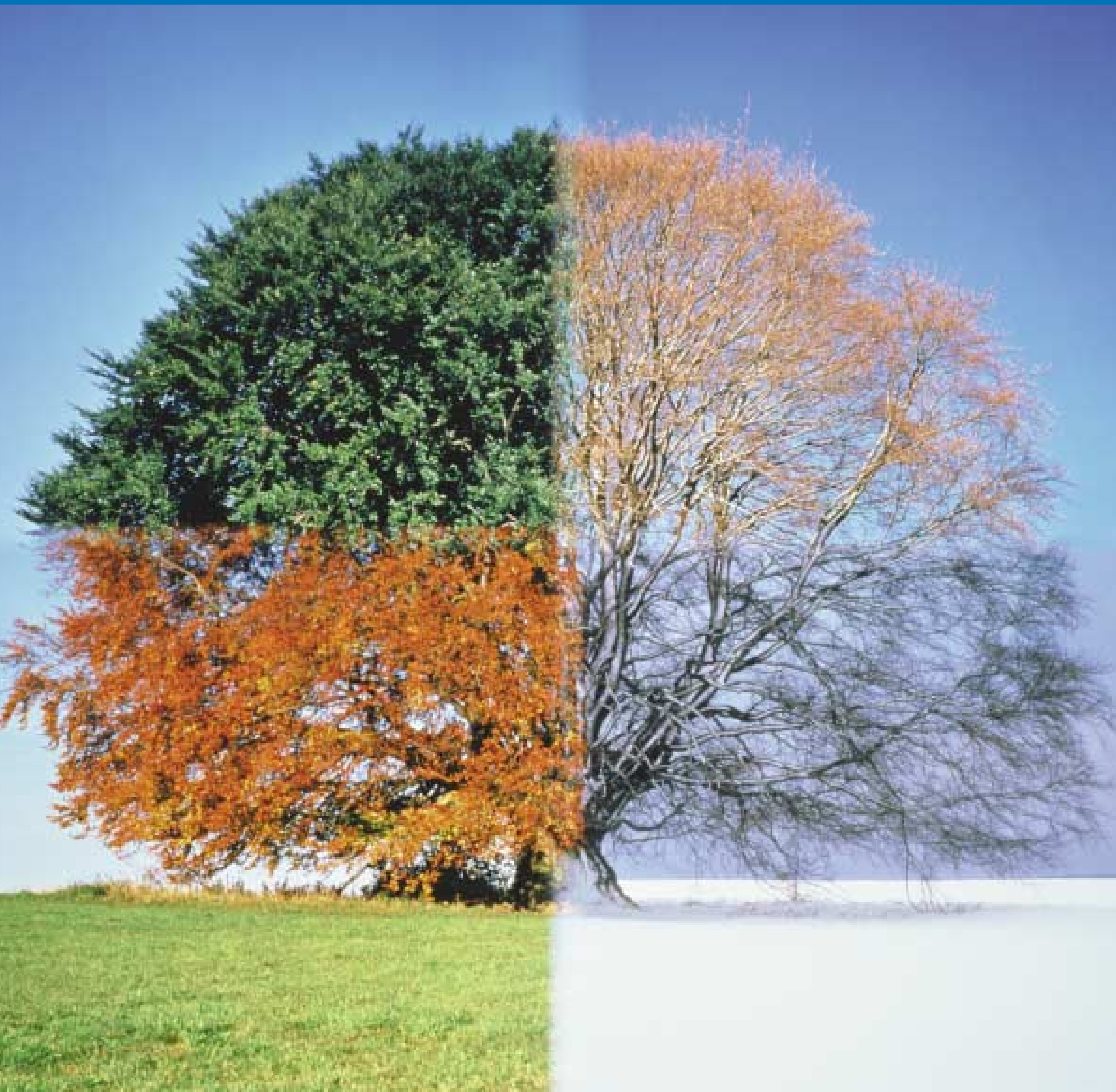
TECHNOPOLIS

ANNUAL REPORT 2004



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INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Technopolis Plc will be held on Tuesday, March 22, 2005, starting at 12.30 p.m., in the auditorium of the Medipolis Center, street address Kiviharjuntie 11, 90220 Oulu, Finland. Shareholders registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by March 12, 2005 have the right to participate. Shareholders whose shares have not been transferred to the book-entry system also have the right to participate provided they were registered in the company's shareholder register before March 6, 1998. In this case, upon arrival at the AGM, they must present their share certificates or other documentation proving that their shares have not been transferred to the book-entry system.

Shareholders wishing to attend the AGM must give notice of their intention to do so by 4.00 p.m. on March 15, 2005 by telephone to +358 8 551 3242, or by email to teija.koskela@technopolis.fi, or in writing to Teija Koskela, Technopolis Plc, Elektroniikkatie 8, 90570 Oulu, Finland.The notice must be received by the above deadline. Shareholders are requested to present any powers of attorney along with their notice of intention to participate.

Copies of the financial statements and the proposals of the Board of Directors are available for shareholders to view from March 15, 2005, at the company's headquarters at (street address) Elektroniikkatie 8, Oulu, Finland. The company will send copies of the said documents to shareholders upon request.

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid for the financial year ending on December 31, 2004. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by the dividend record date, March 29, 2005. The Board proposes that the dividend be paid on April 5, 2005.

INTERIM REPORTS FOR 2005

Technopolis Plc will publish three Interim Reports for 2005 as follows: January-March on April 22, January-June on July 15, and January-September on October 20.

TECHNOPOLIS IN A NUTSHELL

Technopolis Plc made strong progress in 2004. The company's operations expanded and cost-efficiency improved. Its net sales and net profit rose to a record high. Technopolis aims to continue its strong growth in accordance with its growth strategy that extends to 2008.

In 2004, the group recorded net sales of EUR 28.8 million, an operating profit of EUR 13.1 million and a profit before extraordinary items of EUR 9.3 million.The corresponding figures for the previous year were EUR 28.5 million, EUR 11.6 million and EUR 8.1 million respectively.

In terms of the number of companies, Technopolis is Europe's largest technology center. It is also Finland's largest provider of operating environments for technology companies, providing facilities for approximately 8,000 people employed by about 600 companies. At the company's core is a unique service concept, combining premises, services and development programs, which it has developed to support the growth and success of its customer companies.

In the Oulu region, Technopolis technology centers are located in the university area at Linnanmaa, in the Kontinkangas site near the city center and by the Lentokentäntie road in Kempele. In the Helsinki metropolitan area, Technopolis operates in the immediate vicinity of the Helsinki-Vantaa International Airport in Vantaa, and at Otaniemi, Espoo.

In accordance with its growth strategy, Technopolis is seeking both to expand its operations in current locations and to advance into completely new geographical areas. A significant new initiative will be the construction of a technology center in the Ruoholahti area of Helsinki, which Technopolis is currently planning.

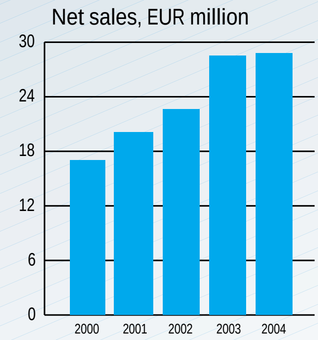
In Oulu, construction of the first stage of the city center Technopolis will begin in the spring of 2005. In Espoo, the company is planning the construction of a new technology center in the Suurpelto area. The third stage of Technopolis Helsinki-Vantaa was completed in January 2005 and preparatory marketing is underway for a fourth stage. The company has also begun to investigate expansion into one or more growth centers where it has not operated earlier. Technopolis will implement its growth strategy through both organic growth and corporate acquisitions.

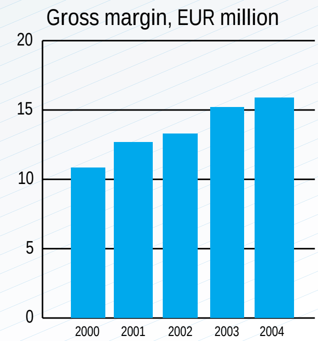
Technopolis is also internationalizing its operations. In this regard it has signed a co-operation agreement with Tehnopol in Tallinn, Estonia. The areas covered by the agreement include the technology center concept, the acquisition of customer companies and joint investments. A technology center consulting unit established in Technopolis at the beginning of 2005 is also strongly oriented towards the international market.

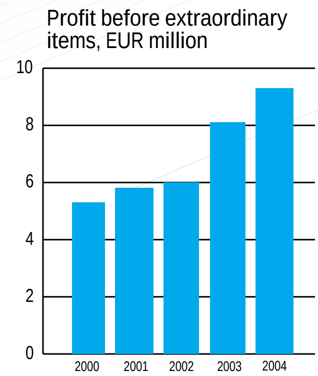
In 2005, Technopolis forecasts that the demand for its premises and services will remain good. According to estimates, net sales will increase by 4 - 7 % compared with 2004 and the gross margin will remain at least at the same level.

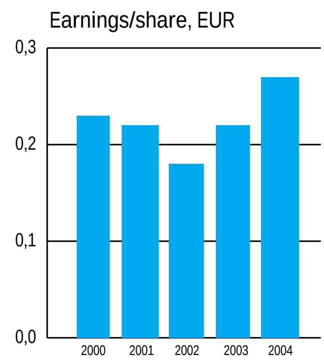
Technopolis has renewed its dividend distribution policy. The renewal takes account of the shareholders' interests, the changes in Finnish dividend taxation and the group's growth strategy. The group aims to annually distribute 40 - 50 % of its net profit as dividends. From the result of the 2004 financial year, the company's Board of Directors proposes the distribution of a dividend of EUR 0.12 per share. This is 46.3 % of the group's net profit.

The Technopolis Plc share is quoted on the main list of the Helsinki Stock Exchange, in the Investment group.









TO OUR SHAREHOLDERS

Dear Technopolis shareholder,

The 2004 financial year was a very positive one, measured by various indicators.

Allowing for the bonus issue, the Technopolis share price rose by 31.3 % during the year. This excellent performance can be explained by many factors - the company's financial and operational results, the expansion of the shareholder base abroad due to a share offering conducted at the market price, and the generally higher interest in Finnish real estate.

The market capitalization of the company's stock rose from EUR 64 million at the start of the year to EUR 93 million at the end, i.e. by approx. 45 %. In December, Technopolis launched a bonus issue for its shareholders, entitling them to receive gratuitously three new shares for each five old shares. This allowed shareholders to utilize the tax benefit that expired at the end of 2004.

The significant increase in market capitalization and the greater number of shares increased the number of parties interested in investing in Technopolis, which in turn improved the company's valuation and share liquidity, both valuable considerations for our owners.

TECHNOPOLIS CUSTOMERS

The Group has 600 excellent customers in its leading concentrations of high tech expertise in Finland. The customers are technology companies and related service organizations. They vary from innovative new start-ups, to growth companies, to top international enterprises. Technopolis has service products catering for technology companies at all stages of their life cycles, from the early incubator concept to extensive development environments and technology programs.

The ideas for many of our new success services have originated from our customers. I would like to take this opportunity to express my sincere thanks to our creative and development-oriented customers for their outstanding co-operation in 2004.

CUSTOMER SERVICE CONCEPT

The Group's service concept once more proved its competitiveness in 2004, despite the relatively challenging operating environment. By the end of the year, the occupancy rate had increased to 97.5 % (it was 96.9 % at the end of 2003).

