



Annual Report 2004

Tieto-X

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

The Annual General Meeting will be held on 8 March 2005. Information on the shareholders' meeting: www.tieto-x.fi

Interim reports for 2005 will be published as follows:

Interim report 1–3/2005 on Wednesday 27 April

Interim report 1–6/2005 on Thursday 21 July

Interim report 1–9/2005 on Monday 24 October

The opening balance sheet of 2004, year-end balance sheet of 2004 and an IFRS-compatible profit and loss account for the year 2004 will be published on 2 March 2005.

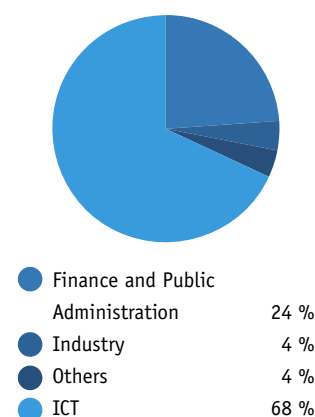
Main Events

- 25 February 2004 Financial statement bulletin for the period 1 January–31 December 2003. Turnover increased and profitability improved.
- 31 March 2004 Annual General Meeting. Decision to distribute as dividend EUR 0.14 per share. Decision to reduce the share capital by cancelling the own shares that the company has in its possession. Tero Laaksonen was elected member of the Board.
- 21 April 2004 Interim Report 1 January–31 March 2004. Turnover continued its strong growth. Business profitability improved significantly.
- 15 June 2004 Tieto-X joined the Symbian Platinum Partner program. Tieto-X has top know-how in the development, integration and testing of Symbian OS based smartphone software.
- 29 July 2004 Preliminary bulletin of the result for 1 January–30 June 2004. Turnover and operating profit exceed forecast. The publication of the Interim Report is advanced.
- 3 August 2004 Interim Report 1 January–30 June 2004. Turnover grew 35 per cent and operating profit before goodwill amortisation increased 97 per cent. Number of billed hours exceeded forecast, especially in June.
- 1 September 2004 The company's business is reorganized into two units, the Systems Services Unit and the Telecommunications Unit.
- 27 September 2004 Tieto-X's 10th anniversary. The personnel celebrated the anniversary at Ikaalinen Spa 25–26 September 2004.
- 19 October 2004 Interim Report 1 January–30 September 2004. Turnover increased 33 per cent and operating profit before goodwill amortisation 92 per cent compared to the previous year.
- 3 December 2004 Adjustment to last-quarter forecast. Turnover and profitability fall short of the same period in 2003 due to prolongation of some customer projects and the delay in launching of some new projects.

Summary of Financial Statement Data

Beginning of the financial year	1/1/2004	1/1/2003	1/1/2002	1/1/2001	1/1/2000*
End of the financial year	31/12/2004	31/12/2003	31/12/2002	31/12/2001	31/12/2000
Turnover, 1000 EUR	24,468	20,231	17,261	21,397	15,652
Turnover, increase %	20.9	17.2	-19.3	36.7	24.8
Operating profit before GW amortisation, 1000 EUR	2,559	2,465	1,952	3,945	2,857
% of turnover	10.5	12.2	11.3	18.4	18.3
Operating profit, 1000 EUR	1,178	1,054	815	2,828	2,411
% of turnover	4.8	5.2	4.7	13.2	15.4
Net profit, 1000 EUR	1,226	811	1,153	2,200	1,834
% of turnover	5.0	4.0	6.7	10.3	11.7
Return on investment (ROI)%	16.9	15.1	11.4	32.4	48.6
Return on equity (ROE)%	17.0	11.0	14.2	28.0	35.0
Balance sheet total, 1000 EUR	11,295	11,914	11,703	13,357	11,144
Shareholders' equity, 1000 EUR	7,336	7,601	7,700	8,489	7,204
Equity ratio %	65.0	62.2	65.8	63.6	64.6
Solvency ratio	1.5	0.9	1.1	1.1	1.4

Breakdown of turnover
per customer sector 2004



* Unaudited pro forma figure



Review by the President CEO



Tieto-X, who celebrated its 10th anniversary in September, achieved a record-high turnover, EUR 24.5 million, in fiscal 2004. Turnover increased as much as 21 per cent over fiscal 2003. And although relative profitability of business operations fell slightly short of the previous year's level, an operational profitability of 10 per cent can still be regarded as a good achievement. The value of this achievement is increased by the fact that although some positive signals were seen in the spring, the market conditions continued to be sluggish throughout the fiscal year.

The demand of the entire Finnish IT service market is controlled by customer companies investments in information technology, which remained low especially in systems services, just as it has been in the past few years. For this reason, the number of commissions and projects from Tieto-X's customers in the finance and industry sectors as well as in public administration dropped slightly compared to the previous year.

The growth that Tieto-X achieved originated from heavily increasing software development and maintenance projects in the ICT sector. Many of the company's new significant commissions and projects were launched in the last quarter of 2003 and in early 2004. These projects were carried out with a very high number of billable hours in the first three quarters of the fiscal year, which resulted in excellent business profitability in the first half of the year.

The strong growth faded during the last quarter as some development projects ended and the launch of some new projects was delayed. As a result, the number of billed hours dropped and profitability weakened. I believe that the drop in growth and profitability is a temporary phenomenon and that Tieto-X will get back on a profitable growth track in the second quarter of 2005, at the latest.

In the last few years, Tieto-X has followed its business strategy and become a major software developer for the telecommunications sector in Finland. Especially the services aimed at manufacturers of mobile communication devices have changed Tieto-X's systems service provider image and boosted the company's growth in 2003 and 2004. Product development services, with integration and testing services related to Symbian OS and the S-60 operating system platform licensed by Nokia as the spearhead, have continued to function as door-opener for the company's overseas service business operations, and we intend to continue our international aspirations in 2005. As a result, the company's clientele within product development services aimed at the mobile communication industry broadens, which will lay the grounds for growth in the coming years.

During the ongoing year, we have continued to productise our services and develop our processes in order to be able to offer our customers more comprehensive, more efficient and better quality software development and maintenance solutions and related risk management.

Customer feedback and evaluation of the functionality of our services and processes was very positive in 2004 and is once again proof that our entire staff is committed to responsible work, both when engaged in customer projects and when developing business functions. Once again, I want to thank the fantastic Tieto-X staff for this attitude and congratulate everyone for their good performance in the year 2004.

As the year 2005 begins, the market situation does not look any better than in the previous year, but again our goals are set high, and I firmly believe that we will be able to reach another excellent performance that rewards our customers, our staff and owners alike.

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

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

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

Kari Happonen
President and CEO

Business principles

Mission

Tieto-X operates in the IT service market, offering its customers flexible software development and maintenance solutions that support their competitiveness and risk management. The company's services range from expert work to software project deliveries and software maintenance services with comprehensive responsibility. Tieto-X's clientele comprises mobile phone manufacturers operating on the international markets and leading domestic finance, industry and ICT companies as well as public administration organisations.

Vision

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

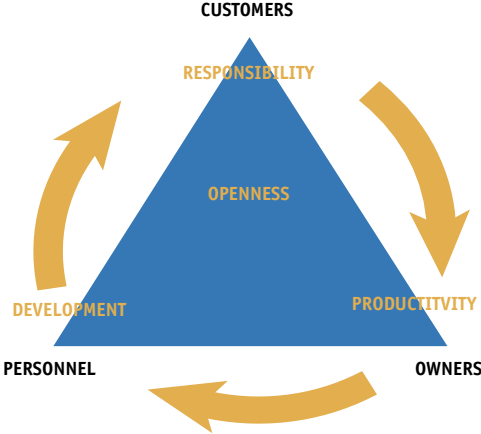
Values

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

These values stand for what the company's personnel wants to commit itself to, and the direction in which they want to develop their work community. They also provide guidelines for corporate development taking the interests and needs of personnel, customers and owners into account as equally as possible.

Development, responsibility and productivity are thought of as forming a proactive circle of development. Continuous efforts towards development and responsibility support productivity aims, which in turn enhances the preconditions for development.

Openness is considered to be a fundamental value guiding all operations, providing a framework for both internal cooperation as well as interaction with customers and other stakeholders.





Strategy

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

Competence

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

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

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

Services

The company's service development is guided by the needs and wishes of major customers. These needs will be answered by productising services and developing new software project delivery services and software maintenance services parallel to the expert work.

Tieto-X will develop its services in order to satisfy the needs of the company's strategic customers and to be able to take on even broader responsibilities in software development.

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

Customers

Development of customer relations relies on establishing close, long-term cooperation with selected strategic customers. Tieto-X offers these customers flexible, customer-oriented software development and maintenance services that help the customer

companies to promote their competitive edge and to manage the risks involved in software development.

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

Tieto-X's Systems Services Unit will aim to position itself as a strategic software development and maintenance partner for both end customers and the IT companies serving them.

Corporate Acquisitions

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

Personnel

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

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

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

Organisation

The starting point for developing the Tieto-X organisation is to create an efficient and clear framework for profitable growth-oriented business operations, follow-up of objectives, risk management and development of operational processes, increasing staff commitment and satisfaction as well as continuous development of staff skills. Organisation development is also steered by the company's aspirations to act as a strategic cooperation partner for its customer companies.

