

**TIETO-X PLC INTERIM REPORT 1 JANUARY – 31 MARCH 2006****TIETO-X TURNOVER AND OPERATING PROFIT GREW STRONGLY IN FIRST QUARTER**

- Turnover for the review period was EUR 9.0 million (2005: EUR 6.0 million).
- Operating profit for the review period was EUR 1.0 million (2005: EUR 0.5 million).
- The turnover of the Systems Services business unit for the review period was EUR 3.3 million (2005: EUR 2.9 million) and operating profit was EUR 0.5 million (2005: EUR 0.3 million).
- The turnover of the Telecommunications unit for the review period was EUR 5.8 million (2005: EUR 3.1 million) and operating profit was EUR 0.9 million (2005: EUR 0.5 million).
- The company's turnover in the second quarter of 2006 is expected to significantly exceed the second-quarter turnover of 2005, and the turnover for the fiscal year is expected to clearly exceed the turnover of 2005.
- The company's operating profit percentage for the second quarter of 2006 is expected to clearly exceed the operating profit percentage level of the second quarter of 2005. Twelve-month profitability is also anticipated to be higher than in the previous year.

In the first quarter of 2006 Tieto-X's turnover grew strongly and exceeded the first quarter turnover of 2005 by 50.0 per cent, standing at EUR 9.0 million (2005: EUR 6.0 million). The turnover growth was a result of the strong organic growth of Tieto-X and the additional turnover that came with the acquisition of Vega Technologies Oy in the last quarter of 2005. The combined pro forma turnover increased by 26.9 percent.

First quarter operating profit from operations exceeded the operating profit of the corresponding quarter in 2005 by 104.1 per cent. Operating profit was EUR 1.0 million (2005: EUR 0.5 million). Due to IFRS accounting principles, the good profitability of Vega Technologies Oy was not transferred in its entirety to the Group's profitability in the first quarter. The combined pro forma operating profit of Tieto-X and Vega Technologies Oy increased by 40,7 per cent.

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 expert work and consultation to software project deliveries and software maintenance services with comprehensive responsibility.

Tieto-X's operational business is organised into two business units, the Systems Services unit and the Telecommunications unit. The Systems Services unit develops and maintains software that are part of the customer companies' information systems. The unit's most significant customers operate in the finance and public administration sectors.

The Telecommunications unit offers software development, integration and testing services to telecommunications hardware and network providers. The unit's clientele comprises leading mobile and smartphone manufacturers operating on global markets, as well as mobile network suppliers and telecom carriers.

Systems Services

Tieto-X's Systems Services unit launched several new customer projects in the second half of 2005. Major part of these projects was still running in the first quarter of 2006. Since the unit also won several new customer assignments during the first quarter, turnover increased by 12.9 per cent compared to the corresponding period in 2005.

More than 50 per cent of the turnover of the Systems Services in the first quarter of the year was accrued from new extensive service contracts and software production services with comprehensive responsibility. The unit will continue to develop its services during the ongoing year.

The growth in turnover and the high number of billed hours significantly boosted the unit's profitability.

Due to slow general growth in the unit's business segment, market competition remained fierce.

Telecommunications

The organic volume of the business of Tieto-X's Telecommunications unit grew strongly in the second half of 2005 due to the launch of several new customer projects. This positive trend continued in the first quarter of the ongoing year, and the unit's business volume increased further. Turnover was also boosted by the additional turnover of Vega Technologies Oy, a company acquired in October 2005.

The integration of Vega's business operations into the Tieto-X organisation has proceeded according to plan. Vega's Symbian software design and project skills have further increased the attractiveness of the Symbian software services that the Telecommunications unit offers to smartphone manufacturers and sharpened the unit's competitive edge on the fast-growing smartphone software markets.

The profitability of the Telecommunications unit was on a good level in the first quarter of the year. Due to IFRS accounting practises, the good profitability of Vega Technologies Oy was not transferred in its entirety to the profitability of the Telecommunications unit or the consolidated profitability of the first quarter.

In October 2005 Tieto-X founded a subsidiary, Testhouse Oy, to produce testing services for Symbian smartphone software and other mobile communication device software. The company also has a Tallinn-based subsidiary Testhouse Estonia OÜ. The first assignments of the Testhouse service were launched at the end of 2005, and they were implemented during the review period.

Competition for software projects for leading international mobile and smartphone manufacturers is still fierce. Especially the Symbian software development markets are expected to continue to increase significantly and to offer growth opportunities for Tieto-X's Telecommunications unit.

TURNOVER

During the period under review, Tieto-X's turnover grew by 50.0 percent compared to the previous year and stood at EUR 9.0 million (2005: EUR 6.0 million). Of the turnover for the report period, 64 per cent was accrued by the Telecommunications unit and 36 per cent by the Systems Services unit.

