

# 07

Annual Report 2007

**Affecto**

**42** Order  
backlog  
M€

**127** Pro forma  
Net sales  
M€

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Net  
Sales  
growth

**94% 160** Growth target  
for 2009  
M€

## Year 2007

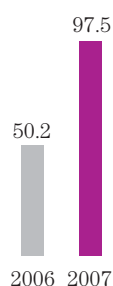
For Affecto, the year 2007 was a year of strong growth and internationalization. The acquisition of Component Software together with Affecto's Swedish business turned Affecto into a truly Nordic-wide service provider.

- Net sales grew by 94%, rising to 97.5 M€ (pro forma 127 M€).
- Operating profit amounted to 10.8 M€ or 11% of net sales.
- The order backlog was at a record high level of 42 M€ at the end of the year.
- By acquiring Component Software, Affecto strengthened its position as the leading BI solutions provider in the Nordic countries.
- Affecto's business grew by 75% in the Baltic region.
- Group companies recruited 365 new employees during the year.
- Affecto internationalized strongly and currently approx. 70% of the net sales is generated outside Finland.

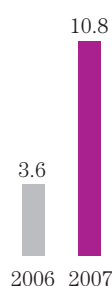
Key figures	2007	Change	2006
Net sales, M€	<b>97.5</b>	94%	50.2
Operating profit, M€	<b>10.8</b>	195%	3.6
Order backlog, M€	<b>41.6</b>	72%	24.2
Personnel at the year-end	<b>1129</b>	52%	745
Total shareholders' equity and liabilities, M€	<b>162.1</b>	106%	78.7
Profit/share, €	<b>0.38</b>	130%	0.16
Dividend/share, € *)	<b>0.16</b>	-	0.10
Equity ratio, %	<b>41.9</b>	-	52.0

\*) Board's proposal

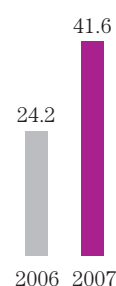
Net sales, M€



Operating profit, M€



Order backlog, M€



EBIT margin **11%** Personnel grew by **52%**

## Affecto in brief

### Affecto's operations

Affecto builds versatile IT solutions for companies and organisations to improve their efficiency in business and to support the related decision-making. With Affecto's Business Intelligence (BI) solutions organisations are able to link strategic targets and business management. Business Intelligence solutions enable the further processing and utilisation of information generated by ERP and other IT systems to the benefit of management and decision-making. The company also develops operational IT solutions and applications to boost and simplify business processes. Affecto offers Business Intelligence solutions throughout its operating areas in the Nordic and Baltic regions. The company builds operational IT solutions in Finland, Norway and the Baltic countries.

Affecto is headquartered in Helsinki, Finland. The company has subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Latvia and Poland.

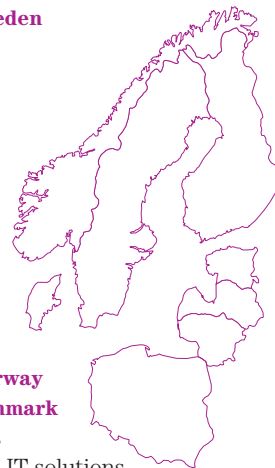
### Services by market areas

#### **Affecto Sweden**

BI solutions

#### **Affecto Finland**

BI solutions  
Operational IT solutions  
Geographic information services



#### **Affecto Norway**

#### **Affecto Denmark**

BI solutions  
Operational IT solutions

#### **IT Group, Baltic region**

Operational IT solutions  
BI solutions

# 0.38

EPS  
€

# 0.16

Dividend  
proposal  
€

## Vision

- In 2009, Affecto is the leading provider of Business Intelligence solutions in the Nordic and Baltic regions and in Eastern Europe. Affecto is the most competent and quality-focused provider of Geographic Information Systems, Enterprise Content Management and other operational IT solutions in selected industries and regions. We are one of the most profitable companies in the market area with net sales in excess of 160 million euros.
- Affecto constitutes the best investment that our stakeholders can make. For our employees, we represent the best employer in terms of enhancing competence and expertise. Our customers benefit from top-quality solutions and services, based on an in-depth understanding of the customer's needs. We offer our investors sustainable development of shareholder value.

## Strategy

- Sustainable and profitable growth is at the core of our strategy.
- Our business is based on two areas of solid competence: the production of Business Intelligence solutions and operational IT solutions. The latter comprise Geographic Information Systems, Enterprise Content Management solutions and other operational IT solutions.
- We utilise the vigorous market growth in the Baltic region and use it as a springboard for expansion to Eastern Europe.
- We focus on developing our employees' skills and competence. We believe in an inspiring style of leadership and we reward success.

Affecto has undergone substantial change in recent years. When trading began in the company's shares on the Helsinki stock exchange late spring 2005, Affecto's net sales and its personnel were half of those today, and the company operated in Finland and the Baltic countries. Our former net sales amounted to 127 million euros in 2007 and we employ over 1 100 people in the Nordic and Baltic regions and Poland. We have made rapid and resolute progress towards the targets that we set for ourselves. We have worked hard, but the markets have also favoured us.

# Resolute progress towards our vision

The year 2007 was a highly successful for Affecto. Our net sales grew by 94% to 97 million euros. A significant proportion of the growth was due to company acquisitions. In August 2007, we acquired a Norwegian company, Component Software Group ASA, through a public tender offer. This acquisition had an impact on Affecto's net sales beginning in September. Affecto's 2007 net sales figure reflected for the first time the contribution made by the Swedish company, Intellibis, which was acquired in December 2006. Affecto also benefited from strong organic growth, and the profitability of the entire group strengthened. Operating profit grew to 11 million euros.

## Bigger and stronger

As a result of the numerous acquisitions, Affecto is bigger, stronger, more focused and also a more international company. The acquisition of Component Software Group strengthened our competence in BI solutions, in particular. It also served to expand our geographical operation area. Our geographical market area covers Finland, Sweden, Norway, Denmark and the Baltic countries. We also have a subsidiary in Poland.

We strengthened our standing in all market areas, and all our country units performed well. Business grew very significantly in the Baltic countries in particular, and there was a substantial improvement in profitability.

We managed to consolidate our leadership status and competence in our business priorities, in other words in Business Intelligence solutions and in operational IT solutions. We turned in a positive utilisation rate and showed a high degree of success in the implementation of demanding customer projects. Because there was a slowdown in the sale of cartographic books, business in cartographical solutions developed more slowly.

We acquired several new customers in 2007, and by all indications customers are increasingly interested in more extensive solutions and in the concept of continuous service. As a result of the growth and development experienced in 2007, we are better placed than ever to meet this demand.

At the beginning of 2007, we changed our name from AffectoGenimap to Affecto, adopting a new business im-

age along the way. Thanks to active communication, the company's visibility and recognition in the market have increased quite considerably.

We have conducted several company acquisitions in rapid succession, and therefore it has become one of our key concerns to create effective game rules as well as an atmosphere of positive cooperation throughout the group. Even at the stage of concluding the deal, we make an effort to take into account the local business practice and the operating culture of the company concerned. As an international company Affecto can offer support in certain functions to the country units, but when it comes to the business operation, the decisions are taken at the level of the country unit itself – close to the customers.

## Room for growth in the markets

Today about 60% of group net sales accrues from Business Intelligence solutions and about 35% from operational solutions. These two business lines will increasingly be the focus of our attention; we anticipate growth in both areas. Affecto is already the clear market leader in most parts of its market area with its Business Intelligence solutions. The need for BI solutions is growing at an accelerated rate, because in order to support decision-making and leadership, organisations require more urgently ever more specific and more diverse data.

There is also a positive market trend in terms of operational IT solutions. It is estimated that the growth in demand will be particularly noticeable in Enterprise Content Management solutions. We also forecast future success in solutions for the insurance sector; in this field Affecto has already proved its worth and its competence globally. We anticipate that the demand for cartographic solutions will remain at the current level. In 2007, cartographic solutions accounted for approx. 10% of net sales.

## Competence gives us the edge

The key to our success is motivated and competent personnel. We make every effort to develop strongly our competence base and create a positive work atmosphere. In 2007, we executed an extensive leadership training

Net sales  
grew by  
**94%**



programme in Finland. The positive feedback that we have received on it will be put to good use when designing group-level training measures. Different types of training events are organised both internally and externally to support the professional development of the entire staff. Demanding customer projects also contribute to bolster our experts' competence and know-how.

In 2007, our personnel grew by 52%. Although faced with strenuous competition for IT experts, and at the moment particularly for BI consultants, we succeeded in attracting numerous experts to join the company. Affecto provides an excellent surveillance platform for observing the strongest growing specialisms in information technology. Furthermore, the company undertakes very challenging customer projects and offers competitive remuneration.

### Higher targets

Thanks to advantageous company acquisitions and profitable business operations, 2007 took us very close to the target figure of 100 million euros which we had set as our net sales target for 2009 in our strategy. Consequently, we have raised the stakes even further. Our new net sales target, which we hope to achieve during 2009, is 160 mil-

lion euros. The prospects for the coming year are bright. In the beginning of 2008, our order backlog stood at 42 million euros and we aim to reach 140 million euros net sales during this year.

We have laid solid foundations for organic growth and improved profitability. We want to reinforce our number one position in the Nordic countries and use the Baltic region to expand into Eastern Europe. We will focus on strengthening the operation of the entire Affecto Group and promoting the company name in the markets. Our goal is to broaden further our range of services and offer it throughout our market area.

Affecto has completed a very good year. I would like to extend my warmest thanks to all my colleagues as well as our clients, partners and shareholders. I look forward to the cooperation continuing on an equally solid footing.

Pekka Eloholma  
CEO

Affecto's IT service business is concentrated in two areas of solid expertise: Business Intelligence (BI) solutions and operational IT solutions. Affecto also produces geographic information services. Affecto's principal market area comprises Finland, Sweden, Norway, Denmark, the Baltic countries and Poland.

# Strong market position

Affecto is the leading provider of BI solutions in the Nordic countries and it also has a good market position in the Baltic region. The company occupies a good position in Finland as provider of operational IT solutions and in this field it also has a particularly solid footing in the Baltic region. In Finland, Affecto is the market leader in geographic information services.

## Aiming high

It is Affecto's goal to be the market leader in BI services, not just in the Nordic countries but also in Eastern Europe, as well as the most competent and highest-quality provider of operational IT solutions in selected industries and markets.

The company aims to exceed net sales of 160 million euros in 2009. The target will be sought principally through organic growth, but also acquisitions are possible to some extent. At the same time, the company aims to be one of the most profitable listed IT service providers in the Nordic region.

## Good offering

Business Intelligence solutions provide companies and organisations with information to support management. Because customers need more and more detailed data about their business operations in order to make decisions, interest in BI solutions is growing rapidly. There is also increasing demand for operational IT solutions, which boost the effectiveness of customers' operations. Affecto anticipates that demand will be particularly high for solutions for the insurance sector and for Enterprise Content Management solutions.

Affecto's offering enables the company to sell an ever broader spectrum of services. It is becoming more common to produce solutions by merging the skills and know-how that are required in BI solutions, on the one hand, and operational IT solutions, on the other. Customers also need wider ranging and more complete solutions to replace previously used more constricted reporting solutions.

**Affecto aims to exceed net sales of 160 million euros in 2009.**

## A stronger brand

Thanks to the company's extensive experience and the success of its projects, Affecto enjoys a good reputation amongst its customers. Following the change of the name and the corporate image of the company at the beginning of 2007, Affecto is now better

recognised by potential customers as well as professionals and students in the field, particularly in Finland.

The visibility of the company will be further promoted throughout the market area by means of proactive publicity and communication. In the future, Affecto's name will be adopted by every country unit and will thus be better recognised throughout the company's operating area.

## Diversified customer base

Affecto's diversified customer base comprises enterprises operating in different industries as well as public sector organisations. The customer base is also very broad, with even the largest customer contributing less than 5% to Affecto's net sales. Most of the customer relationships are long-term and ongoing. Projects can run for just a couple of weeks or for as long as two years. While BI projects typically last for a few weeks or months, projects producing and implementing operational solutions can be considerably lengthier. Frequently, customer relationships become long-term due to further development of the supplied service and the addition of an ongoing maintenance programme. As an alternative to a project agreement, the customer relationship may also be based on an agreement to provide the solution to the customer as a service (SAAS, Software as a Service).

Affecto wants to provide its customers with service that is as comprehensive as possible and the company aims to offer customers increasingly extensive individual projects. Because the need for Business Intelligence solutions, in particular, manifests itself more frequently in business management than in the IT management function, sales measures must target the right party in the company. Geographical expansion brings significant benefits and allows the company to forge new international customer relationships.



### **High standards in project work**

It is Affecto's goal to be one of the most profitable IT service providers in its market area. High standards in project management and a successful outcome, while also optimising the utilisation rate, are the most important factors contributing to profitability. An accurate definition of the requirements is carried out at the project sale stage. The extent of the future project and the resources required are then specified on the basis of that information. Affecto utilises clear-cut project work models and a precise system for monitoring project finances and performance.

In practical terms, solution planning and implementation amount to selling the company specialists' competence and working time. It is vital to maintain the specialists' utilisation rate as high as possible, in order to safeguard the company's profitability. The fact that in BI solutions, in particular, the specification work is still ongoing in the project implementation phase as customer's needs can change along the process, makes optimising the utilisation rate even more challenging.

### **Well-known technology partners**

The IT markets are made up of software producers as well as IT service companies offering system integration

### **Competition for skilled employees is currently hard.**

services, such as Affecto. Affecto supplies technology-independent consultancy services. The solutions are based on technologies selected in cooperation with the customer that best match the customer's own IT architecture and needs. Because Affecto's customers use several different technologies in their businesses, Affecto also needs diverse technological competence. Consequently, Affecto intends to establish collaboration with all technology partners whose solutions are widely applied.

Affecto's close collaboration with its technology partners takes diverse forms and includes joint selling and planning of services and technologies as well as training provision. Affecto's technology partners include, e.g., Business Objects, Cognos, ESRI, Hyperion, Informatica, Lawson, MapInfo, Microsoft, OpenText, Oracle, SAP, SAS and TIA.

The sector is undergoing consolidation, in which major, globally-active software houses are acquiring BI technology or BI software houses. Affecto expects that the consolidation will have a positive impact on the demand for BI solutions and on Affecto's own success as a provider of BI solutions. Affecto already collaborates fluently with all the parties concerned and has a strong base of specific expertise in BI solutions.

## Growth potential throughout the market area

The IT markets are growing in the Nordic region in line with general economic growth. In recent years, annual growth has been about 3% to 5%. According to several international research institutions, such as Gartner, IDC and Datamonitor, demand for BI solutions is growing at a rate that is clearly faster than the growth in demand for other information technology services. Annual growth of up to 12%, and more, is forecast in Business Intelligence services. These growth figures, outstripping growth in other IT fields, are based on the increase in demand for solutions that facilitate more comprehensive performance management and planning. There is a similar positive trend in the demand for operational IT solutions. Market demand is also growing for different solutions that exploit geographical data as is the demand for Enterprise Content Management services.

In the Baltic countries, demand for information technology services has been continuously very high for the past four years. According to some local estimates, growth in demand in 2007 was as high as 30%. The public sector, in particular, is engaged in a policy of ongoing investment in order to develop its service provision. Membership of the European Union also has a positive impact in all of the Baltic Countries. The new challenge, alongside that of growth, is the recruitment of competent personnel. Experts are the target of ever tightening competition, and experienced professionals are even scarcer.

## Prudent company acquisitions

Affecto's considerable growth in recent years has been not only organic in nature, but also based on several successful company acquisitions. Company acquisition will remain a viable means of expansion into new markets in the future and will also be used to enhance Affecto's competence base. Although there is constant consolidation in the sector, the market continues to accommodate several small, but competent companies. Affecto's current good financial standing allows it to finance company acquisitions, and the company also has the option to use its own shares as a means of payment.

## Dispersed competition

Affecto's competitors are the major Nordic providers of IT solutions and services, among them TietoEnator and Logica (former WM-data). The service provision of large multinationals, such as IBM, HP, Fujitsu and Accenture, also competes partly with Affecto's products and services. Furthermore, the market area accommodates small, local competitors that offer some of the same services as Affecto. Competition is therefore fairly dispersed, but definitely increasingly challenging. On the other hand, the very high demand for BI solutions allows Affecto to maintain current price levels. Competition for skilled employees is currently hard, and BI consultants, in particular, are much sought after. Affecto's reputation as a pioneer in specialist know-how and the solid proof that the company has of success in implementing demanding customer projects underpin the strengthening of the company's market position as well as assisting in the recruitment of new specialists in the sector.

