development of the IT market and business IT investments continued moderately. One could, however, detect clear market pick-up toward the end of the year. At Sentera, this was manifested as increased utilisation levels and pressing recruitment needs. The customers' decision-making processes have accelerated: large IT projects are divided into smaller components, which allow for faster information system deployment and faster benefits to the customer.

During 2003, the business turned profitable and remained profitable through out 2004. The elimination from the consolidated figures of the negative effect of non-profitable foreign subsidiaries discontinued in 2003 partly contributed to the profit as of 1 October 2003. Turnover grew by 9.3% compared to the same period in 2003. The last quarter of 2004 was better than anticipated, and the profit of the entire year before amortisation (EBITA) was EUR 1.9 million, or 8.4%.

### Focussed business strategy

The business strategy fine-tuned in strategy planning

was made public at the beginning of the year. The three main areas of Sentera's strategy are customer-oriented business, securing the competitiveness of the solution portfolio and profitable growth.

The main emphasis in customer strategy lies in specialised expertise of the customers' lines of business and in technology competence. Sentera's solution portfolio is comprised of the company's own solutions and services and those of third parties. Industry-specific competence generates added value to the customer, as the development of business processes with the customers is an essential part of any information system development. The technology and product expertise are utilised independently of the customer's line of business.

Both organic growth and growth through business acquisitions is necessary not only to deal with developing customer relationships but also to satisfy the expectations and requirements of the investors. Organic growth has been slow over the past years, as the market recovery has been slower than expected in the selected customer segments and industries.

### Turnover

The turnover of Sentera Plc during the financial year 2004 was EUR 22.5 million (2003: EUR 27.7 million during 15 months, EUR 21.3 million during 12 months). The turnover grew by 5.6% compared to the calendar year 2003. The reference figures include EUR 1.5 million of turnover from foreign business operations. The Group's turnover was entirely accrued by domestic business operations, which grew by 9.3% compared to the calendar year 2003.

#### Turnover distribution

	1.1.2004– 31.12.2004	1.1.2003– 31.12.2003
Licences and maintenance fees	3,796 (16.9%)	3,458 (16.2%)
Services	17,921 (79.7%)	17,043 (80.0%)
3rd party		
Licences and equipment	644 (2.9%)	701 (3.3%)
Other turnover	134 (0.6%)	93 (0.4%)
<b>Turnover in total</b>	<b>22,495</b>	<b>21,296</b>

### Profitability

The operating profit before amortisation (EBITA) of Sentera Plc during the financial year 2004 was EUR 1.9 million, 8.4% (2003: EUR –1.0 million during 15 months, EUR –1.2 million during 12 months). The operating profit of Sentera Plc during the financial year 2004 was EUR 1.5 million (2003: EUR –1.3 million during 15 months, EUR –1.5 million during 12 months). The profit

was entirely accrued by Finnish business operations. The reference figures include the operating loss of foreign operations, EUR 1.1 million for the financial year 2003. The profit before taxes of Sentera Plc during the financial year 2004 was EUR 1.6 million (2003: EUR –1.3 million during 15 months, EUR –1.5 million during 12 months). Profit per share was EUR 0.09 during financial year 2004 (2003: EUR –0.01 in 2003). The profitability enables the company's growth according to strategy, both organically and through business acquisitions. The profitability was improved by increased utilisation rate and synergy benefits resulted from mergers.

Depreciations during financial year 2003 include goodwill write-downs of Sentera's Western Europe daughter companies.

Expenses related to the business operations during financial year 2004 decreased, among others, because office space related expenses decreased. In financial year 2003 the business related expenses include one-off expenses related to acquisitions.

### Turnover and profitability of the fourth quarter

The result of the last quarter in 2004 was better than expected. The turnover for the last quarter was EUR 6.1 million (2003: EUR 5.3 million). The operating profit before amortisation (EBITA) was EUR 0.9 million, 14.1% (2003: EUR 0.3 million).

The result takes into account EUR 0.1 million in expenses pertaining to business arrangements and the profit accrued by the sale of Microext Ltd's business operations. The net combined impact of these one-off items is approximately EUR 0.2 million. The profitability was improved by increased operating capacity and decreased merger related expenses, such as office space expenses.

### Financing and investments

The cash flow from operations amounted to EUR 2.0 million (financial year 2003: EUR 0.4 million). Investments totalled EUR 2.0 million (financial year 2003: EUR –4,000). The change in cash flow for the financial year 2004 was EUR –7,000 (financial year 2003: EUR –74,000).

The Group's financial position remained good during the financial year. The balance sheet total at the end of the financial year was EUR 15.3 million (EUR 12.8 million at the end of 2003). The equity ratio was 70.9% (2003: 71.8%) and the net gearing –55.9% (2003: –64.5%). Cash at hand and bank receivables and financial investments amounted to EUR 6.3 million at the end of the financial year (2003: EUR 6.3 million). The financing position provides Sentera with good opportunities to

actively participate in the consolidation development in the industry.

In 2004, EUR 2.02 million was invested in acquiring Sysforte Companies. Furthermore, Sysforte's key-person shareholders were offered subscription for a total of 331,878 new Sentera shares, which amounted to approximately 2.7% of all Sentera shares after the increase of the share capital. As a result of the acquisition, Sentera accrued goodwill of EUR two (2) million.

### Changes in the Group structure

The purpose of the changes in the Group structure is to create a clear and transparent juridical structure and tax-efficient solutions. In the middle of 2004, Sentera Suomi Oy was merged with Sentera Solagem Oy, after which Sentera Solagem Oy changed its business name to Sentera Finland Oy. Sysforte Companies were merged with Sentera Finland Oy, and the arrangements to merge Sentera Finland with the parent company were started at the end of the year. The transfer of the operative business to the parent company was decided due to operational and financial reasons, so as to be able to fully utilise losses from foreign operations and the subsequent tax benefits. The net impact of optimising the tax benefits is calculated at EUR 1.7 million.

### Business operations

Sentera concluded over 50 new delivery agreements during 2004 with existing and new customers. Sentera's most significant customers in 2004 were among others (in alphabetical order), Atea Novosys, HP, Ilmarinen, Kemira GrowHow, Kesko (including Anttila, Indoor and Kaukomarkkinat), Finnish Defence Forces, Rolls-Royce, Silja and SOK.

In compliance with its strategy, Sentera maintains its own products and services and those of third parties in its solution portfolio. Sentera has registered as IBM's PartnerWorld partner and selected Microsoft's .NET technology and the BizTalk integration tool to its solution portfolio.

Sentera implemented a Web-learning training portal for the Finnish Defence Forces, which improves the efficiency of the hired staff, reservists and drafted soldiers in the Defence Forces. The portal provides theoretical training as part of the Defence Forces' training. Sentera is in charge of the further development of the portal.

Sentera delivered the Sentera PIMS production management information system to Oy Marli Ab for enhanced production chain traceability and monitoring efficiency.

Sentera delivers the Sentera Enterprise ERP and financial management system to Nordic ID Oy. The system

will support the Finnish Nordic ID's growth strategy and international dimension while improving the efficiency of the company's production, sales and delivery processes and enhancing the transparency of the entire value chain.

Sentera continued the renewal of Silja's existing information systems by using Microsoft's .NET architecture, which has enabled the combining of old and new systems in a cost-efficient way. Sentera commenced collaboration with Tamore on delivering a comprehensive solution that increases the efficiency of the logistic order-delivery value chain for office supplies. The solution consists of the Sentera Enterprise ERP system, Sentera eEngine web system and Sentera @Hand wireless handheld terminal solutions for sales and inventory.

