

TIETO-X PLC INTERIM REPORT 1 JANUARY - 30 JUNE 2003

Tieto-X Plc's turnover grew 4.4 per cent and profit before goodwill amortisation increased 25.4 per cent compared to the same period in 2002.

The slight growth in turnover that started at the end of 2002 continued and turnover was EUR 9.66 million, up 4.4 per cent from the same period in the previous year (EUR 9.25 million). Profitability also improved: profit before goodwill amortisation grew 25.4 per cent and was EUR 0.98 million (2002: EUR 0.78 million), which was 10.1 per cent of turnover.

Tieto-X operates in the IT service market, offering its customers flexible contract work solutions in software development and maintenance as well as systems management, which supports their competitiveness. Tieto-X's contract work solutions range from the contract work of individual software or systems experts to software subcontracting and software maintenance and systems management outsourcing services with comprehensive responsibility. Tieto-X's customers are market leaders in the finance, trade, industry and media sectors, as well as IT service companies and public administration organisations.

TURNOVER

The general economy continued to be unstable in the first half of 2003, which reflected in the IT market as general sluggishness and unwillingness to invest. Despite the difficult market situation, Tieto-X's turnover continued to grow slightly, especially thanks to increasing demand of software development and software testing services in the telecommunications sector.

Turnover increased 4.4 per cent to EUR 9.66 million (2002: EUR 9.25 million).

Tieto-X's software development subcontracting services, which constitute one of the new service concepts of the business development program that the company launched a year ago, received new customer projects during the review period.

FINANCIAL RESULT

Operating profit before goodwill amortisation was EUR 0.98 million, which was 10.1 per cent of turnover. This is up 25.4 per cent from the same period in 2002 (2002: EUR 0.78 million). Net profit increased by 23.6 per cent to EUR 0.33 million, which was 3.4 per cent of turnover (2002: EUR 0.26 million, 2.8 per cent of turnover). Earnings per share (pro forma) were EUR 0.13 (2002: EUR 0.11). Cash flow from business operations was EUR 0.14 per share (2002: EUR 0.12).

The process to change the hourly employment contracts that weaken the company's profitability into monthly salary contracts has been started. In addition to improving profitability, the employment contract reorganization also aims at committing the personnel to the company.

The net profit is also burdened by higher goodwill amortisation. According the amortisation plan, goodwill will be amortised in five years. However, compared to average profitability of IT service companies, Tieto-X's profitability is still on a good level.

RETURN ON CAPITAL INVESTMENT

Return on investment (ROI) was 9.7 per cent during the period under review (2002: 6.9 per cent). Return on equity (ROE) was 8.8 per cent (2002: 7.2 per cent).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 10.7 million (2002: EUR 9.3 million). Liquidity was good throughout the review period. The Group's liquid assets at the end of the review period stood at EUR 3.2 million.

STAFF

The number of personnel averaged 259 (2002: 250) during the period under review, and was 274 at the end of the period (2002: 226).

SHARES AND SHARE CAPITAL

Tieto-X's share capital is EUR 303,080.00, and the total number of shares is 7,577,000. 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 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 1.48 and the highest EUR 2.08. The final price quoted was EUR 1.51.

There were 1,903 shareholders on 30 June 2003. Private persons owned 61 per cent and institutions 39 per cent of the company's shares. The staff owned 25 per cent of the shares. Foreign ownership was 15 per cent.

During the review period the company launched a programme to acquire own shares. As a result, the company owned 293,800 of its own shares on 30 June. The average price paid for the shares was EUR 1.64 per share. The acquired own shares totalled 3,9% of share capital and 3,9% of the voting rights of all shares.

FUTURE PROSPECTS

The general economic situation is expected to continue to be unstable in the latter half of the year, and IT investment is expected to remain low. Due to this, Tieto-X's customer businesses are expected to have little need for additional IT personnel in the latter half of 2003. However, slight growth is expected towards the year-end. Software

development subcontracting, which is one of the company's new service concepts, will increase its share of the company's total turnover. The first contracts in software maintenance outsourcing are likely to materialize at the end of the year.

Judging from the company's order and tender prospects, the company's turnover is expected to continue its moderate growth that started at the end of last year and to exceed the third-quarter turnover of 2002. If the market situation remains unchanged, moderate turnover growth is expected to continue throughout the year. Profitability is expected to stay on the 2002 level and be good, compared with the IT service sector average.

TIETO-X GROUP

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.