**Net sales by region**



■ Finland 43%  
 ■ Baltic 24%  
 ■ Sweden 18%  
 ■ Norway & Denmark 16%  
 Total 97.5 M€

**Net sales by business segment**



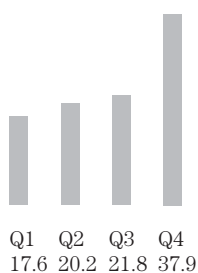
■ BI 49%  
 ■ Operational solutions 41%  
 ■ Cartographic solutions 10%

**Personnel by region**



■ Finland 33%  
 ■ Baltic 37%  
 ■ Sweden 15%  
 ■ Norway & Denmark 15%  
 Total 1 129 persons

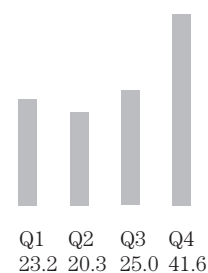
**Net sales quarterly, M€**



**Operating profit quarterly, M€**



**Order backlog quarterly, M€**



# Affecto's services

## BI solutions provide information to support management and enhance transparency

Business Intelligence solutions provide companies and organisations with information to support leadership and decision-making. With a BI solution, the information extracted from a customer's Enterprise Resource Planning (ERP) or another operational IT system can be integrated and utilised efficiently. BI solutions ensure that the customer's decisions are based on comprehensive, real-time business information. In recent years, the BI range of solutions has expanded to cover comprehensive performance management (Corporate Performance Management or CPM). CPM can be deployed in the organisation to facilitate the management of ever more extensive operational tasks such as financial planning and budgeting.

The volume of data in all organisations is increasing rapidly. In practice, it is already possible to store all data cost-effectively for later use. However, a solution constructed using different ERP systems does not always lend itself to flexible combinations of data. With BI solutions it is possible to collect data from sales, customer and financial systems, for instance, and then integrate the data to form visually coherent business metrics. In this format, the data can be used to monitor operations more comprehensively. The data can also simplify operational forecasting. BI solutions allow the company to monitor the entire business operation from purchases to sales and from production to supply, even taking in the management of resources. The solutions even allow the company to distribute the data to customers, partners and suppliers. Overall, the transparency of an organisation is enhanced.

BI solutions are always built in accordance with individual customer need and existing system infrastructure. The BI solution is implemented in close cooperation with the BI consultant and the customer and quite often the consultant works in customer's premises. The solutions are based on globally leading BI technologies and the software is selected in cooperation with the customer.

## Operational IT solutions boost processes

Affecto supplies customer-specific IT solutions for certain functions in selected customer industries to boost the customer organisation's operations. Operational IT solutions include, e.g., ERP systems, various operational applications or software services, Enterprise Content Management (ECM) solutions and Geographical Information Systems (GIS) solutions. Affecto's competence extends to globally leading solutions for the insurance industry, for example. In the Baltic region, Affecto is a significant Oracle ERP integrator.

Affecto's Enterprise Content Management services cover every stage of the document's life cycle, starting with document capture, workflow processing and document management right up to data storage.

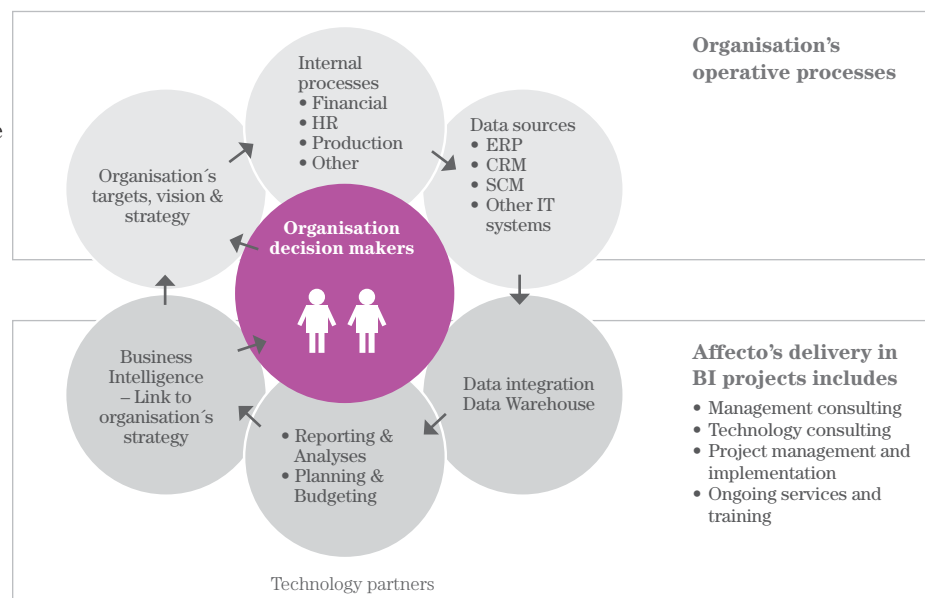
Geographic Information Systems solutions can be used to enhance the operational processes of a transport chain, bring added efficiency and methodology to fieldwork, analyse competitor data or regional risk factors and identify the optimal trading location. As part of Geographic Information Systems solutions, Affecto supplies also digital geographic data.

## Geographic information services including digital geographic data

Affecto utilises its geographic information know-how also in various geographic information services. Affecto is Finland's leading publisher of maps and charts and a distributor and retailer of both Finnish and foreign cartographic products. Under the trading name Karttakeskus, Affecto produces high-quality cartographic and CD products as well as various atlases, such as an atlas of Finland and a world atlas and series of historical maps and facsimiles. Affecto's digital geographic data services are included in Geographic information services. In 2007 the name of this business segment was Cartographic solutions.

## Business Intelligence

Today, Business Intelligence solutions connect organisation's core processes more and more tighter to business strategy



Affecto's goal is to be the most attractive employer in the industry. The goal is achievable through inspiring leadership and a supportive compensation scheme and by offering employees the opportunity to continuously develop their skills and competence within their field of expertise. Affecto wants to be a motivational and open work community that promotes development.

# A developing working place

Affecto's staff numbers grew by 52% in 2007. Company acquisition contributed approximately half of the growth, but recruitment was also brisk. At the year end, Affecto had 1 129 employees. The acquisition of Component Software Group ASA extended the geographical operating area to Norway and Denmark and increased the number of personnel employed in Sweden. A subsidiary was established in Poland. Currently, Affecto is represented in eight countries.

## **Demanding customer projects boost competence**

Affecto's business relies on its employees having the following core areas of competence and know-how: managing rapidly evolving technologies, understanding the operation and requirements of customers who represent a wide range of industries and having the skills to cooperate and interact with people.

The sector deploys numerous different technologies which all develop and are updated at a fast rate. Because the markets and the customers' operating environments also change rapidly, Affecto's specialists have to be prepared to monitor the sector very actively. Good interaction and cooperation skills promote customer satisfaction and trust and contribute to consolidating long-term customer relationships.

Apart from training, the best way to develop the personal skills of individual members of staff is for them to work on challenging customer projects in close cooperation with the customers. The rapid growth of Affecto's business operations and the company's geographical expansion both create more diverse opportunities also for personal competence development.

## **Promoting competence in leadership**

Good leadership and management lay the foundations for an effective and well-performing expert organisation. Rewarding and recognising good performance, promoting competence and creating a stimulating and motivational atmosphere form the cornerstones of good leadership. All of Affecto's country units apply systems for rewarding good results and individual performance. The aim is to have the systems to cover all personnel, group-wide.

Affecto's objective is to continuously develop management skills and tools. The first phase was implemented in 2007, when an extensive leadership training programme was organised for all the managers employed in the Finnish country organisation. The quality of leadership was

also one of the elements taken into account when rewarding them.

## **Brisk recruitment throughout the operating area**

The competition for competent employees has become even tougher throughout the group's geographical operating area. Despite the challenges, all Affecto Group companies were successful in their recruitment. The increased visibility and public recognition of Affecto in 2007 had an impact on success in recruitment, and this in turn was due to the investments made in both internal and external communication as well as in the actual recruitment events. Recruitment continues apace throughout the operating area.

## **Open interaction**

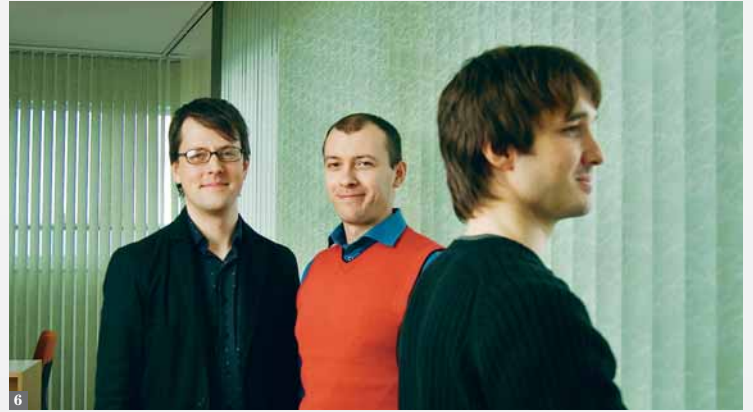
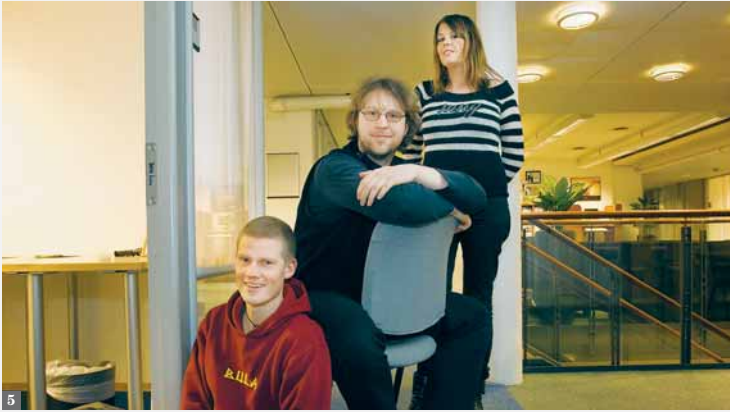
It is Affecto's target to operate openly and look after the welfare of its employees. The flow of information is enhanced by, for example, exploiting electronic communication channels ever more actively in internal group communication and in the group-wide networking of personnel. Open interaction is also a point of focus in leadership.

Annual staff satisfaction surveys have been conducted in most of the group companies. The results have been used in the ongoing operational and work community development. The first group-wide staff satisfaction study was carried out at the end of 2007.

## **Towards a unified Affecto**

In recent years, Affecto has made several acquisitions, which has increased the need to further develop common processes and methods in the group. At the end of 2007, the management and key personnel of the current Affecto Group convened for a group-wide networking and planning meeting.

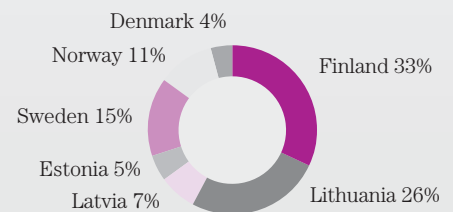
Because Affecto has grown so robustly through company acquisitions, one of the greatest internal challenges that the company will face in the coming years is to get Affecto to operate as a single company that works towards the achievement of common goals. One means of achieving this is to distribute and exploit competence across departmental and country unit divisions. Uniting resources for the development of competence is already underway with the construction of an extensive internal training and development project, the Affecto University concept. Collaboration will also be increased in recruitment and in induction training, as well as the development of leadership and reward schemes.



**Personnel**  
31 December 2007



**Personnel by country**  
31 December 2007



**AFFECTO EMPLOYEES** **1** Gabija Revuckienė and Aleksandr Kazimianec from Lithuania **2** Petter Wersland, Jan Strand and Jan Petter Berntsen from Norway **3** Mia Mäki-Kahra and Timo Helkiö from Finland **4** Rūta Šileikienė, Vita Rimienė and Giedrius Jaraminas from Lithuania **5** Kjetil Sahlberg, Magnus Hasselgård and Janne Gehrken from Norway **6** Kaur Tiitus, Yuri Nosach and Henry Melnikov from Estonia **7** Anne Varjokari and Henriikki Järvinen from Finland

In Finland, Affecto is the market leader in Business Intelligence solutions and Geographic Information services and also in many segments of operational IT solutions. The name of the Geographic Information services business was Cartographic Solutions in 2007.

# Favourable market trends in Finland

Finnish business grew by 15% to 41.7 million euros. The operating profit was 4.4 million euros, representing a decrease of 5% compared to the year 2006. Changes in the demand of the cartographic solutions caused mainly the decrease in the profitability. At the end of the year, the Finnish country unit employed 370 people.

## Stronger market position

Overall demand for information technology services grew in Affecto's market area by an average of 5%, but the growth in the market for BI solutions was noticeably stronger. Affecto's rate of growth in both BI solutions and operational solutions outstripped market growth. However, the market in cartographic solutions, and in printed maps and atlases in particular, has ceased to grow, as the demand for electronic solutions is growing.

Affecto's status as provider of BI solutions and operational solutions was further consolidated. The company successfully secured several new prominent customer relationships during 2007. Affecto is now also much more readily recognised by potential customers in Finland.


## New competent employees

The resource utilisation rate remained at a positive level throughout the year, due to the increase in the orderbook and the large number of ongoing projects. New employees were recruited, in particular, to implement BI and ECM solutions.

An extensive leadership training programme was carried out in Finland, with participation by every manager in the company. The organisational structure was also deepened, in order to improve the quality of leadership.

## Positive outlook

Overall, Affecto's markets have a positive outlook. We expect significant growth in the demand for BI solutions, due to new methods that can be applied to develop the comprehensive management of corporate performance as well as forecasting. The fact that global software companies are acquiring BI software producers is anticipated to have a positive future impact on Affecto's operations in Finland. The forecast for operational IT solutions is also bright. In particular, we estimate growth in the demand for Enterprise Content Management (ECM) solutions. It is Affecto's goal to forge further significant customer relationships and construct and manage larger service packages. We want to deepen further our understanding of customers' businesses. This objective is taken into account in our recruitment policy. Access to competent and expert manpower will become a major challenge in the future. Consequently, internal training will be provided with a view to deepening and broadening employees' expertise. Affecto's position as a leader of BI solutions and its success in ECM sales together with its improved visibility in the markets will aid recruitment.

Business operations in Finland		 <b>Stig-Göran Sandberg</b> Senior Vice President, Business Intelligence, Finland
Share of net sales	Share of personnel	



43%



33%

“In 2007 we saw the demand for versatile BI solutions growing. Thus, we continued to develop our BI service offering to meet the future customer demands and to further strengthen our market position. There seems to be especially big interest towards CPM and planning solutions in the market.”



## Parish registers into a national digital system

The Evangelical Lutheran parishes of Finland have maintained parish registers since the 1600s. The parish registers and family journals maintained by the parishes contain important information on the different life stages of the parish members, such as births, christenings, family relationships, confirmations, marriages and deaths. Right up to the 1950s, the format of the data in the parish registers varied from parish to parish. A unified format was adopted in the 1950s, when the specific double-sided 'family journal' format was created. It is awkward, time-consuming and costly to maintain and search data that is kept in paper format scattered around the country. For example, drafting the family history that is required for a deceased person's estate inventory

is extremely labour intensive, particularly in the case of persons who have moved several times in their lifetimes.

The Church Council, which manages the joint administration, finances and operation of the Church, decided that the digitisation of the parish registers and family journals should be carried out in conjunction with the reform of its own membership database. With the new application, data is scanned and saved directly into the system, which will make it available for browsing. Because the system will be used by all the parishes, the format will be harmonised. The new system will bring increased efficiency to the daily work of the parishes as well as improve customer service and provide a diverse selection of search options. The reform

will also safeguard the preservation of this unique material for future generations.

"Affecto was selected to supply the system for processing the digital data for the parish registers and family journals in the Church's membership data system because, according to our selection criteria assessment, Affecto offered the most economical system overall," IT System Manager Inkeri Kranttila from the Church Council. The project, which will take several years to complete, has started well. In addition to the planning resources of the Church Council, parish employees – who are the most familiar with the data content and the use of parish registers and family journals – are contributing to the requirement specification phase.