Sentera and Kronodoc entered into a collaboration agreement whose objective is to provide customers with comprehensive logistics solutions for information flows and distributed document process management. The information logistics products complement Sentera's own solution portfolio.

### Product development

The Group's investments in product development during the financial year 2004 were EUR 1.5 million euros, or 6.6% of the turnover (2003: 7.2%). These expenses have been recorded as a cost in their entirety. The product development costs include the salaries of product development personnel, as well as other directly related expenses.

### Personnel

The Group's payroll averaged 230 people over the financial year (2003: 234), and totalled 187 at the end of the financial year (2003: 238). In addition to permanently employed staff, the Group also had 7 contractors. As a result of statutory negotiations conducted in May 2004, six people were made redundant. As a result of the selling of Microext Oy's business operations, the total number of Group's employees reduced by 57.

### Shares and share capital

Sentera Plc's share capital has been reduced by EUR 5,315 as per the decision of the Annual General Meeting of 30 March 2004 by voiding the company's shares owned by the company, in total 106,300 shares. After the reduction of the share capital, Sentera Plc's share capital, EUR 603,401.70, was divided into 12 068,034 shares. The reduction of the share capital was registered with the Trade Register of Finland on 8 April 2004.

A total of 446 new A series shares were subscribed with Sentera's A share options for 2003. After the subscription Sentera Plc's share capital, EUR 603,424.00, is di-

vided into 12 068 480 shares. The corresponding increase of the share capital, a total of EUR 22.30, was registered with the Trade Register of Finland on 26 October 2004.

As per the decision of the Annual General Meeting of 30 March 2004, EUR 1,983,681.00 has been transferred from Sentera's share premium account to the equity fund. As a result of the transfer, Sentera's dividend payment capability strengthened.

### Share trading and price development

Sentera Plc's shares are quoted on the NM list of the Helsinki Exchanges. The lowest trading price during the financial year was EUR 1.57 and the highest EUR 2.50. A total of 974,937 shares of Sentera Plc were exchanged on the NM list during the financial year, equalling 7.85% of the company's shares. The market value of Sentera Plc's share capital at the end of 2004 totalled EUR 21.72 million.

### Share option programme

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

In the Extraordinary General Meeting on 18 June 2003, 60,800 options of the option programme I 2001-2005 were cancelled and the option programme II was cancelled in its entirety. In Annual General Meeting on 30 March 2003, 154,400 options were cancelled from the option programme I 2001-2005. After the cancellations 36,800 options remain in the programme. The options are divided into A, B, C and D series. Each series contains 9,200 options.

The share issue period for the option programme I 2001-2005 ends on 31 May 2005. The share issue price for the option series A and B is EUR 5.00, and that of option series C and D EUR 2.77.

Sentera's option programme for 2003 is comprised of four (4) share option series. The option programmes of series A, B, C and D are comprised in total of 623,520 share options, each of which entitles the holder to subscribe to one (1) Sentera Plc share, totalling 623,520 shares. The terms of the option programme have been commu-

nicated in their entirety with a Sentera stock exchange release of 27 May 2003.

Sentera's A share options for 2003 became subject to trading on the NM list of the Helsinki Exchanges on 1 June 2004. There are a total of 155,880 A share options. Each share option entitles its bearer to subscribe for one (1) Sentera share. Therefore, a maximum of 155,880 shares can be subscribed for with the A share options. The subscription price of a share with the A share option was EUR 1.50 per share, and the subscription period with the A share option started on 1 June 2004 and ends on 1 June 2008.

### Company management and auditors

The Annual General Meeting of 30 March 2004 decided that the Board of Directors would consist of five (5) regular members. The Annual General Meeting selected the following persons to the Board of Directors: Timo Tiihonen, Richard Lehtola, Kari Katajamäki, Ilkka Pärsinen and Vesa-Pekka Silaskivi. In its initial meeting held after the Annual General Meeting, the Board elected Timo Tiihonen as Chairman and Richard Lehtola as Vice Chairman.

Ernst & Young Oy will continue as Sentera's auditor, with APA Kunto Pekkala as the auditor with principal responsibility for the audit. The Annual General Meeting decided to approve the Board's suggestions on invalidating the company's own shares, cancelling share options and setting up free reserves, as well as authorising the Board of Directors to decide on increasing the share capital as well as acquiring and assigning own shares. Furthermore, the Annual General Meeting decided on the use of the share premium account to cover confirmed losses. The proposals of the Board of Directors can be entirely viewed in the Sentera Plc stock exchange release of 10 March 2004.

Markku Toivanen served as the CEO of Sentera Plc during 2004.

The accountant has been Ernst & Young Finland, with Kunto Pekkala, authorised public accountant, as the accountant with principal responsibility.

### IFRS reporting

Sentera publishes interim reports and the financial statement for 2005 according to the IAS/IFRS standards.

Sentera will provide more detailed information on the central impact of the transition on the principles of the consolidated financial statement, as well as the reference figures of 2004 and descriptions of changes to the previous policy on 19 April 2005, one week before the first interim report of 2005.

### Future outlook

Sentera will continue its operations according to the established strategy, investing in strategic customer accounts, delivering integrated product, business area and service solutions and aiming at profitable growth both organically and through acquisitions.

The company expects that the market recovery that started during the latter part of 2004 will continue during 2005.

The turnover of Microext Oy's business operations that were sold in December 2004 accounted for EUR 1.9 million during financial year 2004. The demise of Microext Oy's turnover will have only a short-term effect. The company's goal is to grow significantly faster than the market by through organic growth and acquisitions.

The recruitment need that increased at the end of 2004 has continued during the first quarter of 2005. Due to market recovery and the company's increased competitiveness, the company believes that also its profitability will increase further in 2005.

### Events after the financial year

Sentera will deliver an electronic procurement system to the OP Group as an ASP solution, which is integrated into the information systems of suppliers and delivery companies and into the internal purchase invoice processing system.

Sentera acquired Tietonovo on 3 March 2005. Tietonovo supplies expert services in software and information technology. Tietonovo has 80 employees.

### The Board of Directors' dividend distribution policy

In its meeting of 22 February 2005, the Board of Directors has further detailed the dividend distribution policy. As a growth company, the objective of Sentera is to invest a major part of the profit into the company's growth and development. Despite the strong growth objectives, the company's goal is to distribute dividend annually. According to the detailed dividend distribution policy, the objective is that approximately 30% of the profit is paid as dividend.

The board suggests to the Annual General Meeting that 45% of the 2004 profit will be paid as dividend.

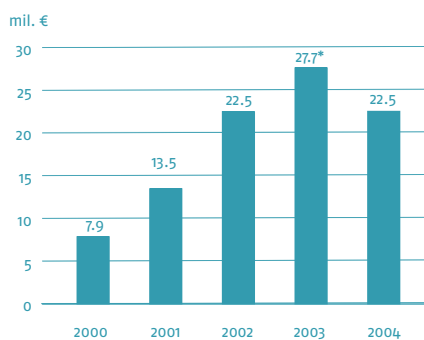
Exception to the 30 percent rule is made in 2004 because of the Group's favourable profit development and because the Group did not pay dividend from financial year 2003.

### The Board of Directors' dividend distribution proposal

The Group's distributable funds are EUR 2,245,075.62 and the Group's parent company's distributable capital is EUR 1,246,119.42.