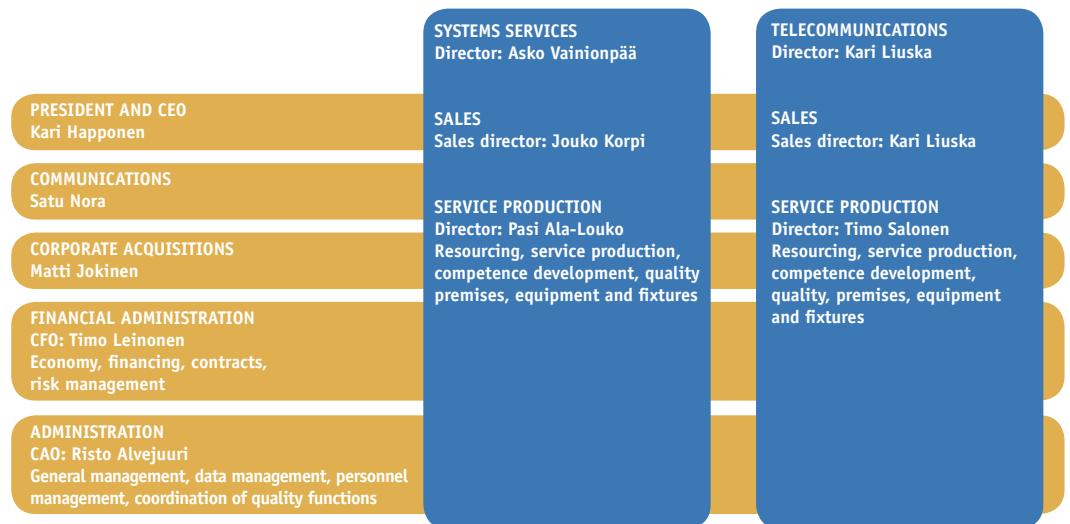
In order to develop business operations and enhance business organisation management, Tieto-X's organisation was reformed on 1 September 2004 so that, instead of the previous four business units, the operational business – production and sale of services – was organised into two business units, the Systems Services Unit and the Telecommunications Unit.

Organisation 1 September 2004

Total number of personnel in business units 307

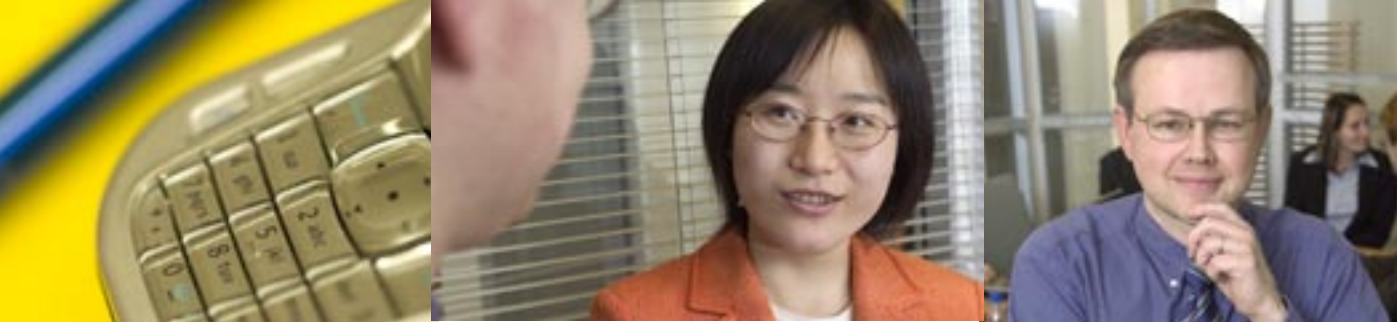
145

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Number of personnel in management and administration 20

The sale and production of services take place in the business units. The business units are also responsible for resource allocation and development of staff skills. The company's administrative units support and serve the business units' service production and operational development.



The Systems Services Unit produces software development and maintenance services for the customers' information systems, and the Telecommunications Unit produces software development services for manufacturers of mobile communication devices and for telecom operators. The business units are responsible for developing the skills of their own staff, recruiting staff and managing other resources of the unit.

There were also changes made to the organisation of the administrative units and the managers' responsibilities. The responsibilities of the Chief Financial Officer and the Chief Administrative Officer were adjusted so that the CFO, in addition to the tasks related to company economy and finance, also is responsible for the company's risk management and contract management. In addition to the tasks related to general and personnel administration, the CAO is also responsible for the coordination of quality management functions and data management.

Kari Happonen has acted as the company's President and CEO since 1 May 2002. The Management Team comprises the CEO, the business unit directors Asko Vainionpää and Kari Liuska, CFO Timo Leinonen and CAO Risto Alvejuuri as well as the staff's representative, shop steward Taisto Takkumäki.

Quality

In fiscal 2003 Tieto-X revised its quality system to meet the requirements of ISO 9001:2000. For these efforts the Det Norske Veritas granted the company a quality certificate on 13 January 2004. During the fiscal year, the quality system was audited internally and Det Norske Veritas passed the system in its annual audit.

In addition to the quality updates carried out, Tieto-X launched a significant CMMI ("Capability Maturity Model Integration") development project. The aim of this project is to create Tieto-X a process by which it can deliver ordered software products reliably and with high quality to its customers.

Risk Management

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

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

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

Services

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

Tieto-X's business is based on a business model where the customer company's software development projects and software maintenance, or parts of these, are transferred to Tieto-X through a commission agreement, project delivery agreement or maintenance agreement.

Service production follows the customer's targets as well as processes and methods that are in accordance with Tieto-X's or the customer's quality system.

By cooperating with Tieto-X, the customer companies get an opportunity to enhance their software development and maintenance, manage the risks of software projects and concentrate on their core business.

Tieto-X's operational business is organised into two business units, the Systems Services Unit and the Telecommunications Unit.

Systems Services

The Systems Services Unit develops and maintains software that are part of the customer companies' information systems, and it also offers its partners expert services related to software and systems.

The Systems Services Unit aims at acting as a close cooperation partner of leading domestic companies, taking on large responsibilities for the development and flexible maintenance of customers' and partners' software.

Competence and services

The key competence areas of the Systems Services Unit are the development and maintenance of large Mainframe-based software used by, e.g. financial institutions, industry and public administration, newer object-oriented software technologies such as Java and .NET, as well as Lotus Notes/Domino technology mainly used in IBM environments.

The unit's services range from resourcing – from expert work and service contracts – to consulting and software project deliveries with comprehensive responsibility, as well as maintenance and Release Management services.

During fiscal 2004 the Systems Service's turnover derived mainly from expert work. During the ongoing fiscal year, the unit aims at moving the focus of its service offering towards new service models, mainly service contracts.

Customers and operating environment

The unit's customers comprise software integrators as well as companies and organisations operating in the finance, industry, media and public administration sectors.

The unit strives to turn its customer relations with the leading players in the different business sectors into close partnerships.

The key markets of the Systems Services Unit are the Helsinki Metropolitan Area and Western Finland – mainly Pirkanmaa and Turku – as well as Northern Finland where the office in Kemi has specialized in software development with Lotus Notes tools and offers its services throughout the country. The unit has no plans to extend its operations geographically.

The slight improvement of the general economic situation during the fiscal year did not significantly increase companies'



investments in information technology. The Systems Services Unit's customers have had few software development projects, and demand for systems services has been low. The slow rate of investment, especially in the finance and public administration sectors, coupled with tightening IT budgets have reduced the demand for services.

There is oversupply on the markets and price competition is fierce. Tieto-X tries to respond to the tightening competition by extending and deepening its customer relationships.

According to market surveys, new applications will mainly be object-oriented designs, built with Java and .NET tools. The main challenge and opportunity facing Tieto-X's Systems Services Unit is to strongly expand its competence profile with regard to object-oriented systems.

The unit's customers have significant individual investment projects going on or in the pipeline, such as the pension reform project lasting until 2012, the risk management projects of the finance sector and software development and maintenance tasks related to the move to IFRS accounting. Tieto-X offers its services to these projects via its integrator and partnership customers.

Telecommunications

The Telecommunications Unit offers flexible software development services at competitive value to domestic and international telecommunication device manufacturers and telecom operators. The unit's vision is to develop into a strategic cooperation partner for leading Finnish and international mobile handset and network manufacturers, carrying overall or partial responsibility for the design, implementation, maintenance and flexible development of its customers' software products.

Competence and services

The core competence areas of the Telecommunications Unit are Symbian smartphone software technology, TETRA technology used in authority networks, as well as server applications.

The unit's special strengths in Symbian OS based software development are testing and integration. The unit integrates and tests Symbian software components that are assembled into fully functional software of a particular handset or system. The unit aspires to be an important player also in other areas of software development.

The Telecommunications Unit's service offering covers projects, expert work and taking the responsibility for larger-scale software development projects. In fiscal 2004, more than half of the unit's turnover came from expert work and less than half from project deliveries. During the ongoing year, the unit aims at delivering an increasing number of projects and services with comprehensive responsibility.

Tieto-X is a Symbian Platinum Partner. The partnership reflects Tieto-X's commitment to developing Symbian OS software. The top expertise of Tieto-X's Telecommunications Unit, especially in software testing and integration, helps leading handset manufacturers to develop mobile communication devices with ever-higher quality.

