

TIETOENATOR'S Q1 2006 REPORT

- Net sales growth 8.3% to EUR 440.6 (406.9) million. Organic growth 3.3%.
- Operating profit EUR 34.9 (36.0) million or a margin of 7.9% (8.8). Excluding the capital gain of EUR 4.7 million operating margin was 6.8%.
- Profit before taxes EUR 31.9 (35.0) million.
- Profit after taxes EUR 21.7 (24.2) million.
- EPS EUR 0.29 (0.31)

General market overview

The overall demand for IT services and solutions is at a higher level than a year ago. Both the corporate and public sector are investing in information technology to increase the efficiency of their business processes or to harmonize them. Also investments to facilitate revenue growth are growing in importance.

Pricing trends continue to be diverse. Pricing for small-scale solutions or projects in local markets is improving. However, bigger projects for major customers are subject to global competition, and there price pressure is intense. Global sourcing is having an increasing role in these projects, which means that their average price level is declining.

Labour market activity increased further in early 2006. The professionals with skills in high demand are mobile, but people with more standardized skills are still in plentiful supply. For this reason, the general wage inflation is still moderate.

Development of customer industries

In the first quarter TietoEnator experienced growth in all of its business areas. Processing & Network, TietoEnator's infrastructure outsourcing unit turned 5% growth after a 9% decline in 2005. However, growth was weak in Telecom & Media and also in Forest & Energy.

	Q1 net sales growth%	Q1 EBIT% excl. capital gain
Banking & Insurance	38	6.2
Telecom & Media	1	6.8
Government, Manufacturing & Retail	10	7.5
Healthcare & Welfare	14	4.4
Forest & Energy	3	6.7
Processing & Network	5	9.8
Personec Group	17	13.7

Banks in general have started to make revenue generating investments. Banking solutions face healthy demand and the demand for partnership services has stabilized. The systems integration business is still challenging. The insurance sector business in Finland continues to be a strong growth area.

In January TietoEnator and Handelsbanken made an agreement on the implementation of a new cross-border cash management solution. In February TietoEnator and Banco Português Negócios (BPN) expanded their co-operation in the services area making TietoEnator the prime IT partner for the bank's modernization programme in core banking. Also in February TietoEnator and Rabobank, a tier-one global bank, signed an agreement for the implementation of a new cash management solution in Rabobank.

The latest joint venture in the insurance sector in Finland, TietoEsy, started operations at the beginning of 2006. The joint venture company employs around 180 people.

In March TietoEnator and OMX, the Northern European securities market operator and technology provider, decided not to create the joint venture company announced in December 2005. The parties have, however, mutually decided to continue strategic co-operation in IT operations and software solutions. TietoEnator Processing & Network and OMX made an agreement on IT operations for OMX's Banks & Brokers business and 21 employees moved from OMX to TietoEnator.

The business integration of TietoEnator Financial Solutions UK (former AttentiV) continued. TietoEnator acquired AttentiV, a software and solutions provider to the UK banking market, in July 2005. One of the major

customer projects of TietoEnator Financial Solutions UK was postponed in early 2006. There has also been some inefficiency in product development. As a result a programme to reduce employees was started during the first quarter. TietoEnator Financial Solutions UK contributed EUR 8.4 million of TietoEnator's consolidated net sales and EUR -1.2 million of operating profit in the first quarter. In the first quarter of 2005 the AttentiV's net sales totalled EUR 10.3 million and operating profit EUR 1.9 million (at 2006 exchange rates).

TietoEnator's telecom business is adjusting to its customers' demand for high-quality services at lower cost. The process of building an optimal mix of resources on-site close to customers, and off-site in beneficial cost environments, is on-going. As average prices in the business are declining, it requires volume gains to be able to grow. The prospective new outsourcing contracts are providing growth opportunities in the business.

In March TietoEnator and Siemens agreed to deepen their cooperation and to transfer switching and migration to next-generation networks from Siemens Communications R&D to TietoEnator. The transfer process is initiated and it is planned that approximately 270 employees will be transferred to TietoEnator Telecom & Media. TietoEnator expects that the effect on its net sales is about EUR 15 million in the second half of 2006 and the commitment for the whole contract period approximately EUR 100 million. The intention is to sign the agreement in May with final transaction on 1 July 2006.

In February TietoEnator agreed to acquire the business operations of Sofnetix Oy, a Finnish company specializing in software development for wireless and mobile systems. This acquisition strengthened TietoEnator's Telecom & Media business area's R&D expertise and operations and added 34 employees. In March TietoEnator acquired Telenor Business Consulting, a business unit with 40 employees in Norwegian telecom company Telenor. Through this acquisition TietoEnator strengthened its presence in Norway in the telecom area by broadening its customer and skills base.

In the government business the market situation is improving in all Nordic countries. However, customer's multi-sourcing strategies are maintaining broad competition and pricing continues to be tough. TietoEnator's and Saab's joint venture company TietoSaab Systems Oy launched operations at the beginning of February 2006. TietoSaab Systems is part of TietoEnator's Government, Manufacturing & Retail business area as TietoEnator owns 60% of the company's shares.