The Technopolis concept is constantly being developed in close co-operation with customers. More detailed information on the whole Technopolis concept can be found on pages 7 - 13 of this Annual Report.

OULU REGION TECHNOLOGY CENTERS

In the Oulu region, Technopolis operates in Linnanmaa, Kontinkangas and by the Lentokentäntie road. Technopolis Linnanmaa is located next to the University of Oulu and the Technical Research Centre of Finland (VTT). The Kontinkangas center is situated next to the Nokia Peltola units and Oulu University Hospital. Plans for a new technology center to be built in Oulu city center are well underway, and a binding preliminary agreement has been signed with YLE Radio Finland concerning premises of 1,900 square meters. The Kontinkangas operations will expand in 2005 with the 3,300 square meter second stage.

HELSINKI METROPOLITAN AREA TECHNOLOGY CENTERS

Technopolis Helsinki-Vantaa is located in the vicinity of an international airport, which offers advantages in the form of excellent transportation links, for example. The third stage of the technology center was brought into use in early 2005, and a fourth stage is under planning. Technopolis Innopoli is located in the heart of Finland's largest and most internationally well-known technology community, the Otaniemi area of Espoo. In the fall of 2004, Technopolis also began to plan an entirely new technology center for the Ruoholahti area of Helsinki.

TALLINN TECHNOLOGY CENTER

Co-operation between Technopolis and the Tehnopol technology center in Tallinn, Estonia is off to a positive start. The co-operation covers development of the technology center concept, the acquisition of customer companies and joint investments. The purpose is to turn Tehnopol into an excellent operating environment for Finnish companies, too.

SHAREHOLDERS

At the end of 2004, Technopolis had 3,141 shareholders, of which 2,819 were households. The shares held by households were 42 % of all the shares. During the year under review, the proportion of foreign and nominee-registered shareholders grew significantly, from 0.3 % at the beginning of January to 9.8 % at the end of December. The company's largest shareholders on February 15, 2005 were the City of Oulu (16.5 %), Erkki Etola (15.7 %), Etra-Invest Oy Ab (4.3 %), Juha Hulkko (3.6 %) and Yleisradio Pension Trust (2.3 %).

OUTLOOK FOR 2005

The company's management estimates that in 2005 the demand for high tech operating environments will be satisfactory and that the occupancy rate of the Group's rented facilities and the demand for its services will remain good. Net sales are expected to increase by 4 - 7 % from the previous year, and the gross margin to be at least at the previous year's level.

PERSONNEL AND BOARD OF DIRECTORS

Our extremely committed and competent personnel worked hard in 2004 and achieved good results. The personnel was divided geographically fairly evenly between the Oulu region and the Helsinki metropolitan area. This generated excellent learning opportunities and ideas that can be utilized to further improve customer services throughout the Group.

The Board of Directors of Technopolis has drawn up a growth strategy, extending to 2008. The strategy aims for growth in the current operating locations and in new locations in Finland and the Baltic countries. Through its work, the Board also gave strong support to the operating management in finding new business opportunities and developing existing ones.

It gives me great pleasure to express my warm thanks to the personnel and Board of Directors of Technopolis for their fine work in 2004.

Pertti Huuskonen
President and CEO

"The conditions for the future growth of Technopolis are excellent in all its operating areas."

Technopolis advanced strongly in 2004. Plans for the construction of several new technology centers progressed. The technology center at Helsinki-Vantaa expanded. The company also established a new consulting unit and signed a co-operation agreement with Tehnopol in Tallinn, Estonia.

MAIN EVENTS IN 2004

In February, Technopolis announced it would begin construction on the third stage of its technology center located next to the Helsinki-Vantaa International Airport. The third stage was completed in January 2005. Its premises host some twenty companies, including the International Center which, in various ways, strives to support the establishment of international companies in Finland and the expansion of Finnish companies to international markets.

Technopolis also announced plans in February to build a new technology center in co-operation with the City of Espoo in the Suurpelto area of Espoo. In addition to technology companies, the center will also house units of educational institutes.The targeted size of the technology center, to be constructed in several stages, is approximately 80,000 square meters.

In March, Technopolis agreed with the Local Government Pensions Institution to acquire three properties in the Linnanmaa area of Oulu for a price of EUR 7.8 million.The transaction was concluded in June. Technopolis was previously a tenant in the properties and sublet them to its customers.

In June, Technopolis conducted a share offering for Finnish and international institutional investors. As a result, the company's share capital was raised by EUR 2,788,500, and 1,650,000 new shares were subscribed. The purpose of the offering was to finance the company's investments, strengthen the equity-to-assets ratio and expand the shareholder base. The offering was oversubscribed 1.7 times.

Technopolis also signed a letter of intent in June with the joint municipal authority governing the Espoo-Vantaa Institute of Technology (EVITech) on the technology center in the Suurpelto area. The letter of intent concerned 3,000-square-meter facilities for EVITech's Learning Industry unit, which Technopolis will build and EVITech will lease.

In August, Technopolis announced plans to remodel its organization. The new organization consists of three business units, namely the Oulu Region Unit, the Helsinki Metropolitan Area Unit, and the Technology Center Consulting Unit.Technopolis also announced it would transfer the Oulu Region Center of Expertise non-profit program to its new affiliated company.

In October, Technopolis announced plans to expand operations by building a new technology center in the Ruoholahti area of Helsinki. The City of Helsinki has reserved an area with building rights for approx. 25,000 square meters for the technology center.

YLE Radio Finland and Technopolis signed a binding preliminary agreement concerning a technology center to be built in the center of Oulu, stating that YLE Radio Finland will rent premises of 1,900 square meters with a long-term agreement. YLE Radio Finland will become the main user of the technology center. Technopolis, in turn, will buy an office building belonging to YLE Radio Finland in the Höyhtyä area of Oulu and rent it to its customer companies.

In December, Technopolis executed a share offering amounting to over EUR 18.7 million. The company raised its share capital to EUR 49.8 million by transferring an amount equal to the share capital increase from the share premium account to the share capital. In the bonus issue, 11,051,055 new shares with a counter-book value of EUR 1.69 were issued, and shareholders gratuitously received three new shares for each five old shares.

The Tallinn-based technology center, Tehnopol, and Technopolis signed an agreement to start working on a technology center concept and to acquire corporate clients and make joint investments. This agreement will develop the Tallinn technology center into an operating environment for companies from Finland and other European countries.

THE TECHNOPOLIS CONCEPT

The Technopolis business idea is to help customer companies grow and prosper. This is fulfilled especially through the service concept it has developed for the needs of technology companies. The concept consists of three areas: 1) premises, 2) services, and 3) consulting and development programs.

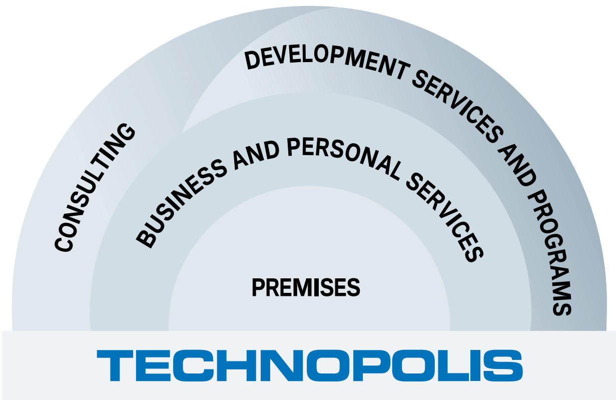
The company's premises are high-quality, modern and easily adaptable. They are always designed exactly for the needs of customer companies.

Technopolis' services are divided into those designed for customer companies and those designed for their personnel. Business services improve companies' cost-efficiency and increase the flexibility of their operations. They allow companies to concentrate on their core businesses and leave the rest to Technopolis. Personal services, on the other hand, promote the wellbeing and work efficiency of customer companies' employees. The services are produced by Technopolis together with its partners.

Technopolis has its own consulting unit to provide technology center consulting and related planning and training for its customers. The unit also develops regional incubator and business development programs together with key players in these sectors.

Technopolis implements its development programs primarily through subsidiaries and affiliated companies. They serve their customers by raising their competitiveness and preparedness to succeed in international markets. The programs are designed specifically for companies that are just starting up or on the verge of strong growth.

More detailed descriptions of the different areas of the Technopolis concept can be found on pages 8 - 13.



Technopolis has been developing its operating concept for over twenty years. The concept is designed to meet the needs of technology companies in particular, and to help them grow and prosper. Technopolis is constantly developing and diversifying the services included in its concept. The wishes and opinions of customers play an important role in the development process.

Technopolis technology centers are located in key concentrations of the Finnish technology industry. They provide customers with modern premises corresponding to their needs.

PREMISES

Technopolis technology centers provide customer companies with modern, high-quality premises that are easily adaptable. They can be contracted, expanded or adjusted rapidly and cost-efficiently. Customer companies can always operate in premises corresponding to their needs. Functional common facilities increase cost-efficiency.

The technology centers are equally as suitable for small companies with only a few employees, as for head offices with hundreds of employees. The facilities are specially designed to suit the needs of technology companies and companies providing services for them.

Technopolis technology centers are located in the Oulu region and in Espoo and Vantaa in the Helsinki metropolitan area. Technopolis is currently expanding its operations to Helsinki - preparations for a new technology center to be built in the Ruoholahti area are underway.

Technopolis operates in key concentrations of Finnish technology industry and research. The location of its technology centers is excellent in other respects, too. Customer companies can choose from various options according to their individual needs.

In the Oulu region, Technopolis operates in Linnanmaa, Kontinkangas and by the Lentokentätie road near Oulu airport. Technopolis Linnanmaa is situated in the same area as the University of Oulu and VTT Electronics, while the Kontinkangas center is located near Oulu University Hospital and Nokia’s Peltola units. The Kontinkangas center is currently being expanded by a new construction stage that will be completed in November 2005. Technopolis is also planning to build an entirely new technology center in the Oulu city center.

Technopolis Helsinki-Vantaa is situated next to an international airport. The proximity of the airport brings customers many advantages: excellent connections for passenger and commercial traffic to and from Finland, reduced travel times and guaranteed visibility for the company. The technology center is being completed in stages, with the third construction stage being brought into use in January 2005.

Technopolis Innopoli is located in the heart of the internationally famous Otaniemi area of Espoo which is the largest technology community in Finland. Science, education and business interact in a uniquely creative way at Otaniemi. In addition to Technopolis Innopoli, the area is home to VTT (the Technical Research Centre of Finland), the Helsinki University of Technology and various other R&D units. Technopolis is also planning to build another technology center in Espoo, in the Suurpelto area.

1)

2)

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1) The Technopolis center to be built in Oulu city center will provide operating premises for business services firms and those representing the media, software and wellbeing sectors.

2) Technopolis Innopoli in Espoo is located in the heart of the well-known and highly-respected Otaniemi technology community. The area is home to many technology companies and R&D units.

3) Technopolis Helsinki-Vantaa has completed its third stage, and plans are already underway for a fourth. The final size of the technology center, located near an international airport, will be 65,000 floor square meters. It will then house approx. 3,000 company employees.