The Telecommunications Unit has developed two new tools for developing mobile handsets running on Symbian OS: Test-X Suite for testing smartphones and Review-X for automatic code inspection.

Customers and operating environment

The customers of the Tieto-X Telecommunications Unit's are mobile communication device manufacturers and telecom operators operating on the international markets. The Unit seeks new customers among Symbian device developers and ODM smartphone vendors.

The Telecommunications Unit has offices in Helsinki, Jyväskylä, Oulu, Salo and Tampere. At these offices the Unit also serves international customers. With the growing number of international customers, the Unit will have to consider establishing an overseas office.

Tieto-X has built itself a strong competence in developing software for Symbian OS based mobile handsets. Thus, the company has good opportunities to acquire new significant international customers among Symbian device vendors and contract manufacturers of mobile communication devices. The ecosystem developing Symbian smartphones has not yet stabilized, which means that there is still room on the markets for players like Tieto-X, an established company productising its services. Tieto-X wants to be known as a leading Symbian software developer on the international smartphone and mobile device markets.

Corporate responsibility





Corporate responsibility refers to a company's relationship to the surrounding society from an economic, social and environmental point of view. At Tieto-X this means that we run responsible business operations that are part of society, and we implement corporate responsibility mainly through responsible management and development of the company's business. Tieto-X's objective is to operate according to sustainable development principles, produce added value to our customers and to be a responsible and good employer.

In a larger social perspective, the services that Tieto-X offers are an integral part of the structure and functions of contemporary society. Operating in the IT service market, Tieto-X offers its customers flexible software development and maintenance solutions that support their competitiveness and risk management. Being an important cooperation partner of its customer companies, Tieto-X participates in the development and maintenance of many such information systems and software related to important basic functions of contemporary society that promote the smooth running of ordinary citizens' everyday tasks, for example, the day-to-day running of finances and use of mobile communication.

Also, the software development and maintenance services Tieto-X offers indirectly influence the implementation of the customer companies' corporate responsibility programs, for example, by ensuring rapid and error-free handling of applications and documents, disturbance-free and reliable operation of industrial maintenance systems, as well as promoting and ensuring data security.

The Tieto-X's corporate responsibility stems from the company's values – development, responsibility, productivity and openness. According to an employee survey carried out in the financial year under review, the personnel has adopted the company's values and committed itself to operate in accordance with them. Tieto-X will continue to deploy the company's values throughout the organisation as part of the employees' everyday work and social intercourse.

ECONOMIC RESPONSIBILITY

Tieto-X bears economic responsibility not only to the owners but also to the rest of society. To participate in the development of society, Tieto-X has to be profitable and show calculated and controlled growth. During its entire 10 years of operation, the company has showed good results and, since its public listing in 1999, distributed annually approximately half of its financial result as dividend, a total sum of EUR 5.7 million.

The cornerstones of Tieto-X's business are long-term, confidential relationships with customers as well as high customer satisfaction. Tieto-X conducts customer satisfaction surveys regularly in order to develop its operations. According to a survey carried out in 2004, Tieto-X's customers appreciate the competence and service attitude of the company's expert personnel and regard the company as a reliable supplier. Customer satisfaction has slightly increased since the survey conducted in 2003 and, on a scale from 4 – 10, overall satisfaction scored 8.1, which is somewhat higher than the average score of the research survey company's benchmark material. The customers also expressed an unprecedented high interest in the company's new service forms and in broader cooperation with Tieto-X. A significant majority (85 – 91 %) of the respondents were prepared to choose Tieto-X as supplier again and also to recommend Tieto-X to other companies operating in the same field. These response figures were in the top range of the survey's benchmark material. (Tieto-X Customer Satisfaction Survey 2004, Market-Visio Oy)



SOCIAL RESPONSIBILITY

Personnel

The welfare and competence of the personnel form the basis of Tieto-X's social responsibility. Tieto-X wants to offer its personnel interesting and professionally challenging tasks in software projects with customer companies that are leaders in their sectors, a good income level with good fringe benefits, and opportunities for competence development and renewal. As a growing and developing company, Tieto-X offers its personnel various alternative careers.

The objective of the company's personnel strategy is to develop the skills of the experts and the superiors, to increase commitment to the company, and to promote the personnel's working capacity and welfare at work. The key development areas are the quality factors of working conditions: versatility, opportunities to influence one's own work, a good working atmosphere, close-hand support and the rewards of the work.



Number and structure of the personnel

The number of Tieto-X personnel in 2004 remained on average on the level of the second half of 2003. In 2004 the company's personnel averaged 331 (2003: 281) and was 327 at year end (2003: 335).

Of the personnel 88 per cent was salaried and 12 per cent employed temporarily. The largest age groups were those under thirty and those between 30–39, with the average age being 37 (2003: 37.6 years). One fourth of the personnel had a university degree, and one third had a higher vocational or college-level diploma. Eighteen per cent of the personnel were women.

Competence development

The aim of competence development is to raise the company's competence capital in those fields of expertise that are emphasized in the company's strategy and important to the customers, producing added value to their business. This also lays the foundations for the promotion of staff motivation, commitment and welfare at work.

Tieto-X promotes continuous upkeep and development of its personnel's skills by participating in the acquisition of books and teaching aids agreed to be purchased in the employees' individual development plans, and by providing the framework for studies of programming technologies and tools.

In the **Telecommunications Unit** the skills development measures in 2004 comprised course training, support of self-access training and learning via job circulation. Time wise, the largest skills development measure was the staff's participation in the ongoing projects of Symbian Camp. In addition to developing Symbian competence, the project also developed project manager skills and process development skills.

The training was focused on developing Symbian integration and testing skills. By the end of 2004, a significant part of the unit's experts had completed the Symbian training program worked out by the unit. Following the targets set, the number of testers with ISEB certification was increased within all technologies through training and test passing. The software experts' process skills were developed through update bulletins and self-studies.

The **Systems Services Unit's** competence development measures in 2004 focused on deepening and modernising applications development skills. The particular goal was to develop skills in object-oriented architectures and Java programming.

Staff skills were also developed and maintained through cooperation with technology partners. The software experts' Java and Lotus Notes/Domino skills were improved through IBM training cooperation. Training for certification of expert personnel was continued.

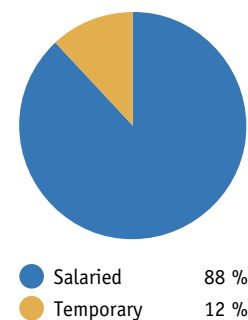
The personnel of the **Administrative Unit** participated in training events dealing with industrial relations legislation, welfare at work, occupational health care and the new pensions act. The focus of the training of the Financial Administration personnel was on seminars related to the move to IFRS financial reporting, as well as on normal training events related to legislative changes of financial and payroll administration.

The **TIX Academy** arranged training to improve programming skills in, e.g. object-oriented architectures, UML modelling, the J2EE architecture and data base management, as well as events related to human relationships and interaction skills at work. Own and external consultants gave the lectures at the TIX Academy.

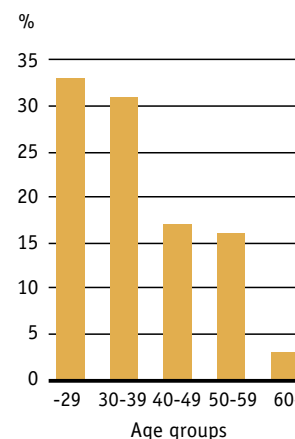
Tacit knowledge and ageing employees

In 2004 the company continued to transfer the so-called tacit knowledge from experienced software experts to younger colleagues. This activity was part of "The Power of Experienced" project, financed by the European Social Fund, the aim of which is to develop methods to utilize the diverse skills of the work community. The project included, among other things, a pilot project

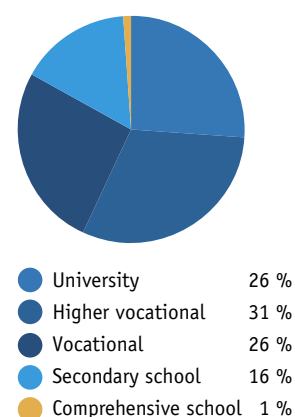
Breakdown of employment status 31.12.2004



Age distribution of personnel 31.12.2004



Education of personnel







for using mentoring as a way to initiate new employees, and career guidance for ageing employees. The employees were also given opportunities to update their competence and practice new skills.

Workplace welfare

Promotion of physical and mental workplace welfare is an important part of the company's personnel strategy and continuous development of operations. The successfulness of the actions is measured annually by a personnel satisfaction and workplace atmosphere survey. The results of this survey form the basis of development programs with defined targets, the materialisation of which are monitored in each unit.

In 2004 the contents of the survey were more extensive than before. (Tieto-X Personnel Survey 2004, Promenade Research Oy) Tieto-X's strengths were found in issues related to work atmosphere, work environment and colleagues, as well as challenging work. According to the survey results, the most essential issues to be developed are related to enhancing social interaction at work, improvement of internal communication, development of superiors' skills, initiating employees to customer environments, as well as skills development. The organisation reform carried out in September 2004 promotes the development of the issues brought up in the survey, and the units have started to implement concrete development measures.