In the manufacturing sector the financial performance of customers is good and demand for IT services has started to increase. In the retail industry the investment focus is on upgrading existing systems to allow better customer service.

The healthcare business in the Nordic countries is becoming increasingly dependent on bigger projects as systems are mostly sold on a regional basis. TietoEnator currently has several significant deliveries on-going. In Germany the market is very active as vendor consolidation has resulted in customers reconsidering their vendor choices. TietoEnator's acquisition of Waldbrenner AG in Germany became effective in January 2006. Waldbrenner provides patient administration and clinical documentation software and employs 30 persons.

In the forest sector most customers are in the middle of heavy restructuring and cost saving programmes. This is reflected in TietoEnator's business with these customers. There are opportunities for new business and outsourcing, but competition and price pressure are heavy. In the energy sector customers are investing in IT but this mostly concerns the consolidation of current systems.

The processing and network services market is active. The traditional drivers of demand, consolidation benefits and cost cutting are still important, but there is also strong interest in new services and new pricing models. TietoEnator has continued to rationalize its production and customer service organizations. The savings from these measures are enabling very price- competitive service offerings, which is reflected in the business area's recent strong order intake.

In the Personec Group, consulting, outsourcing and ASP services are growing the strongest, whereas the more traditional licence sales are lagging behind last year's levels. Personec's acquisition of Manpower's payroll and Human Resources outsourcing business in Sweden took effect in February and added 178 employees.

Net sales

First-quarter net sales grew 8.3% to EUR 440.6 (406.9) million or 9.1% in local currencies. Organic growth was 3.3% or 4.1% in local currencies.

Organic growth %	Q1 2006
Banking & Insurance	22
Telecom & Media	-3
Government, Manufacturing & Retail	10
Healthcare & Welfare	8
Forest & Energy	-1
Processing & Network	5
Personec Group	6

The organic growth in the Group was impacted by the negative development in Telecom & Media, which is TietoEnator's biggest business area. This is largely due to lower prices and weak demand for new projects. In most other business areas organic growth was at good levels. Banking & Insurance had the highest growth with a contribution from the new joint venture, TietoEsy, and good demand in the solutions business. In Government, Manufacturing & Retail, government and especially manufacturing had good organic growth. Processing & Network returned to healthy organic growth after declining in 2005 as new contracts and add-on sales now compensate for lower prices.

Due to the International Financial Reporting Interpretations Committee's interpretation (IFRIC 4) a total of EUR 1.4 million of invoicing from customers was recognized as leasing contracts and not as net sales in Processing & Network. The interpretation has been applied retroactively for 2005 and the impact on Q1 2005 was EUR 1.2 million. IFRIC 4 also lowered Processing & Network's depreciation by EUR 1.3 (1.1) million and increased the Group's interest income by EUR 0.1 million.

First-quarter growth was 16% in Norway (13% in local currency), 9% in Finland, and -6% in Sweden (-3% in local currency). In Norway Banking & Insurance and Energy have grown strongly, in Finland TietoEsy in Banking & Insurance contributed positively and in Sweden the decline was mostly due to Telecom & Media. In Germany net sales were at the same level as in the first quarter of 2005.

The banking and insurance sector increased its share to 20% (16) of Group net sales in the first quarter with the help of acquisitions and good organic growth in the Banking & Insurance business area and extended contracts in Processing & Network. Telecom and media's share fell to 29% (34). The public sector contributed 20% (20) of sales, the forest sector 5% (5) and the energy sector 4% (5).

The order backlog, which comprises only services ordered with binding contracts, amounted to EUR 1 215 million (943) at the end of the period, 29% higher than a year before. Approximately 54% (54) is expected to be invoiced in 2006. Processing & Network's share of the order backlog is about 37%.

Profitability

The first-quarter operating profit amounted to EUR 34.9 (36.0) million representing a margin of 7.9% (8.8). EBIT includes a capital gain of EUR 4.7 million from combining TietoEnator's defence business with Saab's Finnish business into a joint venture company. Excluding capital gains the operating profit totalled EUR 30.2 (35.1) million representing a margin of 6.8% (8.6).

The restructuring process of Telecom & Media's operators business in Sweden will be finalized during the second quarter and will reduce about 100 jobs. All of the costs related to this process took place in the first quarter and totalled EUR 5.0 million. There were additional restructuring expenses in Banking & Insurance (EUR 0.6 million) and Processing & Network (EUR 1.2 million).

Some of TietoEnator's units suffered from sub-optimal utilization during the quarter. These units were Telecom & Media in Sweden and parts of Banking & Insurance's systems integration business.

There was a higher than normal number of underperforming projects during the quarter. In Banking & Insurance one project was re-scoped in Denmark. In Telecom & Media one fixed-priced project resulted in a write-down in the operator business in Sweden. In Government one Danish project is requiring more resources than expected. Healthcare's one project in Norway has been delayed. In Energy a pan-Nordic project is running over planned cost estimates. The write-downs and provisions for these projects affect both net sales and profit. The profit impacts total EUR -6.2 million and are presented by business area in the table below.