**IT SYSTEM MANAGER** Inkeri Kranttila praises Affecto's project management for its previous experience of parish digitisation projects.

In the Baltic countries, Affecto's service offering covers mainly operational IT solutions, but it also includes BI solutions. The majority of the business activity relates to extensive customer-specific systems, and consequently the individual projects implemented in the Baltic countries are more extensive than those by any of the other country units. The Baltic operating area covers Estonia, Latvia, Lithuania and Poland.

# Successful year in the Baltic region

In Lithuania, the Affecto Baltic country unit operates under the trading name Informacines technologijos (ITG), in Latvia and Estonia it is known as Mebius IT. The subsidiary established in Poland in 2007 operates as Mebius IT Poland.

Net sales of the Baltic country unit grew significantly in 2007 to 22.9 million euros (13.1 million euros in 2006). Profitability was also substantially stronger. Operating profit grew to 5.4 million euros (0.5 million euros in 2006). According to some local estimates, the information technology service sector experienced strong growth of about 30% in the Baltic region in 2007. Affecto's competitive standing in the markets was reinforced thanks to the company's strong growth, which easily outstripped market growth. The company is currently the second largest local provider of information technology services in the Baltic region and the market leader in Lithuania. Although the Baltic region is experiencing very high levels of demand for skilled labour, Affecto successfully recruited the required number of professionals in 2007. Affecto now employs 422 people (305 in 2006) in the Baltic Countries.

### New customers

Affecto has an extensive customer base, which comprises companies in the industrial, energy and data communication sectors and operators in the finance and insurance sectors as well as public sector companies. Some of

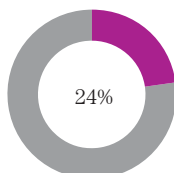
the customers in the insurance sector operate globally. Volume of sales grew particularly strongly in the insurance sector, but there was also an increase in orders from other sectors. New customer relationships were forged in 2007. The most notable of the new projects was the implementation of the TIA software for the Polish insurance company, Commercial Union Polska. Affecto established a new subsidiary in Poland which serves the insurance and energy sectors.

The Baltic country units were awarded several times for their cooperation with software providers. New products were also launched during the year, such as eArchive, a document management service, Sodas, a management system for electronic documents and a new customised version of Oracle eBusiness Suite eApskaita.

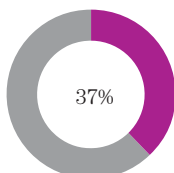
The Baltic markets are undergoing further growth and development, fuelled by strong economic growth and the EU funding of projects. Operational IT solutions are the focus of projects at the moment, but the markets are also beginning to see demand for Business Intelligence solutions. The sector has been the target of consolidation, and increasingly customers are putting their confidence in the major service providers. It is Affecto's goal to be the largest provider of IT services in the Baltic Countries. The objective is to grow organically and expand the operations also into neighbouring regions in Eastern Europe.

### Business operations in the Baltic region

Share of net sales



Share of personnel



**Darius Lazauskas**  
Director, Sales and Delivery,  
Baltic countries

“Our business in the Baltic countries grew significantly in 2007, altogether 75% compared to previous year. We were able to strengthen our market position further and recruit over 100 new employees despite the fierce competition for work force. We have strong presence in the Baltic market and can offer leading IT services to local and international customers.”



## More detailed data for decision-making

The Lithuanian electricity market was reorganised at the end of 2001, and the only undertaking in the sector, Lietuvos Energija, was divided into separate functional units. One of the outcomes of this reorganisation was the founding of AB Rytų Skirstomieji Tinklai (RST). In the national electricity market RST performs the functions of a distribution network operator and a public supplier. The company is in charge of maintenance, reliability and development of low (0.4 kV) and medium (10–35 kV) voltage electricity networks, as well as of electricity supply to the customers. RST operates 4 regions of Vilnius, Panevėžys, Alytus and Utena. On the territory cover-

ing 34.7 thousand square kilometres with the population of 1.7 million, the company provides its services up to 738 000 of customers.

Affecto's subsidiary ITG has started cooperation with RST in 2001. Over the years, ITG together with RST developed different operational IT solutions, such as, Electricity Billing Information System, New Client Subscription Information System, Information System For Prediction Of Electricity Power Consumption and Electricity Flows Management Information System.

The latest project has been the implementation of the Balanced Scorecard system. The objective of the

**ROLANDAS BAŠKYS** tells that the wide-reaching project achieved the targets set by the RST and was also successful in terms of quality, scheduling and budget.

project was to implement integrated solution supporting RST strategic and operational leadership processes and leveraging potential of the strategic management methodology. "The objective was achieved by establishing an extensive set of key performance indicators describing the organisation's performance at all levels. The information system allowed us to unify business metrics across the organisation. It aligns the business targets of different functional groups and business units. It provides RST with a coherent view of the current state as well as performance benchmarking over target values," RST's Procurement and Logistics Director Rolandas Baškys says.

Affecto's Swedish business operations comprise Business Intelligence solutions and the company is the leading provider in Sweden. Until the end of August 2007 the Swedish country unit operated under the name of Intellibis. In September, it was complemented by Component Software's Swedish unit. At the beginning of 2008 the organisations were integrated and operate now as Affecto Sweden.

# Stronger market position in Sweden

In 2007, the company's net sales in Sweden grew to 17.7 million euros. The positive trend in net sales was partly due to organic growth, but was also boosted by the merger of the Swedish business activities of Component Software Group, acquired by Affecto, with Affecto's Swedish country unit. Profitability saw similar positive growth. Operating income amounted to 1.5 million euros, including integration costs of about 0.3 million euros. Affecto was successful in its recruitment campaign despite the tough competition for experienced professionals in the field. At the end of the year the company employed altogether 165 people in Sweden.

### Consolidation in the sector

Affecto's position as the leading provider of BI solutions in the Swedish market was boosted as a result of the business merger. Demand in the sector continues to grow strongly and the competition is also increasing. The major service providers in information technology are making efforts to bolster their competence in the specialised field of BI solutions, while the existing smaller players in the sector have resorted to mergers in order to consolidate their market standings.

Nearly every operating sector is represented in Affecto's Swedish customer base. The most solid competence can be found in the insurance sector. Affecto has been successful in reaching the most potential users of its solutions in the client target group, often those at the very top of the management tree.

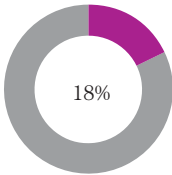
### Wider recognition of new name

The prospects are auspicious for 2008. Affecto's standing as the leading Nordic provider of BI solutions has given it a strong competitive edge in Sweden, as well. The merger of the Swedish operations of Component Software Group with those of Affecto Sweden enhanced the skills base and increased the resources of the country unit. The current target is to make potential customers more aware of the company's new name and its operations.

Boosting profitability and enabling growth will be focus points in the current year. One of the means to achieve these targets will be the continued recruitment of new employees. Market growth is forecast to continue strong, although it is possible that changes among the customers may have a negative impact on the demand for IT services.

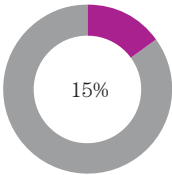
**Business operations in Sweden**

Share of net sales




18%

Share of personnel



15%



**Martin Hultqvist**  
Area Manager, Sweden

“2007 was an excellent year for Affecto in Sweden in terms of good growth and profitability. The most important event for us was the joining forces with Component Software as it expanded our offering to a new service level. Now we are able to deliver complete end-to-end BI solutions based on our business and operational expertise as well as deep technical know-how.”



## Travel agency needs fast access to data

The travel industry is undergoing rapid change. Because of several mergers in the sector, there are fewer operators, but the remaining ones are larger. Cut-price companies have also entered the markets, and customers have started to exploit the Internet, not just as a source of information, but also to make reservations. In order to retain the competitive edge, travel companies have to anticipate the consequences of change and adapt and react quickly. This requires not only accurate business data at the daily and weekly levels, but also detailed data on hotel and flight booking rates.

Fritidsresor Group/TUI Nordic commissioned a Data Warehouse solution from Affecto. The solution collects data and ensures that the collected data is made available to support decision-making. The system is deployed in the group management of Fritidsresor Group and in the company's planning, sales and financial administration functions as well as operational work. Accurate and detailed data enables the company to optimise its own resources and improve its service to customers. "Because the new system saves time in wide range of business decisions, we are able to focus more on strategic

work and analysis", Mats O. Eklund, Fritidsresor Group's IT Director, explains.

Fritidsresor Group is one the largest travel groups in the Nordic region. It sells about 1.2 million holidays annually in Sweden, Norway, Denmark and Finland under the brands of Fritidsresor, StarTour and Finnmatkat. The company is a part of the leading European travel company, TUI Travel PLC which services 30 million customers a year. The solution provided by Affecto complies with the standards applied by the TUI Travel group.

**Fritidsresor's** IT Director, Mats O. Eklund, was named the CIO of the Year for 2007 in Sweden.

In Norway and Denmark, the company’s service offering comprises primarily Business Intelligence solutions and partly Enterprise Content Management solutions. Affecto Norway is the market leader in Business Intelligence solutions in Norway and Affecto Denmark is one of the three leading suppliers in its market.

# Strong growth in Norway and Denmark

Affecto’s Norwegian and Danish country units were established when Affecto made a successful takeover bid to acquire the share capital of the Component Software Group. The company, which had operations in Norway, Denmark and Sweden, was transferred to Affecto’s ownership at the end of August. Component Software’s Swedish business was merged with Affecto Sweden. The new names of the country units, Affecto Norway and Affecto Denmark, were adopted on 1 January 2008.

In Norway and Denmark, the company’s service provision comprises primarily Business Intelligence solutions and partly Enterprise Content Management solutions. The latter are based on the Contempus software family, developed by Component Software. The solution is used for the electronic management of companies’ purchasing function.

Affecto is the market leader in Business Intelligence solutions in Norway and has a particularly prominent position in the public sector, retail and in banking and finance. Affecto’s consultancy services in Norway have more than doubled in terms of revenue from 2006 to 2007. In Denmark, Affecto is one of three leading suppliers, and its customer base consists mainly of the country’s largest organisations.

## Becoming part of Affecto through company reorganisation

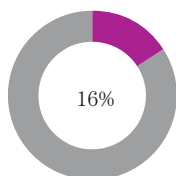
The year 2007 was marked by great change for Component Software. Before Affecto made its bid for the company, it had already consolidated its position in Business Intelligence solutions and Corporate Performance Management area by acquiring Business Logic in January. In April it was listed on the Oslo stock exchange.

Economic growth promoted investment in information technology in both countries. In Norway, high oil prices further fuelled purchases in both the private and the public sector. Affecto’s growth well outstripped general market growth. In 2007, the Norwegian and Denmark country units turned in net sales of nearly 40 million euros of which 15 million euros were consolidated to Affecto’s financial statements. Recruitment was also successful, and at the end of the year the Norwegian country unit employed 120 people and the Danish country unit 45 people. A new office was opened in Aarhus in Denmark.

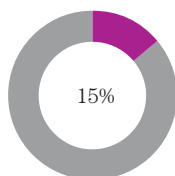
Affecto aims for strong growth in the Norwegian and Danish markets, where the positive trend is expected to continue. The objective for Affecto is to be the market leader in its sector. Strong growth requires that the organisation is strengthened by recruiting new, competent professionals. Affecto’s status as a pioneer in the sector and its solid base of competence are attractive to potential employees, for whom tough competition is being waged.

### Business operations in Norway and Denmark

Share of net sales\*)



Share of personnel



\*)Net sales consolidated to Affecto since 1 September 2007



**Claus Kruse**  
Area Manager, Denmark

“The year 2007 was successful for Affecto’s business in Norway and Denmark. We were able to grow more than the market in general and still do very well in profitability. Our strong growth is based on our comprehensive service offering, competent professionals, solid customer base and world leading technologies. We expect the positive trend to continue in our market.”



## Agder Energi develops its reporting

Agder Energi AS is one of the largest energy groups in Norway in terms of hydroelectric power production. The Group's home market is primarily the southern region of Norway. However, some of the Group's business areas also supply products and services nationally and internationally. Agder Energi's vision is to be a leading provider of environmentally friendly energy solutions in Norway. With more than 1 200 employees and 150 000 customers, its net sales in 2007 was 5 billion Norwegian kroner.

The collaboration between Agder Energi and Component Software began as early as 2005, with a Balanced

Scorecard project (BSC). In summer 2007, Agder Energi organised a tender for the supply of a BI solution. Apart from Component Software, the tender attracted five other suppliers in the sector. "We chose Component Software because it has one of the best Business Intelligence consulting teams in Norway, and offered the best BI solution through Business Objects and Informatica. At the same time, we were convinced that it could deliver within the right time and to agreed terms", says Jan Pettersen, Business Controller of Agder Energi. The project was launched in September 2006, and the first version of the solution should be

**AGDER ENERGI'S** CFO Pernille Kring Gulowsen and Business Controller Jan Pettersen expect the BI solution to provide the company with fast and accurate data on operational systems.

up and running in June 2008

Agder Energi's objective is to obtain accurate information on its operational systems as well as detailed proposals without any delay. The BI solution enhances group-wide operational reporting and enables the merging of data from numerous different sources, such as finance, sales and the markets. It also acts as a shared tool that can be used in both customer monitoring and reporting.

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# Report of the Board of Directors

## BUSINESS

Affecto builds versatile IT solutions for companies and organisations to improve their efficiency in business and to support the related decision-making. With Affecto's Business Intelligence solutions organisations are able to integrate strategic targets with their business management. Business Intelligence solutions enable the further processing and utilisation of information generated by ERP and other IT systems. The company also develops operational solutions, such as Geographic Information Systems (GIS), Enterprise Content Management (ECM) and versatile customer specific software services. These solutions assist organisations in collecting, organising and analysing available digital information in support of their business processes. Affecto offers Business Intelligence solutions in its operating areas in the Nordic countries and Baltic countries. In operational solutions, the company has a presence in Finland, Norway and in the Baltic region.

Affecto is headquartered in Helsinki, Finland. The company has subsidiaries in Sweden, Norway, Denmark, Estonia, Lithuania, Latvia and Poland.

Comparables to the key figures required to be presented in the Report by the Board of Directors, are included in the Key figures section in the consolidated accounts.

## NET SALES

The most significant event in 2007 was the acquisition of Component Software Group ASA through a public tender offer in August 2007. Component Software has been included in Affecto's consolidated accounts since 1 September 2007. During the year 2007, the Affecto name and new corporate visual identity were implemented.

Affecto's net sales in 2007 was 97.5 MEUR (2006: 50.2 MEUR). Net sales in Finland was 41.7 MEUR (36.3 MEUR), in Baltic area 22.9 MEUR (13.1 MEUR), 17.7 MEUR in Sweden (0.9 MEUR) and 15.2 MEUR (0.0 MEUR) in Norway & Denmark. Sales growth was 94%. In Finland growth was 15% and in Baltic it was 75%.

The sales growth was based on good demand for services in all our market areas. Especially the Baltic business developed very positively compared to year 2006.

Intellibis, acquired in December 2006, and the Swedish operations of Component Software, acquired in August 2007, form the Swedish segment. Component Software's business in Norway and Denmark forms the Norway & Denmark segment.

In 2007 net sales of BI segment was 48.1 MEUR (11.9 MEUR), Operational solutions 39.9 MEUR (28.7 MEUR) and Cartographic solutions 9.5 MEUR (9.7 MEUR). The acquisitions done in 2006 and 2007 have had impact mostly on the BI segment.

## PROFIT

Affecto's EBIT was 10.8 MEUR (3.6 MEUR). EBIT in Finland was 4.4 MEUR (4.6 MEUR), Baltic EBIT was 5.4 MEUR (0.5 MEUR), EBIT in Sweden was 1.5 MEUR (0.0 MEUR) and EBIT in Norway & Denmark was 1.2 MEUR (0.0 MEUR).

According to IFRS3 requirements, 2007 EBIT includes 2.5 MEUR (0.4 MEUR) of depreciation of intangible assets related to acquisitions. A significant part of the depreciation is related to Sweden and Norway & Denmark segments. In year 2008 the IFRS3 depreciation is estimated to total 2.9 MEUR and in 2009 approx 2.8 MEUR.