4) The technology concentration in Linnanmaa, Oulu, is the biggest of all Technopolis centers. Approximately 4,000 people work in the Technopolis Linnanmaa premises.

5) Technopolis is expanding its operations in the Kontinkangas area of Oulu. In 2005, the company will construct a new building for its customers, next to the existing first building.

6) Technopolis technology centers provide customer companies with modern, efficient and easily adaptable premises and a wide range of comfortable, well-equipped conference rooms.

TECHNOPOLIS

Technopolis provides a comprehensive selection of quality services for its customer companies and their personnel. They improve corporate efficiency and competitiveness and promote employee wellbeing.

BUSINESS AND PERSONAL SERVICES

Functional and efficient services are an essential part of Technopolis technology centers.

Business services support the operations of Technopolis customer companies, by allowing them to concentrate on their core businesses and leave the rest to Technopolis. This in turn helps customer companies to improve their competitiveness.

Technopolis business services are easy to use and cost-efficient. The 'one-stop-service' principle ensures the fast and flexible procurement of different services. Cost-efficiency is the result of Technopolis' extensive operations which bring economies of scale in both producing and buying services. Customer companies can choose exactly the services they need.

Key business services include telecommunications, telephone, lobby, office, postal and HR services, as well as the comprehensive management and maintenance of facilities.

While most of the business services are designed for the companies operating in Technopolis centers, some services, such as conference and restaurant services, are available to outsiders as well. All in all, the technology centers have more than a hundred different sizes and types of facilities suitable for seminars, negotiations, meetings and other occasions, all equipped with state-of-the-art conference technology. High class restaurant services are also available for all conference facilities.

Technopolis personal services are aimed at the people working in the technology centers. Their purpose is to improve the working environment and increase job satisfaction. The personal services improve people's work efficiency and increase the appeal of customer companies as employers.

The range of personal services is constantly being supplemented. Currently it includes occupational health and dental services, physical therapy, a travel agency, dry-cleaning, home cleaning, employee cafeteria, child day care, gymnasium services and hair dressing.

A significant part of Technopolis services are provided by the service companies operating in Technopolis premises, offering legal, accounting, patent, translation and communications services, for example. Technopolis has also developed a network of partners to provide services that complement Technopolis' own selection of business and personal services. The network includes only those companies that Technopolis has assessed as good and reliable, and in whose quality it can trust. The companies included in the partner network cover a wide range of expertise and service areas.

The services provided by Technopolis are divided into two groups: business services aimed at customer companies, and personal services aimed at customer employees. In each case, the service selection is versatile and constantly expanding.

TECHNOPOLIS

Technopolis' new consulting unit began operating at the start of 2005. The unit offers consulting services for technology centers, and it is targeting customers in both Finland and abroad.

CONSULTING

The consulting unit is a new Technopolis unit that started at the beginning of 2005. It offers its customers technology center consulting and related planning and training services in both Finland and abroad. The consulting unit helps to establish new technology centers and develop the operations of existing ones. It also offers Technopolis customer companies development programs to increase competitiveness and promote networking.

In addition to technology centers, the consulting unit also provides services for national and regional organizations, and for cities and corporations. The most promising markets are the new EU member states, certain western industrialized countries that are not so advanced in terms of technology centers, and emerging economies.

In Finland, the consulting unit also engages in developing regional incubator and business development programs together with regional key players, and implements them in co-operation with Technopolis Ventures Ltd, Oulutech Ltd and Oulu Innovation Oy.

DEVELOPMENT SERVICES AND PROGRAMS

A significant portion of the Technopolis development services and programs are carried out by the Group's subsidiaries and affiliated companies. The programs promote the competitiveness of Technopolis customer companies and support their internationalization. They are designed specifically for companies that are just starting up or on the verge of strong growth.

The development services and programs are provided in the Oulu region by the Technopolis affiliates, Oulutech Ltd and Oulu Innovation Oy, and in the Helsinki metropolitan area by the Technopolis subsidiary, Technopolis Ventures Ltd.

Oulutech Ltd is an expert company that supports the commercialization of new business ideas and products, and provides incubator services for start-up companies. Oulutech channels financing for ideas development and start-ups, and helps the companies network on international markets and form international partnerships. Oulu Innovation Oy implements the Oulu Region Centre of Expertise program and the Oulu Growth Agreement.

Technopolis Ventures Ltd strives to find the best technology-driven business ideas in Finland and help turn them into international success stories by actively coaching and mentoring the entrepreneurs, and by providing them with the necessary tools and skills for global competition. Technopolis Ventures also helps entrepreneurs to make and implement financial plans, while its sophisticated networking services help connections in Finland and abroad.

In addition to the actual development services and programs, Technopolis technology centers also offer other forms of support. The centers host a number of expert companies in different fields, offering easy access to their services for customer companies located in the centers.

The informal networking and exchange of ideas that constantly take place in the technology centers between people from different companies and business sectors are also extremely important. As a concentration of enterprise, training and research, the centers form an excellent platform for diverse co-operation and interaction.

TECHNOPOLIS

Technopolis development services and programs are primarily aimed at promoting the success of start-up companies by refining their technology-based product ideas into commercial products with international demand.

BOARD OF DIRECTORS' REPORT, JAN 1 - DEC 31, 2004

STRONG PROGRESS AND IMPROVED PROFITABILITY

Highlights of financial year 1 - 12/2004 compared with the previous year:

- **The Group's operating profit rose to EUR 13.1 million (EUR 11.6 million in 2003), an increase of 13.1 %**
- **Profit after taxes was EUR 7.6 million (EUR 5.9 million), representing growth of 28.6 %**
- **Profit for the financial year was improved by a nonrecurring income item from the consolidation difference totaling EUR 2.0 million (EUR 0.9 million)**
- **Earnings/share totaled EUR 0.27 (comparable figure for 2003: EUR 0.22)**
- **The Group's cost-efficiency improved according to plan**
- **The occupancy ratio of premises rose to 97.5 % (96.9 %)**
- **The Group's equity to assets ratio went up to 37.7 % (35.2 %)**

Technopolis is a growth-oriented provider of high tech operating environments, which is the largest in Finland. The Group's service concept combines premises, business services and development programs. In 2004, the Group experienced good business growth in Oulu and the Helsinki metropolitan area. Technopolis also signed its first co-operation agreement in Tallinn, Estonia.

Technopolis will renew its dividend distribution policy to benefit the shareholders while taking into account the changes in dividend taxation and the Group's growth strategy. The Group's aim is to distribute 40 - 50 % of the Group's annual net profit to the shareholders, depending on the Group's capital requirements and other factors.

The Board of Directors of Technopolis proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be distributed for the financial year 2004, totaling 46.3 % of the Group's net profit. The proposed dividends would total EUR 3.5 million (EUR 4.2 million).

Business environment

The overall situation of high tech operating environments was relatively challenging in 2004. In the Helsinki metropolitan area, there continued to be an increasing excess supply of operating premises. The demand for entirely new operating premises did not wane, as customer companies continue to seek high quality premises that allow them to concentrate their operations. In the Oulu region, the demand for quality office premises remained good, and there were no significant changes in the supply of entirely new premises.

Business

The Group's consolidated net sales were EUR 28.8 million (EUR 28.5 million in 2003), an increase of 1.3 %. Operating profit for the year was EUR 13.1 million (EUR 11.6 million), up by 13.1 %. Profit before extraordinary items totaled EUR 9.3 million (EUR 8.1 million), an increase of 15.9 % from the previous year. Profit for the year was improved by a nonrecurring income item from the consolidation difference totaling EUR 2.0 million (EUR 0.9 million). The Group's equity to assets ratio at the end of the year was 37.7 % (35.2 %). Earnings per share were EUR 0.27 (EUR 0.22 with comparable figures).

Rent income accounted for EUR 24.4 million (EUR 23.9 million) of net sales, while service income accounted for EUR 4.4 million (EUR 4.6 million). Depreciation according to plan totaled EUR 4.8 million (EUR 4.4 million), an increase of 10.2 % from 2003. The balance sheet total was EUR 189.8 million (EUR 179.2 million), up by 5.9 %.

The Group's property for leasing comprised 44 (40) properties with a total rentable area of 202,000 floor square meters (188,000 floor square meters on December 31, 2003). The Group's average occupancy ratio at the end of the year was 97.5 % (96.9 %). In the Oulu region, the occupancy ratio was 98.2 %, while the occupancy ratio of Technopolis Helsinki-Vantaa was 97.6 % and that of Technopolis Innopoli in Espoo was 93.3 %.

At the end of the year, the Group's lease agreements totaled EUR 57.3 million (EUR 69.7 million). Of the lease agreements, 6 % are valid until further notice or will expire in 2005, 51 % will expire in 2006 - 2008, 20 % will expire in 2009 - 2011, 14 % in 2012 - 2014, and 8 % in 2015 or later.

Group structure

The Technopolis Group includes Innopoli Ltd. (97.5 % owned by Technopolis) and Innopoli Ltd.'s fully-owned subsidiary Technopolis Ventures Ltd. (formerly Otaniemi Science Park), as well as Medipolis Ltd. (55.7 % owned by Technopolis) and Medipolis Ltd.'s fully-owned subsidiary Medipolis GMP Oy. Also part of the Group are the parent company's fully-owned subsidiaries Kiinteistö Oy Oulun Teknologiatalot and Technopolis Hitech Ltd., and the affiliated companies Oulutech Ltd. (30 % owned), Ii Micropolis Ltd. (25.7 % owned) and Technocenter Kempele Oy (48.5 % owned by Technopolis), as well as other smaller subsidiaries and affiliates.

In January, Technopolis Ventures Ltd., the City of Espoo and other shareholders established a joint venture called Otaniemen kehitys Oy. Technopolis Ventures Ltd. has a 25 % holding in the company and the City of Espoo 35 %. Other key members of the Otaniemi scientific community are participating in the project as small owners.

EUR 8.8 million of the EUR 11.7 million negative goodwill (negative consolidation difference) arising from the Innopoli arrangements has been allocated to buildings, with the remainder being allocated to earlier agreements made by the Innopoli Group. The negative goodwilll allocated to buildings will be recognized in accordance with the remaining 40-year depreciation period of the buildings. The remaining EUR 2.0 million negative goodwill was recognized in 2004.

Investments and business development projects

In February 2004, Technopolis decided to begin construction on the third stage of Technopolis Helsinki-Vantaa. The size of the construction project is 3,600 gross square meters. 88 % of the premises to be constructed have been leased or reserved. Construction began in May 2004 and the project was completed in January 2005.

In February, Technopolis announced plans for a new technology center in co-operation with the City of Espoo beside Ring Road II in Suurpelto, Espoo. In March, the Espoo City Board made a favorable land reservation decision, by which an area containing the building rights to around 20,000 square meters was reserved for Technopolis. In June, Technopolis and the Board of Directors of the joint municipal authority governing EVTEK signed a letter of intent to design and build the 3,000 square meter facilities.

In March, Technopolis announced it would acquire the total stock of Kiinteistö Oy Oulun Teknologiatalot from the Local Government Pensions Institution at a price of EUR 7.8 million. The transaction was concluded on July 1. As a result, Technopolis became the owner of three properties with a total floor area of 10,026 square meters. The properties are located in Linnanmaa, Oulu.