	MEUR
Banking & Insurance	-0.5
Telecom & Media	-1.2
Government, Manufacturing & Retail	-1.5
Healthcare & Welfare	-1.0
Forest & Energy	-2.0
Processing & Network	-
Personec Group	-

The pension liabilities of a number of TietoEnator's employees have been transferred to pension insurance companies from TietoEnator's own or its customers' pension foundations. This resulted in recalculations of pension assets and liabilities according to IFRS. The total net impact on the Group's operating profit was EUR +2.3 million and in the business areas as follows:

	MEUR
Banking & Insurance	+0.7
Telecom & Media	+2.0
Government, Manufacturing & Retail	-1.3
Healthcare & Welfare	+0.1
Forest & Energy	+0.4
Processing & Network	-0.1
Personec Group	+0.5

Net financial expenses were EUR 3.0 (1.0) million in the quarter. Net interest expenses were EUR 2.5 (2.2) million and one-time net losses from foreign exchange transactions EUR 0.3 (+ 0.7) million. EUR 1.6 million of the net interest expenses were in the Personec Group.

First-quarter earnings per share (EPS) totalled EUR 0.29 (0.31). EPS was affected by capital gains of EUR 0.06 (0.02) per share, amortization on intangibles of EUR -0.02 (-0.02) per share and stock option expenses of EUR -0.01 (-0.03) per share. Excluding these items EPS amounted to EUR 0.26 (0.33). Diluted earnings per share totalled EUR 0.28.

The 12-month rolling return on capital employed (ROCE) was 28.8% and the return on shareholders' equity (ROE) 27.6%.

Financing and investments

Cash flow from operations amounted to EUR 37.5 (52.5) million in the quarter. Operating profit contributed EUR 45.4 (52.4) million and the decrease in working capital generated EUR 5.0 (4.5) million. Tax payments were higher at EUR 11.5 (4.3) million. The increase is mostly due to the payment of earlier recognized deferred taxes in Sweden. The deferred tax asset was further employed in Finland.

Payments for new acquisitions totalled EUR 27.6 million, which included around EUR 25 million for Manpower's payroll and Human Resources outsourcing business. The equity ratio was 34.7% (45.6). Gearing increased to 43.9% (20.6), but was at the same level as at the end of 2005. Net debt totalled EUR 198.6 (97.8) million including EUR 286.0 million in interest-bearing debt, EUR 19.6 million in finance lease liabilities, EUR 9.1 million in finance lease receivable and EUR 97.1 million in cash and cash equivalents. EUR 124.6 million of the debt belonged to Personec Group. The other interest-bearing debt consists of a three-year EUR 50 million bilateral credit facility, a seven-year EUR 50 million private placement bond and usage of EUR 55 million from the short-term commercial paper programme. At the end of the quarter unused credit facilities totalled EUR 200 million.

Accrual-based investments totalled EUR 50.4 (134.3) million for the period. Capital expenditure including financial leasing accounted for EUR 15.8 (36.0) million, investments in business activities for EUR 3.1 (8.4) million, and investments in subsidiary and associated company shares for EUR 31.5 (89.8) million.

Personnel

The number of full-time employees totalled 15 318 (13 723) at the end of the first quarter. Acquisitions and new outsourcing contracts added around 500 during the period. Recruitment was slightly higher than the year before: a total of 491 (469) employees were hired. Most of the net recruitment took place in low cost countries.

Personnel adjustments have continued, mostly in Banking & Insurance, Processing & Network and Telecom & Media. In total 99 employees were affected during the first quarter.

Personnel negotiations in Telecom & Media's Operators unit in Sweden are ongoing and the process will be finished during the second quarter. The process will affect approximately 100 persons.

Telecom & Media's unit Telecom R&D Infrastructure will start personnel negotiations in Sweden to adjust the organization to the new business needs. Currently TietoEnator expects that the need to reduce the cost base in the unit corresponds to around 75 jobs. These actions are needed due to too low utilization of personnel and the change in the competence mix that customers are demanding.

Employee turnover has continued to increase. The 12-month rolling figure stood at 7% (5) at the end of March.

On average the number of employees totalled 15 235 (13 634) in the first quarter.

At the end of the first quarter the number of people in low-cost countries totalled about 1 330. TietoEnator is planning to increase its low-cost staff to roughly 2 000 by the end of 2006. TietoEnator considers that in the long-term up to 40% of its workforce can be located in low-cost countries.

Board of Directors and management

TietoEnator Corporation's Annual General Meeting on 23 March 2006 re-elected the previous Board members: Mariana Burenstam Linder, Bengt Halse, Kalevi Kontinen, Matti Lehti, Olli Martikainen, Olli Riikkala and Anders Ullberg.

The Board of Directors elected Matti Lehti as its chairman and Anders Ullberg as its vice chairman. The Board also appointed a Compensation and Nomination Committee, comprising Kalevi Kontinen (chairman) and Bengt Halse, and an Audit and Risk Committee, comprising Anders Ullberg (chairman), Olli Martikainen and Olli Riikkala.

In February Mr Matti Viljo was appointed Senior Vice President of the Banking & Insurance business area from April 2006. In March Mr Juhani Strömberg, Senior Vice President, Strategic Offering decided to leave the company from 1 April 2006.