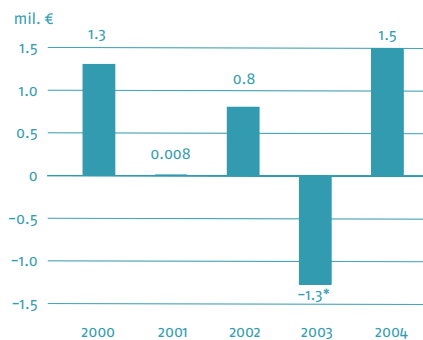
The Board of Directors of Sentera Plc has decided to propose to the Annual General Meeting that EUR 0.04 per share be paid as dividend for 2004, totalling EUR 482,739.20.

#### → Turnover



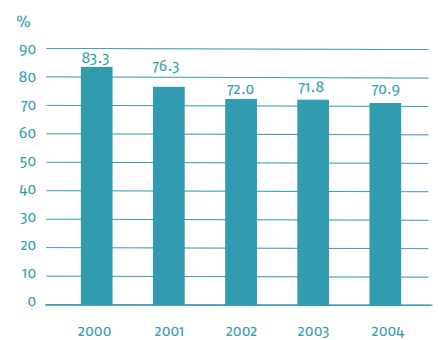
\* 15 months

#### → EBIT



\* 15 months

#### → Equity ratio





## Income statement

EUR 1000	Notes	Group		Parent company	
		2004	2003 (15 mo)	2004	2003 (15 mo)
<b>Turnover</b>	2	22,495	27,692	4,274	1,074
Increase (+) or decrease (-) of					
finished and unfinished goods		-70	-32	0	0
Other operating income	3	450	512	123	653
Materials and services		2,873	3,996		96
Personnel expenses	4	12,983	16,454	1,092	727
Depreciation and reduction in value	6	695	1,286	32	1,066
Other business expenses		4,803	7,785	2,700	2,332
<b>Operating profit (or loss)</b>		<b>1,521</b>	<b>-1,349</b>	<b>573</b>	<b>-2,494</b>
Financial income and expenses	7	69	391	1 409	-1 481
<b>Profit (or loss) before extraordinary</b>		<b>1,590</b>	<b>-957</b>	<b>1,983</b>	<b>-3,975</b>
Extraordinary items +/-	8	0	-382	-750	765
<b>Profit (or loss) before taxes</b>		<b>1,590</b>	<b>-1,340</b>	<b>1,233</b>	<b>-3,210</b>
Income taxes	10	526	-836	-13	-772
<b>Profit (or loss) for financial year</b>		<b>1,064</b>	<b>-504</b>	<b>1,246</b>	<b>-2,438</b>

# Balance sheet

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EUR 1000	Notes	Group		Parent company	
		2004	2003	2004	2003
<b>Assets</b>					
<b>Fixed assets</b>					
Intangible assets	12	332	419	0	0
Consolidated goodwill	12	2,848	646	0	0
Tangible assets	12	209	305	12	51
Investments	12	23	41		
Participations in Group companies	12			7,402	5,660
<b>Fixed assets total</b>		<b>3,412</b>	<b>1,412</b>	<b>7,414</b>	<b>5,711</b>
<b>Current assets</b>					
Inventories	13	166	244	0	0
Long-term receivables	14	132	198	132	0
Deferred tax credit	14	798	976	798	772
Short-term receivables	14	4,435	3,651	4,237	4,775
Marketable securities	11	4,498	4,926	4,498	784
Cash and cash equivalent		1,817	1,397	711	6
<b>Current assets total</b>		<b>11,846</b>	<b>11,390</b>	<b>10,376</b>	<b>6,337</b>
		<b>15,258</b>	<b>12,802</b>	<b>17,790</b>	<b>12,048</b>
<b>Liabilities</b>					
<b>Equity</b>					
Share capital	15	603	592	603	592
Premium fund	15	5,899	8,664	5,899	8,664
Own share fund	15	0	169	0	169
Other funds	15	1,984	0	1,984	0
Profit (or loss) for previous financial years	15	1,191	361	0	1,104
Profit (or loss) for financial year	16	1,064	-504	1,246	-2 438
<b>Equity total</b>		<b>10,742</b>	<b>9,283</b>	<b>9,733</b>	<b>8,091</b>
<b>Accumulated voluntary provisions</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Borrowed capital</b>					
Deferred tax debt	17	14	4	0	0
Long-term liabilities	18	213	172	132	0
Short-term liabilities	19	4,289	3,343	7,925	3,957
<b>Long-term liabilities total</b>		<b>4,516</b>	<b>3,519</b>	<b>8,057</b>	<b>3,957</b>
		<b>15,258</b>	<b>12,802</b>	<b>17,790</b>	<b>12,048</b>

# Cash flow statement

EUR 1000	Group		Parent company	
	2004	2003	2004	2003
<b>Cash flow from operating activities</b>				
Operating profit	1,521	-1,349	573	-2,494
Adjustments to operating profit	765	1,465	32	819
Working capital	-84	164	4,266	-1,092
Interests paid	-43	-13	-12	-4
Interests received	112	425	43	317
Dividends received	1	0	1,400	0
Other financial items	0	0	0	0
Taxes paid	-231	-258	166	-318
<b>Cash flow from operating activities</b>	<b>2,042</b>	<b>434</b>	<b>6,468</b>	<b>-2,772</b>
<b>Cash flow from investments</b>				
Investments in tangible and intangible assets	-96	-135	-35	0
Assignment income from tangible and intangible assets	42	113	42	0
Assignment income from other investments	0	0	0	0
Profit from other investment	18	54	0	0
Loans granted	0	-29	0	0
Repayment of loan receivables	79	0	1	13
Subsidiaries acquired	-2,058	0	-2,058	0
Subsidiaries sold	0	0	0	0
<b>Cash flow from investments</b>	<b>-2,015</b>	<b>4</b>	<b>-2,050</b>	<b>13</b>
<b>Cash flow from financing</b>				
Share issue	1	0	1	0
Share buy-back	0	-7	0	0
Sales of own shares	0	55	0	0
Withdrawal of long-term loans	49	0	0	0
Repayment of long-term loans	-83	-253	0	0
Dividends paid	0	-308	0	0
Group allowances received and paid			0	940
<b>Cash flow from financing</b>	<b>-34</b>	<b>-512</b>	<b>1</b>	<b>940</b>
Change in cash and cash equivalent	-7	-74	4,419	-1,819
Cash and cash equivalent as of 1 Jan./1 Oct.	6,322	6,396	790	2,609
Liquid assets 31. Dec.	6,315	6,322	5,209	790

# Notes to the financial statement

## 1. Accounting principles

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

### Consolidated financial statement

The consolidated financial statement includes the parent company Sentera Plc and the subsidiaries in which it directly or indirectly owns more than 50% of votes. Inter-company income and expenses and mutual receivables and payables have been eliminated in the consolidated financial statements. Sentera Solagem Oy, acquired in 2003 by the Group, has been consolidated with the Group using the pooling method. The mutual shareholding of other subsidiaries acquired by the Group has been eliminated using the acquisition cost method. The elimination differences between the acquisition cost of subsidiary shares and the shareholders' equity at the time of acquisition is shown as consolidated goodwill, which will be depreciated over a period of ten years.

The companies acquired by the Group during the financial year are Sysforte Oy, Sysforte Systems Oy and Sysforte Services Oy, which Sentera Plc owns fully. Sysforte Companies have been merged with the fully Sentera-owned Sentera Finland Ltd as a sister company merger on 31 December 2004. In December 2004, Sentera sold the network support service business of its fully owned subsidiary Microext Oy.

