

Tieto-X Plc Stock Exchange Announcement 23 april 2003 at 9:00

TIETO-X PLC INTERIM REPORT, 1 JANUARY - 31 MARCH 2003

Turnover and profitability did not reach the level of the previous year, which was to be expected. However, the slight growth that started at the end of 2002 continued.

Tieto-X Plc's turnover for the first quarter of the financial period, starting on 1 January 2003, fell 6.4 per cent short of the same period in 2002 and was EUR 4.85 million (EUR 5.18 million). Operating profit before goodwill amortisation came down by 31.3 per cent to EUR 0.49 million (EUR 0.71 million), which was 10.0 per cent of turnover. The slight growth that resumed at the end of 2002 continued, however, and the first-quarter turnover was 8.8 per cent over the figure of the last quarter in 2002.

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

Due to general economic uncertainty, the IT market seemed to continue to be sluggish in the first quarter of 2003. Despite a difficult market situation, Tieto-X's turnover maintained its slight growth that started in the latter half of 2002. However, the drastic drop in turnover that took place in the second quarter of 2002, when some of the company's key customers significantly cut down their resource procurement, caused a situation where, despite the slight growth, first-quarter turnover fell short of the figure for the corresponding period in 2002.

Turnover came down by 6.4 per cent to EUR 4.85 million (EUR 5.18 million).

FINANCIAL RESULT

As was expected, the company's profitability settled on the year 2002 average level and fell short of the figure of the corresponding quarter in 2002. Operating profit before goodwill amortisation was 10.0 per cent of turnover, EUR 0.49 million, which was 31.3 per cent down on the figure for the same period in 2002. Net profit, EUR 0.12 million (0.41), declined 70.6 per cent, representing 2.5 (7.9) per cent of turnover. Earnings per share (pro forma) came to EUR 0.06 (0.09).

Operating profit before goodwill amortisation was weakened by the drastic drop in turnover that took place in the spring of 2002, as well as an increase in personnel costs related to the company's hourly-waged staff, which was due to, among other factors,

midweek holiday compensation. The net result is also burdened by increased goodwill amortisation. The long-lasting difficult market situation has also made it difficult to fix growing costs by raising prices, and it has required heavy investment in marketing and sales operations. 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 8.6 per cent (23.4) during the period under review. Return on equity (ROE) was 6.6 per cent (21.2).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 11.7 (12.1) million. Liquidity was good throughout the period. The Group's liquid assets at the end of the review period stood at EUR 4.0 million. The liquid assets include the dividend paid on 4 April 2003, EUR 0.9 million.

STAFF

The number of personnel averaged 260 (264) during the period, and was 268 (259) at the end of the period.

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 1.60 and the highest EUR 2.08. The final price quoted was EUR 1.60.

There were 1,900 shareholders on 15 April 2003. Private persons owned 62 per cent and institutions 38 per cent of the company's shares. The staff owned 25 per cent of the shares. Foreign ownership was 17 per cent.

ANNUAL GENERAL MEETING

Tieto-X's Annual General Meeting held on 25 March 2003 adopted the company's financial statement for the period 1 January - 31 December 2002, handled other issues to be dealt with at the Annual General Meeting and made the following decisions:

- Dividend: the dividend to be distributed is EUR 0.12 per share. The dividend was paid out on 4 April 2003.
- Board of Directors: Eero Hurme, Juhani Pääkkö, Ralf W. Saxén, Esko Siik and Risto Terho were re-elected as members of the Board of Directors, and Ralf W. Saxén was re-elected as Chairman of the Board.

- Authorization to decide on a share issue: the Annual General Meeting authorized the Board to decide within one year from the General Meeting on an increase in share capital, issue of option rights and/or issue of convertible bonds in such a way that the new shares subscribed on the basis of a new share issue, option rights and convertible bonds may raise share capital by a maximum of EUR 60,616.
- Authorization to acquire and convey the company's own shares: the Annual General Meeting authorized the Board to acquire or convey within one year of the General Meeting a maximum of 378,850 of the company's own shares.
- Right to sign the company name: the Annual General meeting decided to change article 8 in the Articles of Association so that the Chairman of the Board and the CEO are entitled to sign the company name, each on his own, and two members of the Board of Directors together.

EVENTS AFTER THE PERIOD UNDER REVIEW

By virtue of the authorization given by the Annual General Meeting on 7 April 2003, the Board of Directors decided to commence the repurchase of the company's own shares, on 23 April 2003 at the earliest. The maximum number of shares to be repurchased is 378,850. The acquisition of own shares will be carried out in order to finance business acquisitions or other arrangements, to develop the capital structure of the company, to be conveyed in other ways, or to be cancelled.

FUTURE PROSPECTS

The general economic situation continues to be unstable, which keeps companies cautious especially as far as IT investments are concerned. Thus, uncertainty will prevail in the IT market.

The need for Tieto-X's customer companies to increase their IT personnel during 2003 is expected to be fairly small, with a slight increase at the end of the year. Of the new service concepts that are part of the business development programme, the software development subcontracting services have their first customers, and the first software and systems management outsourcing are under preparation. The new service concepts are expected to generate significant new business during the present financial period, at the latest during the latter half.