Dividend

The Annual General Meeting approved a dividend of EUR 0.85 (1.00) per share. The total dividend payment of EUR 64.5 million took place in mid-April.

Shares and options

The outstanding number of shares excluding the shares in the company's possession was 75 840 212 at the end of March. At the end of the quarter TietoEnator held a total of 2 903 860 of its own shares or 3.7% of the voting power. The Annual General Meeting decided to nullify all of the shares in the company's possession and the reduction in the number of shares was entered in the Finnish Trade Register on 10 April 2006.

A total of 750 new shares were registered as a result of subscriptions by options under the Stock Option Programme 2002 A during the first quarter and an additional 50 in April.

The Annual General Meeting authorized the Board to repurchase the company's own shares to the extent this does not exceed 10% of the company's share capital. The authorization is in force for one year. On 26 April the Board decided to start a share repurchasing programme with the purpose of hedging the costs of the three-year share-based incentive plan that the Board decided in December 2005.

A total of 386 530 non-allocated options from the Stock Options 2002 B programme were annulled and the change was registered on 10 April. After the annulment the remaining options of the programme entitle to subscribe for 962 300 TietoEnator shares starting on 1 December of 2006.

The Annual General Meeting approved a new stock option programme for TietoEnator's key employees with a maximum of 1 800 000 options each entitling to subscribe for one share. In March the Board of Directors decided to allocate approximately 500 000 options (2006 A) to about 300 key employees. The subscription period of the 2006 A options is 1 March 2009 - 31 March 2011.

TietoEnator's Annual General Meeting also approved authorizations to issue share and option rights or raise convertible bond loans. The Board has not exercised these authorizations.

Some items affecting the 2006 full-year accounts

The net of acquisitions and divestments finalized up to this date is expected to contribute around 4% of net sales growth in the full year.

The growth in the second quarter will be affected by the fewer number of working days due to Easter and no material rewards from Telecom & Media's partnership contracts, which in the second quarter of 2005 totalled EUR 6 million.

The costs related to the restructuring process of Telecom R&D Infrastructure in Sweden are expected to total around EUR 5 million and to fall due in full in the second quarter. The process is expected to result in savings of around EUR 5 million in somewhat over 12 months' time. For the whole 2006 TietoEnator now expects restructuring expenses to total around EUR 12 million.

TietoEnator expects that the provisions for the underperforming projects made in the first quarter are sufficient and that the further costs from these projects will be minor during the remainder of 2006.

TietoEnator expects amortization of intangible assets of around EUR 9 million and stock option expenses and costs related to the share-based incentive programme of around EUR 7 million in 2006. These are included in the Group's operating profit.

Prospects for 2006

In 2006 organic growth is expected to increase from 2005, but will be affected by the low growth prospects of the Telecom & Media business area and the increase in global sourcing. TietoEnator will further invest in its low-cost sites and intensify its cost-cutting programmes.

For the full year 2006 TietoEnator expects total growth to be 5-9% excluding potential new acquisitions. The EBIT margin excluding capital gains but including restructuring of around EUR 12 million is expected to range between 8% and 10%.

Financial calendar in 2006

Capital Markets Day on 24 May 2005 in Espoo

Interim report for January – June 2006 on 21 July 2006

Interim report for January – September 2006 on 20 October 2006

This interim report has been prepared according to the same accounting principles as the financial statements for 2005 except for IFRIC 4, which was applied 1 January 2006. The figures in this report are unaudited.

Key figures	2006 1-3	2005 1-3	2005 1-12
Earnings per share, EUR			
- basic	0.29	0.31	1.75
- diluted	0.28	0.31	1.75
Earnings per share, EUR a)	0.26	0.33	1.66
Equity per share, EUR	5.97	6.84	6.60
Return on equity rolling 12 month, %	27.6	42.4	27.3
Return on capital employed rolling 12 month, %	28.8	27.9	29.7
Equity ratio %	34.7	45.6	39.8
Net interest-bearing liabilities, EUR million	198.6	97.8	210.3
Gearing, %	43.9	20.6	44.1
Investments, EUR million	50.4	134.3	270.3

a) Excluding goodwill impairments, amortisation on allocated intangible assets from acquisitions, stock option expenses and one-time capital gains.

Income statement, EUR million	2006	2005	change	2005
	1-3	1-3	%	1-12
Net sales	440.6	406.9	8	1676.5
Other operating income	6.6	1.9	247	25.2
Employee benefit expenses	260.8	233.8	12	937.6
Depreciation and amortisation	14.6	15.2	-4	57.9
Impairment of goodwill	-	-		-
Other operating expenses	137.1	124.0	11	523.6
Share of associated companies' result	0.2	0.2	0	0.2
Operating profit (EBIT)	34.9	36.0	-3	182.8
Net interest expenses	-2.5	-2.2	14	-7.8
Net exchange losses	-0.3	0.7	-143	-1.0
Other financial income and expenses	-0.2	0.5	-140	-0.4
Profit before taxes	31.9	35.0	-9	173.6
Income taxes	-9.3	-11.1	-16	-35.6
Net profit for the period	22.6	23.9	-5	138.0
Net profit for the period attributable to				
Shareholders of the parent company	21.7	24.2	-10	136.3
Minority interest	0.9	-0.3		1.7
	22.6	23.9	-5	138.0

Earnings attributable to the shareholders of the parent company per share (EUR)

Basic	0.29	0.31	-6	1.75
Diluted	0.28	0.31	-10	1.75

Employee benefit expenses include rental payments on company cars and non-statutory employee benefits, such as meals, healthcare and leisure time activities. The provision for bonuses was EUR 3.3 million (1.7 previous year) and the stock option expenses (share based payments) were EUR 0.8 million (0.4).