### Turnover entered as income

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

### Fixed assets and other long-term investments

Fixed assets are entered in the balance sheet at the origi-

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

### The depreciation periods are as follows:

Major renovation of rented premises	3–10 years
Computer software	3–4 years
Goodwill	10 years
Consolidated goodwill	5–10 years
Equipment	8 years
Computer hardware	4 years

### Valuation principles for inventories

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

### Appropriations and deferred tax liabilities

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

### Own shares

Own shares are entered as securities under current assets in the balance sheet. Own shares are valued at their acquisition cost or their market value on the balance sheet date if this is lower. When calculating key indicators, own shares have been eliminated from the equity and from the number of shareholders. At the beginning of the financial year, the parent company had 106,300 own shares. These have been cancelled in April 2004 as per the decision of the Annual General Meeting of 30 March 2004.

### Securities

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

### Retirement plans

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

### Comparability of financial years

The reference figures for the financial year 2003 span over 15 months, 1 October 2002 to 31 December 2003. The financial year of 2004 is the calendar year 1 January to 31 December 2004. The consolidated financial statements include the income statements of Sentera Plc, Sentera Finland Ltd, Sysforte Oy, Sysforte Systems Oy, Sysforte Service Oy and Microext Oy for 1 January to 31 December 2004. Sentera Suomi Oy and Sentera Solutions Oy merged with Sentera Finland Ltd at the end of July 2004.

## Notes to the income statement

### 2. Turnover

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

Distribution of turnover: 1000 €	Group		Parent company	
	2004	2003	2004	2003
Licences	1,649	2,284		
Services	20,344	24,940	4,274	1,074
Equipment	359	426		
Other turnover	143	42		
<b>Total</b>	<b>22,495</b>	<b>27,692</b>	<b>4,274</b>	<b>1,074</b>
<b>By geographic market area</b>				
Finland	22,315	25,746	4,274	1,074
Rest of Europe	180	1,946	0	0
<b>Total</b>	<b>22,495</b>	<b>27,692</b>	<b>4,274</b>	<b>1,074</b>
<b>By geographic location</b>				
Finland	22,495	26,187	4,274	1,074
Rest of Europe	0	1,506	0	0
<b>Total</b>	<b>22,495</b>	<b>27,692</b>	<b>4,274</b>	<b>1,074</b>
<b>Operating income/loss by geographic location</b>				
Finnish companies	1,521	-290	573	-2,494
Companies in other European countries	0	-1,059	0	0
<b>Total</b>	<b>1,521</b>	<b>-1,349</b>	<b>573</b>	<b>-2,494</b>

### 3. Other operating income

1000 €	Group		Parent company	
	2004	2003	2004	2003
Income from leases	114	409	106	406
Received allowances	0	38	0	0
Administrative services	2	0	2	246
Compensatory damages	2	3		
Sales income from business operations	310			
Sales profit from fixed assets	22	62	16	
<b>Total</b>	<b>450</b>	<b>512</b>	<b>123</b>	<b>653</b>

### 4. Personnel expenses

1000 €	Group		Parent company	
	2004	2003	2004	2003
Wages and salaries	10,720	13,458	879	642
Pension expenses	1,720	2,156	177	63
Other personnel expenses	543	840	37	22
<b>Total</b>	<b>12,983</b>	<b>16,454</b>	<b>1,092</b>	<b>727</b>
Salaries and fees paid to the management (included in the above figures):				
CEOs of parent company and subsidiaries and deputy CEO	177	240	177	167
Board members	27	112	27	43
<b>Total</b>	<b>204</b>	<b>352</b>	<b>204</b>	<b>210</b>

### 5. Average number of employees

	Group		Parent company	
	2004	2003	2004	2003
	<b>230</b>	<b>234</b>	<b>13</b>	<b>7</b>

**6. Depreciation and reduction in value**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Depreciation of intangible assets	111	588	0	174
Depreciation of tangible assets	219	334	32	23
Extraordinary depreciation of fixed assets			0	868
Depreciation of consolidated goodwill	365	364	0	0
<b>Total</b>	<b>695</b>	<b>1,286</b>	<b>32</b>	<b>1,066</b>

**7. Financial income and expenses**

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Dividend income</b>				
From Group companies			1,400	
From non-Group companies	1	0	0	0
<b>Dividend income, total</b>	<b>1</b>	<b>0</b>	<b>1,400</b>	<b>0</b>
<b>Other interest and financial income</b>				
From Group companies	0	0	8	96
From non-Group companies	111	431	43	221
<b>Interest income, total</b>	<b>111</b>	<b>431</b>	<b>51</b>	<b>317</b>
<b>Reduction in value of investments</b>				
Reduction in value of long-term investments	-18	0	0	0
<b>Reduction in value of investments in total</b>	<b>-18</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest expenses and other financial expenses</b>				
To Group companies	0	0	-39	-1,794
To others	-25	-40	-2	-4
<b>Interest expenses, total</b>	<b>-25</b>	<b>-40</b>	<b>-41</b>	<b>-1,799</b>
The parent company's financial expenses in the financial statements for 2003 include reductions in the value of receivables EUR 1,794,401.95				
<b>Financial income and expenses, total</b>	<b>69</b>	<b>391</b>	<b>1,409</b>	<b>-1,481</b>

**8. Extraordinary items**

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Extraordinary income</b>				
Group contributions	0	0	0	715
Other extraordinary income	0	50	0	50
<b>Total</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>765</b>
<b>Extraordinary expenses</b>				
Merger loss	0	0	-750	0
Losses accrued by the termination of subsidiaries	0	-432	0	0
<b>Total</b>	<b>0</b>	<b>-432</b>	<b>-750</b>	<b>0</b>
<b>Extraordinary items in total</b>	<b>0</b>	<b>-382</b>	<b>-750</b>	<b>765</b>

**9. Appropriations**

1000 euroa	Parent Company	
	2004	2003
Difference between planned depreciation and depreciation used in taxation increase -/decrease +	1	0



10. Income taxes 1000 €	Group		Parent company	
	2004	2003	2004	2003
Income taxes on ordinary operations	348	548	0	0
Income taxes on extraordinary items				0
Change in deferred tax liability *	178	-1,383	-13	-772
<b>Income taxes, total</b>	<b>526</b>	<b>-836</b>	<b>-13</b>	<b>-772</b>
<b>* Itemised deferred tax liability for financial year 2003</b>				
Deferred tax liabilities related to subsidiary write-offs	56	772		
Unentered tax liabilities resulting from subsidiary write-offs amount to EUR 1.0 million.				
Deferred tax liability entered for the confirmed losses of previous financial years	118	599		
Deferred tax liability entered for depreciation differences	4	12		
<b>Total</b>	<b>178</b>	<b>1,383</b>		

## Notes to the balance sheet

### 11. Marketable securities

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

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Mutual fund units</b>				
<b>Interest funds</b>				
Replacement value	4,577	4,817	4,577	621
Net book value	4,498	4,756	4,498	615
<b>Difference</b>	<b>79</b>	<b>61</b>	<b>79</b>	<b>6</b>