The profit in Baltic improved significantly thanks to good resource utilization rate due to ongoing large customer projects. The profit decreased in Finland due to the weak profitability in cartographic solutions.

R&D expenditure in 2007 totaled 0.9 MEUR (0.5 MEUR), i.e. 0.9% of net sales (0.9%). The expenditure has been booked as costs, except in Component Software's ECM business, where 0.1 MEUR has been capitalized in balance sheet.

Taxes for the period have been booked as taxes. Net profit for the period was 7.0 MEUR, while it was 2.6 MEUR last year.

Order backlog totaled 41.6 MEUR at the end of period (24.2 MEUR). Affecto has a well diversified customer base. Ten largest customers generated approx. 20% of group revenue in 2007.

## FINANCE AND INVESTMENTS

At the end of the reporting period, Affecto's balance sheet totaled 162.1 MEUR (2006: 78.7 MEUR). Significant part of the growth is due to the acquisition

of Component Software Group ASA in August 2007. Equity ratio was 41.9 (52.0%) and net gearing was 53.9% (35.2%).

The additional consideration for ZenPark, acquired in 2006, was determined to be 0.67 MEUR and it was paid during third quarter.

The financial loans were 46.9 MEUR as at 31 December 2007. The interest-bearing net debt was 33.9 MEUR. For the Component Software acquisition, the company negotiated a financing package, which also included the rearrangement of the previous debts.

The company's cash and liquid assets were 13.0 MEUR (5.5 MEUR). Cash flow from operating activities for the reported period was 10.4 MEUR (2.6 MEUR) and cash flow from investments was -28.3 MEUR (-14.2 MEUR).

The acquisition cost of Component Software ASA, acquired in August 2007, has been determined provisionally in the end of the year. The estimated acquisition cost totals to 52.5 MEUR and it had 26.2 MEUR effect on cash flow. Of the amount, allocations have been made to intangible assets in respect of customer relationships, technology and order backlog totaling 9.5 MEUR, net of deferred taxes. 38.6 MEUR has been recorded as goodwill.

Investments in non-current assets excluding acquisitions were 1.4 MEUR (1.1 MEUR) during the period.

#### EMPLOYEES

The number of employees was 1129 persons at the end of the reporting period (745 persons). Approx. 370 persons were based in Finland, 165 in Sweden, 165 in Norway & Denmark, and 420 in Baltic states. The average number of employees during the period was 897 persons (605). The growth of personnel was significantly impacted by the acquisition of Component Software, which increased the personnel by over 200 employees. The number of employees has also grown organically, especially in Baltic, where the number has grown by approx. 35% during the year.

The company announced on 2 October 2007 that it starts co-operation procedure in Finland due to financial and production reasons in its HR solutions business belonging to company's Operational solutions segment and in Karttakeskus unit belonging to

company's Cartographic segment. As the result of the negotiations the employment of four persons ended.

#### BUSINESS REVIEW

During year 2007 Affecto has continued to implement its growth strategy. The most significant act was the acquisition of Component Software through a public tender offer. The acquisition strengthened Affecto's position in Sweden and opened business in Norway and Denmark.

The group's business is managed through four country units. Finland, Baltic, Sweden and Norway & Denmark are also the primary IFRS segments.

#### Finland

In 2007 net sales in Finland was 41.7 MEUR (36.3 MEUR) and it grew by 15%. EBIT was 4.4 MEUR (4.6 MEUR). The business developed steadily during the year. The demand for various services was reasonably good and was increasing especially regarding BI services. The unit prices of consultant work have remained stable or even risen somewhat. The profitability of the cartographic solutions was weak, which was the main cause in the decrease in EBIT.

The growth of IT services market in Finland is rather slow, but the growth of our specialty segments like BI is expected to exceed the average market growth. The customers' activity has continued to be good. New orders were received from, among others, Nokia, Church of Finland, Alko, Aurinkomatkat and various ministries.

#### Baltic (Lithuania, Latvia, Estonia, Poland)

The Baltic business mostly consists of projects related to large customer-specific systems. Projects are typically larger and tender processes longer than in Finland or in Nordic. The business is mostly classified to Operational solutions, but also includes BI solutions.

In 2007 the Baltic net sales grew by 75% and was 22.9 MEUR (13.1 MEUR). Baltic EBIT was 5.4 MEUR (0.5 MEUR). The business has developed very favorably compared to last year, and the resource utilization rate and profitability is high in all countries. The steady continuing work on large projects has helped to keep the utilization rate very high during the whole period. The public sector entities in Baltic have continued to

invest in IT systems. The order backlog offers stable resource utilization for near future. During the year, new orders were received e.g. from the insurance company Commercial Union Polska, Latvian Social Insurance Institution, Lithuanian Ministry of Education and Estonian Ministry of Economy.

The company is actively recruiting more employees. During the year, the number of employees in Baltic grew by over 100 persons. The Baltic countries enjoy a high demand for competent workforce, which is predicted to increase salary levels. EITO (European Information Technology Observatory) forecasts that the IT services will grow by over 13% p.a. in the next few years in all three Baltic countries.

Affecto has founded a new subsidiary in Poland, where the insurance and utilities sectors are initially targeted as the customers. The plan is to grow the number of employees to approx. 15 in initial phase during the next few quarters.

#### **Sweden**

Affecto has expanded its business to the Sweden by acquiring Intellibis AB in December 2006. In addition, the segment includes the Swedish BI operations of Component Software for September-December 2007.

In 2007 the net sales in Sweden was 17.7 MEUR (0.9 MEUR) and EBIT 1.5 MEUR (0.0 MEUR). Year ago, Affecto had business in Sweden only in December. The reported EBIT includes approx. 1.2 MEUR IFRS3 depreciation. The integration of Swedish operations is estimated to have caused approx 0.3 MEUR costs in Q4.

The business in Sweden has developed positively during year 2007 and combining the Component Software operations to Affecto has further strengthened the position as a leading BI solution provider. The business is estimated to have grown by over 20%. The price development has been positive and the utilization rate has remained high. The demand for general IT services in Sweden is expected to grow by some 5%, while the BI services are expected to grow faster.

#### **Norway & Denmark**

The segment comprises Component Software's, acquired at the end of August, operations in Norway and Denmark. Only the business in September-December has been reported as part of Affecto.

The net sales was 15.2 MEUR in September-December and EBIT was 1.2 MEUR. The reported EBIT was negatively affected by an IFRS3 depreciation of 0.9 MEUR.

Business Intelligence business developed positively and especially the growth of consulting services was good. BI service offering has been enlarged e.g. by increasing the offering of Oracle and Microsoft technologies. The price development has been positive thanks to good demand for services. During the year, new orders were received from e.g. the Norwegian Labour and Welfare Administration (NAV), Agder Energi and Forca.

The Contempus business, an ECM business reported as part of Operational Solutions, also developed steadily. The sales efforts were increasingly aimed outside Nordic countries.

#### **BUSINESS REVIEW BY SECONDARY SEGMENTS 2007**

Business intelligence (BI) net sales was 48.1 MEUR (11.9 MEUR). The growth is largely explained by the acquisitions of ZenPark and Intellibis in late 2006 and of Component Software since September 2007, but also the organic growth has been good. Customers' interest is increasingly focusing on larger solutions and continuous service. During year 2007 Affecto has further widened its solution offering e.g. by increasing the number of SAP BI consultants, by strengthening CPM/planning and Microsoft resources.

According to Datamonitor's recent research, the global BI solution market is expected to grow annually by over 12% and to double in size by 2012. The recent acquisitions where the largest global software companies have acquired BI software producers highlight the interest for the sector. The most recent examples are the SAP's acquisition of Business Objects and IBM's acquisition of Cognos.

Net sales of Operational Solutions grew by 39% and was 39.9 MEUR (28.7 MEUR). The growth is to a large extent explained by the strong growth of the Baltic operations, where large projects continued steadily. The insurance solution project in South Africa continued and may lead to a new project to the same client, the project in Sweden ended and the project in Poland was ramped up. Affecto has established a subsidiary in Poland in order to be able to offer its insurance sector

related services also there. In Finland, the demand for solutions was good and the utilization rate of project resources was good. The demand for Norwegian Contempus solutions grew moderately.

Cartographic Solutions businesses net sales was 9.5 MEUR (9.7 MEUR). The demand for digital geographic content and related services grew. Affecto continues to operate the Finnish land parcel identification system for the next three years. The sales of maps and other printed products remained at last year's level, but the profitability of the unit was weak.

#### ASSESSMENT OF RISKS AND UNCERTAINTIES

Affecto operates in the market that is directly affected by changes in the general economic conditions and the operating environments of its customers. A general economic downturn may lead to a decrease in overall customer demand for services. The competition in market tightens continuously. This could have a negative effect on the business, operating results and financial condition of Affecto.

Affecto's continued success depends to a significant extent on its management team and personnel. The loss of the services of any member of its senior management or other key employee could have a negative impact on Affecto's business and the ability of the company to implement its strategy. In addition, Affecto's success depends on its ability to hire, develop, train, motivate and retain skilled professionals on its staff.

Affecto's success depends also on good customer relationship. Affecto has a well diversified customer base. Ten largest customers generated approx. 20% of group revenue in 2007.

Acquisition of Component Software has increased the amount of (third party) licenses sold and their relative share of Affecto's net sales. This will increase the fluctuation in sales between quarters and will increase the difficulty of accurately forecasting the quarters. In whole year 2007 Component Software's license sales totaled approx. 7 MEUR. Other parts of Affecto had license sales of approx. 6 MEUR in 2007. The license sales have mostly impact on the last month of each quarter and especially on the fourth quarter.

The damage risks of Affecto are normally related to personnel, property, processes and data processing. The realization of these risks might lead to injuries of personnel, property damages or interruption of business. In the operations the target of Affecto is to prevent these risks to realize by quality operations and anticipatory risk management actions. The realization of such risks is mainly prevented by guidelines for occupational health, work safety and information security as well as emergency plan. For the damage risks, which can not be prevent by own actions, are covered with adequate insurances.

Currently, corporate tax rates in Latvia and Lithuania are below those of several other member states of the European Union, and therefore Latvia and Lithuania provide a favorable environment for commercial enterprises. Furthermore, the income tax regulation of Latvia and Lithuania allow for local businesses to structure their operations in a cost-efficient way. For example, certain software development activities are treated as so-called creative activities, which is cost beneficial for the enterprises. When joining the European Union on 1 May 2004, Latvia and Lithuania committed to the ongoing harmonization of the laws and regulations of the member states. At present, the European Union leaves regulation relating to taxation to the discretion of its member states. However, there can be no assurances that the European Union will not impose requirements on its member states to harmonize their taxation system which, in the case of Latvia and Lithuania, could result in an increase in corporate tax rates and restrictions on the opportunities of local business to structure their operations to the extent currently possible. Furthermore, there can be no assurances that Latvia and Lithuania will not independently decide to implement tax reforms or that the interpretation of current tax laws by courts or fiscal authorities will not be changed retroactively with similar effects. Harmonization imposed by the European Union or domestic tax reforms or changes in the interpretation of current tax laws by courts or fiscal authorities in Latvia and Lithuania could have a material adverse effect on the business, operating results and financial condition of Affecto.

In seeking future growth, the strategy of Affecto is partially based on expansion through acquisitions of other operators in the IT services market. The inability to find new target companies or the lower than expected profitability of acquisitions made, could have a material adverse effect on the business, operating results and financial condition of Affecto.

The board of directors and the audit committee is responsible for Affecto's internal control and risk management. Company's management is responsible for and performs practically the internal control and risk management.

#### **CHANGES IN GROUP STRUCTURE**

The Annual General Meeting held on 28 March 2007 decided to change the name of the parent company to Affecto Plc.

The wholly owned subsidiary ZenPark Oy has merged to Affecto Finland Oy on 30 June 2007. Zenpark Media Oy has been liquidated on 20 June 2007.

In August 2007, Affecto has acquired Component Software Group ASA from Norway. The acquisition of Component Software is described more closely in "ACQUISITION OF COMPONENT SOFTWARE GROUP ASA".

Affecto has founded a subsidiary in Poland.

#### **ANNUAL GENERAL MEETING AND GOVERNANCE**

The Annual General Meeting of Affecto Plc, which was held on March 28, 2007, adopted the financial statements for 1.1.-31.12.2006 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided that a dividend of EUR 0.10 per share be distributed for the year 2006.

Aaro Cantell, Heikki Lehmusto, Pasi Mäenpää, Jukka Norokorpi and Esko Rytkönen were re-elected and Pyry Lautsuo was elected as members of the Board of Directors. The Board re-elected Aaro Cantell as Chairman. The APA firm PricewaterhouseCoopers Oy was re-elected auditor of the company with Merja Lindh, APA, as auditor in charge.

The Annual General Meeting accepted the Board's proposal for changing the company name and Articles of

Association. The changes were registered at the Finnish trade register on 2 April 2007.

The Annual General Meeting accepted the Board's proposals for the authorizations given to the Board of Directors.

According to the Articles of Association, the General Meeting of Shareholders annually elects the Board of Directors by a majority decision. The term of office of the board members expires at the end of the next Annual General Meeting of Shareholders following their election. The Board appoints the CEO. The Articles of Association do not contain any special rules for changing the Articles of Association or for issuing new shares.

The group management team was modified at the end of November. The group management team comprises of the following persons since 1 December 2007: Pekka Eloholma, Åge Lønning, Satu Kankare, Hannu Nyman, Hilikka Remes-Hyvärinen, Tuula Wäyrynen, Kestutis Uzpalis, Martin Hultqvist, Håvard Ellefsen, Claus Kruse, Stig-Göran Sandberg and Ray Byman. Eloholma, Lønning, Uzpalis and Hultqvist form the executive team.

#### **EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting held on 10 July 2007 authorized the Board to decide on the directed share issue (max. 4 800 000 shares) needed for the acquisition of Component Software, and elected Mr. Haakon Skaarer as a board member conditional to the completion of the Component Software acquisition. Mr. Skaarer is a board member since 28 August 2007.

#### **THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS**

The Board did not use the authorizations given by the previous Annual General Meeting. Those authorizations ended on 28 March 2007.

The complete contents of the new authorizations given by the Annual General Meeting held on 28 March 2007 have been published in the stock exchange release regarding the Meetings' decisions.

The Annual General Meeting decided to authorize the Board of Directors to decide to issue new shares

and to convey the company's own shares held by the company in one or more tranches. The share issue may be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against payment at a price to be determined by the Board of Directors. A maximum of 3 400 000 new shares may be issued. A maximum of 1 700 000 own shares held by the company may be conveyed. In addition, the authorization includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one-tenth (1/10) of all shares in the company. The authorization shall be in force until the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide to acquire the company's own shares with distributable funds. A maximum of 1 700 000 shares may be acquired. The authorization shall be in force until the next Annual General Meeting.

In addition, the Extraordinary General Meeting held after the review period on 10 July 2007 authorized the Board to decide on the directed share issue (max. 4 800 000 shares) needed for the acquisition of Component Software. Based on this authorization, 4 499 947 new shares were issued to shareholders of Component Software. The share issue was registered at the trade register on 28 August 2007.

#### SHARES AND TRADING

The company has only one share series, and all shares have similar rights. As at 31 December 2007, Affecto Plc's share capital consisted of 21 516 468 shares. The company owns 36 738 treasury shares, which corresponds to 0.2% of all shares.

In 2007, the highest share price was 5.18 euro, lowest price 2.90 euro, average price 4.09 euro and closing price 4.23 euro. Trading volume was 23.5 million shares, corresponding to 109% of the number of shares at the end of period. The market value of shares was 90.9 MEUR at the end of the period.

#### SHAREHOLDERS

The following flagging announcements have been given during 2007:

- 10 April 2007: Ownership of Mika Laine exceeded 5%
- 27 August 2007 related to Component Software acquisition: Ownership of Eqvitec funds decreased below 15%, ownership of Fenno Rahasto decreased below 10%, ownership of Mika Laine decreased below 5% and ownership of Arendals Fossekompagni group exceeded 5%
- 2 October 2007: Ownership of Eqvitec funds decreased to 0%, ownership of Fenno Rahasto decreased to 0% and ownership of Mika Laine exceeded 5%
- 18 December 2007: Ownership of Aaro Cantell exceeded 5%

The company had total of 1 321 owners on December 31, 2007 and the foreign ownership was 32%. The list of the largest owners can be viewed in the company's web site. Information about ownership structure and option program is included as a separate section in the financial statements. The ownership of board members, CEO and their controlled corporations totaled approx. 6.0% (5.7% shares and 0.3% options).