Number of shares	2006	2005	2005
	1-3	1-3	10-12
Outstanding shares, end of period			
Basic	75 840 212	78 742 122	75 839 462
Diluted	76 227 581	79 615 110	76 142 318
Outstanding shares, average			
Basic	75 840 120	78 742 122	76 305 323
Diluted	76 531 509	78 750 463	76 541 172
Company's possession of its own shares, end of period	2 903 860	4 144 322	2 903 860
Company's possession of its own shares, average	2 903 860	4 144 322	2 437 008

Balance sheet, EUR million	2006	2005	change	2005
	31 March	31 March	%	31 Dec
Intangible assets	79.8	64.1	24	73.9
Goodwill	466.1	362.7	29	436.9
Tangible assets	96.9	98.3	-1	100.6
Deferred tax assets	94.2	116.3	-19	98.3
Investments in associated companies	4.5	13.1	-66	5.0
Other non-current assets	2.0	1.9	5	2.0
<i>Total non-current assets</i>	743.5	656.4	13	716.7
Interest-bearing	9.8	13.5	-27	10.8
Trade and other receivables	521.5	460.5	13	484.6
Cash and cash equivalents	97.1	92.9	5	99.9
<i>Total current assets</i>	628.4	566.9	11	595.3
Total assets	1371.9	1223.3	12	1312.0
Share capital, share issue premiums and other reserves	141.4	176.6	-20	141.4
Retained earnings	297.3	352.0	-16	347.3
<i>Parent shareholders equity</i>	438.7	528.6	-17	488.7
Minority interest	13.7	9.9	38	12.2
<i>Total Equity</i>	452.4	538.5	-16	500.9
Finance lease liability	19.6	36.5	-46	22.2
Shareholders' loan	37.0	36.9	0	37.0
Other interest-bearing loans	127.2	65.3	95	106.0
Deferred tax liabilities	22.8	19.8	15	23.3
Pension obligations	41.1	59.7	-31	53.4
Provisions	11.7	9.7	21	9.6
Other non-current liabilities	1.1	0.1	1000	1.1
<i>Total non-current liabilities</i>	260.5	228.0	14	252.6
Trade and other payables	537.2	404.4	33	413.2
Interest-bearing loans	121.8	52.4	132	145.3
<i>Total current liabilities</i>	659.0	456.8	44	558.5
Total equity and liabilities	1371.9	1223.3	12	1312.0

The group has a 3-year EUR 150 million credit facility signed in June 2004, 3-year bi-lateral EUR 50 million loan agreement signed in June 2005, 7-year EUR 50 million private placement programme also signed in June 2005 and commercial paper programme for EUR 250 million. End of March both 3-year bi-lateral and 7-year private placement agreements were in use. In addition EUR 55 million was in use from the commercial paper programme. Group has also uncommitted credit limits of about EUR 5 million that were not in use end of March.

Deferred tax assets end of March 2006 include the remaining EUR 50 million, which rose from the loss incurred in the parent company related to the intra-group transaction carried out in April 2004.

Trade and other payables end of March 2006 include EUR 64.5 million unpaid dividend.

Net working capital in the balance sheet, EUR million	2006	2005	change	2005
	31 March	31 March	%	31 Dec
Accounts receivable	314.8	263.7	19	307.1
Other working capital receivables	188.8	190.1	-1	162.4
Working capital receivables included in assets	503.6	453.8	11	469.5
Operative accruals	255.8	229.6	11	225.3
Other working capital liabilities	192.4	152.8	26	170.1
Working capital liabilities included in current liabilities	448.2	382.4	17	395.4
Net working capital in the balance sheet	55.4	71.4	-22	74.1

Working capital excludes pension liabilities and provisions. The change in net working capital in the balance sheet does not equal to that in the cash flow due to acquisitions and disposals.

Cash flow, EUR million	2006	2005	2005
	1-3	1-3	1-12
Cash flow from operations			
Operating profit	34.9	36.0	182.8
Adjustments to operating profit			
Depreciation and amortisation	14.6	16.2	61.8
Profit/loss on sale of fixed assets and shares	-4.7	0.0	-20.9
Share of associated companies' result	-0.2	-0.2	-0.2
Other adjustments	0.8	0.4	3.0
Change in net working capital	5.0	4.5	-1.2
Cash generated from operations	50.4	56.9	225.3
Net financial items	-1.4	-0.1	-2.0
Income taxes paid	-11.5	-4.3	-17.9
Net cash flow from operations	37.5	52.5	205.4
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	-25.0	-75.5	-163.6
Capital expenditures	-15.8	-25.8	-76.2
Disposal of business operations and associated company	5.2	0.0	25.0
Other investing activities	0.8	0.3	1.8
Net cash used in investing activities	-34.8	-101.0	-213.0
Dividends and donations	-1.2	0.0	-79.9
Repurchase of own shares	0.0	0.0	-80.0
Proceeds from finance lease liabilities	0.0	16.6	16.6
Payment of finance lease liabilities	-2.7	-2.2	-6.8
Net cash change in other financing activities	-1.2	36.1	166.1
Change in cash and cash equivalents	-2.4	2.0	8.4
Cash and cash equivalents at beginning of period	-99.8	-90.7	-90.7
Foreign exchange differences	0.3	-0.2	-0.7
Cash and cash equivalents at end of period	97.1	92.9	99.8
	-2.4	2.0	8.4