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

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Other long-term costs</b>				
<b>Acquisition cost</b>				
At beginning of period	691	629	288	288
Increase	61	70	0	0
Decrease	0	-8	0	0
<b>Acquisition cost 31 Dec</b>	<b>752</b>	<b>691</b>	<b>288</b>	<b>288</b>
<b>Accumulated depreciation</b>				
At beginning of period	-554	-302	-288	-113
Depreciation during period	-76	-252	0	-174
<b>Accumulated depreciation 31 Dec</b>	<b>-630</b>	<b>-554</b>	<b>-288</b>	<b>-288</b>
<b>Balance sheet value 31 Dec</b>	<b>122</b>	<b>137</b>	<b>0</b>	<b>0</b>
<b>Goodwill</b>				
<b>Acquisition cost</b>				
At beginning of period	742	742	0	0
Increase	0	0	0	0
Decrease	-38	0	0	0
<b>Acquisition cost 1 Jan</b>	<b>704</b>	<b>742</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>				
At beginning of period	-459	-123	0	0
Depreciation during period	-35	-336	0	0
<b>Accumulated depreciation 1 Jan</b>	<b>-494</b>	<b>-459</b>	<b>0</b>	<b>0</b>
<b>Balance sheet value 31 Dec</b>	<b>210</b>	<b>283</b>	<b>0</b>	<b>0</b>
<b>Intangible assets, total</b>	<b>332</b>	<b>419</b>	<b>0</b>	<b>0</b>

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Consolidated goodwill</b>				
<b>Acquisition cost</b>				
At beginning of period	1,390	1,432		
Acquisition-related costs	2,567	0		
Decrease	0	-42		
<b>Acquisition cost 30 Sept</b>	<b>3,956</b>	<b>1,390</b>		
<b>Accumulated depreciation</b>				
At beginning of period	-744	-379		
Depreciation during period	-365	-364		
<b>Accumulated depreciation 31 Dec</b>	<b>-1,108</b>	<b>-744</b>		
<b>Balance sheet value 31 Dec</b>	<b>2,848</b>	<b>646</b>		
<b>Tangible assets</b>				
<b>Machinery and equipment</b>				
<b>Acquisition cost</b>				
At beginning of period	1,198	1,238	175	140
Increase	196	64	66	34
Decrease	-73	-105	-73	0
<b>Acquisition cost 31 Dec</b>	<b>1,321</b>	<b>1,198</b>	<b>167</b>	<b>175</b>
<b>Accumulated depreciation</b>				
At beginning of period	-893	-558	-123	-100
Depreciation during period	-220	-334	-32	-23
<b>Accumulated depreciation 30 Sept/31 Dec</b>	<b>-1,112</b>	<b>-893</b>	<b>-155</b>	<b>-123</b>
<b>Balance sheet value 30 Sept/31 Dec</b>	<b>209</b>	<b>305</b>	<b>12</b>	<b>51</b>
<b>Other long-term investments</b>				
Other long-term investments				
Sentera Solutions Oy			0	1,282
Sentera Suomi Oy (previously Microext Oy)			0	2,320
Sentera Finland Ltd			7,402	2,059
<b>Total</b>			<b>7,402</b>	<b>5,660</b>
<b>Group companies</b>				
Group ownership-%      Parent company ownership-%				
Sentera Finland Ltd			100,0	100,0
Microext Oy			100,0	0,0
<b>13. Inventories</b>				
1000 €	2004	2003	2004	2003
Other inventories	166	244		
The item Other inventories includes capitalised software licences.				

**14. Receivables**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Long-term receivables				
Other receivables	132	198	132	
Receivables from Group companies			0	0
Deferred tax credit	798	976	798	772
Short-term receivables				
Sales receivables	3,558	2,818	21	
Receivables from Group companies				
Sales receivables			1,064	
Loan receivables			3,103	4,356
Accrued income			2	
<b>Total</b>			<b>4,169</b>	<b>4,356</b>
Loan receivables	68	147	0	2
Other receivables	685	395	4	357
Accrued income	124	291	43	60
<b>Short-term receivables, total</b>	<b>4,435</b>	<b>3,651</b>	<b>4,237</b>	<b>4,775</b>

The item Other long-term receivables comprises EUR 132,000 of rent guarantees paid.

**15. Shareholders' equity**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Share capital 1 Jan	592	592	592	332
Lowering of share capital on 8 April 2004	-5		-5	
New subscription on 8 April 2004	17		17	260
New subscription on 26 October 2004	0		0	
<b>Share capital 31 Dec</b>	<b>603</b>	<b>592</b>	<b>603</b>	<b>592</b>
Share premium account 1 Jan	8,664	9,265	8,664	6,976
New subscription on 8 April 2004	548		548	
Transfer to free equity	-1,334	-603	-1,334	
Lowering of share capital	5		5	
Transferred to other reserves	-1,984		-1,984	
New subscription on 26 October 2004	1		1	
Issue premium	0	1	0	1,687
<b>Share premium account 31 Dec</b>	<b>5,899</b>	<b>8,664</b>	<b>5,899</b>	<b>8,664</b>
Reserve for own shares 1 Jan	169	128	169	128
Increase	-169	42	-169	42
<b>Reserve for own shares 31 Dec</b>	<b>0</b>	<b>169</b>	<b>0</b>	<b>169</b>
Other reserves 1 Jan	0		0	
Increase	1,984		1,984	
<b>Other reserves 1 Dec</b>	<b>1,984</b>		<b>1,984</b>	
Retained earnings 1 Oct	-143	17	-1 334	1,104
Dividend paid 1)	0	-308		0
Transfer to reserve for own shares		0		0
Own shares purchased/sold 1)	0	49		
Transfer from share premium account	1,334	603	1 334	
<b>Retained earnings 31 Dec</b>	<b>1,191</b>	<b>361</b>	<b>0</b>	<b>1,104</b>
Profit (-loss) for the period	1,064	-504	1,246	-2,438

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

**16. Calculation of distributable funds**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Retained earnings	1,191	361	0	1,104
Profit for the period	1,064	-504	1,246	-2,438
Portion of accumulated depreciation difference recorded into shareholders' equity	-10	-30	0	0
<b>Distributable funds</b>	<b>2,245</b>	<b>-172</b>	<b>1,246</b>	<b>-1,334</b>

**17. Deferred tax credits and liabilities**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Deferred tax credit from periodisation differences of securities	0	118		
Deferred tax credit from subsidiary write-offs	798	772	798	722
Deferred tax credit from confirmed losses	0	86		
Deferred tax liability from appropriations	14	4		

**18. Long-term liabilities**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Deferred tax liabilities	14	4		
Other long-term liabilities	213	172	132	0
<b>Long-term liabilities, total</b>	<b>227</b>	<b>176</b>	<b>132</b>	<b>0</b>
Debt due after five years				

**19. Short-term liabilities**

1000 €	Group		Parent company	
	2004	2003	2004	2003
Accounts payable	704	452	98	54
<b>Liabilities to Group companies</b>				
Accounts payable			14	91
Other liabilities			7,379	3,605
<b>Total</b>			<b>7,393</b>	<b>3,697</b>
Other liabilities	1,107	1,025	251	19
Accrued expenses and deferred income	2,478	1,865	183	187
<b>Short-term liabilities, total</b>	<b>4,289</b>	<b>3,343</b>	<b>7,925</b>	<b>3,957</b>

**20. Pledges, collateral and other contingent liabilities**

1000 €	Group		Parent company	
	2004	2003	2004	2003
<b>Pledged collaterals</b>				
Business mortgage	252	252	252	252
<b>Other collateral</b>				
Rent guarantees	480	249	0	0
Customer project delivery collateral	0	108		
<b>Leasing liabilities</b>				
Payable during the following financial year	489	585	58	97
Payable later	339	325	90	21
<b>Total</b>	<b>828</b>	<b>910</b>	<b>148</b>	<b>119</b>

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

**Contingent liabilities**

<b>Rent guarantees</b>				
Payable during the following financial year	529	699	528	672
Payable later	1,398	2,932	1,398	2,931
<b>Total</b>	<b>1,927</b>	<b>3,631</b>	<b>1,926</b>	<b>3,604</b>

## The Board of Directors' dividend distribution proposal

The Group's distributable funds are EUR 2,245,075.62 and the Group's parent company's distributable capital is EUR 1,246,119.42. The Board of Directors of Sentera Plc has decided to propose to the Annual General Meeting that EUR 0.04 per share be paid as dividend for 2004, totalling EUR 482,739.20.