Support for leisure and charity activities

In 2004 Tieto-X supported the personnel's leisure time exercise, sports and culture activities through the Staff Association. The Staff Association received as financial support for its operation EUR 170 per employee, in addition to which the company has supported joint events arranged by the Association. Tieto-X has also granted support to leisure activity clubs for employees and close circles, on basis of applications.

Tieto-X annually supports organisations that work either domestically or internationally to relieve the suffering and distress of children and young people and to promote their well-being and education opportunities. In previous years support has been given to e.g. The Mannerheim League of Child Welfare and Save the Children. In 2004 support was directed to domestic charity and civic organisations and to the Finnish Red Cross catastrophe fund.

Equality

An equality plan was drawn up for Tieto-X in 2004. The plan aims at creating a work community where all employees feel respected and treat one another equally.

The objective of the plan is to prevent sexual, age, race, ancestral, religious and political discrimination when choosing

people for various tasks; to eliminate factors that prevent equal treatment of employees carrying out their work; to create conditions where training facilitates equal career opportunities, and to create an environment where equality is considered in all issues related to the handling and preparation of employee matters. The plan stresses the managers' and superiors' responsibility for the program implementation.

ENVIRONMENTAL POLICY

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

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

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

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

Corporate governance

General

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

Shareholder's Meeting

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

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

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

Board of Directors

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

In accordance with the Articles of Association, Tieto-X's Board of Directors comprises at least five and at most nine members elected by the shareholders' meeting. The Board elects a chairman and deputy chairman from among its members. The term of the Board members ends at the end of the Annual General Meeting following their election. The Board may define special sectors of interest for its members, but all the members take a joint part in decision-making and discussion on the issues at hand. The Board elects from among its members an auditing committee and a staff committee to prepare Board decisions and monitor the company's internal audit. In addition, the Board elects from among its members a nomination committee that prepares the nomination of future Board members for the Annual General Meeting.

The Annual General Meeting makes decisions on remuneration and option rights granted to Board members.

President and CEO

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

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

Management Team

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

Staff Representation

The staff is represented in the Management Team by one employee, which the staff elects from among its members. If the election to appoint a staff representative has not been held, the shop steward represents the staff until the election. The staff representative has the same rights as the other members of the Management Team. However, in the Management Team the staff representative may not participate in appointing or discharging managers, or in deciding the terms and conditions of managers' contracts, employment contracts or industrial actions.

Internal Audit

The top management is responsible for internal audit of the company's operations. The Board appoints three of its members to work on an auditing committee in charge of internal audits of corporate economy and financial information. The Board appoints at least two independent members from among itself to the staff committee to monitor the performance of the company's staff policy and reward system.

External Audit

The shareholders' meeting appoints an auditor who is responsible for external auditing. The auditor has to be an accounting firm authorised by The Central Chamber of Commerce. The shareholders' meeting decides on the auditor's remuneration.

Communication

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



Insider Regulations

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

comprising the members of the Board, the auditor and administrative personnel dealing with insider information. Apart from this, the Board and the President and CEO may list various people in a project-specific insider register, for which rules and expiry periods are determined case by case.

Insiders and their shareholding on 14 February 2005

			Shareholding*	Option series	Number of shares the options entitle to subscribe for
Board	Saxén Ralf	Chairman	5.000		
	Hurme Eero	Deputy chairman	61.943		
	Laaksonen Tero	Member	-		
	Pääkkö Juhani	Member	1.445		
	Siik Esko	Member	6.250		
President and CEO Management team	Terho Risto	Member	309.090		
	Happonen Kari	President and CEO	16.000	Tieto-X II	70.000
	Alvejuuri Risto	CAO	1.000	Tieto-X II	20.000
	Leinonen Timo	CFO	100	Tieto-X II	40.000
	Liuska Kari	Business unit director	-	Tieto-X II	40.000
Auditors	Vainionpää Asko	Business unit director	65.002	Tieto-X II	20.000
	Takkumäki Taisto	Shop steward	-		
	Lassila Heikki	Auditor	-		
	Harjula Riikka	Auditor	-		
	Others	Mäntyyvaara Seija	Chief accountant	-	Tieto-X II
Nora Satu		Chief information officer	58.340		
Wasenius Niklas		Chief controller	-	Tieto-X II	10.000

* Shareholding includes shares owned through companies controlled by the shareholders. Up-to-date information on insider ownership is found at www.tieto-x.fi

Remuneration of the Management in 2004

The Board of Directors

The Annual General Meeting of 31 March 2004 decided that the remuneration of the Chairman of the Board of Directors is EUR 2,000 per month, EUR 300 per Board meeting and EUR 150 per Board Committee Meeting.

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

The remuneration of the Chairman of the Board of Directors, Ralf W. Saxén, totalled EUR 28,200 in the fiscal year. The Members of the Board of directors received remuneration as follows: Eero Hurme EUR 7,500, Tero Laaksonen EUR 4,650, Juhani Pääkkö EUR 6,850, Esko Sikli EUR 7,050 and Risto Terho EUR 6,300.

President and CEO

The compensation paid during the fiscal period to the President and CEO on basis of the CEO contract consisted of monthly salary, use of company car, company-paid phone and mobile phone as well as voluntary additional pension insurance. In addition, the Board of Directors decided on a payment by result scheme based on Group turnover, profitability and targets set for the development of the company's business operations.

During the fiscal period, the President and CEO received EUR 156,520 as salary and fringe benefits and EUR 11,000 as performance compensation. The amount of voluntary additional pension insurance paid was EUR 8,500.

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

Other management

The compensation paid to the business unit managers comprised monthly salary and benefits agreed upon in the employment contracts, as well as a performance compensation, decided by the Board of Directors, based on the units' and Group's operating profit in fiscal 2004 as well as the development of the quality of the units' operations.

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

The compensation paid to the managers of the administrative units comprised monthly salary and benefits agreed upon in the employment contracts, as well as a performance compensation, decided by the Board of Directors, based on the objectives set for the operating profit of the Group in fiscal 2004 as well as the development of the quality of the unit.

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

Fees paid to auditors

The company's accounting firm was paid as fees for auditing EUR 25,804.20 and for consultation EUR 11,548.13.

Shares and shareholders

SHARE CAPITAL AND SHARES

Tieto-X Plc's share capital was EUR 291,348.00 on December 31, 2004. The book countervalue of the share was EUR 0.04. The total number of shares was 7,283,700 on December 31, 2004.

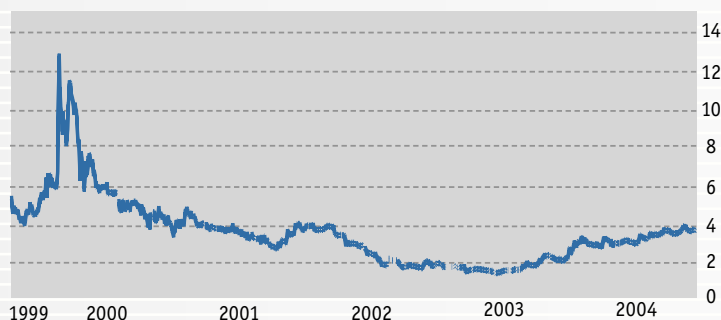
The company's Articles of Association include a redemption clause according to which a shareholder whose holding reaches or exceeds one third (1/3) or one half (1/2) of all the company shares is required to redeem the shares held by other shareholders at their demand. The Articles of Association contain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

Quotations on the stock exchange

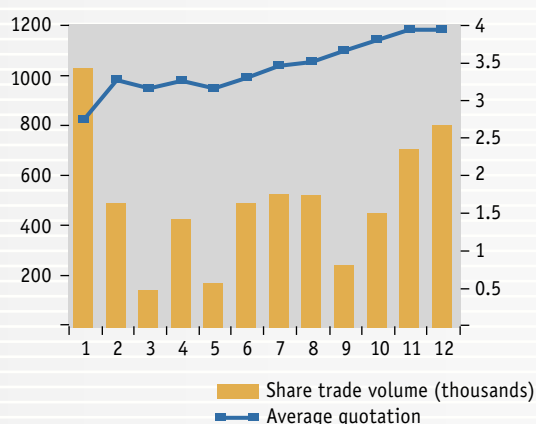
Tieto-X shares have been quoted on the Helsinki Exchanges Pre List since September 28, 1999 and on the NM List since October 1, 1999. The company has one series of shares listed (HEX: TIX1V).