#### ACQUISITION OF COMPONENT SOFTWARE GROUP ASA

Affecto published on 11 June 2007 that the company had made a combination agreement with Component Software and had intention to make a public tender offer for Component Software's shareholders.

Oslo Börs approved the Offer document and the Finnish Financial Supervision approved the prospectus on 20 July 2007. The public tender offer period began on 25 July 2007 and ended on 22 August 2007. Affecto's board of directors decided on 27 August 2007 to complete the tender offer.

As a consequence of the tender offer, the number of Component Software shares transferred to Affecto at completion of the tender offer was 5 551 442 shares representing about 95.3% of all issued shares in Component Software. In accordance with the terms and conditions of the public tender offer, the consideration

for one Component Software share was NOK 40.03 in cash and 0.81063 new Affecto shares.

A total of 4 499 947 new Affecto shares were issued. Affecto's new shares were registered in the trade register on 28 August 2007 and the trading of new shares together with Affecto's old shares started on 28 August 2007 at OMX Nordic Exchange Helsinki Oy. The new shares give the same shareholders' rights as Affecto's old shares.

Oslo Börs approved the offer document related to the mandatory offer and the compulsory acquisition on 19 September 2007. The mandatory offer period began on 19 September 2007 and ended on 17 October 2007. The trading with the share in Oslo Börs ended on 19 September 2007, when all shares were transferred to Affecto. Component Software's listing officially ended 24 October 2007.

The name of Component Software Group has been changed to Affecto Norway AS.

If Component Software had been part of Affecto the whole year 2007, the pro forma net sales would have been approx. 126.8 MEUR, operating profit before IFRS3 depreciation approx. 15.1 MEUR and EBIT approx. 11.4 MEUR.

#### **EVENTS AFTER THE REVIEW PERIOD**

In January 2008, Affecto has published information about new projects in Finland, Lithuania and Latvia. Affecto will deliver a new case management solution to the Finnish Ministry of Education, an IT solution to Lithuanian Ministry of Education to improve processes of education institutions and an EMCS system to Latvian State Revenue Service.

Mr. Darius Lazauskas has been appointed as a member of the group management team as of 1 February 2008.

#### **STRATEGIC OBJECTIVES**

The company has two strong business lines: the strongest growth expectations are focused on the growing business intelligence market but at the same time the company wants to further strengthen its position in delivering demanding and customer specific operational IT solutions.

The company aims to be the leading business intelligence solution provider in the Nordic, Baltic and CEE regions. Furthermore, the company aims to be the most competent and quality focused provider of geographic information systems (GIS), enterprise content management (ECM) and other operational solutions in selected industries and regions.

The growth target for the company for 2007-2009 is that net sales exceed 160 million euros in 2009. The growth target will be reached through organic growth supplemented by acquisitions. At the same time the company seeks to be one of the most profitable IT services company within its market region.

#### **DIVIDEND PROPOSAL**

Distributable funds of the parent company of the group on 31 December 2007 are 25 356 088.63 euros. Board of Directors proposes that from the financial year 2007 a dividend of 0.16 euros per share will be paid, a total of 3 436 756.80 euros with the outstanding number of shares at the end of the financial period, and the rest is carried forward to the retained earnings account. No material changes have taken place in respect of the company's financial position after the balance sheet date. The liquidity of the company is good and in the opinion of the Board of Directors proposed distribution of profit does not risk the liquidity of the company.

#### **FUTURE OUTLOOK**

Positive development is expected to continue during year 2008, but the effects of the global economic developments on Affecto's business environment are hard to estimate. The company seeks to reach net sales of approx. 140 MEUR in 2008. The profitability of the whole year 2008 is expected not to materially change from 2007.

The company does not provide exact guidance for net sales or EBIT development, as single projects and timing of license sales may have large impact on quarterly sales and profit.

# Income statement

1 000 EUR	Note	1 Jan-31 Dec 2007	1 Jan-31 Dec 2006
<b>Net sales</b>	20	97 474	50 194
Other operating income	21	80	138
Changes in inventories of finished goods and work in progress		109	287
Materials and services	22	-19 851	-13 177
Personnel expenses	23	-48 635	-23 996
Depreciation, amortisation and impairment charges	24	-3 767	-1 372
Other operating expenses	25	-14 651	-8 432
<b>Operating profit</b>		<b>10 758</b>	<b>3 642</b>
Financial income		368	314
Financial expenses		-1 668	-498
Financial expenses (net)	26	-1 300	-184
<b>Profit before income tax</b>		<b>9 458</b>	<b>3 458</b>
Income tax expense	27	-2 477	824
<b>Profit for the period</b>		<b>6 981</b>	<b>2 633</b>
Attributable to			
Equity holders of the company		6 981	2 633
Minority interest		-	-
		<b>6 981</b>	<b>2 633</b>
Earnings per share for profit attributable to the equity holders of the Company (EUR per share)			
Basic	28	0.38	0.16
Diluted	28	0.38	0.16

# Balance sheet

1 000 EUR	Note	31 Dec 2007	31 Dec 2006
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	7	1 939	2 110
Goodwill	8	84 196	43 579
Other intangible assets	8	18 249	7 550
Deferred tax assets	18	2 297	594
Available-for-sale financial assets	10	64	57
Other non-current receivables		190	93
		<b>106 936</b>	<b>53 983</b>
<b>Current assets</b>			
Inventories	11	1 792	2 095
Trade receivables	12	28 848	11 508
Other receivables	12	9 876	4 230
Current income tax receivables		166	1 036
Available-for-sale financial assets	10	106	578
Other financial assets at fair value through profit or loss	13	35	24
Restricted cash and cash equivalents		659	381
Cash and cash equivalents	14	12 974	4 906
		<b>54 455</b>	<b>24 758</b>
Assets held for sale	7	679	-
<b>Total assets</b>		<b>162 070</b>	<b>78 741</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	15	5 105	5 105
Share premium	15	25 404	25 404
Reserve of invested non-restricted equity	15	21 188	1 960
Other reserves		108	11
Treasury shares	15	-106	-106
Translation differences		-771	-35
Retained earnings		12 035	6 752
		<b>62 964</b>	<b>39 092</b>
Minority interest		-	-
<b>Total shareholders' equity</b>		<b>62 964</b>	<b>39 092</b>
<b>Non-current liabilities</b>			
Borrowings	17	43 906	14 014
Deferred tax liabilities	18	5 159	2 007
Other non-current liabilities		532	2 232
		<b>49 597</b>	<b>18 252</b>
<b>Current liabilities</b>			
Borrowings	17	3 000	5 032
Trade payables	19	6 965	2 627
Other liabilities	19	38 138	12 580
Current income tax liabilities		1 407	1 158
		<b>49 510</b>	<b>21 397</b>
<b>Total liabilities</b>		<b>99 107</b>	<b>39 649</b>
<b>Total shareholders' equity and liabilities</b>		<b>162 070</b>	<b>78 741</b>

# Cash flow statement

1 000 EUR	1 Jan-31 Dec 2007	1 Jan-31 Dec 2006
<b>Cash flows from operating activities</b>		
Profit for the period	6 981	2 633
Adjustments for		
Taxes	2 477	824
Depreciation and amortisation	3 767	1 372
Other non-cash income and expenses	411	118
Interest income	-356	-275
Dividend income	-	-39
Interest expense	1 611	498
Profit/loss on the sale of tangible assets	-69	-56
	<b>14 822</b>	<b>5 076</b>
Change in working capital		
Decrease (+)/ increase (-) in trade and other receivables	-15 826	-1 814
Decrease (+)/ increase (-) in inventories	303	30
Decrease (-)/ increase (+) in trade and other payables	14 211	475
Change in working capital	-1 312	-1 309
Interest and other finance cost paid	-1 689	-429
Interest received	364	250
Dividends received	-	39
Income taxes paid	-1 751	-1 024
<b>Net cash generated from operating activities</b>	<b>10 434</b>	<b>2 604</b>
<b>Cash flows from investing activities</b>		
Acquisitions of subsidiaries	-26 967	-13 262
Purchases of tangible assets	-1 221	-892
Purchases of intangible assets	-189	-226
Proceeds from sale of tangible assets	35	41
Sale of business/subsidiaries	44	45
Change of other non-current receivables	-	30
Proceeds from sale of financial assets	-	39
<b>Net cash used in investing activities</b>	<b>-28 299</b>	<b>-14 225</b>
<b>Cash flow from financing activities</b>		
Paid expenses on issue of share capital	-777	2
Purchase of treasury shares	-	-509
Proceeds from interest-bearing liabilities	48 400	12 447
Repayments of interest-bearing liabilities	-20 531	-5 938
Dividends paid to the company's shareholders	-1 698	-1 540
<b>Net cash generated from financing activities</b>	<b>25 394</b>	<b>4 462</b>
<b>Change in cash and cash equivalents</b>	<b>7 530</b>	<b>-7 159</b>
Cash and cash equivalents at beginning of the year	5 485	12 639
Translation differences	-42	-1
Change in fair value of financial assets	-	6
<b>Cash and cash equivalents at end of the year</b>	<b>12 974</b>	<b>5 485</b>
	<b>7 530</b>	<b>-7 159</b>

# Statement of changes in shareholders' equity

Shareholders' equity attributable to equity holders of the company										
1 000 EUR	Share capital	Share premium	Other reserves	Reserve of invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	Total	Minority interest	Total equity
Shareholders' equity										
1 January 2006	4 619	22 856	55	-	-	-40	6 063	33 553	20	33 573
Translation differences	-	-	-	-	-	5	-	5	-	5
Share options	-	-	-48	-	-	-	55	7	-	7
Available-for-sale financial assets	-	-	4	-	-	-	-	4	-	4
Profit for the period	-	-	-	-	-	-	2 633	2 633	-	2 633
Dividends paid	-	-	-	-	-	-	-1 540	-1 540	-	-1 540
Purchase of treasury shares	-	-	-	-	-509	-	-	-509	-	-509
Sale of treasury shares	-	-	-	476	403	-	-403	476	-	476
Issue of share capital	486	2 548	-	1 485	-	-	-	4 519	-	4 519
Acquisition of minority	-	-	-	-	-	-	-	-	-20	-20
Put/Call treatment	-	-	-	-	-	-	-56	-56	-	-56
Shareholders' equity										
31 December 2006	5 105	25 404	11	1 960	-106	-35	6 752	39 092	-	39 092

Shareholders' equity attributable to equity holders of the company										
1 000 EUR	Share capital	Share premium	Other reserves	Reserve of invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	Total	Minority interest	Total equity
Shareholders' equity										
1 January 2007	5 105	25 404	11	1 960	-106	-35	6 752	39 092	-	39 092
Translation differences	-	-	-	-	-	-736	-	-736	-	-736
Share options	-	-	88	-	-	-	-	88	-	88
Available-for-sale financial assets	-	-	9	-	-	-	-	9	-	9
Profit for the period	-	-	-	-	-	-	6 981	6 981	-	6 981
Dividends paid	-	-	-	-	-	-	-1 698	-1 698	-	-1 698
Issue of share capital	-	-	-	19 228	-	-	-	19 228	-	19 228
Shareholders' equity										
31 December 2007	5 105	25 404	108	21 188	-106	-771	12 035	62 964	-	62 964

# Notes

## 1. General information

Affecto PLC is a Finnish limited liability company organised under the laws of Republic of Finland. The shares of the company have been listed on OMX Nordic Exchange. The company is domiciled in Helsinki and the address of its head office is Atomitie 2, FI-00370 Helsinki, Finland.

Affecto builds versatile IT solutions for companies and organisations to improve their efficiency in business and to support the related decision-making. With Affecto's Business Intelligence solutions organisations are able to integrate strategic targets with their business management. Business Intelligence solutions enable the further processing and utilisation of information generated by ERP and other IT systems. The company also develops operational solutions, such as Geographic Information Systems (GIS), Enterprise Content Management (ECM) and versatile customer specific software services. These solutions assist organisations in collecting, organising and analysing available digital information in support of their business processes. Affecto offers Business Intelligence solutions in its operating areas in the Nordic countries and Baltic countries. In operational solutions, the company has a presence in Finland and in the Baltic region.

Affecto is headquartered in Helsinki, Finland. The company has subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Latvia and Poland.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 February 2008.

## 2. Accounting policies for the consolidated financial statements

### Basis of preparation

The financial statements of the group have been prepared in accordance with the International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the IFRS and IAS standards and SIC and IFRIC interpretations effective at 31 December 2007. The term "IFRS" refers to the standards and interpretations, which have been adopted by the EU. The notes to the consolidated financial statements have been prepared also in conformity with the Finnish Accounting Legislation and Companies Act.

The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, derivatives and cash-settled share-based payments, which have been valued at fair value. The financial statements are presented in thousand euros unless otherwise stated.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions. Estimates and assumptions having the most significant effect on the amounts presented in the financial statements are disclosed under "Critical accounting estimates and judgements".

The group has adopted the following standards and interpretations from the beginning of 2007.

- IFRS7, "Financial instruments: Disclosures", and the complementary amendment to IAS 1, "Presentation of financial statements – Capital disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments.
- IFRIC 8, "Scope of IFRS 2", requires consideration of transactions involving issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the group's financial statements.
- IFRIC 10, "Interim financial reporting and impairment", prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the group's operations:

- IFRIC 9, "Re-assessment of embedded derivatives"

### Consolidation principles

#### Subsidiaries

The consolidated financial statements include the companies, in which the group holds the majority of the voting rights or otherwise has the power to govern the financial and operating policies of the company. Subsidiaries are consolidated from the date on which control is transferred to the group and sold subsidiaries are de-consolidated from the date that control ceases. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill.

All inter-company transactions, receivables and liabilities and unrealised gains, and inter-company distribution of profit are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated, if they are caused by impairment of assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Allocation of profit for the period between the equity holders

of the parent company and minority interest is disclosed on the face of the income statement and equity attributable to minority interest is presented separately as a part of shareholders' equity on the balance sheet.

### Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currency are translated into the functional currency at the exchange rates prevailing on the balance sheet date. Non-monetary items measured at fair value are translated into functional currency at the exchange rates prevailing at the valuation date. Other non-monetary items are measured at the exchange rates prevailing at the transaction date.

Gains and losses resulting from foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under sales, materials and services or under financial income and expenses based on the nature of transaction.

Income statements and cash flows of foreign entities are translated into the group's reporting currency at the average exchange rates for the year and balance sheets are translated at the exchange rates on the balance sheet date.

Exchange differences arising from the translation of the net investment in foreign entities are recognized to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain of loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates on the balance sheet date.

### Tangible assets

Tangible assets are stated at historical cost less depreciation less any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as separate asset when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Other tangible assets comprise artwork and are not depreciated.

Depreciation is calculated using the straight-line method during the estimated useful lives, as follows

Buildings	40 years
Machinery and equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date to reflect changes in the estimates of economic benefits.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income or expenses.

### Intangible assets

#### Goodwill

Goodwill, arising from the acquisitions after 1 January 2004, represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired entity at the date of acquisition. For the goodwill, arising from the acquisitions before 1 January 2004, the carrying amount of goodwill under

previous GAAP is used as the deemed cost of goodwill at the date of transition to IFRS

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. (Details in Note 8 Goodwill and other intangible assets). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### Research and development

Research expenditure is recognised as an expense as incurred. Development costs are capitalised when the entity can demonstrate the technological and commercial feasibility of the product and cost can be measured reliably. Other development expenditures are recognised as an expense. The development costs have been expensed, except the development costs 0.1 million euro related to software development have been capitalised.

#### Other intangible assets

Intangible assets include technology, a trademark, customer relationships, cartographic content and contract based intangibles, which mostly arise from business combinations. The trademark, which has indefinite useful life, is not amortized but tested for impairment annually. Technology, customer relationships and cartographic content are amortized over their estimated useful life (3 to 15 years). The contact based intangibles are amortised during the duration of the contract. The amortization period for contract based intangibles varies from 2 months to 4 years.

Other intangible assets (including mainly computer software) are carried at cost less amortisation less any impairment loss. These are amortized over their estimated useful life (3 to 5 years).