Helsinki, 22 February 2005

Timo Tiihonen, Chairman

Richard Lehtola, Vice Chairman

Kari Katajamäki

Ilkka Pärssinen

Vesa-Pekka Silaskivi

Markku Toivanen, CEO

## Auditor's report

### To the shareholders of Sentera plc

We have audited the accounting, the financial statements and the corporate governance of Sentera Plc for the period 1.1.2004–31.12.2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

Helsinki, 22 February 2005

ERNST & YOUNG OY

Authorised Public Accountants

Kunto Pekkala

APA



## Financial indicators

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	15 mo					
	31.12.2004	31.12.2003	30.9.2002	30.9.2001	30.9.2000	30.9.1999
	1)	1)	1)			
Turnover, EUR 1000	22,495	27,692	22,455	13,470	7,926	3,423
Turnover increase-%	-18.8	23.3	66.7	69.9	131.5	
Operating profit, EUR 1000	1,521	-1,349	753	8	1,269	821
% of turnover	6.8	-4.9	3.4	0.1	16.0	24.0
Profit before voluntary provisions and taxes, EUR 1000	1,590	-1,340	-343	-308	1,495	813
% of turnover	7.1	-4.8	-1.5	-2.3	18.9	23.7
Return on equity, %	10.6	-1.0	4.1	-3.4	25.7	105.6
Return on investment, %	15.9	-7.5	6.3	-2.8	32.2	97.0
Effective yield, EUR 1000				1.8	0.9	
Interest bearing liabilities / securities, EUR 1000	308	259	540	202	153	161
Bonds and shares + cash and bank receivables, EUR 1000	6,315	6,322	6,396	5,009	6,673	962
Net gearing, EUR 1000	-55.9	-64.5	-59.6	-57.9	-77.9	-87.1
Solvency ratio, %	70.9	71.8	72.0	76.3	83.3	27.2
Gross investments in fixed assets, EUR 1000	196	135	628	1,222	544	1,314
% of turnover	0.9	0.5	2.8	9.1	6.9	38.4
Research and development costs, EUR 1000	1,484	2,001	1,568	1,034	810	600
% of turnover	6.6	7.2	7.0	7.7	10.2	17.5
Average personnel during financial year	230	234	265	128	93	29
Personnel at the end of financial year	187	238	263	179	102	46

1) The figures are calculated according to current Group structure

### Key figures per share

EUR 1000	15 mo					
	31.12.2004	31.12.2003	30.9.2002	30.9.2001	30.9.2000	30.9.1999
	1)	1)	1)			
Profit/share, euro (Group)	0.09	-0.01	0.04	-0.04	0.29	0.13
Equity/share, euro	0.89	0.78	0.84	1.25	1,54	0,17
Dividend/share, euro	*)0.04	0.00	0.03	0.06	0	0
P/E	20.28	-10.47	33.38	-33.29	22.09	
Share issue adjusted number of shares						
weighted average during financial year	12,041,571	11,736,156	11,736,156	6,335,341	4,126,662	3,500,000
Share issue adjusted number of shares at the end of financial year	12,068,480	11,736,156	11,736,156	6,634,253	5,438,604	3,500,000

1) The figures are calculated according to current Group structure

\*) Board's proposal

## Calculation of key figures

### Return on equity (ROE) =

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

### Return on investment (ROI) =

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

### Net gearing =

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

### Solvency ratio =

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

### Profit/share =

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

### Effective yield =

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

### Equity/share =

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

## Shares and shareholders

### Shares and share capital

Sentera Plc's share capital has been reduced by EUR 5,315 as per the decision of the Annual General Meeting of 30 March 2004 by voiding the company's shares owned by the company, in total 106,300 shares. After the reduction of the share capital, Sentera Plc's share capital, EUR 603,401.70, was divided into 12,068,034 shares. The reduction of the share capital was registered with the Trade Register of Finland on 8 April 2004.

A total of 446 new A series shares were subscribed with Sentera's A share options for 2003. After the subscription Sentera Plc's share capital, EUR 603,424.00, is divided into 12,068,480 shares. The corresponding increase of the share capital, a total of EUR 22.30, was registered with the Trade Register of Finland on 26 October 2004.

As per the decision of the Annual General Meeting of 30 March 2004, EUR 1,983,681.00 has been transferred from Sentera's share premium account to the equity fund. As a result of the transfer, Sentera's dividend payment capability strengthened.

### Share trading and price development

Sentera Plc's shares are quoted on the NM list of the Helsinki Exchanges. The lowest trading price during the financial year was EUR 1.57 and the highest EUR 2.50. A total of 974,937 shares of Sentera Plc were exchanged on the NM list during the financial year, equalling 7.85% of the company's shares. The market value of Sentera Plc's share capital at the end of 2004 totalled EUR 21.72 million.

### Sales restrictions concerning the holdings of Sentera's main owners

The main owners of Sentera's predecessors Solagem and Iocore, who owned a total of 60.2% of the company when Sentera was established in July 2003, agreed in the shareholder contract drafted in connection with the merger on a restriction on the sales of the shares they own. The first lot of shares (10 per cent of Iocore's shares owned by the founding partners of Solagem and 20 per cent of

Iocore's shares owned by other investors) was released of the restriction on 1 July 2004, the second lot (20 and 30 per cent of the original ownership of the above-mentioned parties at the time the contract was signed) will be released on 1 July 2005 and the rest on 1 July 2006.

### Management shares

On 31 December 2004 the Sentera Plc Board members owned a total of 2,603,374 of the company's shares. These equal in total 21.6% of the company's share capital and the voting rights conferred by the shares.

Board members and the CEO also own a total of 11,576 option rights conferring the right to subscribe for the company's shares. These option rights entitle the owners to subscribe for up to a total of 11,576 shares of Sentera Plc, which equalled 0.1% of the share capital on 31 December 2004.

### Authorisation of the Board of Directors

The Annual General Meeting of 30 March 2004 approved the Board of Directors' proposals on the voiding of the company's own shares, the cancellation of option rights, and the establishment of free reserves, and on the authorisation of the Board of Directors to decide on the raising of the share capital and on the acquisition and assignment of the company's own shares until 30 March 2005. In addition, the Annual General Meeting decided on the use of the company's share premium account to cover confirmed losses.

### Share option programme

The company follows option programme I and option programme II approved by the Extraordinary General Meeting on 15 May 2000 and by the Annual General Meeting on 22 January 2001, as well as option programme 2003 approved by the Extraordinary General Meeting on 18 June 2003. According to these option programmes, share options are granted to the personnel of the Sentera Group, to the Board members and managing directors

of the Group companies and to the employees of Sentera Plc's fully owned subsidiaries. The option programmes enable the granting of 623,520 share options, each of which entitles the holder to subscribe for one Sentera Plc share.