Statement of changes in Shareholders equity

	Parent shareholders equity				Minority interest	Total equity
EUR million	Share capital	Share issue premiums and other reserves	Translation differences	Retained earnings		
Balance at 31 Dec 2004	82.9	94.8	-6.0	330.2	9.5	511.4
Translation difference		-0.8	-0.6	2.0		0.6
Minority interest					0.6	0.6
Transfer between restricted and non-restricted equity		-0.3		0.3		0.0
Share based payments recognised against equity				0.4		0.4
Dividend						0.0
Own shares purchased						0.0
Other changes				1.5		1.5
Net profit for the period				24.2	-0.2	24.0
At 31 March 2005	82.9	93.7	-6.6	358.6	9.9	538.5
Balance at 31 Dec 2005	78.7	62.7	-8.2	355.5	12.2	500.9
Translation difference			-1.8	-1.4		-3.2
Minority interest					0.6	0.6
Cancellation of own shares						0.0
Transfer between restricted and non-restricted equity						0.0
Share based payments recognised against equity				0.8		0.8
Dividend				-64.5		-64.5
Own shares purchased						0.0
Exercise of share options						0.0
Other changes				-4.8		-4.8
Net profit for the period				21.7	0.9	22.6
At 31 March 2006	78.7	62.7	-10.0	307.3	13.7	452.4

SEGMENT INFORMATION

Net sales by business area,	2006	2005	Change	2005
EUR million	1-3	1-3	%	1-12
Banking & Insurance	72	52	38	237
Telecom & Media	135	134	1	544
Government, Manufacturing & Retail	66	60	10	239
Healthcare & Welfare	34	30	14	131
Forest & Energy	39	38	3	160
Processing & Network	91	87	5	345
Personec Group	37	31	17	129
Group eliminations incl other	-33	-24	36	- 109
Group total	441	407	8	1 677

Country Sales, EUR million	2006	Change	Share	2005	Share	2005	Change
	1-3	%	%	1-3	%	1-12	%
Finland	205	9	47	188	46	774	0
Sweden	130	-6	30	138	34	518	1
Norway	26	16	6	22	5	92	9
Denmark	14	19	3	12	3	52	31
Germany	24	2	6	24	6	102	181
Great Britain	11	669	2	1	0	32	355
France	4	-25	1	6	1	21	-
Other	26	68	6	16	4	85	28
Group total	441	8	100	407	100	1677	10

Net sales by industry segment,	2006	Change	Share	2005	Share	2005	Change
EUR million	1-3	%	%	1-3	%	1-12	%
Banking and insurance	87	33	20	66	16	305	16
Public	88	11	20	80	20	330	6
Telecom and media	127	-7	29	137	34	549	20
Forest	21	2	5	21	5	89	2
Energy	19	5	4	19	5	77	12
Manufacturing	26	22	6	21	5	89	9
Retail & Logistics	26	-6	6	28	7	105	-17
Other	46	25	10	37	9	132	5
Group total	441	8	100	407	100	1677	10

Operating profit (EBIT), EUR million

	2006	2005	Change	2005
	1-3	1-3	%	1-12
Banking & Insurance	4.5	4.9	-8.0	24.5
Telecom & Media	9.2	15.0	-39.0	71.3
Government, Manufacturing & Retail	9.7	6.0	62.1	22.8
Healthcare & Welfare	1.5	2.2	-31.3	19.8
Forest & Energy	2.6	3.8	-30.5	17.4
Processing & Network	8.9	7.5	18.8	28.6
Personec Group	5.0	3.3	54.7	13.7
Business areas	41.4	42.5	-2.8	198.1
Group Operation incl other	-6.5	-5.7	12.8	- 24.0
Associated companies outside BA	0.0	0.0	-100.0	-0.1
Group capital gains	0.0	-0.9	-100.0	8.7
Operating profit (EBIT)	34.9	36.0	-3.0	182.8

Operating profit, EUR million excl capital gains and impairment losses

	2006	2005	Changes	2005
	1-3	1-3	%	1-12
Banking & Insurance	4.5	4.9	-8.0	23.3
Telecom & Media	9.2	15.0	-39.0	70.2
Government, Manufacturing & Retail	4.9	6.0	-17.4	21.6
Healthcare & Welfare	1.5	2.2	-31.3	16.9
Forest & Energy	2.6	2.0	33.5	13.5
Processing & Network	8.9	7.5	18.8	28.6
Personec Group	5.0	3.3	54.7	13.7
Business areas	36.6	40.7	-10.1	187.9
Group operation incl other	-6.5	-5.7	12.8	- 24.0
Associated companies outside BA	0.0	0.0	-100.0	- 0.1