Turnover by segment

K EURO	1-3 2006	1-3 2005	1-12 2005
Telecommunications	5,815	3,119	15,340
Systems Services	3,265	2,892	12,432
Group's internal eliminations	- 65		- 376
Administration			
Group total	9,015	6,011	27,396

FINANCIAL RESULT

The company's operating profit grew in the period under review by 104.1 per cent compared to the previous year and was EUR 1.0 million, which is 10.8 per cent of turnover (2005: EUR 0.5 million, 8.0 per cent of turnover). Net profit for the review period improved by 68.7 per cent and was EUR 0.7 million or 7.8 per cent of turnover (2005: EUR 0.4 million, 6.9 per cent of turnover). Earnings per share were EUR 0.09 (2005: EUR 0.06). Cash flow from business operations was EUR 0.10 per share (2005: EUR -0.10).

operating profit by segment

K EURO	1-3 2006	1-3 2005	1-12 2005
Telecommunications	860	514	2,258
Systems Services	519	267	1,174
Administration	- 403	- 302	- 914
Group total	977	479	2,517

The reference data related to the share of the administrative costs of total costs differs from the figures presented in the Interim Report for 1 January – 31 March 2005 due to a change in the accounting principles in the financial statement for 1 January – 31 December 2005.

RETURN ON CAPITAL INVESTMENT

Return on investment (ROI) was 30.3 per cent during the period under review (2005: 26.0 per cent). Return on equity (ROE) was 33.7 per cent (2005: 22.2 per cent).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 20,0 million (2005: EUR 10.9 million). Liquidity was good throughout the review period. The Group's liquid assets including financial assets stood at EUR 3.3 million (2005: EUR 3.5 million) at the end of the review period. The liquid asset decrease stems from

the cash payment of the second instalment of the acquisition price of Vega Technologies Oy as well as dividend payment.

To pay the final instalment of the acquisition price of Vega Technologies Oy, the company took a loan of EUR 3.0 million, which is one million less than the company announced earlier. This means that the total external financing related to the acquisition of Vega amounted to EUR 6.0 million, not EUR 7.0 million.

CASH FLOW

The company's cash flow from business operations was EUR 0.7 million for the review period (2005: - 0.8 million).

PERSONNEL

The number of personnel averaged 458 (2005: 317) during the period under review and was 460 at the end of the period (2005: 319).

SHARES AND SHARE CAPITAL

Tieto-X's share capital was EUR 292,468.00 at the end of the review period, and the total number of shares was 7,311,700. 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. Trading in the Tieto-X share began on Helsinki Stock Exchanges' Pre List on 28 September 1999, and on the NM List on 1 October 1999. The lowest quotation during the review period was EUR 3.75 and the highest EUR 4.54. The final price quoted was EUR 4.25.

There were 1,900 shareholders on 31 March 2006. Private persons owned 60 per cent and institutions 40 per cent of the company's shares. Foreign ownership was 8 per cent.

THE ANNUAL GENERAL MEETING

The Annual General Meeting of Tieto-X Plc held on 14 March 2006 adopted the company's and Tieto-X group's financial statement for the financial period 1 January-31 December 2005 and granted discharge from liability to the members of the Board of Directors and the President. The Annual General Meeting decided to distribute as dividend EUR 0,18 per share.

The Annual General Meeting confirmed the number of Board Members to be 6. The Meeting re-elected Eero Hurme, Tero Laaksonen, Esko Siik and Seppo Jaatinen as members of the Board, and elected Matti Järvinen and Matti Makkonen as new members. At its meeting right after the Annual General Meeting, the Board of Directors elected Tero Laaksonen Chairman of the Board and Eero Hurme Deputy Chairman of the Board.

The Annual General Meeting elected Peter Ramsay and Jari Sundström as the shareholders' representatives of the Nomination Committee.

Options scheme

The Annual General Meeting decided on the stock options scheme as follows:

The number of options is 400,000 options rights. Based on the options scheme, the company's share capital may not increase by more than EUR 16,000 and the number of shares not by more than 400,000.

The subscription price for option series III A/1 and III A/2 is defined based on the trade volume weighted average quotation of the company's share on 1 January – 31 March 2006. The subscription price for option series III B/1 and III B/2 is defined based on the trade volume weighted average quotation of the company's share on 1 January - 31 March 2007.

III A/1 - the share subscription period of option rights begins on 1 October 2007

III A/2 - the share subscription period of option rights begins on 1 October 2008

III B/1 - the share subscription period of option rights begins on 1 October 2008

III B/2 - the share subscription period of option rights begins on 1 October 2009

The share subscription periods for all option rights ends on 31 December 2011.