Subscription price at listing on October 1, 1999	EUR 5.75	
Highest quotation during the financial period	EUR 4.15	
Lowest quotation during the financial period	EUR 2.18	
Closing quotation on December 30, 2004	EUR 3.95	
Market capitalisation on December 31, 2004	EUR 28,770,615	
Share trading Jan.1 – Dec.31, 2004	6,110,250 shares	21,057,156 EUR
Average quotation Jan.1 – Dec.31, 2004	EUR 3.45	
Share trading as % of share-issue-adjusted number of shares	84 %	
Share-issue-adjusted number of shares on December 31, 2004	7,283,700	
Share owned by the company	-	

Share price development since public listing (28 September 1999 – 31 December 2004)



Monthly share trade volume and average quotation in 2004



Relative trend 2004



SHARE OWNERSHIP

	Shares			% of share capital			owners		
	2004	2003	Change %	2004	2003	Change %	2004	2003	Change %
Private persons	4,763,484	4,938,292	-3.5%	65.40%	65.17%	0.3%	2,121	1,940	9.3%
Corporations	2,520,216	2,638,708	-4.5%	34.60%	34.83%	-0.6%	144	154	-6.5%
Total	7,283,700	7,577,000	-3.9%	100.00%	100.00%		2,265	2,094	8.2%

Institutional shareholders

Financial and insurance

institutions	1,732,620	1,316,625	31.6%	68.75%	49.90%	37.8%
Companies	530,421	592,106	-10.4%	21.05%	22.44%	-6.2%
Foreign	257,175	729,977	-64.8%	10.20%	27.66%	-63.1%
Total	2,520,216	2,638,708	-4.5%	100.00%	100.00%	

Nominee-registered

shares	257,175	3.53%
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BIGGEST SHAREHOLDERS

	Number of shares	% of all shares
Special Mutual Fund Avenir	570,000	7.83%
Nordea Nordic Small Cap	360,950	4.96%
Mandatum Suomi Kasvuosake	356,450	4.89%
Jokinen Matti	321,400	4.41%
Terho Risto	309,090	4.24%
Gunnelius Karl	306,540	4.21%
Rantala Lasse	266,130	3.65%
Nyysönen Tuomo	260,300	3.57%
Fondita Small Cap Placfond	200,900	2.76%
Merivirta Jyri	200,000	2.75%
Kemilä Hannu	199,690	2.74%
Leikos Martti	189,800	2.61%
Oy Finvestock Ab	136,000	1.87%
Salmi Mikael	103,080	1.42%
Saareila Lauri	97,480	1.34%
Pyrhönen Kari	85,000	1.17%
Lehtinen Veli	80,320	1.10%
Keskimaula Tapio	80,000	1.10%
Others	3,160,570	43.39%
Total	7,283,700	100.0%

BREAKDOWN OF HOLDINGS

	Shareholders		% of shareholders		Shares		% of all shares	
	2004	2003	2004	2003	2004	2003	2004	2003
1-1000 shares	1,798	1,632	79.4%	77.9%	589,674	522,548	8.10%	6.90%
1000-10000 shares	413	395	18.2%	18.9%	1,178,389	1,261,178	16.18%	16.64%
10000-100000 shares	39	50	1.7%	2.4%	1,483,432	1,630,287	20.37%	21.52%
More than 100000 shares	15	17	0.7%	0.8%	4,032,205	4,162,987	55.36%	54.94%
Total	2,265	2,094	100.0%	100.0%	7,283,700	7,577,000	100.00%	100.00%

MANAGEMENT SHAREHOLDINGS AND WARRANTS

	Ownership 2004	% of votes	Ownership 2003	% of votes
Shares held by the CEO and the Board	403,228	5.5%	403,278	5.3%
Warrants held by the CEO and the Board	70,000	1.0%	70,000	0.9%

Report by the Board of Directors

Business operations

Tieto-X operates in the IT service market, offering its customers flexible software development and maintenance solutions that support their competitiveness and risk management. Tieto-X's services range from contract work services to software project deliveries and software maintenance services with comprehensive responsibility. Tieto-X's clientele comprises mobile phone manufacturers operating on the international markets and leading domestic finance, industry and ICT companies as well as public administration organisations.

In 2004 the general economic atmosphere in Finland seemed to improve slightly. Despite this change, companies still refrained from major investments in information technology, which kept the demand for IT services low.

After the strong growth at the end of 2003, Tieto-X's business volume remained fairly level during the first three quarters of 2004 and dropped somewhat in the last quarter. There was a slight decrease in the production of software development and maintenance services to the company's customers in the finance and public administration sectors, but the growth in production of services to the ICT sector remained as strong as in the past few years.

Turnover and result

Consolidated turnover was EUR 24.5 million (2003: EUR 20.2 million), which is 20.9 % per cent up from the previous year. Of the turnover, EUR 13.0 million was accrued during the first six months of the year and EUR 11.4 million during the latter six months. Profit before goodwill amortisation was EUR 2.6 million (2003: EUR 2.5 million) and profit before taxes was EUR 1.2 million (2003: EUR 1.1 million). The profit for the fiscal year was EUR 1.2 million (2003: EUR 0.8 million) or 5.0 % of turnover. Earnings per share were EUR 0.16 (2003: EUR 0.11)

Turnover is reduced by a one-off EUR 0.4 million write-down in preparation to answer a customer's claim for restitution and delay penalty as compensation for a delayed project delivered by the Systems Services unit. The impact of the write-down on the financial result is EUR 0.4 million. Tieto-X denies that the project delivery delay was caused by reasons related to the company and thus regards the refund and delay penalty claims as unjustified, but enters the customer's claims in the financial statement in accordance with the prudence principle.

Of the turnover, 68 per cent was accrued from the ICT sector (2003: 55 %), 24 per cent from the finance and public administration sectors (2003: 31), 4 per cent from the industry sector (2003: 7 per cent) and 4 per cent from other customers (2003: 7 per cent). The share of contract work services of turnover total was 83 per cent, and software project deliveries accounted for 17 per cent.

Thanks to turnover growth and a very high number of billed hours, operating profitability was good during the first three quarters. In addition to the above-mentioned write-down, last quarter profitability was weakened by the delayed launch of some new customer projects.

The balance sheet total was EUR 11.3 million (2003: EUR 11.9 million). Shareholders' equity was EUR 7.3 million (2003: EUR 7.6 million) Equity ratio was 65.0 per cent (2003: 62.2 per cent).

Organisation

In order to develop business operations and enhance organisation management, the company reformed its organisation on 1 September 2004. The company's operational business was reorganised into two business units: the Systems Services unit produces software development and maintenance services for customers' information systems, and the Telecommunications unit produces software development services for manufacturers of mobile communication devices and telecom operators.

Shares and share capital

Tieto-X's share capital is EUR 291,348.00, and the total number of shares is 7,283,700. In accordance with the Articles of Association, the share capital is a minimum of EUR 217,668 and a maximum of EUR 870,672.

By a decision made by the Annual General Meeting on 31 March 2004, the company cancelled 293,300 of its own shares that it had in its possession at the end of fiscal 2003.

The accounting countervalue of the share is EUR 0.04. The ISIN code used in international securities trading is FI0009008007 and the trading symbol is TIX1V.

Shareholders

There were 2,265 shareholders on 31 December 2004. Private persons owned 65 per cent and institutions 35 per cent of the company's shares. The staff owned 19 per cent of the shares. Foreign ownership was 4 per cent.

Options schemes

At its meeting of 26 February 2002, the Tieto-X Board decided, in accordance with the authorization given by the Annual General Meeting held on 10 April 2001, to issue new stock options. In this option plan, members of the Board of Tieto-X or any Tieto-X Group company, the President and CEO, the management and key personnel of the Group, as determined by the Board, were offered stock options in deviation from the pre-emptive rights of the company's shareholders. The stock options entitle their holders to subscribe for a total of 500,000 Tieto-X Plc shares, and correspondingly the company share capital due to share subscriptions may increase by a maximum of EUR 20,000. The maximum dilution effect is 6.4 per cent.

The extended subscription periods for the option series II/A1, II/A2, II/B1, IIB/2 II/C1 and II/C2 ended on 31 December 2004, at the latest. The subscription price for the option series II/A1 and II/A2 was defined using the volume weighted average quotation of the company's shares traded on Helsinki Exchanges between 1-31 August 2002. The subscription price is EUR 1.88 with adjustment for the dividends paid in 2003. The subscription period for series II/A1 started on 1 October 2003 and it covers 10,000 options. No subscription rights had been exercised by the end of the period. The subscription period for options under series II/A2 started on 1 October 2004 and it covers 10,000 options. No subscription rights had been exercised by the end of the period.

The subscription price for the option series II/B1 and II/B2 was defined using the volume weighted average quotation of the company shares traded on Helsinki Exchanges between 1-31 August 2003. The subscription price is EUR 1.56 with adjustment for the dividends paid in 2004. The subscription period for options under series II/B1 started on 1 October 2004 and it covers 82,500 options. At the end of the fiscal period 18,000 subscription rights had been exercised. The subscription period for warrants II/B2 starts on 1 October 2005 and it covers 22,500 options.

The subscription price for options under series II/C1 and II/C2 was defined using the volume weighted average quotation of the company's shares traded on Helsinki Exchanges between 1-31 August 2004. The subscription price is EUR 3.50. The subscription period for options under series II/C1 starts on 1 October 2005 and it covers 105,000 options. The subscription period for options under series II/C2 starts on 1 October 2006 and it covers 35,000 options. The total number of warrants allocated to the open option series D was 100,000 at the end of the financial period. The extended subscription period for series II/D1 and II/D2 is 1 January-31 December 2005 and the subscription prices will be defined during 1-31 August 2005. The subscription period for series II/D1 starts on 1 October 2006, and for series II/D2 on 1 October 2007.

The subscription period of all option series ends on 31 December 2008, at the latest. The total number of option rights that had been allocated to the company's key personnel at the end of the financial period was 370,000. The subsidiary WTS Wireless Technology Systems Oy held 130,000 options at year-end.

