

FINANCIAL STATEMENT BULLETIN FOR THE PERIOD 1 JANUARY-31 DECEMBER 2003

Tieto-X Plc's turnover grew in 2003 by 17.2 per cent compared to the previous year and was EUR 20.2 million. Operating profitability increased 26.3 per cent: profit before goodwill amortisation was EUR 2.5 million or 12.2 per cent of turnover (2002: EUR 2.0 million or 11.3 per cent of turnover). Profit before taxes grew 23.5 per cent to EUR 1.1 million or 5.6 per cent of turnover (2002: EUR 0.9 million or 5.3 per cent of turnover). Cash flow from business operations was EUR 0.20 per share (2002: EUR 0.25) and earnings per share were EUR 0.11 (2002: EUR 0.15) The Board of Directors proposes a dividend of EUR 0.14 per share for the year 2003.

Business operations

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

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

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

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

Turnover and result

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

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

Shares and share capital

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

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

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

Shareholders

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

Share ownership was as follows on December 31, 2003:

	shares	per cent of shares
Nordea Nordic Small Cap	375,200	5.0 %
Jokinen Matti	321,400	4.2 %
Leikos Martti	317,250	4.2 %
Gunnelius Karl	310,540	4.1 %
Terho Risto	309,090	4.1 %
Tieto-X Plc	293,300	3.9 %
Rantala Lasse	270,130	3.6 %
Nyyssönen Tuomo	265,800	3.5 %
Fondita Small Cap Mutual Fund	200,900	2.7 %
Special Mutual Fund Avenir	200,000	2.6 %
Kemilä Hannu	199,690	2.6 %
Mandatum Finnish Small Cap	161,650	2.1 %
Saareila Lauri	120,280	1.6 %
Salmi Mikael	117,080	1.6 %
Suomi Mutual Life Assurance Company	100,000	1.3 %
Suomi Insurance Company	100,000	1.3 %
Keskimaula Tapio	100,000	1.3 %
Nominee registered	729 977	9.6 %
Other	3,084,713	40.7 %
Total	7,577,000	100.0 %

Option programmes

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

At its meeting of 26 February 2002, the Tieto-X Board decided, in accordance with the company's Annual General Meeting held on 10 April 2001, to issue new stock options. In this option plan, members of the Board of Tieto-X or any Tieto-X Group company,

Presidents and CEOs, management and key personnel of the Group, as determined by the Board, were offered stock options in deviation from the pre-emptive rights of the company's shareholders. The stock options entitle their holders to subscribe for a total of 500,000 Tieto-X Plc shares, and correspondingly the company share capital due to share subscriptions may increase by a maximum of EUR 20,000. The maximum dilution effect is 6.2 per cent.

The extended subscription periods for option series II/A1, II/A2, II/B1 and II/B2 ended on 31 December 2003, at the latest.

The subscription price for option series II/A1 and II/A2 was defined using the volume weighted average quotation of company shares traded on Helsinki Exchanges between 1-31 August 2002. The subscription price is EUR 1,88 including correction for dividends paid in 2003. The subscription period for option series II/A1 started on 1 October 2003 and it covers 10,000 options. No subscription rights had been used by the end of the period. The subscription period for series II/A2 starts on 1 October 2004 and it covers 10,000 options.

The subscription price for option series II/B1 and II/B2 was defined using the volume weighted average quotation of the company shares traded on Helsinki Exchanges between 1-31 August 2003 and is EUR 1,69. The subscription period for option series II/B1 starts on 1 October 2004 and it covers 82,500 options. The subscription period for option series II/B2 starts on 1 October 2005 and it covers 22,500 options.

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

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

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

Board authorizations

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

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

The authorization by the Annual General Meeting on 25 March 2003 gives the Board the authority to acquire and dispose of a maximum of 378,850 of the company's shares. At the

end of the financial period, 293,300 own shares had been acquired within the authorization. The authorization is valid for one year from the date of the Annual General Meeting. Own shares can be acquired to develop the company's capital structure, to finance acquisition or other corporate structuring or to be conveyed or cancelled.

Investments and depreciation

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

Financing

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

IFRS project

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

Tax rate

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

Quality

During the financial year Tieto-X modified its quality system to comply with the requirements of ISO 9001:2000. The certification was granted by Det Norske Veritas. The certified quality management system covers Tieto-X's expert services in software development and software maintenance.