The authorization of the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on increasing the share capital and/or issuing convertible bond loans within one year after the close of the General Meeting in a manner by which the new shares subscribed on the basis of a new share issue and convertible bonds may raise the share capital by a maximum of EUR 58,493.60.

The Annual General Meeting authorized the Board of Directors to acquire within one year from the Annual General Meeting a maximum of 731,170 of the company's own shares with the available profit distributable earnings.

The Annual General Meeting authorized the Board to convey within one year from the Annual General Meeting a maximum of 731,170 of the company's own shares acquired by the company.

FUTURE PROSPECTS

Several research institutes forecast that the Finnish IT service market will see a 3-4 per cent growth during 2006. If the general economic atmosphere remains positive, companies are expected to somewhat increase their investments aimed at renewing and developing their information systems and software during the year. The investments may grow somewhat more strongly in public administration than in the private sector.

The customer companies and organisations of Tieto-X's Systems Services unit are expected to continue their moderate investments during the ongoing year, which is expected to increase the demand for the unit's services. In addition, the demand for the unit's new service concepts is expected to increase further during the ongoing year.

The business of the Telecommunications unit is also predicted to develop positively, boosted by the new project and service models with comprehensive responsibility as well as the growing smartphone markets.

Thanks to good organic growth in the last quarter of 2005 and first quarter of the ongoing year, as well as the acquisition of Vega Technologies Oy, the business volume of Tieto-X is at the moment on a significantly higher level than it was a year ago. Judging from the company's order backlogs and tender prospects, the company's turnover for the second quarter of 2006 is expected to significantly beat that of the previous year. Thanks to a high number of billed hours in both business units, the operating profit percentage is also expected to clearly exceed that of the second quarter last year.

The company's twelve-month turnover is anticipated to be clearly higher than that of 2005. The company's twelve-month profitability is predicted to be higher than in the previous year.

TIETO-X GROUP

The Interim Report has been prepared in accordance with the recognition and valuation principles of the International Financial Reporting Standards (IFRS).

The figures in the income statement and balance sheet have been consolidated. All group companies are included in the consolidated figures. The original Interim Report is in Finnish. The English version is a translation. The figures are unaudited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, K EURO	1.1.- 31.3.2006	1.1.- 31.3.2005	CHANGE	1.1.-31.12.2005
Turnover	9,015	6,011	50.0 %	27,396
Operating costs	- 8,038	- 5,532	45.3 %	- 24,879
OPERATING PROFIT	977	479	104.1 %	2,517
Financial income and expenses	- 49	23	- 312.7 %	101
Profit before provisions and taxes	928	502	85.0 %	2,618
Taxes	- 223	- 84	166.0 %	- 713
NET PROFIT FOR THE PERIOD	705	418	68.7 %	1,905

**CONSOLIDATED BALANCE SHEET, K
EURO**

ASSETS	31.3.2006	31.3.2005	31.12.2005
FIXED ASSETS			
Property, plant and equipment	315	191	245
Goodwill	8,621	1,965	8,621
Intangible assets	399	287	473
Deferred tax claim	14	246	0
Long-term receivables	24	0	28
Other financial assets	30	19	30
FIXED ASSETS TOTAL	9,404	2,709	9,397
CURRENT ASSETS			
Sales receivables	6,764	4,089	6,095
Other receivables	571	553	351
Financial assets	932	2,499	1,993
Liquid assets	2,321	1,018	2,968
CURRENT ASSETS TOTAL	10,588	8,159	11,406
TOTAL ASSETS	19,992	10,867	20,804
SHAREHOLDERS' EQUITY AND LIABILITIES	31.3.2006	31.3.2005	31.12.2005
SHAREHOLDERS' EQUITY			
Share capital	292	292	292
Premium fund	3,746	3,731	3,746
Share issue	0	0	0
Acquired own shares fund	0	0	0
Fair value and other reserves	135	55	108
Retained earnings	3,180	2,591	2,591
Net profit for the period	705	418	1,905
SHAREHOLDERS' EQUITY TOTAL	8,058	7,087	8,643
LIABILITIES			
Long-term liabilities	5,613	178	2,960
Current liabilities	6,320	3,602	9,201
TOTAL LIABILITIES	11,933	3,780	12,161
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	19,992	10,867	20,804