Operating profit (EBIT excl capital gains and impairment losses)

	30.2	35.1	-14.0	163.8
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Operating margin (EBIT), %

	2006	2005	Change	2005
	1-3	1-3	%	1-12
Banking & Insurance	6.2	9.4	-3.1	10.3
Telecom & Media	6.8	11.3	-4.5	13.1
Government, Manufacturing & Retail	14.7	10.0	4.7	9.5
Healthcare & Welfare	4.4	7.2	-2.8	15.1
Forest & Energy	6.7	9.9	-3.2	10.9
Processing & Network	9.8	8.6	1.2	8.3
Personec Group	13.7	10.4	3.3	10.6
Business areas	9.4	10.5	-1.1	11.8
Operating margin (EBIT)	7.9	8.8	-0.9	10.9

Operating margin (EBIT) excl capital gains and impairment losses, %

	2006	2005	Change	2005
	1-3	1-3		1-12
Banking & Insurance	6.2	9.4	-3.1	9.8
Telecom & Media	6.8	11.3	-4.5	12.9
Government, Manufacturing & Retail	7.5	10.0	-2.5	9.1
Healthcare & Welfare	4.4	7.2	-2.8	12.9
Forest & Energy	6.7	5.1	1.5	8.4
Processing & Network	9.8	8.6	1.2	8.3
Personec Group	13.7	10.4	3.3	10.6
Business areas	8.3	10.0	-1.7	11.2

Operating margin (EBIT), excl capital gains and impairment losses

6.8	8.6	-1.8	9.8
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Personnel	End of period			Average	
	2006	Change	Share	2005	2005
By business area	1-3	%	%	1-3	1-12
Banking & Insurance	2 166	22	14	1 783	2 070
Telecom & Media	4 751	15	31	4 147	4 781
Government, Manufacturing & Retail	1 982	1	13	1 956	1 997
Healthcare & Welfare	1 165	23	8	947	1 107
Forest & Energy	1 237	- 2	8	1 262	1 279
Processing & Network	1 961	- 7	13	2 102	1 977
Personec Group	1 161	15	8	1 009	1 033
Group Operation	895	-	6	517	757
Group total	15 318	12	100	13 723	15 001

	End of period			Average	
	2006	Change	Share	2005	2005
By country	1-3	%	%	1-3	1-12
Finland	6 768	2	44	6 628	6 628
Sweden	4 088	1	27	4 028	4 026
Norway	981	11	6	881	944
Great Britain	324	1 520	2	20	379
Germany	912	6	6	857	845
Denmark	369	9	2	339	352
Czech	491	138	3	206	427
Latvia	424	179	3	152	404
France	108	- 18	1	131	116
India	160	154	1	63	148
USA	75	- 19	0	93	76
Other	618	91	4	325	656
Group total	15 318	12	100	13 723	15 001

The personnel figures for the associated companies under TietoEnators management responsibility are reported according to our holding. Personnel figures including these associated companies to 100% give a total of 15 709 (14 145) at the end of period.

Total assets, EUR million	2006	2005	Change	2005
	31 Mar	31 Mar	%	31 Dec
Banking & Insurance	229.2	147.8	55	228.4
Telecom & Media	395.6	408.4	-3	384.6
Government, Manufacturing & Retail	63.1	69.9	-10	73.0
Healthcare & Welfare	90.2	58.2	55	85.7
Forest & Energy	117.5	96.8	21	107.2
Processing & Network	175.2	164.1	7	165.0
Personec Group	60.6	34.8	74	75.9
Group elimination	-32.5	-39.4	-18	-75.6
Business areas	1 099.1	940.5	17	1 044.3
Group Operation	272.8	282.8	-4	267.7
Group total	1 371.9	1 223.3	12	1 312.0

Total liabilities, EUR million	2006	2005	Change	2005
	31 Mar	31 Mar	%	31 Dec
Banking & Insurance	90.2	75.2	20	86.5
Telecom & Media	143.5	160.4	-11	145.4
Government, Manufacturing & Retail	59.9	40.1	49	36.7
Healthcare & Welfare	32.1	40.8	-21	42.1
Forest & Energy	62.9	52.1	21	51.0
Processing & Network	79.2	82.3	-4	72.7
Personec Group	165.3	134.3	23	137.5
Group elimination	-50.5	-40.8	24	-37.8
Business areas	582.6	544.5	7	534.1
Group Operation	336.9	140.4	140	276.8
Group total	919.5	684.8	34	811.0

Segment assets by country, EUR million	2006	2005	Change	2005
	31 Mar	31 Mar	%	31 Dec
Finland	360.0	368.0	-2	385.7
Sweden	388.8	317.1	23	336.7
Norway	83.9	62.4	34	64.1
Germany	124.3	124.6	0	114.4
Great Britain	86.8	0.9	9373	89.5
Other	55.2	67.4	-18	53.9
Business areas	1 099.1	940.5	17	1 044.3

Depreciation, EUR million	2006	2005	Change	2005
	1-3	1-3	%	1-12
Processing & Network	7.5	8.1	-6	31.4
Other	5.0	5.2	-4	19.6
Group total	12.5	13.2	-6	51.0

Amortisation on allocated intangible assets from acquisitions, EUR million

	2006	2005	Change	2005
	1-3	1-3	%	1-12
Telecom & Media	1.2	1.6	-28	4.3
Other	0.9	0.4	117	2.6
Group total	2.1	2.0	3	6.9

Impairment losses, EUR million

No impairment losses have been recognised during 2006 and 2005.