Board authorizations

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

Authorization granted by the Annual General Meeting on 31 March 2004 to decide to raise share capital in one or more new issues, to grant option rights and/or to float a convertible bond, resulting in an increase in share capital of a maximum of EUR 58,269.60 This authorization was unutilised in its entirety at the end of the financial period. The authorization is valid for one year from the date of the Annual General Meeting. The purpose of the authorization is to facilitate the use of company shares in acquisitions and other corporate structuring, strengthening or developing the financial and capital structure of the company, implementation of the objectives to seek motivation and commitment from personnel or other initiatives which need to be undertaken to further the company's business. With the present number of shares, the maximum dilution effect of the authorization is 16.7 per cent.

The authorization by the Annual General Meeting granted on 31 March 2004 gives the Board the authority to acquire and dispose of a maximum of 364,185 of the company's shares. This authorization was unutilised in its entirety at the end of the financial period. The authorization is valid for one year from the date of the Annual General Meeting. Own shares can be acquired to develop the company's capital structure, to finance acquisition or other corporate structuring or to be conveyed or cancelled.

Investments and depreciation

The company's investments totalled EUR 0.29 million during the financial period.

Financing

Operations were financed entirely out of income. The Group had no interest-bearing debt at the end of the financial period. The company's liquid assets at year-end stood at EUR 5.60 million.

The ifrs project

During the financial period the company has made preparations in order to adopt IFRS financial statements from the beginning of 2005. The company will publish its first interim report of the year 2005 in compliance with the IFRS regulations. The opening balance sheet of 2004 and an IFRS-compatible profit and loss account for the year 2004 will be published on 2 March 2005.

Tax rate

Group tax rate and thus net profit was influenced, on the one hand, by non-deductible goodwill amortisation deriving from company acquisition and, on the other hand, by deductible depreciation of liquidation losses arising from the incorporation of businesses acquired.

Staff

The number of personnel averaged 331 (281) during the period and stood at 327 (335) at the end of the period.

Personnel expenses

Salaries and fees including employer's social costs came to EUR 13.7 million (2003: EUR 11.9 million), pension expenses to EUR 2.4 million (2003: EUR 2.0 million) and other indirect employee costs to EUR 0.8 million (2003: EUR 0.6 million). Personnel expenses totalled EUR

16.9 million (2003: EUR 14.5 million), which was approximately 73 per cent of total costs.

Board of directors, president and ceo, and auditors

At the Annual General Meeting on 31 March 2004, Ralf W. Saxén, Eero Hurme, Juhani Pääkkö, Esko Siik, Risto Terho and Tero Laaksonen were elected as members of the Board of Directors. The Board of Directors elected Ralf W. Saxén as Chairman of the Board.

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

The Board of Directors met 18 times during the financial period.

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

Events after the financial period

A total number of 18,000 options were subscribed under option series II/B1 in December 2004. The EUR 720 increase in share capital caused by the 18,000 shares subscribed with the options was registered on 11 January 2005, and the shares were submitted to public trade together with the company's other shares on the Helsinki Exchanges on 12 January 2005. The shares will entitle their holders to full shareholder's rights and to dividend paid for the year 2004.

Future prospects

The slight improvement in the general economic outlook that took place in 2004 has so far not brought about any significant boost in information technology investments. If the general economic climate remains positive, companies are likely, to some degree, increase their investments in the renewal and development of information systems and software. This potential growth in investments is expected to increase the demand for Tieto-X's services.

Judging from the company's order backlog and tender prospects, first-quarter turnover is expected to fall slightly short of the same period in 2004. If there is no turn for the worse in the general economic situation, and if companies increase their IT investments as anticipated, Tieto-X's turnover for 2005 is expected to exceed that of the previous year.

Due to smaller turnover, relative profitability of operations in the first-quarter is forecasted to be lower than in 2004 and slightly improve during the rest of the year.

Hallituksen ehdotus yhtiökokoukselle

The parent company's disposable funds on 31 December 2004 were EUR 3,585,000.29. The Group's disposable funds on 31 December 2004 were EUR 3,313,252.31. The Board of Directors proposes that the disposable funds be disposed of as follows:

- a dividend to shareholders of EUR	
0.14 per share	EUR 1,022,238.00
- carried over in shareholders' equity	EUR 2,562,762.29
	EUR 3,585,000.29

The Board of Directors proposes that the dividend be paid on shares entered in the shareholders' register kept by the Finnish Central Securities Depository on the balancing date, 11 March 2005. The Board of Directors proposes that the dividend be paid on 18 March 2005.

Profit and Loss Account, Group EUR

	1.1.2004 – 31.12.2004	1.1.2003 – 31.12.2003
Turnover	24,467,599.74	20,231,379.05
Other operating income	21,078.80	440.60
Materials and services		
Materials	-239.12	-8,726.27
Services	-2,094,763.16	-915,913.11
Materials and services total	-2,095,002.28	-924,639.38
Personnel costs		
Salaries and Wages	-13,716,826.61	-11,874,923.89
Other personnel costs		
Pension costs	-2,423,230.19	-2,025,321.61
Other personnel costs	-761,411.78	-623,936.04
Other personnel costs total	-3,184,641.97	-2,649,257.65
Personnel costs total	-16,901,468.58	-14,524,181.54
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-122,830.29	-86,224.40
Amortisation on goodwill	-1,381,086.80	-1,410,586.88
Depreciation and amortisations total	-1,503,917.09	-1,496,811.28
Other operating expences	-2,810,528.40	-2,232,218.89
Expences total	-23,310,916.35	-19,177,851.09
Operating profit	1,177,762.19	1,053,968.56
Financial income and expences		
Interests and other financial income total		
Interests	14,751.06	22,748.89
Other financial income	60,565.93	63,482.48
Interests and other financial income total	75,316.99	86,231.37
Interest charges and other financial expenditure	-5,701.61	-4,385.61
Financial income and expences total	69,615.38	81,845.76
Profit before extraordinary items	1,247,377.57	1,135,814.32
Extraordinary items	0.00	0.00
Profit before provisions and taxes	1,247,377.57	1,135,814.32
Income taxes	-21,316.47	-324,914.49
Change in deferred tax	0.00	0.00
Net profit	1,226,061.10	810,899.83

Balance Sheet, Group EUR

	31.12.2004	31.12.2003
ASSETS		
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	312,201.66	126,113.70
Goodwill	1,614,888.84	2,995,975.64
Pre payments	0.00	14,620.00
Intangible fixed assets total	1,927,090.50	3,136,709.34
Tangible fixed assets		
Machinery and equipment	187,984.17	119,620.91
Other tangible assets	4,977.26	4,977.26
Tangible fixed assets total	192,961.43	124,598.17
Investments		
Other shares and holdings	19,231.37	224,173.72
Acquired own shares	0.00	499,474.00
Investments total	19,231.37	723,647.72
FIXED ASSETS TOTAL	2,139,283.30	3,984,955.23
CURRENT ASSETS		
Short term receivables		
Sales receivables	3,205,760.13	3,824,236.72
Loan receivables	18,841.28	36,691.86
Accrued income and deferred income	92,323.75	72,414.90
Other receivables	234,298.10	380,937.85
Short-term receivables total	3,551,223.26	4,314,281.33
Financial securities		
Other financial securities	3,673,662.55	1,997,111.26
Cash on hand and on deposits	1,930,803.46	1,617,185.49
CURRENT ASSETS TOTAL	9,155,689.27	7,928,578.08
ASSETS TOTAL	11,294,972.57	11,913,533.31
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	291,348.00	303,080.00
Share issue	28,080.00	0.00
Premium fund	3,703,764.54	3,692,032.54
Acquired own shares fund	0.00	499,474.00
Retained earnings	2,087,191.21	2,296,009.37
Net accounting period profit	1,226,061.10	810,899.83
SHAREHOLDERS' EQUITY TOTAL	7,336,444.85	7,601,495.74
PROVISIONS		
Provisions for pensions	148,714.03	0.00
PROVISIONS TOTAL	148,714.03	0.00
LIABILITIES		
Long-term liabilities		
Long-term loans	0.00	70,638.93
Long-term liabilities total	0.00	70,638.93
Short-term liabilities		
Advanced payments	294,012.99	213,458.40
Accounts payable	1,077,732.95	1,136,470.88
Other liabilities	2,438,067.75	2,891,469.36
Short-term liabilities total	3,809,813.69	4,241,398.64
LIABILITIES TOTAL	3,809,813.69	4,312,037.57
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,294,972.57	11,913,533.31

Sources and Applications of Funds, EUR

	1.1.2004 – 31.12.2004	1.1.2003 – 31.12.2003
Business operations		
Profit before extraordinary items	1,247,378	1,135,814
Depreciations and amortisations	1,503,917	1,496,811
Changes in provisions	148,714	0
Changes in net working capital	1,279,851	-849,443
Fixed assets wrecking	0	0
Fixed assets sales profit	-20,964	0
Taxes	0	-335,973
Cash flow from business operations	4,158,896	1,447,210
Investments		
Investments in tangible and intangible assets	-271,995	-63,483
Transfer income from tangible assets	83,000	0
Investment in subsidiary companies	-987,545	-540,358
Cash flow from investments	-1,176,541	-603,841
Cash flow before financing	2,982,355	843,369
Financing		
Divident paid	-1,019,718	-909,240
Acquisition of own shares	0	-499,474
Payments of the long term liabilities	-70,639	0
Share issue	28,080	0
Realized certificates of deposits	52,240	0
Short-term loan receivables decrease	17,851	46,115
Cash flow from financing	-992,186	-1,362,599
Change in funds	1,990,169	-519,230
Funds in the beginning of the period	3,614,297	4,133,527
Funds at the end of the period	5,604,466	3,614,297