CHANGE IN SHAREHOLDERS' EQUITY K EURO	Share capital	Premium fund	Share issue	Own shares fund	Fair value and other reserves	Retained earnings	Total
Shareholders' equity on 31 January 2005	291	3,704	28	0	46	3,905	7,975
Transfer to reserves					9		9
Share issue	1	27	- 28	0			0
Dividend paid						- 1,314	- 1,314
Profit for the period						418	418
Shareholders' equity 31.3.2005	292	3,731	0	0	55	3,008	7,087
Shareholders' equity on 1 January 2006	292	3,746	0	0	108	4,496	8,643
Transfer to reserves					27		27
Share issue	0	0	0	0			0
Dividend						- 1,316	- 1,316
Profit for the period						705	705
Shareholders' equity on 31 March 2006	292	3,746	0	0	135	3,884	8,058

**SOURCES AND APPLICATION OF
FUNDS, K EURO**

	1.1.- 31.3.2006	1.1.- 31.3.2005	1.1.- 31.12.2005
Business operations			
Profit before extraordinary items	928	502	2,618
Total adjustments	165	39	542
Change in net working capital	- 318	- 1,213	- 1,077
Fixed assets sales profit	0	0	- 10
Taxes	- 62	- 92	- 499
Cash flow from business operations	714	- 764	1,575

Investments

Investments in tangible and intangible assets	- 134	- 10	- 71
Change in financial assets	1,061	1,175	1,989
Transfer income from fixed assets	0	0	34
Acquisition of subsidiaries	- 3,973	0	- 4,182
Total cash flow from investments	- 3,046	1,165	- 2,230
Cash flow before financing	- 2,332	400	- 655

Financing

Dividend paid	- 1,316	- 1,314	- 1,314
Acquisition of own shares	0	0	0
Increase of loans	3,000	0	3,000
Loan amortization	- 2	0	0
Interest income and expenses	- 49	23	19
Share issue	0	0	16
Converted certificates of deposits	0	0	0
Change in short-term loan receivables	3	1	- 9
Financing total	1,685	- 1,313	1,692
Change in liquid assets	- 647	- 913	1,037
Liquid assets at the beginning of the period	2,968	1,931	1,931
Liquid assets at the end of the period	2,321	1,018	2,968

CONSOLIDATED PROFIT AND LOSS ACCOUNT, QUARTERLY, K EURO

	Q1/2006 1.1.06- 31.3.2006	Q4/2005 1.10.2005- 31.12.2005	Q3/2005 1.7.05- 30.9.05	Q2/2005 1.4.05- 30.6.05	Q1/2005 1.1.05- 31.3.05
Turnover	9,015	9,064	5,729	6,592	6,011
Operating costs	- 8,038	- 8,298	- 5,179	- 5,870	- 5,532
OPERATING PROFIT	977	766	550	722	479
Financial income and expenses	- 49	43	18	17	23
Profit before provisions and taxes	928	809	569	739	502
Taxes	- 223	- 224	- 235	- 170	- 84
PROFIT FOR THE PERIOD	705	585	334	569	418

SEGMENT REPORTING	1.1.-31.3.2006	1.1.-31.3.2005	1.1.-31.12.2005
Turnover by segment			
Telecommunications	5,815	3,119	15,340
Systems Services	3,265	2,892	12,432
Administration	0	0	0
Eliminations	- 65	0	- 376
Turnover total	<u>9,015</u>	<u>6,011</u>	<u>27,396</u>
Operating profit by segment			
Telecommunications	860	514	2,258
Systems Services	519	267	1,174
Administration	- 402	- 302	- 914
Total operating profit	<u>977</u>	<u>479</u>	<u>2,517</u>
Operating profit of turnover %	10.8	8.0	9.2
Interest and financial income	- 49	23	101
Profit before taxes	<u>928</u>	<u>502</u>	<u>2,618</u>
Taxes	- 223	- 84	- 713
PROFIT FOR THE REVIEW PERIOD	<u>705</u>	<u>418</u>	<u>1,905</u>

FINANCIAL RATIOS	1.1.-31.3.2006	1.1.-31.3.2005	1.1.-31.12.2005
Earnings per share, EUR	0.09	0.06	0.26
Equity per share, EUR	1.08	0.95	1.17
Operating cash flow per share, EUR	0.10	-0.10	0.22
Return on investment, %	30.3	26.0	26.1
Return on equity, %	33.7	22.2	22.9
Operating profit/turnover, %	10.8	8.0	9.2

OTHER INFORMATION	1.1.-31.3.2006	1.1.-31.3.2005	1.1.-31.12.2005
Average number of personnel	458	317	355
Personnel at the end of the period	460	319	438
COMMITMENTS	31.3.2006	31.3.2005	31.12.2005
Commitments for Group			
Bank deposits as a security for rent, k Euro	183	84	85
Amounts payable for leasing contracts, k Euro	703	370	712
Non cancellable rental liabilities, k Euro	1,359	317	1,400

NEXT REPORTS

The Interim Report for the period 1 January - 30 June 2006 will be published on 25 July 2006.

TIETO-X PLC
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