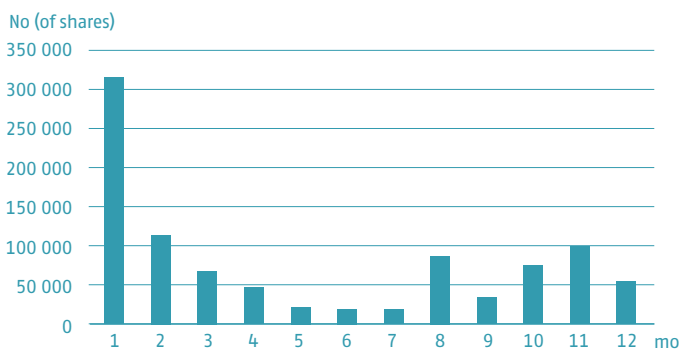
In the Extraordinary General Meeting on 18 June 2003, 60,800 options of the option programme I 2001-2005 were cancelled and the option programme II was cancelled in its entirety. In Annual General Meeting on 30 March 2003, 154,400 options were cancelled from the option programme I 2001-2005. After the cancellations 36,800 options remain in the programme. The options are divided into A, B, C and D series. Each series contains 9,200 options.

The share issue period for the option programme I 2001-2005 ends on 31 May 2005. The share issue price for the option series A and B is EUR 5.00, and that of option series C and D EUR 2.77.

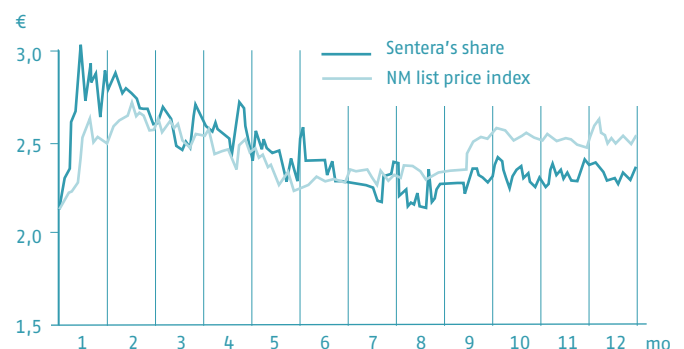
Sentera's option programme for 2003 is comprised of four (4) share option series. The option programmes of series A, B, C and D are comprised in total of 623,520 share options, each of which entitles the holder to subscribe to one (1) Sentera Plc share, totalling 623,520 shares. The terms of the option programme have been communicated in their entirety with a Sentera stock exchange release of 27 May 2003.

Sentera's A share options for 2003 became subject to trading on the NM list of the Helsinki Exchanges on 1 June 2004. There are a total of 155,880 A share options. Each share option entitles its bearer to subscribe for one (1) Sentera share. Therefore, a maximum of 155,880 shares can be subscribed for with the A share options. The subscription price of a share with the A share option was EUR 1.50 per share, and the subscription period with the A share option started on 1 June 2004 and ends on 1 June 2008.

### → Monthly trading volume 2004



### → Sentera's share price performance and NM list Price Index



## Management ownership

On 31 December 2004, Sentera Plc's Board members and CEO held a total of 2,603,374 of the company's shares.

This amounts to 21.57% of the company's share capital and votes. In addition, the Board members and CEO held a total of 11,576 option rights to the company's shares. These option rights entitle to the subscription of a

maximum of 11,576 Sentera Plc shares, corresponding to 0.1% of the total amount of shares on 31 December 2004.

## Share capital and shareholders 31 December 2004

Shareholders by sector	Holdings	%	Number of shares	%
Companies, total	68	6.7	4,410,590	36.5
Financial/insurance institutions	3	0.3	1,500	0.0
Non-profit organisations	4	0.4	199,400	1.7
Households	929	91.3	6,999,079	58.0
Foreign	9	0.9	323,298	2.7
Nominee-registered	4	0.4	134,613	1.1
<b>Total</b>	<b>1,017</b>	<b>100.0</b>	<b>12,068,480</b>	<b>100.0</b>

Distribution of shares in order of magnitude	Holdings	%	Number of shares	%
Number of shares	qty		qty	
1 - 50	14	1.4	536	0.0
51 - 100	353	34.7	35,186	0.3
101 - 500	237	23.3	74,308	0.6
501 - 1,000	110	10.8	95,241	0.8
1,001 - 5,000	202	19.9	474,537	3.9
5,001 - 10,000	47	4.6	347,475	2.9
10,001 - 50,000	31	3.0	584,225	4.8
50,001 - 100,000	5	0.5	350,204	2.9
100,001 - 500,000	12	1.2	2,088,779	17.3
500,001 - 1,000,000	1	0.1	828,571	6.9
1,000,001 -	5	0.5	7,189,418	59.6
<b>Total</b>	<b>1,017</b>	<b>100.0</b>	<b>12,068,480</b>	<b>100.0</b>

## Major shareholders

Name	Shares	%
Finnventure Rahasto V Et Ky	1,905,168	15.8
Finnventure Rahasto V Ky	1,905,168	15.8
Toivanen Markku	1,307,656	10.8
Kohonen Jorma	1,035,713	8.6
Pärssinen Ilkka	1,035,713	8.6
Hakonen Asko	828,571	6.9
Suihko Osmo	272,900	2.3
Katajamäki Kari	250,005	2.1
Vandekeybus Jan	224,220	1.9
Mykkänen Markku	194,005	1.6
Finnventure Rahasto Iv Ky	187,475	1.6
Partanen Kari	173,450	1.4
Sijoitusrahasto Eq Nexus	169,300	1.4
Kontuniemi Kari	151,124	1.3
Ingman Finance Oy Ab	125,000	1.0
Krappe Marko	119,285	1.0
Nordea Bank Finland Plc	111,061	0.9
Strömberg Björn	110,954	0.9
Kontuniemi Heikki	80,726	0.7
Korpela Mikko	77,866	0.6
Others	1,803,120	14.9
<b>Total</b>	<b>12,068,480</b>	<b>100.0</b>

## Board of Directors

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### **Timo Tiihonen**, b. 1948

- Chairman of the Board
- M.Sc. (Tech.), M.Sc (Econ.)
- Member since 2000
- 36,329 shares
- 3,072 share options
- Member of the Board of Directors at: Boardman Oy, Fennia Consulting Oy (Chairman), Otamedia Oy Printel Oy (Chairman), Setec Oy, Sportup Finland Oy, Suomen Urheilutelevisio Oy (deputy), Tamore Oy (Chairman), Tamore Group Oy, Tieturi Oy, and Yomi Software Oy.
- Independent

### **Richard Lehtola**, b. 1967

- Vice Chairman
- Doctor of Technology
- M.Sc. (Econ.)
- Member since 2003
- 10,000 shares
- No share options
- Independent

### **Kari Katajamäki**, b. 1951

- M.Sc. (Econ.)
- Member since 2000
- Company CEO in 2001–2003
- 250,005 shares
- 8,504 share options
- Member of the Board of Directors at: Basewell Oy (Advisory Board member)

### **Ilkka Pärssinen**, b. 1960

- System architect
- Undergraduate of Technology
- Member since 2003
- Employed by the company since 1990
- 1,035,713 shares
- No share options

### **Vesa-Pekka Silaskivi**, b. 1966

- Ph.D. (Jur.)
- Member since 2004
- No shares
- No share options
- Member of the Board of Directors at: Nanso Oy, Onni and Helmi Karttunen Foundation
- Independent

## Management team

### **Markku Toivanen**, b. 1953

- CEO
- B.Sc.
- Joined the company 1989
- 1,307,656 shares
- No share options

### **Asko Hakonen**, b. 1961

- Director
- Wholesale and Industry Solutions
- Dipl. in BA and marketing
- Joined the company 1989
- 828,571 shares
- No share options

### **Johanna Lindroos**, b. 1968

- Director
- Business Development
- M.Sc. (Econ.)
- Board member 2002–2004
- Joined the company Feb 2004
- No shares
- No share options

### **Petteri Mussalo**, b. 1962

- CFO
- Finance and administration
- Undergraduate of Econ.
- Joined the company 1999
- 25,816 shares
- 5,452 share options

### **Juha Sihvonen**, b. 1968

- Director
- Sales and Marketing
- Diploma Business IT
- Joined the company 2000
- 50,237 shares
- 8,044 share options

### **Osmo Suihko**, b. 1954

- Director
- Professional Services
- Undergraduate of Science
- Joined the company 1997
- 272,900 shares
- 8,504 share options



# Corporate Governance

## Principles

Sentera aims at transparent communications about the company's governance and steering systems and follows recommended good governance and steering practices applied to the company's situation. These practices will be notified in accordance with valid legislation and Articles of Association, as well as the Corporate Governance recommendations made by HEX plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The Corporate Governance guidelines will be updated as needed, and the updated version will be published without delay on the company's Web site.