#### Impairment of non-financial assets

Goodwill and other assets that have an indefinite useful life are tested annually for impairment.

With regard to assets that are subject to amortisation, the group assesses at each balance sheet date, whether there are indications that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is any indication of impairment, the recoverable amount is estimated as the higher of the net selling price and the value in use with an impairment loss being recognised to income statement whenever the carrying amount exceeds recoverable amount.

A previously recognised impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. However, previously recognised impairment loss of goodwill is not reversed.

#### Financial assets

The group classifies its financial assets in the following categories: at the fair value through profit or loss, loans and receivables and available-for-sale. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purposes of selling in the short term. Derivatives are classified as held for trading unless they are designed for hedges. Assets in this category are classified as current assets.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are included in non-current assets unless they are intended to be disposed of within 12 months of the balance sheet date.

### Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes. These include financial assets of the group that have arisen on transfers of cash, goods or services to the debtor. They are measured at amortised cost and included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Purchases and sales of investments are recognised on the trade date, which is the date on which the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within financial items – net in the period in which they arise. All unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When financial assets classified as available-for-sale are sold or permanently impaired, the accumulated fair value adjustments are included in the income statement in financial income and expenses.

### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The group does not apply the hedge accounting under IAS 39 and thus the changes in fair value of interest rate swaps will be booked in financial items in profit and loss statement.

### Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases where the lessee has substantially all the risks and rewards of ownership are classified as finance leases.

The group has entered into various operating leases, the payments under which are treated as rentals and charged to the income statement on a straight-line basis over the lease term.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Self-manufactured products are valued at manufacturing cost including raw materials, direct labour, other direct costs and related purchase and production overheads. Cost is determined using the weighted average cost method. A valuation provision is recorded for inventories with a lower market value. If it becomes apparent that the inventory can be used, provisions are reversed with inventory being revalued up to the lower of its original cost or estimated net realisable value. Unsaleable inventory is fully written off.

### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method. Impairment on trade receivables is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, entering into business restructuring proceeding or probability that the debtor will enter bankruptcy are considered indicators that the trade receivable is impaired. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the income statement.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### Share capital

Share capital consists solely of ordinary shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid and any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration deducted with directly attributable incremental transaction costs and the related income tax effect, is included in equity attributable to the company's equity holders.

### Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### Deferred income taxes

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Employee benefits

#### Pension obligations

The group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through payments to insurance companies. The current pension schemes are classified as defined contribution plans.

Defined contribution plan is a pension plan under which the group pays fixed contributions into separate funds. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a deduction in the future payments is available.

#### Share-based payments

The group has option compensation plans, which will be settled in equity instruments. The group has also compensation plans, which are defined as cash-settled share-based payment transactions.

The compensation plans, which will be settled in equity instruments, are valued at fair value at grant date and recognised as an expense over the vesting period. The expense determined at the grant date is based on the group's estimate of the number of options that will be vest at the end of vesting period. The fair values of the options

granted are determined using the Black-Scholes valuation model. At each balance sheet date, the group revises its estimates of the number of options that are expected to vest. The impact of the revision to original estimates, if any, will be recognised in the income statement. The proceeds received net of any direct transaction costs will be credited to share capital (nominal value) and reserve of invested non-restricted equity when the options are exercised.

Cash-settled share-based payment transactions are valued at fair value and recognised as expense and as an increase of liability over the vesting period. At each balance sheet date, the group revises its estimates of the fair value.

### Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Research and development grants are credited against research and development expenses in the income statement. Government grants relating to the purchase of tangible assets are presented by deducting the grant in arriving at the carrying amounts of the assets and are credited to the income statement in the form of lower depreciation over the estimated useful lives of the related assets.

### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of time value of money is material, the amount of the provision is discounted. Currently the group has no provisions.

### Revenue recognition

Revenue is measured at fair value of the consideration received or receivables for the sale of goods and services, net of value-added tax, rebates and discounts.

### Sales of goods/licenses:

Sales of goods/licenses are recognised when a group entity has delivered the products/licenses to the customer, collectability of the related receivables is reasonably assured, the selling entity has no significant risks and rewards of ownership and the selling entity retains neither managerial commitment nor control of the sold goods/licenses.

### Construction contracts:

In long-term projects, contract accounting revenue recognition principles are applied. Long-term projects might include both licenses and consulting sales and modification as well as customization of softwares play an important part in the projects.

Contract revenue and cost are recognised based on the percentage of completion method. The state of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

The group presents as an asset the gross amount due from customers of contract work for all contracts in progress for which costs incurred plus recognised profits exceed progress billings. Progress billings not yet paid by customers are included within trade receivables. If costs incurred plus recognised profit is less than billings, the difference is presented as a liability.

### Other services:

Sales of services (support, maintenance, consulting and training) are recognised in the accounting period in which the services are rendered.

### Interest and dividend income

Interest income is recognised on a time-proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

### Segment information

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of units operating in other economic environments.

The group's primary segment reporting is based on geographical segments and secondary segment reporting on business segments.

### Adoption of new or amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations whose application will be mandatory in 2008 or later. The group has not early adopted these standards, but will adopt them in later periods.

#### The following standards and interpretations will be adopted by the group in 2008:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any impact on the group's financial statements.

#### The following new standards and interpretations effective in 2008 are not relevant to the group's operations:

- IFRIC 12, 'Service Concession Arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.\*
- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions.\*

#### The group will adopt in 2009 the following standards published by IASB:

- IAS 1 (Revised) 'Presentation of Financial Statements' is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Management is assessing the impact of this revision on the financial statements of the group.\*
- Amendment to IAS 23 'Borrowing Costs' requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The amendment does not change the accounting policy applied by the group and therefore, does not have any impact on the group's financial statements.\*
- IFRS 8, 'Operating Segments' replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by the management.
- IFRIC 13, 'Customer Loyalty Programmes'. IFRIC 13 clarifies that where goods or services are sold together with a customer

loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the group's operations because none of the group's companies operate any loyalty programmes. \*

**The group will adopt in 2010 the following standards published by IASB:**

- IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. Management is assessing the impact of this revision on the financial statements of the group. \*
- IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. Management is assessing the impact of this revision on the financial statements of the group. \*

\* The revision, amendment or interpretation to published standards is still subject to endorsement by the European Union.

### 3. Financial risk management

#### Financial risks

The group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and market prices of shares. The focus of group's overall risk management policy is to minimise the impact of unpredictability of financial markets on financial performance of the group.

Risk management is carried out by finance department under policies approved by the Audit Committee.

#### Foreign exchange risk

Affecto operated internationally and is exposed to currency risks arising from exchange rate fluctuations related to currency flows from sales and purchases (transaction risk) and from translation of balance sheet items of foreign subsidiaries in to euro (translation risk).

From the operative perspective the foreign exchange rate risk arises from cash flows that are denominated in currency that is not the entity's functional currency. Due to the nature of operations in Affecto, most of the sales and purchases are denominated in functional currencies and thus the foreign currency exposure is not considered material.

Currently the group does not hedge its foreign exchange risk relating to operating activities as well as the equity of subsidiaries. The foreign exchange rate sensitivity analyses on translation risk on the table below are based on foreign currency nominated in items, other than each entity's own functional currencies, in the balance sheet at the closing. The reasonable possible change in exchange rates has been estimated to +/- 10 percentage points. The impact on result is presented pre tax. The largest positions are disclosed in the table below.

1 000 EUR	31 December 2007			31 December 2006		
	Change in exchange rate +10 %	Change in exchange rate -10 %		Change in exchange rate +10 %	Change in exchange rate -10 %	
	Impact on result	Impact on result	Position	Impact on result	Impact on result	Position
NOK/EUR	1 229	137	-112	-	-	-
GBP/EUR	179	20	-15	-	-	-
USD/EUR	-68	-8	6	-111	-12	10

#### Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating profit are substantially independent of changes in market interest rates.

The group's cash flow interest rate risk arises mainly from long-term and short-term loans as borrowings are issued at variable interest rate. To decrease the risk relating to possible rise in the interest rate level, the group has entered into an interest swap agreement. By that agreement, 23.5 million euro of a variable interest rate loan totalling to 47 million euro, has been changed to fixed interest loan. The company does not apply the hedge accounting under IAS 39 and therefore the changes in fair value of interest rate swap will be booked in the financial items in income statement. An increase of 1 percentage points in the interest rates would decrease the annual financial expenses by approx. 456 thousand euro. A decrease of 1 percentage points in the interest rates would increase the annual financial expenses by approx. 479 thousand euro.

#### Credit risk

The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The group does not have material trade receivables from one customer. Also advance payments relating to projects are used to decrease the credit risk. The amount of bad debt recognised in 2007 was 19 thousand euro. The maximum credit risk exposure is equivalent to carrying value of financial asset as the balance sheet date. The aging of trade receivables is disclosed on note 12.

#### Liquidity risk

In order to ensure sufficient amount of liquid funds to finance working capital and loan repayments, the liquidity is monitored continuously. The adequacy and flexibility of liquid funds is management by use of credit facilities. As at 31 December 2007 the group had cash and cash equivalents amounting to 13.0 million euro, current investments amounting to 0.1 million euro and undrawn credit facility amounting to 3.0 million euro. Group applies prudent liquidity risk management, as there are fluctuations in cash flows based on the nature of business. With relation to long-term projects the liquidity risk management involves the amount and timing of advance payments on the projects.

#### Maturities of financial liabilities as at 31 December 2007

1 000 EUR	1 January-31 March 2008	1 April -31 December 2008	2009	2010	After 2010
	Borrowings (incl. interest)	693	5 042	6 058	6 336
Trade payables	6 965	-	-	-	-
Liability related to acquisition of subsidiaries	4 000	-	-	-	-
	11 658	5 042	6 058	6 336	40 467

#### Maturities of financial liabilities as at 31 December 2006

1 000 EUR	1 January- 31 March 2007	1 April - 31 December 2007	2008	2009	After 2009
Borrowings (incl. interest)	514	5 237	4 861	3 940	7 051
Trade payables	2 627	-	-	-	-
Liability related to acquisition of subsidiaries	-	200	2 050	-	-
	3 141	5 437	6 911	3 940	7 051

#### Derivative instruments and hedging

The group has two interest rate swap derivatives, which has been used to change 23.5 million of the variable interest rate loan totalling to 47 million euro into fixed interest rate loan. The group does not apply the hedge accounting under IAS 39 and thus the changes in fair value of interest rate swap will be booked in financial items in profit and loss statement. The change in interest rate level will have an impact on the fair value on the derivative, but it does not have any cash flow impact.

#### Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management of the group is not based on any single key figure. Due to the growth strategy of Affecto that is partly based on intention to acquire other IT-service companies, the capital risk management has to be considered based on multiple variables. The management and the board of directors monitor the capital structure and liquidity of the company. Purpose of the monitoring is to ensure the sufficient liquidity and flexibility of the capital structure to put growth strategy and published dividend policy into effect.

#### Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The carrying amounts of the group's financial instruments, which include cash equivalents, trade receivables, trade payables and accrued expenses, approximate their fair values due to their short maturities. Current borrowings from financial institutions have a floating reference interest rate, thus their carrying amounts approximate their fair values.

## 4. Critical accounting estimates and judgements

Estimates and judgment are based on historical experience and other factors, including expectations of future events. Estimates and judgment are continually evaluated. Most critical accounting estimates and judgment are discussed below.

#### Purchase price allocation

IFRS 3 requires the acquirer to recognise separately an intangible asset of the acquiree if the recognition criteria are met. The recognition of intangible assets at their fair value requires management's estimates of future cash flows. When feasible, the management has used as a basis for such allocations the readily available market values to determine the fair value. However, when this has not been possible, as often is the case especially with intangible assets, the valuation has been based on past performance of such asset and its intended future use in our business. The valuations, which have been based on discounted cash flows, estimated selling prices or replacement costs, require management to make estimates and assumptions of the future use of those assets and the their impact on the group's financial position. Any change in the group's future business priorities and orientations may affect the planned outcome of initial valuations.

#### Impairment testing

The group tests annually whether goodwill or other intangible assets with indefinite useful lives have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Although the management believes that assumptions are appropriate, the estimated recoverable amounts can differ materially from what will actually occur in the future.

#### Revenue recognition

The group uses the percentage of completion method for long-term contracts. The percentage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing the particular project. Recognised revenues and profit are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period when such revisions become likely and estimable.

#### Inventory valuation

Management's policy is to maintain an allowance for slow moving and obsolete inventory based on the management's best estimate of the amounts that are potentially uncollectible at the balance sheet date. Management bases its estimate on a systematic, on-going review and evaluation.

## 5. Segment information

### Primary reporting format – geographical segments

Affecto's operations are organised through four country units: Finland, Baltic, Sweden and Norway & Denmark. Finland comprises the business areas BI solutions, Operational solutions and Cartographic solutions. Baltic and Norway & Denmark provide BI solutions and Operational solution services to its customers. The business in Sweden comprises of BI solutions.

In segment reporting geographical segment is defined as the primary and business segment as secondary segment format. Segment reporting reflects the group's internal organisational and management structure. The reportable geographical segments are Finland, Baltic countries, Sweden and Norway & Denmark. Geographical segments are presented based on the location of assets.

Segment results for the year ended 31 December 2007 are as follows:

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Total segment revenue	41 750	22 933	15 206	17 716	-	97 604
Inter-segment revenue	-43	-14	-12	-60	-	-130
Revenue	41 707	22 918	15 195	17 654	-	97 474
Operating profit	4 406	5 390	1 199	1 468	-1 705	10 758
Finance income and expenses						-1 300
Profit before taxes						9 458
Taxes						-2 477
Profit for the period						6 981

Unallocated costs represent general administrative expenses, head-office expenses and other expenses that arise at the entity level and relate to the entity as a whole.

Inter-segment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated parties. All inter-segment sales are eliminated in consolidation.

Non-cash expenses included in the income statement for the year ended 31 December 2007 are as follows

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Depreciation and amortisation	1 096	413	1 014	1 223	21	3 767
Stock options	48	26	-	14	-	88
Total	1 144	439	1 014	1 237	21	3 855

Segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Assets	40 803	19 065	54 370	31 223	16 609	162 070
Liabilities	11 040	5 551	18 536	5 282	58 598	99 107
Capital expenditure (including business combinations)	786	398	42 047	10 689	3	53 922

Segment assets consist primarily of tangible assets, intangible assets, inventories and receivables. They exclude tax assets, financial assets (including cash) and assets relating to corporate function. Segment liabilities comprise operating liabilities such as trade and other payables, accrued liabilities and customer advances. They exclude items such as taxation, borrowings and impact of derivatives.

Segment results for the year ended 31 December 2006 are as follows

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Total segment revenue	36 267	13 083	-	881	-	50 231
Inter-segment revenue	-36	-	-	-	-	-36
Revenue	36 231	13 083	-	881	-	50 194
Operating profit	4 641	497	-	-22	-1 474	3 642
Finance income and expenses						-184
Profit before taxes						3 458
Taxes						-824
Profit for the period						2 633

Non-cash expenses included in the income statement for the year ended 31 December 2006 are as follows

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Depreciation and amortisation	938	329	-	95	9	1 372
Stock options	4	2	-	-	1	7
Total	942	331	-	95	10	1 379

Segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows

1 000 EUR	Finland	Baltic	Norway & Denmark	Sweden	Unal-located	Group
Assets	38 616	15 075	-	16 736	8 314	78 741
Liabilities	8 717	3 303	-	3 718	23 911	39 649
Capital expenditure (including business combinations)	3 772	1 483	-	12 701	53	18 009

### Secondary reporting format – business segments:

In the beginning of 2007 the secondary segments were modified by separating BI (Business Intelligence), which previously was included in XBI, to its own segment. GIS and ECM, which were included in XBI, were combined with Customised solutions, which was renamed Operational solutions. The modification of segments has been done to better reflect the current management focus. The comparables for 2006 have been changed to correspond with the current segments.

BI: With Business Intelligence solutions organisations are able to integrate strategic targets with their business management. Business Intelligence solutions enable the further processing and utilisation of information generated by ERP and other IT systems. This means an add in process on top of the ERP to consolidate, analyse and visualise the digital information gathered from multiple sources.

Operational Solutions: Operational solutions are versatile solutions that help organisations to boost their operations. Affecto's operational solutions include, e.g., geographic information systems (GIS), enterprise content management (ECM) solutions and other operational applications used in specific areas like insurance, human resources and logistics.