The second stage of Technopolis Helsinki-Vantaa, at 6,300 gross square meters, was completed at the end of April. The investment including the parking building was approx. EUR 7.7 million.

In October, Technopolis began preparations for a new technology center to be built in Salmisaari in the Ruoholahti area of Helsinki. In a decision by the City of Helsinki Real Estate Committee on 12 October, Technopolis was reserved an area containing the building rights to 24,900 square meters until the end of 2005 for the planning of the technology center.

In October, Technopolis announced a binding preliminary agreement by which YLE Radio Finland will lease 1,900 square meters of premises on a long-term contract from the Technopolis technology center planned for the Oulu city center. In addition, Technopolis will buy a 3,000 square meter office building belonging to YLE Radio Finland in the Höyhtyä area of Oulu for renting to its customer companies. As a result of the binding preliminary agreement, around 40 % of the premises of the first stage of the new technology center are now covered by binding rental agreements. The first construction stage is expected to be completed at the beginning of 2006.

In December, Technopolis signed a co-operation agreement with Tehnopol, a technology center organization in Tallinn, Estonia. The partners have started working on a technology center concept that would involve acquiring new corporate customers and making joint investments. The Tallinn technology center will be developed into an operating environment for companies from Finland and other European countries.

Events related to the Technopolis share

The company's share was quoted on the main list of the Helsinki Stock Exchange, in the Investment group. The share price varied between EUR 3.15 and EUR 5.30 in 2004. The average price for 2004 was EUR 4.31. After the bonus issue in December, the closing trading price on December 30, 2004 was EUR 3.16. The trading volume was EUR 26,432,104.

Technopolis' share capital was increased on three occasions during the 2004 financial year. In May, 136,625 Technopolis shares were subscribed with 2001 A/B options, and the resulting increase in share capital, EUR 230,896.25, was entered in the Trade Register on May 31. The new shares were traded alongside the old shares from June 1, 2004.

In June, Technopolis implemented a share offering through the "book building" process, in which 1,650,000 new shares were offered for subscription to a limited number of Finnish and international institutional investors. Receipt of bids commenced on June 14 and was prematurely suspended on June 16 due to excess demand. The Board of Directors resolved, in accordance with the authorization of the Annual General Meeting, to increase the share capital by EUR 2,788,500 and 1,650,000 shares. The increase in share capital was entered in the Trade Register on July 1, and the new shares were traded alongside the old shares from July 2, 2004.

Technopolis Plc's Extraordinary General Meeting held on December 21, 2004 decided to raise the company's share capital through a bonus issue of EUR 18,676,282.95 by transferring an amount equal to the share capital increase from the share premium account to the share capital. In the bonus issue, 11,051,055 new shares with a counter-book value of EUR 1.69 were issued, and shareholders received gratuitously three new shares for each five old shares. The bonus issue record date was December 27, and the new shares were entered on the shareholders' book-entry accounts on December 28, 2004.

After the above-mentioned three increases in share capital, Technopolis' share capital totals EUR 49,803,422.89, divided into 29,469,481 shares with a counter-book value of EUR 1.69.

At the end of 2004, the company had 3,141 shareholders. Households held 42.2 % of the total shares. 9.8 % of the shares were held by foreign parties or were nominee-registered.

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

Financing

The Group's net financial expenses in 2004 were EUR 3.7 million (EUR 3.5 million). The Group's balance sheet total was EUR 189.8 million (EUR 179.2 million), of which liabilities accounted for EUR 118.6 million (EUR 116.2 million). The Group's equity-to-assets ratio was 37.7 % (35.2 %), and equity per share was EUR 2.26 (EUR 2.20 with comparable figures).

The Group's long-term liabilities at the end of the year amounted to EUR 89.7 million (EUR 81.9 million). The average interest rate for loans on December 31, 2004 was 3.56 %. Due to the related interest rate risk, a policy of interest rate diversification has been followed. On December 31, 2004, 48.7 % of the loan portfolio was bound to either the 3 - 12 month Euribor rate or to the Bank of Finland's rate. 51.3 % of the loans were fixed-interest loans of 13 - 60 months. The loan period, weighted by the outstanding capital of the loans, was 9.7 years.

Technopolis supplements its finance with a EUR 30 million domestic commercial paper program which allows the company to issue commercial papers with a maturity of less than a year. On December 31, 2004, the issued commercial papers totaled EUR 13.0 million.

Implementation of IAS and IFRS

The Technopolis Group will publish the company's first financial statements that comply fully with IAS and IFRS for the 2005 financial year. The first interim report to comply with the said standards will be the report for January 1 - March 31, 2006. The Group has decided to adopt the fair value model for its investment property under IAS. Thus calculated, the fair value of the company's investment property on January 1, 2004 was EUR 192 million, which exceeded the book value of EUR 162 million recorded for this property by EUR 30 million.

Administration, organization and personnel

At the end of the financial year, the company's Board of Directors comprised Kari Nenonen (Chairman), Pertti Voutilainen (Vice Chairman) and the following elected members: Juha Hulkko, Lauri H.J. Lajunen, Juhani

Paajanen, Timo Parmasuo and Pertti Rantanen. The company's auditor was Ernst & Young Oy, Authorized Public Accountants, with Rauno Sipilä, APA, as the responsible auditor.

The company abides by and applies the insider guidelines issued by the Helsinki Stock Exchange for listed companies on Oct 28, 1999. Technopolis also implemented, on July 1, 2004, the Corporate Governance Recommendation for Listed Companies published in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. In accordance with the Corporate Governance Recommendation, the Board of Directors of Technopolis carried out a self-evaluation in December 2004.

During the financial year, the Group employed an average of 95 (95) people. 23 (18) persons were employed in jobs related to premises activities, 20 (32) persons in business services and 52 (45) persons in project services.

At the end of 2004, Technopolis restructured its organization and launched a new Technology Center Consulting unit. The new organization also includes the Oulu Region Unit and the Helsinki Metropolitan Area Unit. The Board of Directors has decided to recruit a Development Director to strengthen the implementation of the Group’s growth strategy.

Development activity

The Group was responsible for the implementation of the Oulu Region Centre of Expertise program and the Vantaa Hitech Program, among others. Expenses paid via the Group for development programs in 2004 amounted to EUR 6.3 million, with the corresponding incomes being entered mainly as other operating income.

Decisions of the Annual General Meeting

The Annual General Meeting held on March 30, 2004 confirmed the consolidated and parent company income statements and balance sheets for the 2003 financial year, released those responsible for accounts from further liability and decided on the distribution of a dividend of EUR 0.25 per share (comparable figure: EUR 0.156) for the financial year that ended on December 31, 2003. The Annual General Meeting also authorized the Board of Directors to decide on a rights offering and issue of convertible bonds.

Decisions of the Extraordinary General Meeting

Technopolis Plc’s Extraordinary General Meeting, held on December 21, 2004, decided to raise the company’s share capital through a bonus issue of EUR 18,676,282.95 by transferring an amount equal to the share capital increase from the share premium account to the share capital. 11,051,055 new shares with a counter-book value of EUR 1.69 were issued in the bonus issue, and shareholders received gratuitously three new shares for each five old shares.

Events after the financial year

On January 1, 2005 the Oulu Region Centre of Expertise non-profit program was transferred to a newly founded company, Oulu Innovation Oy. Technopolis Plc’s holding in the new company is 24 %. The transfer will not have a significant effect on Technopolis’ financial results, but it did reduce the number of the Group’s employees by 14 people.

At the end of January Technopolis Plc decided to commence the implementation of the second stage of Technopolis Kontinkangas in close proximity to the Oulu city center. The building's size is approximately 3,300 gross square meters and the cost estimate is EUR 3.5 million. The building will be brought into use in November 2005. Two-thirds of the building has been leased to an internationally operating technology company.

Future outlook

The management of Technopolis Plc estimates that in 2005 the demand for high tech operating environments will be satisfactory and that the occupancy rate of the Group’s facilities and the demand for the Group’s services will both remain good. The Group expects net sales to increase by 4 - 7 % from the previous year and the gross margin to be on the same level as the year before or higher.

The Group’s property for leasing is divided geographically between the Helsinki metropolitan area and the Oulu region. The Group’s strategic goal is that no single customer will account for more than 20 % of the Group’s net sales. The Group has arranged the lease agreements of its biggest customers to end at different times. The Group has altogether about 600 customers that operate in many different sectors.

As part of its strategy for growth to 2008, Technopolis has decided to study the potential for expansion both within its present operating locations and in other growth centers in Finland. There are estimated to be 1 - 3 potential areas. In addition, the company will examine the conditions for launching its business concept in the Baltic region. Technopolis seeks to grow organically as well as through acquisitions.

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

Currency unit: EUR 1 000

KEY INDICATORS AND FINANCIAL RATIOS

	2004	2003	2002	2001	2000
Summary of income statement					
Net sales	28 841	28 479	22 643	20 133	16 960
Rent income	23 096	21 892	17 697	15 589	12 486
Sub-rent income	1 360	2 000	1 238	1 215	1 096
Total rent income	24 456	23 892	18 935	16 804	13 582
Service income	4 386	4 587	3 708	3 329	3 376
Other operating income	6 024	5 621	2 666	2 896	2 584
Gross margin	15 932	15 067	13 316	12 688	10 825
Operating profit	13 091	11 579	10 027	9 721	8 426
Income after financial items	9 347	8 068	6 030	5 755	5 325
Net profit for the year	7 644	5 945	4 127	4 101	3 697
Summary of balance sheet					
Total assets	189 765	179 229	143 695	130 107	113 286
Buildings and structures	163 194	151 789	119 167	116 008	97 229
Cash and bank	1 659	1 616	2 767	1 690	1 911
Shareholders' equity	66 645	56 602	48 612	40 544	34 270
Interest-bearing liabilities	108 518	107 740	83 334	79 962	69 973
Key indicators and financial ratios					
Change in net sales, %	1.27	25.77	12.47	18.71	38.33
Operating profit/net sales, %	45.39	40.66	44.28	48.28	49.68
Return on equity (ROE), %	11.37	10.38	8.92	9.95	10.17
Return on investment (ROI), %	7.58	7.74	7.83	8.52	8.79
Equity to assets ratio, %	37.72	35.21	36.70	34.15	33.59
Net debt/equity, %	150.14	168.45	153.03	176.37	179.17
Interest margin, %	337.39	312.38	244.81	238.98	267.22
Employees in Group companies	95	95	69	65	52
Share-related indicators					
Earnings/share, EUR	0.27	0.22	0.18	0.22	0.23
Earnings/share, adjusted for dilutive effect, EUR	0.27	0.22	0.18		
Equity/share, EUR	2.26	2.20	2.08	2.17	2.14
Dividend/share, EUR	0.12*	0.156	0.156	0.156	0.156
Issue-adjusted no. of shares, average	28 075 286	26 510 570	22 503 920	17 842 321	16 053 600
Issue-adjusted no. of shares on Dec 31	29 469 481	26 610 882	23 359 000	18 687 200	16 053 600
Real estate portfolio indicators					
Book value of real estate portfolio	171 923	159 429	124 859	121 659	102 690
Net investments in real estate portfolio	16 963	38 536	6 025	21 531	26 765
Net investments in real estate portfolio (incl. projects in progress)	14 866	39 891	15 156	20 156	25 253
Net yield of book value of real estate, %	10.42	10.17	11.30	11.42	11.82
Other key indicators and financial ratios					
Price/earnings (P/E) ratio	11.61	10.73	10.16	8.80	7.65
Dividend payout ratio, %	44.08*	69.68	85.21	70.08	67.86
Effective dividend yield, %	3.80*	6.49	8.39	7.96	8.87
Market capitalization of shares, EUR	93 123 560	64 032 434	43 506 138	36 673 630	28 294 470
Share turnover	6 126 353	3 640 689	1 674 781	2 812 126	3 507 575
Share turnover/ave. no. of shares, %	21.82	21.97	11.91	25.22	34.96
Share prices, EUR					
Highest price **	3.31	2.59	2.08	2.03	2.45
Lowest price**	2.30	1.67	1.63	1.56	1.72
Average price**	2.75	1.93	1.82	1.77	1.93
Price on Dec 30	3.16	2.41	1.86	1.96	1.76