## General Meeting

The Annual General Meeting is the Group's highest decision-making body, and it convenes once a year. The Annual General Meeting is held on a date decided by the Board of Directors, by the end of June, within six months of the end of the financial year. The General Meeting is held in the company's domicile, Helsinki. An Extraordinary General Meeting can be summoned, if needed. In 2005, the Annual General Meeting is held on 23 March 2005 in Helsinki. The duties of the General Meeting are defined in the Finnish Companies Act.

## Board of Directors

The duties of the Board of Directors are specified in the Finnish Companies Act. Pursuant to the Articles of Association, Sentera's Board comprises a minimum of five (5) and a maximum of nine (9) regular members. The Board members are elected and confirmed each year at the Annual General Meeting.

In compliance with the Articles of Association, the Board elects the Chairman and Vice Chairman among its members for one year at a time. The Board has a quorum when more than half of its members are present. Issues are decided by a simple majority of votes. In the case of parity of votes, the Chairman's vote is decisive.

Issues that are significant for the Sentera Group and affect its long-term goals are discussed by the Board of Directors. Such issues include the appointment of the CEO, the Group's strategic goals, budget and strategies and the control of their implementation, corporate structure, company acquisitions, major investments, as well as personnel and incentive policies.

The Board of Directors shall ensure that the company's accounting and financial administration are appropriately monitored. The Board also prepares the items on the agenda of the General Meeting, summons the General Meeting and ensures that its decisions are implemented.

In 2004, the Sentera Board convened 19 times. Attendance averaged 97%. On 31 December 2004 the Board owned a total of 1,295,718 shares (10.74%).

## Shareholder contract concerning the election of the Board of Directors

The main owners of Sentera's predecessors Solagem and Iocore, who owned a total of 60.2% of the company when Sentera was established in July 2003, agreed in the shareholder contract drafted in connection with the merger that the parties undertake to act in Sentera's general meetings in a way that one or two persons proposed by the funds managed by CapMan (depending on the share of ownership of these at a given time) would be elected to Sentera's Board of Directors. The shareholder contract also states that it is the intention of the parties that an outside member independent of the shareholders should be elected chairman of the Board.

## Board Committees

Sentera plc's Board of Directors consists of five (5) regular members. If the efficient management of duties so require, the Board may set up committees, which main tasks and principles of operations are recorded in the rules of procedure. The committees shall provide the Board with regular reports on their work. If required, Sentera

will disclose the composition, number of meetings and attendance percentage of committees set up during the financial year.

## CEO

Sentera plc's Board of Directors appoints the company's CEO. The Board determines the conditions of employment that will be defined in writing in the CEO contract. The CEO prepares the issues discussed in Board meetings and undertakes the implementation of the Sentera Group's goals, plans, policies and objectives set by the Board. Markku Toivanen was appointed the CEO of Sentera plc as of 1 August 2003. CEO's retirement age is 65 years. The notice period for the termination of employment is 6 months.

The CEO's tasks include managing and developing the company's business according to the Companies Act and the guidelines and regulations set by the Board. The CEO shall ensure that the company's accounting complies with legislation and that the financial administration is reliably organised. The CEO reports to the Board on the implementation of strategic goals, the budget and strategies, as well as on issues related to the corporate structure, company acquisitions, major investments and the personnel and incentive policies.

On 31 December 2004 the CEO owned a total of 1,307,656 shares (10.84%).

## Other Management

Sentera's business is operatively divided into business and competence units. The management group assists the CEO, monitors strategy implementation and develops the company's business. Unit directors report to the CEO. The management group has no authority based on company law and/or the Articles of Association.

On 31 December 2004 the management group owned a total of 2,485,180 shares (20.59%).

## Compensation

Compensations, wages and other benefits paid to Board members during the financial year 2004 totalled EUR 27,000. Compensations, wages and other benefits paid to the CEO during the financial year 2004 totalled EUR 176,830.

## Internal control and risk management

Sentera uses reporting systems to continuously monitor business operations and implement risk management. The Board of Directors, CEO and management group shall identify risks and take them into account in operations. Appropriate insurances have been taken out against business operation damages.

## Internal and external auditing

Sentera has not set up a separate internal auditing function. The company controls and monitors its business operations using reporting systems. The company's internal auditing is carried out both within financial administration and as part of the normal work of auditors. The directors of business units provide monthly reports to the CEO, after which the Board of Directors inspects the Group's financial report drafted by the CEO and financial administration. Both the CEO and the entire management group are responsible for monitoring the company's business operations.

## Insiders

Sentera complies with the Guidelines for Insiders published by the Helsinki Exchanges. Statutory insiders include the company's Board members, CEO and auditor. Sentera has also defined as permanent insiders such employees (management group, director of corporate communications and pa's to management team) whose duties provide them with regular access to information that has a considerable impact on the value of the company's securities. Permanent insiders are bound by the same restrictions on trading and duty to declare as the company's

statutory insiders. The company maintains its register on insiders in the SIRE system of the Finnish Central Securities Depository Ltd.

In addition to statutory insiders, Sentera's insiders include the members of its extended management group, as well as individuals that participate in fixed-term projects. The CFO is responsible for compliance with insider guidelines and the monitoring of the duty to declare.

## Auditing

Statutory auditing corroborates that the financial statements for the previous financial year provide accurate and adequate information about the company's profit/loss and financial standing. Sentera's financial year is one calendar year. The auditor's term of office is the company's financial year. Sentera's auditor is Ernst & Young Oy, with Kunto Pekkala, authorised public accountant, as the accountant with principal responsibility.

Auditing fee for the whole concern during financial year 2004 was 27,000 euros. In addition, Sentera paid auditors 4,300 euros for tax consultation, 45,900 euros for consultation related to mergers and 6,400 euros for consultation related to IFRS-reporting.

## Communications

Corporate communications principles include transparency, continuity and reciprocity. Corporate communications aim to build the company's image in selected business areas and target groups, to support and promote business and to take care of stock exchange communications. The Director of Corporate Communications is responsible for corporate communications and its development. The director devises the basis for the communications policy and leads the corporate communications steering group, which consists of the CEO, CFO and the Director of Business Development in addition to the director of corporate communications. The corporate communications steering group decides on matters

related to communications and investor relations pertaining to the whole Group.

The main emphasis of corporate communications is on network communications. Sentera publishes all of the company's financial statements, interim reports, press and stock exchange releases and annual reports in Finnish and English on its Web pages. Sentera also publishes a printed version of its annual report in Finnish and English.

The instructions have been updated on 15 February 2005.

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