Cartographic Solutions: The unit includes both the management of the digital geographic information database and publishing, retail and distribution of maps, atlases and related products.

Segment revenue, assets and capital expenditure for the year ended 31 December 2007 are as follows

1 000 EUR	Operational BI	Solutions	Carto-graphic Solutions	Unal-located	Group
Sales	48 093	39 900	9 481	-	97 474
Assets	85 275	48 184	12 002	16 609	162 070
Capital expenditure	42 119	11 642	158	3	53 922

Segment revenue, assets and capital expenditure for the year ended 31 December 2006 are as follows

1 000 EUR	Operational BI Solutions	Carto- graphic Solutions	Unal- located	Group	
Sales	11 774	28 805	9 652	-36	50 194
Assets	28 054	31 201	11 173	8 314	78 741
Capital expenditure	16 035	1 753	160	61	18 009

## 6. Business combinations

### Component Software Group ASA

Affecto published on 11 June 2007 that the company had made a combination agreement with Component Software and had intention to make a public tender offer for Component Software's shareholders. The public tender offer period began on 25 July 2007 and ended on 22 August 2007. Affecto's board of directors decided on 27 August 2007 to complete the tender offer. As a consequence of the tender offer, the number of Component Software shares transferred to Affecto at completion of the tender offer represented about 95.3% of all issued shares in Component Software. In accordance with the terms and conditions of the public tender offer, the consideration for one Component Software share was NOK 40.03 in cash and 0.81063 new Affecto shares. A total of 4 499 947 new Affecto shares were issued. Oslo Börs approved the offer document related to the mandatory offer and the compulsory acquisition on 19 September 2007. The mandatory offer period began on 19 September 2007 and ended on 17 October 2007. The trading with the share in Oslo Börs ended on 19 September 2007, when all shares were transferred to Affecto.

Component Software is one of the leading Business Intelligence solution providers in Scandinavia, offering both software and related services. Component Software is active in two areas: Business Intelligence (BI) and Enterprise Content Management. The company both delivers and implements leading BI solutions to its customers. The acquired business contributed revenues of 19.7 million euro and operating profit of 1.4 million euro to the group for the period it was consolidated.

The accounting for Component Software has been determined provisionally as at 31 December 2007. The allocation of purchase consideration to identifiable assets and liabilities has not been completed.

#### Details of net assets acquired and goodwill

1 000 EUR	
Purchase consideration:	
Cash paid	31 382
Paid in new shares	20 005
Direct costs relating to the acquisition	1 125
Total purchase consideration	52 511
Fair value of net assets acquired	13 935
Goodwill	38 577

The acquisition of Component Software will open Norwegian and Danish BI market to Affecto and makes the presence stronger in Sweden. The acquisition also enables better service for Nordic customers. In addition, the assembled and skilled workforce has impacted to the amount of goodwill.

### The assets and liabilities arising from the acquisition

1 000 EUR	Fair value*	Acquiree's carrying amount
Non-current assets		
Intangible assets		
Customer relationships	11 469	-
Contract based intangibles	737	-
Technology	1 180	506
Tangible assets	288	288
Deferred tax asset	1 960	1 960
Currents assets		
Trade and other receivables	7 812	7 812
Cash and cash equivalents	6 314	6 314
Total assets	29 761	16 880
Non-current liabilities		
Deferred tax liability	3 606	-
Current liabilities		
Trade and other payables	12 220	11 599
Total liabilities	15 826	11 599
Net assets	13 935	5 281
Purchase consideration settled in cash		
Cash and cash equivalents in subsidiary acquired		-32 507
Cash outflow (net) on acquisition		6 314
		-26 193

\* According to provisionally determined accounting

#### Impact of acquisition made in 2007, if it would have been made as at 1 January 2007

If the 2007 acquisition of Component Software had occurred on 1 January 2007 the revenue and operating profit of the Group would have increased by 29.4 million euro and 0.7 million euro respectively.

### Business combinations in 2006

#### UAB Dokumentu Valdymo Sistemose

On 27 April 2006, the group acquired 100 % of the share capital and voting rights of UAB Dokumentu Valdymo Sistemose. The company's offering includes document management and data capture solutions in Lithuania. The acquired business contributed revenues of 841 thousand euro and operating profit of 130 thousand euro to the group for the period it was consolidated, that is from 28 April 2006 to 31 December 2006.

#### Details of net assets acquired and goodwill

1 000 EUR	
Purchase consideration:	
Cash paid	1 006
Direct costs relating to the acquisition	29
Total purchase consideration	1 035
Fair value of net assets acquired	225
Goodwill	810

The goodwill is attributable to the synergies expected to arise after the acquisition and the assembled and skilled workforce.

## The assets and liabilities arising from the acquisition

1 000 EUR	Fair value	Acquiree's carrying amount
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Customer relationships	168	-
Contract based intangibles	102	-
Other intangible assets	129	129
Tangible assets	27	27
<b>Currents assets</b>		
Trade and other receivables	76	76
Cash and cash equivalents	3	3
<b>Total assets</b>	<b>505</b>	<b>235</b>
<b>Non-current liabilities</b>		
Deferred tax liability	44	-
<b>Current liabilities</b>		
Interest-bearing liabilities	211	211
Trade and other payables	25	25
<b>Total liabilities</b>	<b>280</b>	<b>236</b>
<b>Net assets</b>	<b>225</b>	<b>-1</b>
Purchase consideration settled in cash		-1 035
Cash and cash equivalents in subsidiary acquired		3
<b>Cash outflow (net) on acquisition</b>		<b>-1 032</b>

## ZenPark Oy

On 29 September 2006, the group acquired 100 % of the share capital and voting rights of ZenPark Oy. The main part of Zenpark's revenue is generated through BI solutions built on Cognos technology. In addition the company delivers BI and .NET solutions based on Microsoft technology. The acquired business contributed revenues of 939 thousand euro and an operating loss of 20 thousand euro to the group for the period it was consolidated, that is from 1 October 2006 to 31 December 2006. Based on earnings development until 30 June 2007, an earn-out 667 thousand euro was paid during year 2007.

## Details of net assets acquired and goodwill

1 000 EUR	
<b>Purchase consideration:</b>	
Cash paid	3 730
Direct costs relating to the acquisition	76
<b>Total purchase consideration</b>	<b>3 806</b>
<b>Fair value of net assets acquired</b>	<b>1 036</b>
<b>Goodwill</b>	<b>2 770</b>

The acquisition diversifies technology competence of the group, which together assembled and skilled workforce has impacted on the amount of goodwill. Costs savings relating to integration of operations have been estimated to be minor.

## The assets and liabilities arising from the acquisition

1 000 EUR	Fair value	Acquiree's carrying amount
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Customer relationships	460	-
Contract based intangibles	209	-
Other intangible assets	24	24
Tangible assets	54	54
<b>Currents assets</b>		
Trade and other receivables	668	668
Cash and cash equivalents	400	400
<b>Total assets</b>	<b>1 815</b>	<b>1 146</b>
<b>Non-current liabilities</b>		
Deferred tax liability	174	-
<b>Current liabilities</b>		
Trade and other payables	605	605
<b>Total liabilities</b>	<b>779</b>	<b>605</b>
<b>Net assets</b>	<b>1 036</b>	<b>541</b>
Purchase consideration settled in cash 2006		-3 131
Purchase consideration settled in cash 2007		-675
Cash and cash equivalents in subsidiary acquired		400
<b>Cash outflow (net) on acquisition</b>		<b>-3 406</b>

## Intellibis AB

On 11 December 2006, the group acquired 100 % of the share capital and voting rights of Intellibis AB. Intellibis is the leading specialised supplier of business intelligence (BI) solutions in Sweden. The main part of Intellibis revenue is generated through BI solutions built on Microsoft and Cognos technologies. In addition the company has partners like Business Objects, Lawson, Outlooksoft and CorpSoft. The acquired business contributed revenues of EUR 881 million and operating loss of EUR 22 thousand to the group for the period it was consolidated. Based on financial performance of the Intellibis Group, an earn-out max. 4.0 million euro can be paid during year 2008. In the financial statements as of 31 December 2007, the earn-out has been estimated to amount to 4.0 million euro (31 Dec. 2006, 2.1 million euro), which has been recorded as a non-interest bearing liability.

## Details of net assets acquired and goodwill

1 000 EUR	
<b>Purchase consideration:</b>	
Cash paid	10 424
Paid in treasury shares	501
Paid in new shares	1 649
Direct costs relating to the acquisition	127
Estimated earn-out	4 000
<b>Total purchase consideration</b>	<b>16 701</b>
<b>Fair value of net assets acquired</b>	<b>4 500</b>
<b>Goodwill</b>	<b>12 201</b>

In the directed share issue, which took place in December, 546 000 new shares were offered to Intellibis Grundare AB. The directed share issue was based on the share sale and purchase agreement between Affecto Plc and Intellibis Grundare AB, pursuant to which Affecto purchases all shares in Intellibis AB. Regarding these new shares, a value of 3.02 euro/share was used in the acquisition. In addition Affecto Plc has, as a part of the Intellibis transaction, conveyed 165 962 treasury shares held by the company to Intellibis Grundare AB with a price of 3.02 euro/share

The acquisition of Intellibis will open the Swedish BI market to Affecto and enables a wider service of Nordic customers. This together with assembled and skilled workforce has impacted to the amount of goodwill.

## The assets and liabilities arising from the acquisition

1 000 EUR	Fair value	Acquiree's carrying amount
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Customer relationships	2 988	-
Contract based intangibles	885	-
Other intangible assets	100	-
Tangible assets	22	22
Deferred tax asset	72	72
<b>Currents assets</b>		
Trade and other receivables	2 699	2 699
Cash and cash equivalents	1 362	1 362
<b>Total assets</b>	<b>8 128</b>	<b>4 155</b>
<b>Non-current liabilities</b>		
Deferred tax liability	1 236	124
<b>Current liabilities</b>		
Trade and other payables	2 392	2 392
<b>Total liabilities</b>	<b>3 628</b>	<b>2 515</b>
<b>Net assets</b>	<b>4 500</b>	<b>1 640</b>
Purchase consideration settled in cash		-10 468
Cash and cash equivalents in subsidiary acquired		1 362
Cash outflow (net) on acquisition		-9 106

### Impact of acquisitions made in 2006, if they would have been made as at 1 January, 2006

If the 2006 acquisitions had occurred on 1 January 2006 the revenue and operating profit of the Group would have increased by 12.9 million euro and 0.7 million euro respectively.

## 7. Tangible assets

1 000 EUR	Build-ings	Machinery and equipment	Other tangible assets	Total
<b>Acquisition cost 1 January 2007</b>				
Acquisition cost 1 January 2007	748	3 516	5	4 269
Translation differences	-	-2	-	-2
Acquired subsidiaries	-	2 867	-	2 867
Reallocation	-748	-	-	-748
Additions	-	1 221	-	1 221
Disposals	-	-101	-	-101
<b>Acquisition cost 31 December 2007</b>				
Acquisition cost 31 December 2007	-	7 502	5	7 507
<b>Accumulated depreciation 1 January 2007</b>				
Accumulated depreciation 1 January 2007	46	2 113	-	2 159
Translation differences	-	31	-	31
Acquired subsidiaries	-	2 579	-	2 579
Reallocation	-68	-	-	-68
Disposals	-	-91	-	-91
Depreciation for the period	22	936	-	958
Impairment charges	-	-	-	-
<b>Accumulated depreciation 31 December 2007</b>				
Accumulated depreciation 31 December 2007	-	5 569	-	5 569
<b>Carrying amount 1 January 2007</b>				
Carrying amount 1 January 2007	702	1 403	5	2 110
<b>Carrying amount 31 December 2007</b>				
Carrying amount 31 December 2007	-	1 933	5	1 939

1 000 EUR	Build-ings	Machinery and equipment	Other tangible assets	Total
<b>Acquisition cost 1 January 2006</b>				
Acquisition cost 1 January 2006	748	2 676	5	3 429
Translation differences	-	-	-	-
Acquired subsidiaries	-	113	-	113
Reallocation	-	-7	-	-7
Additions	-	867	-	867
Disposals	-	-133	-	-133
<b>Acquisition cost 31 December 2006</b>				
Acquisition cost 31 December 2006	748	3 516	5	4 269
<b>Accumulated depreciation 1 January 2006</b>				
Accumulated depreciation 1 January 2006	24	1 505	-	1 529
Translation differences	-	-	-	-
Acquired subsidiaries	-	15	-	15
Disposals	-	-116	-	-116
Depreciation for the period	22	709	-	731
Impairment charges	-	-	-	-
<b>Accumulated depreciation 31 December 2006</b>				
Accumulated depreciation 31 December 2006	46	2 113	-	2 159
<b>Carrying amount 1 January 2006</b>				
Carrying amount 1 January 2006	724	1 171	5	1 900
<b>Carrying amount 31 December 2006</b>				
Carrying amount 31 December 2006	702	1 403	5	2 110

### Assets held for sale

1 000 EUR	2007	2006
Assets held for sale	679	-

Assets held for sale as at 31 December 2007 consists of a premises owned by the group in Vilnius, Lithuania. A decision has been made to sell the premises as soon as a suitable buyer has been identified. The carrying value of asset is based on historical acquisition value less accumulated depreciation. The reclassification has not affected the profit for 2007. The assets are included in Baltic segment.

## 8. Goodwill and other intangible assets

1 000 EUR	Other intangible assets							
	Goodwill	Technology	Customer relationships	Trademark *	Cartographic Content	Contract based intangibles	Other	Total other intangible assets
Acquisition cost 1 January 2007	43 579	95	4 271	676	1 532	1 296	928	8 798
Translation differences	-481	-7	-247	-	-	-50	-	-304
Reallocations	-	-	-	-	-	-	-	-
Acquired subsidiaries	41 098	680	11 569	-	-	743	596	13 589
Additions	-	-	-	-	-	-	189	189
Disposals	-	-	-	-	-	-	-	-
Acquisition cost 31 December 2007	84 196	768	15 593	676	1 532	1 990	1 713	22 272
Accumulated amortisation 1 January 2007	-	34	206	21	230	135	622	1 249
Translation differences	-	-	-16	-	-	-18	-	-33
Acquired subsidiaries	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Amortisation for the period	-	77	1 133	31	102	1 223	244	2 810
Impairment charges	-	-	-	-	-	-	-	-
Accumulated amortisation 31 December 2007	-	111	1 323	52	332	1 340	866	4 025
Carrying amount 1 January 2007	43 579	61	4 065	655	1 302	1 161	306	7 550
Carrying amount 31 December 2007	84 196	657	14 270	624	1 200	650	847	18 249
Goodwill	84 196							
Other intangible assets	18 249							
Total intangible assets 31 December 2007	102 445							
Acquisition cost 1 January 2006	30 860	95	656	551	1 532	-	642	3 476
Translation differences	-5	-	-1	-	-	-	-	-1
Reallocations	-	-	-	-	-	-	7	7
Acquired subsidiaries	13 357	-	3 616	125	-	1 296	53	5 090
Additions	-	-	-	-	-	-	226	226
Disposals	-634	-	-	-	-	-	-	-
Acquisition cost 31 December 2006	43 579	95	4 271	676	1 532	1 296	928	8 798
Accumulated amortisation 1 January 2006	-	3	65	-	128	-	388	584
Translation differences	-	-	-	-	-	-	-	-
Acquired subsidiaries	-	-	-	-	-	-	24	24
Disposals	-	-	-	-	-	-	-	-
Amortisation for the period	-	32	141	21	102	135	210	641
Impairment charges	-	-	-	-	-	-	-	-
Accumulated amortisation 31 December 2006	-	34	206	21	230	135	622	1 249
Carrying amount 1 January 2006	30 860	92	591	551	1 404	-	254	2 892
Carrying amount 31 December 2006	43 579	61	4 065	655	1 302	1 161	306	7 550
Goodwill	43 579							
Other intangible assets	7 550							
Total intangible assets 31 December 2006	51 129							

\* Trademark identified in the purchase price allocation of Genimap International Oy (currently Affecto Finland Oy) (EUR 551 thousand) is treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. Therefore, the trademark is not amortised until its useful life is determined to be finite.