* Proposal for distribution of dividends
** Issue-adjusted

Currency unit: EUR

CONSOLIDATED INCOME STATEMENT

	1.1. - 31.12.2004	1.1. - 31.12.2003
Net sales	28 841 460	28 479 072
Other operating income	6 024 027	5 621 167
Personnel expenses	-4 934 521	-4 591 362
Depreciation and write-down	-4 833 363	-4 387 838
Decrease in consolidation difference	1 991 811	900 000
Other operating expenses	-13 998 548	-14 441 797
Operating profit	13 090 866	11 579 243
Financial income and expenses	-3 827 970	-3 591 809
Share of profits of affiliated companies	84 576	80 453
Profit before appropriations and taxes	9 347 472	8 067 887
Direct taxes	-1 720 975	-2 068 784
Minority interests	17 371	-54 461
Net profit for the year	7 643 868	5 944 643

Currency unit: EUR

CONSOLIDATED BALANCE SHEET

	31.12.2004	31.12.2003
ASSETS		
Non-current assets		
Intangible assets	623 512	619 152
Tangible assets	182 998 412	172 742 349
Holdings in affiliated companies	1 006 933	832 558
Other shareholdings	212 852	212 852
Total non-current assets	184 841 710	174 406 912
Current assets		
Short-term receivables	3 263 894	3 205 740
Cash and bank	1 659 254	1 616 193
Total current assets	4 923 148	4 821 932
TOTAL ASSETS	189 764 858	179 228 844
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	49 803 423	28 107 744
Premium fund	897 815	16 054 368
Revaluation fund	429 871	412 382
Other funds	5 869	19 176
Other shareholders' equity	6 548 784	5 492 384
Retained earnings	1 314 929	571 367
Net profit for the year	7 643 868	5 944 643
Total shareholders' equity	66 644 559	56 602 063
Minority interests	4 530 031	4 559 457
Consolidated difference		1 840 000
Liabilities		
Deferred taxes	2 815 456	2 815 809
Long-term liabilities	86 881 300	79 038 892
Short-term liabilities	28 893 512	34 372 623
Total liabilities	118 590 268	116 227 324
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	189 764 858	179 228 844

Currency unit: EUR

CONSOLIDATED STATEMENT OF CASH FLOWS

	1.1. - 31.12.2004	1.1. - 31.12.2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	13 090 866	11 579 243
Depreciation and decrease in consolidation difference	2 841 552	3 487 838
Other adjustments to operating profit	5 371	
Increase/decrease in working capital	1 594 159	-1 375 867
Interests received	41 244	33 714
Interests paid and payments	-3 999 983	-3 989 435
Income from other investments of non-current assets	8 451	12 072
Taxes paid	-1 721 328	-1 598 858
Net cash provided by operating activities	11 860 331	8 148 707
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-29 800	85 753
Investments in tangible and intangible assets	-7 092 486	-12 728 451
Acquisition of subsidiaries	-7 938 981	-30 393
Net cash used in investing activities	-15 061 267	-12 673 091
Net cash before financing activities	-3 200 936	-4 524 384
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	17 500 000	2 150 000
Decrease in long-term loans	-9 657 592	-11 026 436
Dividends paid	-4 157 950	-3 649 844
Paid share issue	6 539 151	
Change in short-term loans	-6 979 612	15 900 000
Net cash provided by financing activities	3 243 997	3 373 720
Net increase/decrease in cash assets	43 061	-1 150 664
Cash assets on January 1	1 616 193	2 766 856
Cash assets on December 31	1 659 254	1 616 193

Currency unit: EUR

PARENT COMPANY INCOME STATEMENT

	1.1. - 31.12.2004	1.1. - 31.12.2003
Net sales	21 231 294	20 608 838
Other operating income	4 333 055	3 868 589
Personnel expenses	-3 319 882	-2 571 057
Depreciation and write-down	-3 258 614	-3 075 082
Other operating expenses	-9 491 927	-9 255 045
Operating profit	9 493 926	9 576 243
Financial income and expenses	-3 379 489	-2 968 389
Profit before extraordinary items	6 114 437	6 607 854
Extraordinary items	75 000	165 000
Profit before appropriations and taxes	6 189 437	6 772 854
Appropriations	-1 000 000	-1 476 365
Direct taxes	-1 626 605	-1 557 659
Net profit for the year	3 562 832	3 738 830

Currency unit: EUR

PARENT COMPANY BALANCE SHEET

	31.12.2004	31.12.2003
ASSETS		
Non-current assets		
Intangible assets	391 119	370 582
Tangible assets	135 701 927	132 126 448
Holdings in Group companies and affiliated companies	21 324 563	14 141 627
Other shareholdings	148 895	148 895
Total non-current assets	157 566 505	146 787 552
Current assets		
Short-term receivables	1 973 216	2 141 452
Cash and bank	762 126	524 498
Total current assets	2 735 342	2 665 950
TOTAL ASSETS	160 301 847	149 453 502
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	49 803 423	28 107 744
Premium fund	871 578	16 028 106
Retained earnings	56 380	475 500
Net profit for the year	3 562 832	3 738 830
Total shareholders' equity	54 294 213	48 350 180
Accumulated appropriations	10 144 227	9 144 227
Liabilities		
Long-term liabilities	70 992 230	61 131 819
Short-term liabilities	24 871 178	30 827 277
Total liabilities	95 863 408	91 959 096
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	160 301 847	149 453 502

Currency unit: EUR

PARENT COMPANY STATEMENT OF CASH FLOWS

	1.1. - 31.12.2004	1.1. - 31.12.2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	9 493 926	9 576 243
Depreciation	3 258 614	3 075 082
Increase/decrease in working capital	1 330 803	-1 500 813
Interests received	22 213	79 815
Interests paid and payments	-3 414 015	-3 373 677
Dividends received	6 338	3 608
Taxes paid	-1 626 605	-1 557 659
Net cash provided by operating activities	9 071 274	-6 302 599
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-7 334 748	-2 328 998
Investments in tangible and intangible assets	-6 792 311	-12 596 049
Net cash used in investing activities	-14 127 059	-14 925 047
Net cash before financing activities	-5 055 785	-8 622 448
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	17 500 000	2 150 000
Decrease in long-term loans	-7 687 789	-7 217 916
Dividends paid	-4 157 950	-3 649 844
Paid share issues	6 539 151	
Change in short-term loans	-6 900 000	15 900 000
Net cash provided by financing activities	5 293 512	7 182 240
Net increase/decrease in cash assets	237 628	-1 440 208
Cash assets on January 1	524 498	1 964 706
Cash assets on December 31	762 126	524 498

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

Scope of consolidated financial statements

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

The subsidiaries Innopoli Ltd, Technopolis Ventures Ltd, Medipolis Ltd, Technopolis Hitech Ltd, Oulun Teknoparkki Oy, Kiinteistö Oy Oulun Moderava, Kiinteistö Oy Oulun Mediaani, Kiinteistö Oy Oulun Teknologiatalot and Medipolis GMP Oy are included in the consolidated financial statements. The subsidiary Tekno-Tennis Oy has not been included in the consolidated financial statements due to lack of activities. Oulutech Oy, Iin Micropolis Oy, Otaniemen kehitys Oy, Oulu Innovation Oy and Technocenter Kempele Oy are included in the financial statements as affiliated companies.

Principles of consolidation

All intra-Group transactions, internal margins on fixed assets, internal receivables and liabilities and internal profit distribution have been eliminated in the consolidation process. Minority interests are presented separately in the consolidated balance sheet and income statement.

The acquisition method has been used in eliminating the mutual shareholdings of Group companies. The goodwill arising from the acquisition of Kiinteistö Oy Oulun Moderava has been allocated to buildings. Part of the negative goodwill arising from the acquisition of the Innopoli Group has been allocated to buildings and the remaining consolidation difference was recognized during 2003 and 2004. Affiliated companies have been treated using the equity method of accounting. A share of the net profit for the year of affiliated companies, corresponding to the ownership percentage, has been presented as financial income in the consolidated statements.

Other operating income

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

Capitalization of construction-period interest expenses

Construction-period interest expenses were capitalized in existing and unfinished buildings in the 2004 financial year.

Valuation of fixed assets

Intangible and tangible assets are stated in the balance sheet at cost, less accumulated depreciation. Fixed assets are valued in variable expenses. Existing and unfinished buildings also include interest expenses capitalized in the 2004 financial year.

The book value of properties includes a revaluation of EUR 1,042,765, originating from a subsidiary. A deferred tax liability of EUR 151,035 has been transferred, after deducting minority interests, from the revaluation fund to long-term liabilities.

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

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

	2004	2003
Intangible rights	20 %	20 % straight-line depreciation
Other long-term expenditure	10 %	10 % straight-line depreciation
Buildings and structures (stone or similar)	2.0 - 2.5 %	2.0 - 2.5 % straight-line depreciation
Buildings and structures (wooden)	3 %	3 % straight-line depreciation
Machinery and equipment	15 - 25 %	15 - 25 % depreciation from book value

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

Translation of foreign currency items

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

Direct taxes

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

Currency unit: EUR

NOTES CONCERNING THE INCOME STATEMENT

	Group 2004	2003	Parent company 2004	2003
Net sales by business area				
Rent income	24 455 555	23 892 149	18 820 396	18 301 772
Service income	4 385 905	4 586 923	2 410 899	2 307 066
Net sales	28 841 460	28 479 072	21 231 294	20 608 838
Other operating income				
Development projects	6 024 027	5 595 593	4 327 411	3 865 928
Merger profit		25 575	5 643	2 661
Other operating income	6 024 027	5 621 167	4 333 055	3 868 589
Personnel expenses				
Salaries and fees	4 029 368	3 624 637	2 677 054	2 047 482
Pensions	632 839	597 313	423 440	333 934
Indirect employee costs	272 314	369 412	219 388	189 641
Total	4 934 521	4 591 362	3 319 882	2 571 057
Average number of employees	95	95	61	51
Salaries of CEO and Board members				
CEOs	361 541	402 755	205 163	191 920
Members of the Board	92 740	78 340	69 550	53 550
Depreciation according to plan and write-down				
Depreciation of tangible and intangible assets	4 833 363	4 387 838	3 258 614	3 075 082
Decrease in consolidation difference	1 991 811	900 000		
Financial income and expenses				
Dividend income				
From Group companies				
From others	8 451	5 299	6 338	3 608
Other interest income				
From Group companies			-56 344	61 605
From others	41 244	55 779	22 213	18 211
Other financial income				
From Group companies				
From shares of profits of affiliated companies	84 576	80 453		
From others		145 952		
Write-down of non-current asset investments	60 000	-111 693		-108 094
Interest and other financial expenses				
To others	-3 937 665	-3 687 145	-3 351 696	-2 943 719
Total financial income and expenses	-3 743 394	-3 511 356	-3 379 489	-2 968 389
Exchange rate losses from earlier years included in interest and other financial expenses		-31 668		
Extraordinary items				
Group contribution			75 000	165 000
Appropriations				
Depreciation difference			1 000 000	1 476 365
Direct taxes				
Income tax from extraordinary items			21 750	47 850
Income tax from actual operations	1 703 901	1 596 413	1 604 855	1 509 809
Change in deferred tax liabilities	17 074	472 371		
Total	1 720 975	2 068 784	1 626 605	1 557 659