Changes in Shareholders' Equity, EUR

	1.1.2004 – 31.12.2004	1.1.2003 – 31.12.2003
SHAREHOLDERS' EQUITY		
Share capital in the beginning of the period	303,080.00	303,080.00
Share issue during the period	0.00	0.00
Capitalisation issue during the period	0.00	0.00
Share cancelling during the period	-11,732.00	0.00
Share capital at the end of the period	291,348.00	303,080.00
Share issue in the beginning of the period	0.00	0.00
New issues during the period	28,080.00	0.00
Share issue at the end of the period	28,080.00	0.00
Premium fund in the beginning of the period	3,692,032.54	3,692,032.54
Share issue during the period	0.00	0.00
Decrease during the period	0.00	0.00
Share cancelling during the period	11,732.00	0.00
Premium fund at the end of the period	3,703,764.54	3,692,032.54
Own shares fund in the beginning of the period	499,474.00	0.00
Increase during the period	0.00	499,474.00
Decrease during the period	-499,474.00	0.00
Own shares fund at the end of the period	0.00	499,474.00
Retained earnings in the beginning of the period	3,106,909.20	3,704,723.37
Divident distribution	-1,019,718.00	-909,240.00
Own shares	0.00	-499,474.00
Capitalisation issue during the period	0.00	0.00
Other changes	0.00	0.00
Profit for the period	1,226,061.10	810,899.83
Retained earnings	3,313,252.31	3,106,909.20
Shareholders' equity	7,336,444.85	7,601,495.74

Distributable funds of the group 31.12.2004 are 3,313,252.31 EUR.

Accounting principles

Fixed Assets

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

Depreciation plan

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

Financial assets

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

Pensions

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

Sales recognition

Sales are recognized according to the percentage of completion method.

Comparability of figures on the previous financial period

The figures are comparable.

Extend of the consolidated annual accounts

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

Accounting principles for the consolidated annual accounts

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

Inter-Group business transactions and margins

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

Deferred Tax

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

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

Notes for Balance Sheet, Group EUR

	1.1.2004 – 31.12.2004	1.1.2003 – 31.12.2003
Turnover by market area		
Finland	24,182,495.53	20,231,379.05
Other countries	285,104.21	0.00
Total	24,467,599.74	20,231,379.05
Turnover under the percentage of completion method	183,450.12	76,738.77
Personnel costs		
Salaries and fees paid to managing director and to the board of directors	270,040.20	216,577.00
Other salaries	13,446,786.41	11,658,346.89
Pension costs	2,423,230.19	2,025,321.61
Other personnel costs	761,411.78	623,936.04
Total personnel costs total in P&L	16,901,468.58	14,524,181.54
Cash value of the Management's and the Board of Director's fringe benefits	12,520.00	10,500.00
Cash value of fringe benefits	158,898.61	138,618.50
Cash value of fringe benefits total	171,418.61	149,118.50
Total	17,072,887.19	14,673,300.04
The President and CEO's pension scheme is in accordance with Finland's Employee Pension Act		
The average number of personnel employed during the period		
Specialists	288	244
Administrative and sales personnel	41	36
Trainees	2	1
Total	331	281
Personnel employed at the end of the period		
Specialists	283	294
Administrative and sales personnel	42	40
Trainees	2	1
Total	327	335
Depreciation and amortisation		
Depreciation according to plan		
Machinery and equipment	122,830.29	86,224.40
Amortisation on goodwill	1,381,086.80	1,410,586.88
Total	1,503,917.09	1,496,811.28
Income taxes		
From extraordinary items		
From normal operations	21,316.47	324,914.49
Deferred tax	0.00	0.00
Total	21,316.47	324,914.49

Notes for Balance Sheet, Group EUR

	31.12.2004	31.12.2003
Intangible assets		
Goodwill		
Goodwill in the beginning of the period	2,995,975.64	4,221,914.52
Increase during the period	0.00	184,648.00
Decrease during the period	0.00	0.00
Amortisation during the period	-1,381,086.80	-1,410,586.88
Goodwill at the end of the period	1,614,888.84	2,995,975.64
Intangible rights		
Intangible rights in the beginning of the period	126,113.70	117,921.49
Increase during the period	277,699.44	60,787.87
Depreciation during the period	-91,611.48	-52,595.66
Intangible rights at the end of the period	312,201.66	126,113.70
Advance payments		
Advance payments in the beginning of the period	14,620.00	48,793.52
Increase during the period	0.00	14,620.00
Decrease during the period	-14,620.00	-48,793.52
Book value at the end of the period	0.00	14,620.00
Tangible assets		
Machinery and equipment in the beginning of the period	124,598.17	128,266.69
Increase during the period	161,618.02	29,960.22
Decrease during the period	-62,035.95	0.00
Depreciations during the period	-31,218.81	-33,628.74
Machinery and equipment at the end of the period	192,961.43	124,598.17
Investments		
Acquired own shares		
In the beginning of the period	499,474.00	0.00
Increase during the period	0.00	499,474.00
Decrease during the period	-499,474.00	0.00
Own shares at the end of the period	0.00	499,474.00
Other shares and holdings		
In the beginning of the period	224,173.72	217,264.96
Increase during the period	0.00	6,908.76
Decrease during the period	-204,942.35	0.00
Other shares and holdings at the end of the period	19,231.37	224,173.72
Investments total at the end of the period	19,231.37	723,647.72
GROUP COMPANIES 31.12.2004	31.12.2004	31.12.2003
Botnia Comp Haparanda Ab, Haaparanta Sweden	Haaparanta	Haaparanta
Registered office		
Share of ownership	100.00	100.00
Profit for the last published financial period	0.00	0.00
Shareholders' equity and book value in the last published financial	11,110.10	11,110.10
WTS Wireless Technology Systems Oy, Jyväskylä	Jyväskylä	Jyväskylä
Registered office		
Share of ownership	100.00	100.00
Profit for the last published financial period	-4.27	-4.27
Shareholders' equity in the last published financial statements	260,361.73	260,361.73
Book value	260,361.73	2,073,004.60

	31.12.2004	31.12.2003
Financial securities		
Other securities		
Financial securities includes Fund units that are under public trade		
Market value	3,673,662.55	1,997,111.26
Book value	3,673,662.55	1,997,111.26
Difference	0.00	0.00
Provisions for pensions	148,714.03	0.00
Accounts payable	294,012.99	213,458.40
Other liabilities, accrued expenses and deferred income		
Material issues included		
Personnel costs	2,055,534.43	1,712,664.98
Withholding tax liability	338,380.67	333,961.21
Acquisition price reserve	0.00	984,648.00
VAT liability	698,987.11	761,452.27
TAX liability	0.00	124,903.99
Other liabilities	422,898.49	180,948.71
Other liabilities, accrued expenses and deferred income total	3,809,813.69	4,312,037.56
COMMITMENTS		
Commitments for group		
Bank deposits as security for rent	83,091.60	63,182.75
Leasing liabilities, 12 months	188,380.63	119,472.97
Leasing liabilities, over 12 months	189,407.52	151,679.74
Leasing liabilities, total	377,788.15	271,152.71
Deferred tax receivables		
Deferred tax receivables from capitalisation differences	0.00	766,436.70
Affirmed tax deductible losses	350,215.36	0.00
Total	350,215.36	766,436.70

Deferred tax receivables are not entered in financial statements.

Key Ratios of Financial Performance

	1.1. – 31.12.04	1.1. – 31.12.03	1.1. – 31.12.02	1.1. – 31.12.01	1.1. – 31.12.00*
1000 EUR					
Turnover	24,468	20,231	17,261	21,397	15,652
Turnover, increase %	20.9%	17.2%	-19.3%	36.7%	24.8%
Operating profit	1,178	1,054	815	2,828	2,411
% of turnover	4.8%	5.2%	4.7%	13.2%	15.4%
Operating profit before goodwill amortisation	2,559	2,465	1,952	3,945	2,857
% of turnover	10.5%	12.2%	11.3%	18.4%	18.3%
Profit before extraordinary items	1,247	1,136	920	2,542	2,583
% of turnover	5.1%	5.6%	5.3%	11.9%	16.5%
Profit before provisions and taxes	1,247	1,136	920	2,542	2,557
% of turnover	5.1%	5.6%	5.3%	11.9%	16.3%
Return on equity %	17.0%	11.0%	14.2%	28.0%	35.0%
Return on investment %	16.9%	15.1%	11.4%	32.4%	48.6%
Interest related liabilities	0	71	71	0	0
Financial assets	5,604	3,614	4,136	5,310	5,691
Gearing	-76.4%	-49.9%	-52.8%	-62.6%	-79.0%
Equity ratio	65.0%	62.2%	65.8%	63.6%	64.6%
Gross investment under fixed assets	287	91	214	155	140
% of turnover	1.2%	0.4%	1.2%	0.7%	0.9%
Personnel, average during the period	331	281	237	273	204
Personnel, at the end of the period	327	335	247	275	255
Key ratios per share					
Earnings per share, EUR	0.16	0.11	0.15	0.30	0.26
P/E ratio	24.69	19.73	13.07	13.40	16.50
CLOSING QUOTATION AT THE END OF THE PERIOD	3.95	2.17	1.96	4.02	4.29
Adjusted number of shares average during the period	7,283,700	7,577,000	7,541,889	7,623,000	7,192,000
Adjusted number of shares at the end of period	7,283,700	7,577,000	7,577,000	7,623,000	7,623,000
Number of shares adjusted by acquired of shares	7,283,700	7,283,700	7,577,000	7,417,000	
Number of shares with adjustment for options dilution	7,463,294	7,388,075	7,577,000	7,417,000	
Dividend / earnings %	83.38%	125.75%	78.85%	84.31%	69.50%
Dividend / share, EUR	0.14	0.14	0.12	0.25	0.18
Effective dividend yield %	3.54	6.45	6.12	6.22	4.20
Shareholders' equity / share, EUR	1.01	0.98	1.02	1.11	0.95