Capital expenditure by business	2006	2005	Change	2005
Area, EUR million	1-3	1-3	%	1-12
Processing & Network	12.9	20.7	-37	54.3
Other	2.9	15.3	-81	24.0
Group total	15.8	36.0	-56	78.3

	2006	2005	
Commitments and contingencies, EUR million	31 March	31 Dec	change %
For TietoEnator obligations			
Pledges	0.8	0.8	0
On behalf of associated companies			
Guarantees	1.5	1.5	1
Other TietoEnator obligations			
Rent commitments due in one year	56.5	60.8	-7
Rent commitments due in 1-5 years	169.2	173.5	-2
Rent commitments due after 5 years	6.9	9.5	-27
Operating lease commitments due in one year	8.6	8.9	-3
Operating lease commitments due in 1-5 years	7.6	8.3	-8
Operating lease commitments due after 5 years	0.0	0.6	-100
Other commitments *)	62.4	71.1	-12

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.

*) Including EUR 54,9 (62,9 year 2005) million commitment mainly for purchase of hardware

Notional amounts of derivative financial instruments, EUR million	2006	2005
	31 March	31 Dec
Foreign exchange forward contracts	287.6	289.5
Interest rate swap	2.0	2.0

Includes the gross amount of all notional values for contracts that have not yet been settled or closed. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

Fair values of derivatives, EUR million

The net fair values of derivative financial instruments at the	2006 31 March	2005 31 Dec
balance sheet date were:		
Forward foreign exchange contracts	1.0	-0.9
Interest rate swap	-0.1	-0.1

Derivatives are used for hedging purposes only.

TietoEnator Corporation/Major shareholders 31 March 2006

	Shares	%
1 Didner & Gerge Aktiefond	1 800 000	2.3%
2 Roburs fonder	1 653 395	2.1%
3 Svenska Litteratursällskapet i Finland	1 314 000	1.7%
4 Tapiola	1 165 980	1.5%
5 OP funds	1 158 214	1.5%
6 Mutual Pension Insurance Co. Ilmarinen	1 099 180	1.4%
7 AMF Pensionsförsäkrings AB	980 000	1.2%
8 Varma Mutual Pension Insurance Co.	950 400	1.2%
9 SEB fonder	772 860	1.0%
10 Nordea fonder	748 534	1.0%
Remaining Nominee registered	48 300 957	61.3%
Others	18 800 552	23.9%
Total	78 744 072	100.0%

TIETOENATOR CORPORATION

TietoEnator's first quarter 2006 on 27 April

TietoEnator Corporation will publish its first quarter review for 1 January – 31 March 2006 at 8.00 EET am (7.00 CET am, 6.00 am UK time) on Thursday 27 April 2006.

Press conference for analysts and media will be held in Stockholm, Nordic Sea Hotel, Vasaplan, cabinet Oceanen, at 9.00 am CET, (10.00 am EET, 8.00 am UK time).

The conference will be hosted in English by President and CEO Pentti Heikkinen, Deputy CEO Åke Plyhm, CFO Timo Salmela and SVP Communications and Investor Relations Päivi Lindqvist. Notification of attendance to Therese Edehorn, therese.edehorn@tietoenator.com, tel. +46 8 632 1411.

The conference will be webcast and published live on the Internet at TietoEnator's website www.tietoenator.com/presentations and there will be a possibility to present questions on-line. An on-demand video will be available after the conference.

Conference call starting at 3.00 pm CET, (4.00 pm EET, 2.00 pm UK time) will also be available as live audio webcast on www.tietoenator.com/presentations. The call will be hosted by Timo Salmela and Päivi Lindqvist. Callers may access the conference directly at the following telephone numbers: US callers: +1 617 786 2961, non-US callers: +44 20 7365 8426, code 'TietoEnator'. Lines to be reserved ten minutes before start of conference call.

A replay will be available until 4 May 2006 in the following numbers: US callers: +1 617 801 6888, non-US callers: +44 20 7365 8427, access code: 70750667. An on-demand audiocast of the conference will also be published at TietoEnator's website later during the same day.

TietoEnator publishes financial information in English, Finnish and Swedish. All releases are posted in full on TietoEnator's website www.tietoenator.com as soon as they are published.

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TietoEnator is among the leading architects in building a more efficient information society and one of the largest IT services providers in Europe. TietoEnator specializes in consulting, developing and hosting its customers' business operations in the digital economy. The Group's services are based on a combination of deep industry-specific expertise and the latest information technology. TietoEnator has over 15 000 experts in more than 25 countries.
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