Accounting principles: The company's 'Earnings per share (pro forma)' figure has been calculated based on 'Profit before extraordinary items' less taxes plus goodwill amortisation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, K EURO	1.1.- 30.6.2003	1.1. - 30.6.2002	Change	1.1.- 31.12.2002
Turnover	9,659	9,248	4.5%	17,261
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	978	780	25.4%	1,951
Goodwill amortisation	-650	-559	16.3%	-1,136
OPERATING PROFIT	329	222	48.2%	815
Financial income and expenses	37	54	-31.3%	104
Profit before extraordinary items	366	276	32.6%	920
Extraordinary items	0	0		0
Profit before provisions and taxes	366	276	32.6%	920
Taxes	-40	-12	225.7%	233
NET PROFIT OF THE PERIOD	325	263	23.6%	1,153

**CONSOLIDATED BALANCE SHEET,
K EURO**

ASSETS	30.6.2003	30.6.2002	31.12.2002
FIXED ASSETS			
Intangible assets	3,724	3,580	4,389
Tangible assets	114	161	128
Investments	724	164	217
CURRENT ASSETS			
Short-term receivables	2,921	2,270	2,836
Financial securities	1,641	2,435	2,993
Cash on hand and on deposits	1,585	724	1,140
ASSETS TOTAL	10,707	9,334	11,703

**SHAREHOLDERS' EQUITY AND
LIABILITIES**
SHAREHOLDERS' EQUITY

Share Capital	303	303	303
Premium fund	3,692	3,692	3,692
Own shares fund	499		
Retained earnings	2,296	2,552	2,551
Net accounting period profit	325	263	1,153

LIABILITIES

Long-term liabilities	71	0	71
Short-term liabilities	3,521	2,523	3,933
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	10,707	9,334	11,703

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

	1.1.2003- 30.6.2003	1.1.2002- 30.6.2002	1.1.2002- 31.12.2002
Business operations			
Profit before extraordinary items	366	276	920
Depreciation and amortisation	691	597	1,208
Changes in net working capital	94	191	-245
Fixed assets wrecking	0	0	19
Fixed assets sales profit	0	0	-1
Taxes	-127	-142	-21
Cash flow from business operations	1,024	922	1,881
Investments			
Investments in tangible and intangible assets	-19	-160	-216

Transfer income from tangible assets	0	22	49
Investment in subsidiary companies	-540	-1,044	-1,076
Cash flow from investments	-559	-1,183	-1,243
Cash flow before financing	465	-260	638
Financing			
Dividend paid	-909	-1,894	-1,894
Acquisition of own shares	-499	0	0
Short-term loan receivables decrease	36	3	80
Cash flow from financing	-1,373	-1,892	-1,815
Change in funds	-908	-2,152	-1,176
Funds at the beginning of the period	4,134	5,310	5,310
Funds at the end of the period	3,226	3,158	4,134

CONSOLIDATED PROFIT AND LOSS ACCOUNT, QUARTERLY, K EURO

	Q2/2003 1.4.03- 30.6.03	Q1/2003 1.1.03- 31.3.03	Q4/2002 1.10.02- 31.12.02	Q3/2002 1.7.02- 30.9.02	Q2/2002 1.4.02- 30.6.02
Turnover	4,810	4,849	4,457	3,560	4,067
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	492	486	445	726	72
Goodwill amortisation	-297	-353	-299	-279	-279
OPERATING PROFIT	194	134	146	447	-207
Financial income and expenses	12	25	24	25	31
Profit before extraordinary items	206	159	171	473	-176
Extraordinary items					
Profit before provisions and taxes	206	159	171	473	-176
Taxes	-1	-39	299	-53	31
NET PROFIT FOR THE PERIOD	205	120	471	419	-145

FINANCIAL RATIOS	1.1.-30.6.2003	1.1.- 30.6.2002	1.1.-31.12.2002
Earnings per share pro forma, Euro	0.13 (6mth)	0.11 (6mth)	0.30 (12mth)
Earnings per share official, Euro	0.04	0.04	0.15
Equity per share, Euro	0.94	0.90	1.02
Operating cash flow per share, Euro	0.14	0.12	0.25
Return on investment, %	9.7	6.9	11.4
Return on equity, %	8.8	7.2	14.2
Operating profit before goodwill	10.1	8.4	11.3
amortisation/ turnover, %			
Operating profit/turnover, %	3.4	2.4	4.7

OTHER INFORMATION	1.1.-30.6.2003	1.1.-30.6.2002	1.1.-31.12.2002
Average number of personnel during the period	259	250	237
Personnel at the end of the period	274	226	247

COMMITMENTS	30.6.2003	30.6.2002	31.12.2002
Commitments for group			
Bank deposits as a security for rent, k Euro	69	74	65
Amounts payable for leasing contracts, k Euro	102	55	89

NEXT REPORTS

The interim report for the period 1 January - 30 September 2003 will be published on 22 October 2003.

Tieto-X Plc
Board of Directors

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