Currency unit: EUR

NOTES CONCERNING BALANCE SHEET ASSETS

	Group		Parent company	
	2004	2003	2004	2003
Changes in non-current assets				
Intangible rights				
Acquisition cost, Jan 1	194 671	163 398	110 564	79 291
Increases	83 117	31 273	59 552	31 273
Accumulated depreciation, Jan 1	-149 621	-128 187	-69 482	-55 106
Depreciation for the year	-30 878	-23 166	-22 720	-16 108
Intangible rights, Dec 31	97 289	43 318	77 914	39 350
Other long-term expenditure				
Acquisition cost, Jan 1	1 459 612	1 366 875	948 006	917 400
Increases	157 786	92 738	98 010	30 606
Accumulated depreciation, Jan 1	-883 778	-734 989	-616 774	-510 012
Depreciation for the year	-207 397	-148 789	-116 037	-106 762
Other long-term expenditure, Dec 31	526 223	575 834	313 205	331 232
Land areas				
Acquisition cost, Jan 1	9 763 312	9 763 312	7 785 956	7 785 956
Increases	196 323		9 180	
Decreases				
Revaluation 1997	1 042 765	1 042 765		
Connection fees	2 035 870	1 424 437	1 720 566	1 341 939
Increases	95 775	611 434		378 627
Decreases	-19 424		-19 424	
Land areas, Dec 31	13 114 621	12 841 948	9 496 277	9 506 521
Buildings and structures				
Total acquisition cost, Jan 1	177 378 260	132 190 680	129 809 648	119 328 908
Increases	16 785 601	45 187 580	7 353 425	10 480 740
Accumulated depreciation, Jan 1	-17 352 371	-13 380 231	-14 349 227	-11 635 701
Depreciation for the year	-4 207 419	-3 972 141	-2 907 808	-2 713 525
	172 604 071	160 025 888	119 906 038	115 460 421
Construction-period interest, Jan 1	25 177		25 177	
Increases	293 948	25 177	293 948	25 177
Accumulated depreciation, Jan 1	-294		-294	
Depreciation for the year	-6 012	-294	-6 012	-294
Construction-period interest, Dec 31	312 820	24 884	312 820	24 884
Goodwill from construction, Jan 1	378 767	378 767		
Accumulated depreciation, Jan 1	-33 077	-22 385		
Increases	15 695			
Depreciation for the year	-11 661	-10 691		
Goodwill from construction, Dec 31	349 724	345 690		
Negative goodwill from construction, Jan 1	-8 607 768			
Increases	-1 706 654	-8 828 480		
Decrease in negative goodwill	242 045	220 712		
Negative goodwill from construction, Dec 31	-10 072 377	-8 607 768		
Buildings and structures, Dec 31	163 194 238	151 788 694	120 218 857	115 485 305

Depreciation of capitalized interest is included in depreciation according to plan in the income statement.

Machinery and equipment				
Net expenditures, Jan 1	1 692 262	1 249 713	715 177	566 860
Increases	207 291	978 029	117 569	388 102
Decreases	-17 250	-48 723	-8 600	-1 394
Depreciation for the year	-567 321	-486 757	-206 037	-238 392
Machinery and equipment, Dec 31	1 314 982	1 692 262	618 109	715 177

Currency unit: EUR

	Group		Parent company	
	2004	**2003**	**2004**	**2003**
Advance payments and projects in progress				
Net expenditures, Jan 1	6 401 651	4 816 869	6 401 651	4 816 869
Capitalized interest expenses	65 058	296 687	65 058	296 687
Increases/decreases	-1 115 819	1 288 096	-1 115 819	1 288 096
Projects in progress, Dec 31	5 350 890	6 401 651	5 350 890	6 401 651
Investments				
Holdings in Group companies				
Acquisition cost, Jan 1			11 090 698	5 022 388
Increases/decreases			7 793 309	6 068 310
Holdings in Group companies, Dec 31			18 884 007	11 090 698
Holdings in affiliated companies				
Acquisition cost, Jan 1	646 371	706 371	646 371	706 371
Increases/decreases	29 800		4 800	
Write-down	60 000	-60 000		-60 000
Group share of profit/loss	270 763	186 187		
Holdings in affiliated companies, Dec 31	1 006 934	832 558	651 171	646 371
Other shareholdings				
Acquisition cost, Jan 1	212 852	215 255	148 895	196 989
Increases/decreases		49 290		
Write-down		-51 693		-48 094
Other shareholdings, Dec 31	212 852	212 852	148 895	148 895
Receivables from Group companies				
Loans, Jan 1			2 404 558	70 172
Increases				2 341 042
Decreases			-615 172	-6 656
Receivables from Group companies, Dec 31			1 789 386	2 404 558
Investments, Dec 31	1 219 786	1 045 410	21 473 459	14 290 522

Currency unit: EUR

Shareholdings of parent company	End of financial year	Holding, %	Nominal value/ counter-book value	Book value
Holdings in Group companies				
Innopoli Ltd, 1,378,230 shares, Espoo	31.12.2004	97.5	13 782 300	5 916 499
Medipolis Ltd, 26,350 shares, Oulu	31.12.2004	55.7	4 431 752	4 431 752
Technopolis Hitech Ltd, 500 shares, Oulu	31.12.2004	100	50 000	63 304
Oulun Teknoparkki Oy, 100 shares, Oulu	31.12.2004	69	16 819	22 688
Kiinteistö Oy Oulun Teknologiatalot, 16,200 shares, Oulu	31.12.2004	100	16 200	7 945 120
Kiinteistö Oy Oulun Moderava, 22,270 shares, Oulu	31.12.2004	100	3 786	496 214
Kiinteistö Oy Oulun Mediaani, 2,810 shares, Oulu	31.12.2004	100	8 430	8 430
Total				18 884 007
Holdings in affiliated companies				
Oulutech Oy, 30 shares, Oulu	31.12.2004	30	5 046	33 806
Iin Micropolis Oy, 500 shares, Ii	31.12.2004	25.7	84 094	24 094
Technocenter Kempele Oy, 501 shares, Kempele	31.12.2004	48.5	125 250	588 471
Oulu Innovation Oy, 2,400 shares, Oulu		24	4 800	4 800
Total				651 171
Other shareholdings				
Incap Oyj, 20,000 shares	31.12.2004	0.2	32 600	36 000
Oulun Puhelin Oyj, 22,500 shares	31.12.2004	0.06	11 250	51 079
Kiinteistö Oy Teknocent, 250 shares	31.12.2004	6.2	42 047	42 047
Tekno-Tennis Oy, 68 shares	31.10.2004	64.8	2 859	16 238
Nallikari-Tennis Oy, 20 shares	29.02.2004	0.9	3 027	3 196
Subscription rights				252
Share in Luottokunta cooperative				84
Total				148 895
Shareholdings of Group				
Holdings in affiliated companies				
Oulutech Oy, 30 shares		30	5 046	33 806
Group share of profit/loss				79 171
Iin Micropolis Oy, 500 shares		25.7	84 094	84 094
Group share of profit/loss				-84 094
Technocenter Kempele Oy, 501 shares		48.5	125 250	588 471
Group share of profit/loss				275 686
Otaniemen kehitys Oy, 25 shares		25	25 000	25 000
Group share of profit/loss				
Oulu Innovation Oy, 2,400 shares		24	4 800	4 800
Group share of profit/loss				
Total				1 006 933
Other shareholdings				
Incap Oyj, 20,000 shares		0.2	32 600	36 000
Oulun Puhelin Oyj, 30,000 shares		0.08	15 000	69 344
Kiinteistö Oy Teknocent, 250 shares		6.2	42 047	42 047
Tekno-Tennis Oy, 68 shares		64.8	2 859	16 238
Culminatum Ltd Oy, 90 shares		10.8	15 300	15 137
Elisa Corporation A, 2,250 shares			1 125	11 978
Jamera Networks Oy, 17,973 shares		1.4	180	11 858
Twinbic Oy, 200 shares		33.3	3 364	3 364
Otaverkko Oy, 75 shares		5.3	1 261	2 523
Other shares				4 364
Total				212 852

Currency unit: EUR

	Group 2004	2003	Parent company 2004	2003
Short-term receivables				
Sales receivables	1 245 834	1 393 149	671 873	716 256
Receivables from Group companies				
Sales receivables			34 965	164 527
Adjusting entries for assets			112 500	165 000
Receivables from affiliated companies				
Sales receivables	30	112	30	112
Adjusting entries for assets	1 357 806	1 807 179	1 146 748	1 088 458
Loans	5 300	5 300	5 300	5 300
Other receivables	654 923		1 800	1 800
Total short-term receivables	3 263 894	3 205 740	1 973 216	2 141 452
Adjusting entries for assets				
Exchange rate losses on currency credits, Jan 1		31 668		
Decreases		-31 668		
Exchange rate losses on currency credits, Dec 31				

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

Currency unit: EUR

NOTES CONCERNING BALANCE SHEET SHAREHOLDERS' EQUITY AND LIABILITIES

	Group		Parent company	
	2004	2003	2004	2003
Changes in shareholders' equity				
Share capital, Jan 1	28 107 744	24 672 944	28 107 744	24 672 944
Share issues	3 019 396	3 434 800	3 019 396	3 434 800
Bonus issues	18 676 283		18 676 283	
Share capital, Dec 31	49 803 423	28 107 744	49 803 423	28 107 744
Share issues, Jan 1				
Increases	6 539 151	5 690 793	6 539 151	5 690 793
Transfer to share capital	-3 019 396	-3 434 800	-3 019 396	-3 434 800
Transfer to premium fund	-3 519 755	-2 255 993	-3 519 755	-2 255 993
Share issues, Dec 31				
Premium fund, Jan 1	16 054 368	13 798 375	16 028 106	13 772 113
Issue premium	3 519 755	2 255 993	3 519 755	2 255 993
Bonus issues	-18 676 283		-18 676 283	
Other decreases	-24			
Premium fund, Dec 31	897 815	16 054 368	871 578	16 028 106
Revaluation fund, Jan 1	412 383	412 383		
Change in deferred tax liabilities	17 488			
Revaluation fund, Dec 31	429 871	412 383		
Other funds				
Other funds, Jan 1	19 176	19 176		
Decreases	-13 307			
Other funds, Dec 31	5 869	19 176		
Retained earnings, Jan 1	12 008 393	9 708 638	4 214 330	4 125 343
Other increases	13 271	4 956		
Dividends distributed	-4 157 950	-3 649 844	-4 157 950	-3 649 844
Net profit for the year	7 643 868	5 944 643	3 562 832	3 738 830
Retained earnings, Dec 31	15 507 581	12 008 393	3 619 211	4 214 330
Shareholders' equity	66 644 559	56 602 063	54 294 213	48 350 180
Distributable funds				
Retained earnings	7 863 713	6 063 750	56 379	475 500
Net profit for the year	7 643 868	5 944 643	3 562 832	3 738 830
Accumulated depreciation difference and amount transferred to shareholders' equity from optional reserves	-6 548 784	-6 548 776		
Distributable funds	8 958 797	5 459 617	3 619 211	4 214 330

Revaluation

The value of a lot owned by Medipolis Ltd was raised by EUR 1,042,765 in 1997, based on a calculation of the probable sales price. Deferred tax liabilities of EUR 151,035 million (EUR 168,438 in 2003) have been transferred, after deducting minority interests, from the revaluation fund to long-term liabilities.