* Unaudited pro forma figures

Calculation of Financial Ratios

RETURN ON EQUITY (ROE) %:

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

RETURN ON INVESTMENT (ROI) %:

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

EQUITY RATIO %:

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

EARNINGS PER SHARE:

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

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

Number of shares with adjustment for shares in the company's possession and options dilution = 7,463,294

Number of shares at the end of the period = 7,283,700

EQUITY PER SHARE:

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

DIVIDEND / EARNINGS:

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

The board proposal for dividend for the financial period has been taken into account as dividend distributed for 1 January 2004 – 31 December 2004.

P/E ratio:

$$\frac{\text{Share-issue-adjusted last quotation on 30 December 2004}}{\text{Earnings per share}}$$

EFFECTIVE DIVIDEND YIELD:

$$\frac{\text{Share-issue-adjusted dividend / share}}{\text{Share-issue-adjusted last quotation on 30 December 2004}} \times 100$$

Profit and Loss Account, Parent Company, EUR

	1.1.2004 – 31.12.2004	1.1.2003 – 31.12.2003
Turnover	24,467,599.74	18,308,048.75
Other operating income	21,078.80	440.60
Materials and services		
Materials	-239.12	-8,726.27
Services	-2,094,763.16	-2,301,740.01
Materials and services	-2,095,002.28	-2,310,466.28
Personnel costs		
Salaries and wages	-13,716,826.61	-10,405,590.69
Other personnel costs		
Pension costs	-2,423,230.19	-1,787,035.69
Other personnel costs	-761,411.78	-570,873.47
Other personnel costs total	-3,184,641.97	-2,357,909.16
Personnel costs total	-16,901,468.58	-12,763,499.85
Depreciation and amortisation		
Depreciation on tangible and intangible assets		
Depreciation according to plan	-1,342,786.17	-934,814.76
Depreciation and amortisations total	-1,342,786.17	-934,814.76
Other operating expenses	-2,810,528.40	-1,930,701.10
Expences total	-23,149,785.43	-17,939,481.99
Operating profit	1,338,893.11	369,007.36
Financial income and expenses		
Interests	14,751.06	10,333.35
Other financial income	60,565.93	371,781.02
Interests and other financial income total	75,316.99	382,114.37
Interest charges and other financial expenditure		
Interest charges	-3,839.67	-475.05
Other financial expenditure	-1,861.94	-2,502.58
Interest charges and other financial expenditure total	-5,701.61	-2,977.63
Financial income and expenses total	69,615.38	379,136.74
Profit before extraordinary items	1,408,508.49	748,144.10
Extraordinary items		
Extraordinary items, group contribution	0.00	1,248,858.03
Extraordinary expenses	0.00	0.00
Extraordinary items total	0.00	1,248,858.03
Profit before provisions and taxes	1,408,508.49	1,997,002.13
Income taxes	-21,316.47	-414,238.39
Net profit	1,387,192.02	1,582,763.74

Balance Sheet, Parent Company, EUR

ASSETS	31.12.2004	31.12.2003
FIXED ASSETS		
Intangible fixed assets		
Intangible rights	312,201.66	114,156.41
Other capitalised expenditure	1,888,143.68	1,295,456.69
Pre payments	0.00	14,620.00
Intangible fixed assets total	2,200,345.34	1,424,233.10
Tangible fixed assets		
Machinery and equipment	187,984.17	106,456.63
Other tangible assets	4,977.26	4,977.26
Tangible fixed assets total	192,961.43	111,433.89
Investments		
Intra-Group holdings	271,471.84	4,882,454.50
Other shares and holdings	19,231.37	171,933.40
Acquired own shares	0.00	499,474.00
Investments total	290,703.21	5,553,861.90
FIXED ASSETS TOTAL	2,684,009.98	7,089,528.89
CURRENT ASSETS		
Short-term receivables		
Sales receivables	3,205,760.13	3,571,833.11
Receivables from subsidiary companies	3,244.36	1,748,474.99
Loan receivables	18,841.28	36,691.86
Other receivables	83,091.60	62,012.75
Accrued income and deferred income	233,670.90	281,612.05
Share subscription receivables	0.00	0.00
Short-term receivables total	3,544,608.27	5,700,624.76
Financial securities		
Other financial securities	3,673,662.55	1,997,111.26
Cash on hand and on deposits	1,925,061.51	754,118.97
CURRENT ASSETS TOTAL	9,143,332.33	8,451,854.99
ASSETS TOTAL	11,827,342.31	15,541,383.88
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	291,348.00	303,080.00
Share issue	28,080.00	0.00
Premium fund	3,703,764.54	3,692,032.54
Acquired own shares fund	0.00	499,474.00
Retained earnings	2,197,808.27	1,634,762.53
Net accounting period profit	1,387,192.02	1,582,763.74
SHAREHOLDERS' EQUITY TOTAL	7,608,192.83	7,712,112.81
PROVISIONS		
Provisions for pensions	148,714.03	0.00
PROVISIONS TOTAL	148,714.03	0.00
LIABILITIES		
Short-term liabilities		
Advanced payments	0.00	0.00
Accounts payable	294,012.99	190,040.16
Intra-Group liabilities	0.00	1,322,361.09
Other liabilities	1,074,935.88	946,495.83
Accrued expences and deferred income	2,701,486.58	5,370,373.99
Short-term liabilities total	4,070,435.45	7,829,271.07
LIABILITIES TOTAL	4,070,435.45	7,829,271.07
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,827,342.31	15,541,383.88

Auditors' Report

To the shareholders of Tieto-X Plc

We have audited the accounting, the financial statements and the corporate governance of Tieto-X Plc for the period 1 January - 31 December 2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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

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

Helsinki January 26, 2005

PricewaterhouseCoopers Oy
Authorized Public Accountants

Heikki Lassila, APA

The Board of Directors



Chairman

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

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

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

Other posts of confidence:

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

Member of Hallitusammattilaiset ry
(the Association of Board Professionals)
Number of shares in the company: 5,000
through IT Venture Management Oy.
Options: no allocated options



Vice Chairman

Eero Hurme, born in 1938

Retired from work

Work experience:

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

Member of the Board of Directors since the year 2002
Member of the Auditing and Nomination Committee

Other posts of confidence:

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

Number of shares in the company: 61,943
Options: no allocated options



Tero Laaksonen, born in 1946

Master of Science in Mathematics

Work history:

- 2002–2004 Comptel Corporation, President and CEO
- 1998–2001 Telia Finland Oy, Managing Director
- 1995–1997 Nokia Telecommunications Oy, Information Networks,
Senior Vice President
- 1993–1994 ICL Plc, Director, Financial Services Business Division
- 1991–1993 ICL Data Oy, Managing Director
- 1989–1991 Nokia Data Oy, Managing Director
- 1974–1988 Nokia Data Oy/Nokia Electronics, various positions
from Project Manager to Deputy Managing Director

Member of the Board of Directors: since the year 2004
Member of the Personnel Committee

Other posts of confidence:

- Forifina Oy, Partner and Member of the Board
- Teleste Corporation, Member of the Board

Number of shares in the company: -
Options: no allocated options



Juhani Pääkkö, born in 1949

Agrologist, LIFIM (Finnish Institute of Management) course 172
CEO, Polar Forest Oy 1995–

Work experience:

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

Member of the Board of Directors since the year 2000
Member of the Auditing and Personnel Committee

Other posts of confidence:

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

Number of shares in the company: 1,445
(together with wife)
Options: no allocated options



Esko Siik, born in 1942

Master of Economic Sciences and Business Administration

Retired from work

Work experience:

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

Member of the Board of Directors since the year 2000
Member of the Auditing Committee

Other posts of confidence:

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

Number of shares in the company: 2,850 shares.
3,400 shares through Esko Siik Konsultointi Oy.
Options: no allocated options



Risto Terho, born in 1947

Master of Science

Consultant, Tieto-X Plc 1995–

Work experience:

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

Member of the Board of Directors since the year 1995
Member of the Nomination Committee

Number of shares in the company: 309,090
Options: no allocated options

Board members independent of the company are:
Eero Hurme, Tero Laaksonen, Juhani Pääkkö, Ralf W.
Saxén and Esko Siik.

Board member dependent of the company is: Risto Terho.



All photographs feature Tieto-X personnel.

Tieto-X Group units

Head office:

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Fax +358 9 4133 2155

Other units:

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(Systems services unit)
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