Staff

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

Personnel expenses

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

Board of Directors, President and CEO, and Auditors

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

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

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

Future prospects

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

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

Board of directors' proposal to the annual general meeting

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

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

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

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

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

TIETO-X GROUP

The figures in the income statement and balance sheet have been consolidated.
The original financial statement bulletin is in Finnish. The English bulletin is a translation.
The figures are audited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, K EURO	1.1.- 31.12.2003	1.1.- 31.12.2002	Change %
Turnover	20,231	17,261	+17.2
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	2,465	1,951	+26.3
Goodwill amortisation	- 1,411	- 1,136	+24.2
OPERATING PROFIT	1,054	815	+29.3
Financial income and expenses	82	105	-21.7
Profit before extraordinary items	1,136	920	+23.5
Extraordinary items	0	0	
Profit before provisions and taxes	1,136	920	+23.5
Taxes	- 325	+ 233	+239.3
NET PROFIT FOR THE PERIOD	811	1,153	-29.7

**CONSOLIDATED BALANCE SHEET,
K EURO**

ASSETS	31.12.2003	31.12.2002
FIXED ASSETS		
Intangible assets	3,137	4,389
Tangible assets	125	128
Investments	724	217
CURRENT ASSETS		
Short-term receivables	4,314	2,836
Financial securities	1,997	2,993
Cash on hand and on deposits	1,617	1,140
ASSETS TOTAL	11,914	11,703
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share Capital	303	303
Premium fund	3,692	3,692
Own shares fund	499	
Retained earnings	2,296	2,551
Net accounting period profit	811	1,153
LIABILITIES		
Long-term liabilities	71	71
Short-term liabilities	4,241	3,933
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,914	11,703

SOURCES AND APPLICATION OF FUNDS, K EURO	1.1.2003-31.12.2003	1.1.2002-31.12.2002
Business operations		
Profit before extraordinary items	1,136	920
Depreciation and amortisation	1,497	1,208
Changes in net working capital	-849	-245
Fixed assets wrecking	0	19
Fixed assets sales profit	0	-1
Taxes	-336	-21
Cash flow from business operations	1,447	1,881
Investments		
Investments in tangible and intangible assets	-63	-216
Transfer income from tangible assets	0	49
Acquisition of subsidiaries	-540	-1,076
Cash flow from investments	-604	-1,243
Cash flow before financing	843	638
Financing		
Dividend paid	-909	-1,894
Acquisition of own shares	-499	0
Short-term loan receivables decrease	46	80
Cash flow from financing	-1,363	-1,815
Change in funds	- 519	-1,176
Funds at the beginning of the period	4,134	5,310
Funds at the end of the period	3,614	4,134

CONSOLIDATED PROFIT AND LOSS ACCOUNT, QUARTERLY, K EURO

	Q4/2003	Q3/2003	Q2/2003	Q1/2003	Q4/2002
	1.10.03-31.12.03	1.7.03-30.9.03	1.4.03-30.6.03	1.1.03-31.3.03	1.10.02-31.12.02
Turnover	6,222	4,350	4,810	4,849	4,457
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	1,007	479	492	486	445
Goodwill amortisation	- 380	- 380	- 297	- 353	- 299
OPERATING PROFIT	627	99	194	134	146
Financial income and expenses	32	12	12	25	24

Profit before extraordinary items	659	111	206	159	171
Extraordinary items					
Profit before provisions and taxes	659	111	206	159	171
Taxes	- 217	- 67	- 1	- 39	299
NET PROFIT FOR THE PERIOD	442	44	205	120	471

FINANCIAL RATIOS**1.1.-31.12.2003 1.1.- 31.12.2002**

Earnings per share official, EUR	0.11	0.15
Earnings per share diluted, EUR	0.11	0.15
Equity per share, EUR	0.98	1.02
Operating cash flow per share, EUR	0.20	0.25
Return on investment, %	15.1	11.4
Return on equity, %	11.0	14.2
Operating profit before goodwill amortisation/turnover, %	12.2	11.3
Operating profit/turnover, %	5.2	4.7

OTHER INFORMATION**1.1.-31.12.2003 1.1.-31.12.2002**

Average number of personnel during the period	281	237
Personnel at the end of the period	335	247

COMMITMENTS**31.12.2003****31.12.2002**

Commitments for group		
Bank deposits as a security for rent, k Euro	63	65
Amounts payable for leasing contracts, k Euro	271	89

TIETO-X PLC
THE BOARD OF DIRECTORS

THE GENERAL ANNUAL MEETING

The Annual General Meeting of Tieto-X Plc shareholders will be held at 5 p.m. on Tuesday, 31 March 2004 at Taitotalo Congress Centre, Auditorio Fakta, Valimotie 8, 00380 Helsinki.

The Annual Report of Tieto-X Group for the period 1 January-31 December 2003 will be issued on approximately 31 March 2004.

ADDITIONAL INFORMATION:

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