	Group 2004	Group 2003	Parent company 2004	Parent company 2003
Long-term liabilities				
Loans from financial institutions	85 860 964	78 018 556	70 055 988	60 195 577
Convertible bonds	84 094	84 094		
Deferred taxes	2 815 456	2 815 809		
Other liabilities	936 242	936 242	936 242	936 242
Total long-term liabilities	89 696 756	81 854 702	70 992 230	61 131 819

Currency unit: EUR

	Group 2004	2003	Parent company 2004	2003
Short-term liabilities				
Loans from financial institutions	9 656 910	9 737 204	7 639 589	7 687 789
Advances received	1 076 106	314 948	522 910	288 529
Accounts payable	1 263 231	1 396 952	827 952	1 022 549
Liabilities to Group companies				
Accounts payable			81 500	59 699
Liabilities to affiliated companies				
Accounts payable		24 384		24 384
Other short-term liabilities	13 826 445	20 815 931	13 589 065	20 070 993
Adjusting entries for liabilities	3 070 821	2 083 203	2 210 161	1 673 333
Total short-term liabilities	28 893 512	34 372 623	24 871 178	30 827 277
Deferred tax assets				
Deferred tax assets from accrued items	3 139			
Total	3 139			
Deferred tax liabilities				
From appropriations	2 664 421	2 647 371		
From other temporary items	151 036	168 438		
Total	2 818 595	2 815 809		
Deferred tax liabilities (net)	2 815 456	2 815 809		
Assets pledged and contingent liabilities				
Mortgages				
Loans from financial institutions	95 517 873	87 755 760	77 695 577	67 883 365
Mortgages	135 949 948	132 313 812	100 471 785	96 835 062
Rent liabilities				
Mortgages	467 922	467 922	467 922	467 922
Total mortgages	136 417 870	132 781 734	100 939 707	97 302 984
Pledged rent income				
Loans from financial institutions	1 563 155	2 453 562	1 563 155	2 453 562
Pledged rent income	775 158	777 499	775 158	777 499
Interest rate swaps in 2001 (fixed interest 5 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2002 (fixed interest 5 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2002 (fixed interest 3 years)	4 000 000	4 000 000	4 000 000	4 000 000
Interest rate swaps in 2003 (fixed interest 3 years)	1 288 847	1 464 599	1 288 847	1 464 599
Interest rate swap values are nominal values.				
Other liabilities				
Liability for return of VAT, which is realized if properties are sold or their intended use is changed in the situations referred to in section 33 of the VAT Act.	17 107 105	21 061 539	17 107 105	20 538 214
Rent payment liabilities	633 556	633 566		
Project liabilities	6 729 372		6 729 372	
Collateral given on behalf of Group companies				
Guarantees			100 000	100 000
Collateral given on behalf of affiliated companies				
Guarantees	504 563	504 563	504 563	504 563
Leasing liabilities				
To be paid in the current financial year	3 899	18 591	3 899	17 591
To be paid later	4 985	2 450	4 985	1 161
Total leasing liabilities	8 884	21 041	8 884	18 752

DEFINITIONS OF KEY INDICATORS AND FINANCIAL RATIOS

Return on equity (ROE), %

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

Return on investment (ROI), %

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

Equity to assets ratio, %

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

Net debt/equity, %

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

Interest margin, %

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

Earnings/share

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

Equity/share

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

Dividend/share

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

Dividend payout ratio, %

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

Price/earnings (P/E) ratio

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

Effective dividend yield, %

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

Net rent income ratio, %

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

Floor area occupancy ratio, %

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

SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its domicile is Oulu, Finland. It was entered in the Trade Register on Sept 16, 1982 under the name Oulun Teknologiakylä Oy (reg. no. 309.397). It became a public limited company on Nov 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1998, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis shares are quoted on the main list of the Helsinki Stock Exchange, in the Investment group. The ISIN code is FI0009006886, and the trading code is TPS1V. A trading lot is 200 shares.

Shares and share capital

According to its Articles of Association, Technopolis Plc's share capital is EUR 15,000,000 at minimum and EUR 60,000,000 at maximum, within which limits it may be increased or decreased without amending the Articles of Association. The company's registered, fully paid share capital on Dec 31, 2004 was EUR 49,803,422.89, divided into 29,469,481 shares with a counter-book value of EUR 1.69. The company's shares have been in the book-entry system since March 7, 1998. The company has one share series. Each share gives the right to one vote at a General Meeting.

Increases in share capital

Share capital	Nominal value/ counter-book value of shares	Number of shares	Entered in the register
336,375.80	168.19	2,000	16.9.1982
1,345,503.40	168.19	8,000	22.5.1986
2,691,006.80	168.19	16,000	10.2.1988
4,372,886.10	8.41	520,000	28.3.1990
6,392,654.90	8.41	760,180	10.4.1991
8,092,362.10	8.41	962,300	7.3.1996
14,063,033.50	1.68	8,361,500	26.11.1998
16,875,135.60	1.68	10,033,500	8.6.1999
16,956,615.00	1.69	10,033,500	7.4.2000
19,488,235.00	1.69	11,531,500	20.4.2001
19,738,355.00	1.69	11,679,500	8.10.2001
24,672,943.75	1.69	14,599,375	2.4.2002
27,967,113.72	1.69	16,548,588	27.1.2003
28,107,743.69	1.69	16,631,801	3.10.2003
28,338,639.94	1.69	16,768,426	31.5.2004
31,127,139.94	1.69	18,418,426	1.7.2004
49,803,422.89	1.69	29,469,481	27.12.2004

Annual General Meeting of March 30, 2004

The AGM held on March 30, 2004 decided to distribute a dividend of EUR 0.25 per share. The AGM authorized the Board to decide, within one year of the meeting granting the authorization, on the raising of share capital by a rights offering or convertible bonds issue in one or more installments. In the event of a rights offering or convertible bonds issue taking place, the authorization allowed subscription of a max. 3,326,360 new shares with a counter book value of EUR 1.69 per share. Based on the authorization, the share capital could be increased by a max. EUR 5,621,548.74.

Share offering to institutional investors June 17 - 28, 2004

In June, the Board of Directors resolved, pursuant to the AGM's authorization, to increase the company's share capital by EUR 2,788,500, i.e. by 1,650,000 shares, through a share offering to a max. one hundred institutional investors. The purpose of the share offering was to finance investments in the company's investment plan, to strengthen the company's equity-to-asset ratio and to expand the company's shareholder base.

The share offering was implemented through a "book building" process, in which institutional investors could subscribe for shares issued by the company under their subscription commitments made in the reception period for subscription commitments, June 14 - 18, 2004. The reception of subscription commitments was suspended on June 16, 2004 due to excess demand. The shares were offered, in deviation from shareholders' pre-emptive subscription rights, to Finnish and international institutional investors. The share subscription period began June 17 and ended June 28, 2004. The subscription price was set at EUR 3.80 per share.

The number of shares offered corresponded to 9 % of the company's share capital and votes after the offering. Approx. 20 institutions made subscription commitments for the offered shares, an oversubscription of about 1.7 times. Approx. 43 % of the shares were allocated to Finnish investors and 57 % to international investors. The share subscriptions were approved on June 29, 2004, the new share capital was entered in the Trade Register on July 1, 2004, and trading together with the old shares began on July 2, 2004.

Extraordinary General Meeting of Dec 21, 2004 and bonus issue

The company's Extraordinary General Meeting decided on Dec 21, 2004 to increase the share capital through a bonus issue of EUR 18,676,282.95 by transferring an amount equal to the increase from the premium fund to the share capital. 11,051,055 new shares with a counter-book value of EUR 1.69 were issued in the bonus issue, and three new shares were received gratuitously for each five old shares. The record date was Dec 27, 2004 and the new shares were entered on the shareholders' book-entry accounts on Dec 28, 2004. If the number of shares, derived by dividing the shareholder's number of shares by the bonus issue's subscription ratio, was not a whole number, a cash consideration corresponding to the fraction of a share exceeding the nearest whole number was paid to the shareholder's bank account related to the book-entry account on Jan 4, 2005.

Share-based incentive systems

The company's AGM decided in 2001 on the company's option program and the issuing of options to key personnel. The total number of options was 600,000. In 2002, the Board of Directors decided to change the terms and conditions to allow 1.25 shares, instead of 1 share, to be subscribed with one option. Due to the Dec 2004 bonus issue, the number of shares to be subscribed with one option was changed from 1.25 shares to 2.6667 shares with a counter-book value of EUR 1.69. The share subscription price is EUR 1.69.

Public quotation of Technopolis 2001 A and B options began on March 1, 2004. Each of the 300,000 options entitled its holder to subscribe for 1.25 Technopolis shares. In May, 136,625 shares were subscribed with the options, resulting in a share capital increase of EUR 230,896.25 being entered in the Trade Register on May 31, 2004.

Largest shareholders, Dec 31, 2004

	Number of shares	% of shares and votes
City of Oulu	4,856,098	16.48
Erkki Etola	4,640,000	15.75
Etra Invest Oy Ab	1,280,000	4.34
Juha Hulkko	1,071,932	3.64
Yleisradio Pension Trust	681,920	2.31
Varma Mutual Pension Insurance Company	632,000	2.14
City of Vantaa	600,000	2.04
Finnish Cultural Foundation	548,227	1.86
Mutual Fund Evli Select	514,240	1.74
Odin Finland	458,240	1.55
Total of 10 largest shareholders	15,282,657	51.85
Foreign and nominee-registered	2,876,595	9.76
Others	11,310,229	38.39
Total	29,469,481	100.00

In 2004, Technopolis had no knowledge of any changes in holdings under Section 10 of Chapter 2 of the Securities Markets Act.