Judging from the company's order and tender prospects, the company's turnover is expected to continue its slight growth that started at the end of last year and to exceed the second-quarter turnover of 2002. If the market situation remains unchanged, turnover is expected to keep on growing slightly 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.- 31.3.2003	1.1. - 31.3.2002	Change	1.1.- 31.12.2002
TURNOVER	4,849	5,180	-6.4%	17,261
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	486	708	-31.3%	1,951
Goodwill amortisation	-353	-279	+26.5%	-1,136
OPERATING PROFIT	134	429	-68.8%	815
Financial income and expenses	25	24	7.9%	104
Profit before extraordinary items	159	452	-64.8%	920
Extraordinary items	0	0		0
Profit before provisions and taxes	159	452	-64.8%	920
Taxes	-39	-44	-11.4%	233
NET PROFIT OF THE PERIOD	120	408	-70.6%	1,153
CONSOLIDATED BALANCE SHEET, K EURO				
ASSETS	31.3.2003	31.3.2002		31.12.2002
FIXED ASSETS				
Intangible assets	4,034	3,840		4,389
Tangible assets	121	165		128
Investments	224	168		217

CURRENT ASSETS			
Short-term receivables	3,249	3,241	2,836
Financial securities	1,666	1,701	2,993
Cash on hand and on deposits	2,357	2,966	1,140
ASSETS TOTAL	11,651	12,080	11,703

**SHAREHOLDERS' EQUITY AND
LIABILITIES**

SHAREHOLDERS' EQUITY

Share Capital	303	303	303
Premium fund	3,692	3,692	3,692
Own shares fund			
Retained earnings	2,795	2,551	2,551
Net accounting period profit	120	408	1,153

LIABILITIES

Long-term liabilities	71	0	71
Short-term liabilities	4,670	5,126	3,933
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	11,651	12,080	11,703

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

	1.1.2003- 31.3.2003	1.1.2002- 31.3.2002	1.1.2002- 31.12.2002
Business operations			
Profit before extraordinary items	159	452	920
Depreciation and amortisation	373	296	1,208
Changes in net working capital	-24	-100	-245
Fixed assets wrecking			19
Fixed assets sales profit			-1
Taxes	-89	-115	-21
Cash flow from business operations	420	534	1,881
Investments			
Investments in tangible and intangible assets	-19	-104	-216
Transfer income from tangible assets			49
Investment in subsidiary companies	-540	-1,044	-1,076
Cash flow from investments	-559	-1,148	-1,243
Cash flow before financing	-139	-614	638

Financing

Dividend paid			-1,894
Acquisition of own shares			0
Short-term loan receivables increase	28	-28	80
Cash flow from financing	28	-28	-1,815
Change in funds	-111	-643	-1,176
Funds at the beginning of the period	4,134	5,310	5,310
Funds at the end of the period	4,022	4,667	4,134

CONSOLIDATED PROFIT AND LOSS ACCOUNT, QUARTERLY, K EURO

	Q1/2003	Q4/2002	Q3/2002	Q2/2002	Q1/2002
	1.1.03- 31.3.03	1.10.02- 31.12.02	1.7.02- 30.9.02	1.4.02- 30.6.02	1.1.02- 31.3.02
Turnover	4,849	4,457	3,560	4,067	5,180
OPERATING PROFIT BEFORE GOODWILL AMORTISATION	486	445	726	72	708
Goodwill amortisation	-353	-299	-279	-279	-279
OPERATING PROFIT	134	146	447	-207	429
Financial income and expenses	25	24	25	31	24
Profit before extraordinary items	159	171	473	-176	452
Extraordinary items					
Profit before provisions and taxes	159	171	473	-176	452
Taxes	-39	299	-53	31	-44
NET PROFIT OF THE PERIOD	120	471	419	-145	408

FINANCIAL RATIOS	1.1.- 31.3.2003	1.1.- 31.3.2002	1.1.- 31.12.2002
Earnings per share pro forma, Euro	0.06 (3mth)	0.09 (3mth)	0,30 (12mth)
Earnings per share official, Euro	0.02	0.05	0.15
Equity per share, Euro	0.91	0.92	1.02
Operating cash flow per share, Euro	0.06	0.03	0.25
Return on investment, %	8.6	23.4	11.4
Return on equity, %	6.6	21.2	14.2
Operating profit before goodwill amortisation/turnover, %	10.0	13.7	11.3
Operating profit/turnover, %	2.8	8.3	4.7
OTHER INFORMATION	1.1.- 31.3.2003	1.1.- 31.3.2002	1.1.- 31.12.2002
Average number of personnel during the period	260	264	237
Personnel at the end of the period	268	259	247
COMMITMENTS	31.3.2003	31.3.2002	31.12.2002
Commitments for group			
Bank deposits as a security for rent, k Euro	67	74	65
Amounts payable for leasing contracts, k Euro	102	55	89

NEXT REPORTS

The interim report for the period 1 January – 30 June 2003 will be published on 12 August 2003.

Tieto-X Plc
Board of Directors

ADDITIONAL INFORMATION:

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