Shareholding breakdown, Dec 31, 2004

Share amount	Holdings	%	Shares/votes	%
1 - 500	827	26.30	247,941	0.84
501 - 1,000	675	21.47	526,639	1.79
1,001 - 10,000	1,477	46.98	4,347,022	14.75
10,001 - 100,000	139	4.42	3,843,428	13.04
100,001 -	26	0.83	20,473,331	69.47
Total	3,144	100.00	29,438,361	99.89
Joint account			31,120	0.11
No. of shares issued			29,469,481	100.00

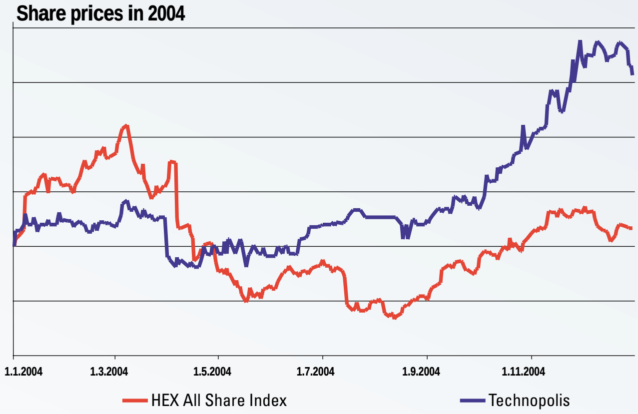
Shareholdings by sector, Dec 31, 2004

	Holdings	%	Shares/votes	%
Private companies	215	6.84	3,133,484	10.63
Finance & insurance	20	0.64	3,770,517	12.79
Public bodies	25	0.80	7,292,185	24.74
Non-profit institutions	53	1.69	2,312,228	7.85
Households	2,819	89.75	12,429,546	42.18
Foreign investors	9	0.29	500,401	1.70
Total	3,141	100.00	29,438,361	99.89
Joint account			31,120	0.11
No. of shares issued			29,469,481	100.00
Nominee-registered shares	3		2,376,194	8.06

Share-related Indicators

Number of shares	
On Dec 31, 2004	29,469,481
Issue-adjusted average during year	28,075,286
Share-related indicators	
Earnings/share, EUR	0.27
Equity/share, EUR	2.26
Dividend/share, EUR (proposal)	0.12
Dividend payout ratio, %	44.08
Price/earnings (P/E) ratio, %	11.60
Effective dividend yield, %	3.80
Share prices, EUR	
Highest price *	3.31
Lowest price *	2.30
Average price *	2.75
Price on Dec 30	3.16
*issue-adjusted	
Market capitalization of shares, Dec 30, EUR	93,123,560
Share turnover, EUR	26,432,104
Shares traded	6,126,353

Share prices in 2004



BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable funds at the disposal of the Annual General Meeting amount to EUR 3,619,211. The Board of Directors proposes that dividends of EUR 0.12 per share be distributed, totaling EUR 3,538,257. The Board proposes that the remaining EUR 80,954 be left in retained earnings.

Oulu, March 1, 2005

Kari Nenonen
Chairman of the Board

Pertti Voutilainen
Vice Chairman of the Board

Juha Hulkko
Member of the Board

Lauri H.J. Lajunen
Member of the Board

Juhani Paajanen
Member of the Board

Timo Parmasuo
Member of the Board

Pertti Rantanen
Member of the Board

Pertti Huuskonen
President and CEO

This is a translation of the original Finnish Auditor's report to the shareholders of Technopolis Plc given in Oulu, March 1, 2005.

AUDITOR´S REPORT

To the shareholders of Technopolis Plc

We have audited the accounting, the financial statements and the corporate governance of Technopolis Plc for the period 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 President and CEO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statements presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO have legally complied with the rules of the Companies´ Act.

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

Oulu, March 1, 2005

ERNST & YOUNG OY
Authorized Public Accounting Firm

Rauno Sipilä
Authorized Public Accountant

CORPORATE MANAGEMENT AND GOVERNANCE, DEC 31, 2004

BOARD OF DIRECTORS

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

Mr. Pertti Voutilainen, M.Sc. (Eng.), M.Sc. (Econ.), born 1940, has served as Vice Chairman since 2003. He was previously Deputy CEO of MeritaNordbanken and CEO of Kansallis Bank and Outokumpu Oy. He is currently Chairman of both Viola Systems Ltd and Riddarhyttan Resources AB. On Dec 31, 2004, he held 3,200 Technopolis shares.

Mr. Juha Hulkko, M.Sc. (Tech.), eMBA, born 1954, has been a Board Member since 1995, serving as Vice Chairman in 2001 - 2002. He is the Chairman of Elektrobit Group Plc. On Dec 31, 2004, he held 1,071,932 Technopolis shares.

Dr. Lauri H.J. Lajunen, Professor of Chemistry, born 1950, has served on the Technopolis Board since 1996. He has been President of the University of Oulu since 1993, and was appointed Chemistry Professor in 1976. On Dec 31, 2004, he held 400 Technopolis shares.

Mr. Juhani Paajanen, M.Sc. (Eng.), born 1947, has been a Board Member since March 2004. He is the Mayor of Vantaa. Before that, he was Executive Director and Asst. Executive Director of the Metropolitan Helsinki Cooperation Council YTV and Vantaa City Engineer. He is an expert member of the YTV Executive Board.

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

Mr. Pertti Rantanen, Civil Engineer, born 1942, has been a Board Member since 2001. Previously he served the Nokia Group as Construction Manager, Real Estate Director and Real Estate Development Director. On Dec 31, 2004, he held 812 Technopolis shares.

The Board's duties include deciding on the company's strategy and major organizational solutions, appointing the President & CEO and Executive Board members and deciding on their salaries and other benefits, deciding succession plans for key personnel, major investments and sales of assets, proposing profit distribution to the AGM and monitoring the company's financial and risk positions. The Board annually assesses its own work and success.

In 2004, the Board met 17 times. The fees paid for participation in Board meetings totaled EUR 69,550. The average attendance was 88 %.

All Board members are independent of the company. The Chairman is the Mayor of the City of Oulu, which is a major shareholder.

PRESIDENT AND CEO

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

In 2004, the President and CEO was paid EUR 165,510.00 in basic salary including fringe benefits and EUR 39,652.50 in annual bonuses and other benefits. His individual pension insurance payments in 2004 were EUR 6,048.00. On Dec 31, 2004, he held 230,000 options from the 2001 options program. On Dec 31, 2004, he held 62,400 Technopolis shares. His term of notice is six months.

EXECUTIVE BOARD

Mr. Pertti Huuskonen, President and CEO, Chairman of the Executive Board

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

Ms. Mervi Käki, MJD, born 1957, has served as Director of the Group's Helsinki Metropolitan Area Unit since 2001. She was previously Managing Director of Helsinki Fair Ltd Wanha Satama.

Dr. Martti Launonen, born 1953, has served as Director of the Consulting Unit since Jan 2005. He was Director of Group Development Services and Programs in 1999 - 2004. Previously, in 1990 - 1999, he was Director, POHTO Institute for Management and Technological Training (business management and organizational development).

Mr. Marko Lind, Civil Engineer, born 1968, has served as the Group's Real Estate Engineer and Real Estate Manager since 1998, and is now Director of Facility Management. Previously he was a quality engineer for Pohjois-Suomen YH-Rakennuttajat.

Mr. Seppo Selmgren, Dip.EMC, born 1965, has served Technopolis Plc since 1997 and is currently Marketing Director, Oulu Unit. Previously he was Marketing Manager, Eden Spa Hotel.

Mr. Keith Silverang, BA, MBA, born 1961, has served as CEO of Technopolis Ventures Ltd since March 2004. In 2000 - 2004, he was Vice President and Director of

Members of the Technopolis Plc Board of Directors on Dec 31, 2004. Top row from left: Juhani Paajanen, Juha Hulkko and Timo Parmasuo. Bottom row from left: Pertti Rantanen, Lauri H.J. Lajunen, Kari Nenonen and Pertti Voutilainen.

the Training Division of AAC Global. Before that he was CEO of his own consulting company and Product Manager/Export Manager at Oy Hackman-Metos Ab.

Mr. Reijo Tauriainen, M.A., born 1956, has been Financial Director of the Group and Director of the Oulu Unit since Oct 2004. Previously he was Financial Director of Flextronics ODM Finland Oy.

On Dec 31, 2004, the Executive Board members held a combined 440,500 options from the 2001 options program.

MANAGEMENT SHAREHOLDINGS

Members of the Board of Directors, the President and CEO and members of the Executive Board and controlled companies held 1,141,944 Technopolis shares on Dec 31, 2004, i.e. 3.87 % of total shares.

PERSONNEL INCENTIVE SYSTEMS

Bonuses based on the company's result and personal performance may be paid to the management and personnel. If shares or instruments entitling share subscription are used as an incentive, decisions on their use or terms and conditions will be made by a General Meeting. Decisions on other bonuses for the President and CEO and Executive Board (e.g. based on annual performance) will be made by the Board of Directors.

AUDITORS

The company's auditor is Ernst & Young Oy, Authorized Public Accountants, with Rauno Sipilä, APA, as the responsible auditor. He has served as the Technopolis Group's auditor since 2001.

In 2004, the auditor was paid EUR 33,337.50 in auditing fees and EUR 56,370.11 in fees for non-auditing services.

According to the Articles of Association, Technopolis Plc has one auditor elected by an AGM. Both the auditor and his deputy, if any, must be public accountants or accounting firms authorized by the Central Chamber of Commerce of Finland. The terms of the auditor and deputy auditor expire at the close of the AGM that first follows their election. The Board of Directors meets the auditor once a year to discuss the auditing plan and results.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and the President and CEO are responsible for arranging the Group's internal control and reporting systems. The Board evaluates the efficiency of the company's internal control and risk management at regular intervals.

Business risks are spread due to the company's customers operating in many high tech fields. Technopolis aims for no single customer to account for over one-fifth of net sales. To minimize customer-specific risks, Technopolis aims for its major lease agreements to end in different years. In addition, its operations are protected against business fluctuations by its fixed-term and long-term lease portfolio.

CORPORATE GOVERNANCE IN TECHNOPOLIS PLC
Summary

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

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

1. BOARD OF DIRECTORS

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

1.1 Electing Members of the Board of Directors

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

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

1.2 Composition of the Board of Directors

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

1.3 Chairman and Vice Chairman of the Board of Directors

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

1.4 Compensation of the Board Members

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

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

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

1.5 Operations of the Board of Directors

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

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

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

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

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

1.6 Board committees and working groups

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

1.7 Disqualification of Board Members

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

2. PRESIDENT AND CEO

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

2.1 Appointing and discharging the President and CEO

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

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

2.2 Duties of the President and CEO

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

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

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

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

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

3. EXECUTIVE BOARD

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

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

4. COMPANY REPRESENTATION

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

5. DIVIDEND POLICY

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

6. MANAGEMENT BONUSES AND INCENTIVE SCHEMES

The Board of Directors will decide on the general principles concerning the bonuses and incentive systems aimed at the company's management.

6.1 Executive-level management salaries and other benefits

The Board of Directors will decide on the salaries of the President and CEO and members of the Executive Board.

6.2 Incentive schemes

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

6.3 Reporting salaries and bonuses

All valid share-based incentive schemes must be stated in the company's Annual Report.

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

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

7. CONTROL AND REPORTING SYSTEMS

7.1 Auditors

According to the Articles of Association, Technopolis Plc has one auditor elected by an Annual General Meeting. Both the auditor and his deputy, if any, must be public accountants or accounting firms authorized by the Central Chamber of Commerce of Finland.

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

The Board of Directors meets the auditor once a year to discuss the auditing plan and results.

7.2 Internal control

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

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

8. SUBSIDIARIES

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

9. INTERNAL GUIDELINES

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

TECHNOPOLIS

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PAKKAHUONE