## Impairment test for goodwill

At each balance sheet date, the group assesses whether there are indications that the carrying amount of an asset may not be recoverable. If there are any indications of impairment, the recoverable amount is estimated. In addition, the recoverable amount is estimated annually for certain assets regardless of whether there have been indications of impairment or not. The need for impairment is assessed at the level of cash-generated units, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For goodwill impairment test, the goodwill has been allocated to the following cash-generating units.

1 000 EUR	2007	2006*
<b>Finland</b>		
Business Intelligence	7 589	7 114
Operational Solutions	10 785	10 785
Cartographic Solutions	5 807	5 807
<b>Baltic</b>		
Operational Solutions	9 626	9 627
<b>Sweden</b>		
Business Intelligence	20 159	10 246
<b>Norway &amp; Denmark</b>		
Business Intelligence	22 736	-
Operational Solutions	7 494	-
	84 196	43 579

\* In the beginning of 2007 the secondary segments were modified by separating BI (Business Intelligence), which previously was included in XBI, to its own segment. GIS and ECM, which were included in XBI, were combined with Customised solutions, which was renamed Operational solutions. The modification of segments had effect on cash-generating units also. The comparables for 2006 has been changed to correspond with current cash-generating units.

Trademark (EUR 551 thousand in 2007 and 2006), which has an indefinite useful life, has been allocated to the Cartographic solutions cash-generating unit.

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in the calculations are based on financial budgets and forecasts approved by management covering five year period. Cash flows beyond the five-year-period are extrapolated using estimated growth rates stated below. The growth rate does not exceed the long-term average actual growth rate within the industry.

#### Key assumptions used for value-in-use calculations

Cash-generating unit	Pre-tax discount rate	Growth rate
<b>Finland</b>		
Business Intelligence	11.38%	2%
Operational Solutions	11.65%	2%
Cartographic Solutions	9.22%	2%
<b>Baltic</b>		
Operational Solutions	12.17%	2%
<b>Sweden</b>		
Business Intelligence	11.37%	2%
<b>Norway &amp; Denmark</b>		
Business Intelligence	11.63%	2%
Operational Solutions	11.77%	2%

The management has based its cash flow projections for the period covered by most recent budgets to assumption of the market performance of the business. Assumptions used reflect past experience and future expectations, and are consistent with external sources of information. With regards to possible impairment, a change of 1% in the growth expectations of revenue and cost levels have the most significant impact on ratio between value-in-use and tested assets of Business Intelligence in Norway & Denmark and Cartographic Solutions in Finland. Based on the tests performed, profitability is the most sensitive parameter in calculating the value in use of the cash-generating units.

## 9. Values of financial assets and liabilities by categories

1 000 EUR	Note	Loans and receivables	Financial assets at fair value through profit and loss	Available-for-sale	Other financial liabilities	Total book value
<b>31 December 2007</b>						
Balance sheet item						
Financial assets						
Available-for-sale investments	10			170		170
Other non-current receivables		190				190
Trade receivables	12	28 848				28 848
Accrued income	12	3 316				3 316
Other receivables	12	980				980
Financial assets at fair value through profit and loss	13		35			35
Restricted cash and cash equivalents		659				659
Cash and cash equivalents	14	12 974				12 974
<b>Total financial assets</b>		<b>46 967</b>	<b>35</b>	<b>170</b>	<b>-</b>	<b>47 172</b>
Financial liabilities						
Borrowings	17				46 906	46 906
Trade payables	19				6 965	6 965
Accrued expenses	19				15 812	15 812
Other long term liabilities					532	532
Other short term liabilities	19				5 893	5 893
Liability related to the acquisition of a subsidiary	19				4 000	4 000
<b>Total Financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>80 108</b>	<b>80 108</b>
<b>31 December 2006</b>						
Balance sheet item						
Financial assets						
Available-for-sale investments	10			635		635
Other non-current receivables		93				93
Trade receivables	12	11 508				11 508
Accrued income	12	2 375				2 375
Other receivables	12	602				602
Financial assets at fair value through profit and loss	13		24			24
Restricted cash and cash equivalents		381				381
Cash and cash equivalents	14	4 906				4 906
<b>Total financial assets</b>		<b>19 865</b>	<b>24</b>	<b>635</b>	<b>-</b>	<b>20 524</b>
Financial liabilities						
Borrowings	17				19 046	19 046
Trade payables	19				2 627	2 627
Accrued expenses	19				5 813	5 813
Other long term liabilities					2 232	2 232
Other short term liabilities	19				2 960	2 960
Liability related to the acquisition of a subsidiary	19				200	200
<b>Total Financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>32 878</b>	<b>32 878</b>

## 10. Available-for-sale financial assets

Financial assets include shares and other financial investments. Currently all investments are classified as available-for-sale financial assets.

### Available-for-sale financial assets

1 000 EUR	2007	2006
At 1 January	635	99
Translation differences	-	-
Subsidiaries acquired	10	573
Additions	-	35
Disposals	-484	-77
Net gains/losses transfer to equity	9	5
At 31 December	170	635
Non-current	64	57
Current	106	578
	170	635

Available-for-sale financial assets include the following:

1 000 EUR	2007	2006
Unlisted shares	64	57
Interest funds	-	229
Capital guaranteed bonds	106	350
	170	635

## 11. Inventories

1 000 EUR	2007	2006
Materials and supplies	1	962
Work in progress	171	205
Finished goods	1 620	928
	1 792	2 095

In 2007, the group recognised 186 thousand euro (150 thousand euro) as write-down of inventories.

## 12. Trade and other receivables

### Aging of trade receivables

1 000 EUR	2007	2006
Not due	20 675	9 787
Overdue by between 1 and 30 days	5 973	1 243
Overdue by between 31 and 120 days	1 747	383
Overdue by more than 120 days	453	95
	28 848	11 508

### Other receivables

1 000 EUR	2007	2006
Prepaid expenses and accrued income		
Accrued income		
Amounts due from customers for contract work	2 237	1 119
Other accrued income	1 079	1 256
Prepaid expenses	5 580	1 253
Other receivables	980	602
	9 876	4 230

The carrying amounts of trade and other receivables approximate their fair value.

## 13. Financial assets at fair value through profit and loss

Derivatives that do not fulfil the hedge accounting requirements, are classified as financial assets at fair value through profit or loss.

1 000 EUR	2007	2006
Derivatives	35	24

Changes in fair values of financial assets at fair value through profit or loss, 11 thousand euro in 2007 (24 thousand euro), are recorded in finance items.

## 14. Cash and cash equivalents

1 000 EUR	2007	2006
Cash at bank and in hand	12 714	2 406
Short-term bank deposits	260	2 500
	12 974	4 906

Cash and cash equivalents include the following for the purposes of the cash flow statements:

1 000 EUR	2007	2006
Cash and cash equivalents in the balance sheet	12 974	4 906
Quoted available-for-sale financial assets	-	578
	12 974	5 485

The effective interest rate in short-term bank deposits is 3.3% (2.9%).

## 15. Share capital, share premium and reserve of invested non-restricted equity

	Number of shares	Share capital 1 000 EUR	Total share capital 1 000 EUR	Number of treasury shares	Treasury shares 1 000 EUR	Share premium 1 000 EUR	Reserve of invested non-restricted equity 1 000 EUR
1 January 2006	15 396 373	4 619	4 619	-	-	22 856	-
Directed share issues 1.	1 620 148	486	486	-	-	2 548	1 485
Purchase of treasury shares 2.	-	-	-	202 700	-509	-	-
Sell of treasury shares 3.	-	-	-	-165 962	-403	-	476
31 December 2006	17 016 521	5 105	5 105	36 738	-106	25 404	1 960
1 January 2007	17 016 521	5 105	5 105	36 738	-106	25 404	1 960
Directed share issues 1.	4 499 947	-	-	-	-	-	19 228
31 December 2007	21 516 468	5 105	5 105	36 738	-106	25 404	21 188

During the financial year 2006 there were the following changes in the share capital:

1. During 2006 there have been two directed share issues, which have increased the share capital. In the directed share issue, which took place in May, 1 074 158 new shares were offered in deviation from the pre-emptive right of subscription of the shareholders to the shareholders and option holders of the group's Baltic subsidiary UAB Informacines technologijos ("ITG"). The directed share issue was based primarily on the shareholders' agreements concluded in November 2004 according to which Affecto Plc has a call-option and the subscribers have a put-option to the remaining ITG shares and options held by the subscribers.  
In the directed share issue, which took place in December, 546 000 new shares were offered to Intellibis Grundare AB. The directed share issue was based on the share sale and purchase agreement between Affecto Plc and Intellibis Grundare AB, pursuant to which Affecto purchases all shares in Intellibis AB.
2. Between 30 May and 30 September 2006 the company has purchased 202 700 own shares from stock market with average price of 2.51 euro/share and has used 509 thousand euro for the purchases.
3. As part of the Intellibis transaction, Affecto Plc has conveyed 165 962 treasury shares held by the company to Intellibis Grundare AB with a price of 3.02 euro/share.

During the financial year 2007 there were the following changes in the share capital:

1. During 2007 there has been one directed share issues. Affecto Plc published on June 2007 that the company has made a combination agreement with Component Software Group ASA (Component Software) and had intention to make a public tender offer for Component Software's shareholders. In accordance with the terms and conditions of the public tender offer, the consideration for one Component Software share was 40.03 Norwegian krone in cash and 0.81063 new Affecto shares. A total of 4 499 947 new Affecto shares were issued.

At the end of 2007 company had 36 738 treasury shares, representing 0.2 percentages of share capital and voting rights. In 2007 company did not purchase or sell any of its treasury shares.

In 2006 the purchases of treasury shares have been as follows:

Month	No.	Par value (total)	
		1 000 EUR	1 000 EUR
May	6 000	2	14
June	84 400	25	198
August	60 900	18	152
September	51 400	15	145
Total purchases	202 700	61	509
Conveyance of treasury shares	-165 962	-50	403
Total	36 738	11	106

In 2006 the company conveyed treasury shares as follows:

Month	No.	Par value (total)		Selling price	
		1 000 EUR	1 000 EUR	1 000 EUR	1 000 EUR
December	165 962	50	501		

## 16. Share-based payments

The annual general meeting of Affecto Plc, which was held on 4 April, 2006, decided to issue stock options to the key personnel of the Affecto Group, as well as to a wholly owned subsidiary of the company. The maximum total number of stock options issued shall be 824 700. Of the stock options, 234 900 has been marked with symbol 2006A, 274 900 with the symbol 2006B and 314 900 with the symbol 2006C. As a result of the subscriptions with the 2006 stock options, the share capital of the company may be increased by a maximum total of 247 410 euro and the number of shares by a maximum total of 824 700 new shares.

The initial share subscription price for stock option 2006A was the offer price of the company share in the initial public offering, 4.80 euro, for stock option 2006B, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 January – 31 March 2007 3.34 euro, and for stock option 2006C, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 January – 31 March 2008. From the share subscription price of stock options shall, as per the dividend record date, be deducted the amount of the dividend decided after the beginning of the period determination of the subscription price but before share subscription. However, the subscription price for stock options is at least the nominal value of the share. The Group has no obligation to repurchase or settle the option in cash.

Mebius IT Oü, which is the subsidiary of Affecto Plc, has issued shares to the employees of Mebius IT Oü. Under IFRS this minority interest has been calculated for as a cash-settled share-based payment arrangement. The minority shareholders have a right to require Affecto Group to buy these shares in different instalments during 2010 and 2011. Other non-current liabilities include 483 thousand euro (52 thousand euro) related to this cash-settled share-based payment arrangement. However, the group does not have any obligation to buy these shares.

### The impact of share-based payments on the financial performance of the group

1 000 EUR	2007	2006
Share options	88	7
Cash-settled share-based payment arrangement	431	51
Total expense	519	58

	2006A	2006B	2006C	Total
Options outstanding 1 January 2007	206 000	-	-	206 000
Granted during the period	-	268 900	-	268 900
Forfeited during the period	16 000	-	-	16 000
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding 31 December 2007	190 000	268 900	-	458 900
Options held by the company	44 900	6 000	314 900	365 800
Total number of options	234 900	274 900	314 900	824 700
Options exercisable 31 December 2007	-	-	-	-
Options outstanding 1 January 2006	-	-	-	-
Granted during the period	234 000	-	-	234 000
Forfeited during the period	28 000	-	-	28 000
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding 31 December 2006	206 000	-	-	206 000
Options held by the company	28 900	274 900	314 900	618 700
Total number of options	234 900	274 900	314 900	824 700
Options exercisable 31 December 2006	-	-	-	-

Option plan	Exercise period	End of vesting period
2006A	1 April 2009 - 31 December 2010	1 April 2009
2006B	1 April 2010 - 31 December 2011	1 April 2010
2006C	1 April 2011 - 31 December 2012	1 April 2011

The Black-Scholes valuation model, which notices market conditions at grant date, has been used in calculation of fair value of granted stock options. The actual volatility of 12 months before the granting date has been used as expected volatility.

	2006A:1	2006A:2	2006B
Fair value of option at grant date	0.17	0.18	1.29
Grant date	22.5.2006	20.6.2006	1.5.2007
Number of outstanding options at December 31,2006	115 000	75 000	268 900
Exercise price	4.60	4.60	3.24
Share price at grant date	2.25	2.31	3.66
Expected volatility, %	35.1%	35.0%	33.0%
Assumed forfeiture, %	5.0%	5.0%	5.0%
Expected option life (year)	3.5	3.4	3.5
Risk-free interest rate, %	3.4%	3.6%	4.1%

## 17. Interest-bearing liabilities

1 000 EUR	2007	2006
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	43 906	14 014
Loans from financial institutions, current portion	3 000	5 032
	46 906	19 046

### The maturity of non-current interest-bearing liabilities

1 000 EUR	2007	2006
2007	-	5 031
2008	2 981	4 275
2009	3 481	3 532
2010	3 981	345
2011	3 981	345
2012	32 482	5 345
After 2012	-	173
	46 906	19 046

### The weighted average effective interest rates of interest-bearing liabilities (including current interest-bearing liabilities)

%	2007	2006
Loans from financial institutions	5.42	4.58

The interest-bearing liabilities of the Group comprise euro currency variable interest liabilities. 23.5 million of the loan has been changed to fixed interest loan by using interest rate swap. The carrying value of the interest-bearing liabilities is considered to approximate their fair value.

## 18. Deferred tax assets and liabilities

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances

1 000 EUR	1 January 2007	Acquisitions / Disposals of subsidiaries	Charged to income statement	Charged to equity	Translation difference	31 December 2007
Deferred tax assets:						
Differences in tax and accounting depreciations	587	226	141	-	4	959
Accruals	73	4	71	-	-	147
Available-for-sale financial assets	4	-	-	-4	-	-
Tax losses and tax credit carried forward	84	1 730	-518	-	-33	1 264
Total deferred tax assets	748	1 960	-305	-4	-30	2 370
Deferred tax liabilities:						
Cumulative accelerated depreciation	6	-	2	-	-	8
Untaxed reserves	233	-	132	-	-7	357
Other financial assets at fair value through profit or loss	6	-	3	-	-	9
Kertyneet voittovarat	-	-	51	-	-	51
Fair valuation (business combinations)	1 916	3 606	-697	-	-44	4 781
Other accrued expenses	-	-	24	-	-	24
Total deferred tax liabilities	2 161	3 606	-485	-	-51	5 231

1 000 EUR	1 January 2006	Acquisitions / Disposals of subsidiaries	Charged to income statement	Charged to equity	Translation difference	31 December 2006
Deferred tax assets:						
Differences in tax and accounting depreciations	555	-	32	-	-	587
Accruals	32	72	-30	-	-	73
Available-for-sale financial assets	-	5	-	-1	-	4
Tax losses and tax credit carried forward	89	-	-5	-	-	84
Total deferred tax assets	676	77	-3	-1	-	748
Deferred tax liabilities:						
Cumulative accelerated depreciation	-	-	6	-	-	6
Untaxed reserves	-	122	111	-	-	233
Other financial assets at fair value through profit or loss	-	-	6	-	-	6
Fair valuation (business combinations)	692	1 330	-106	-	-	1 916
Total deferred tax liabilities	692	1 452	17	-	-	2 161

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1 000 EUR	2007	2006
Total deferred tax assets	2 370	748
Offset against deferred tax liabilities	-73	-154
Deferred tax assets on the balance sheet	2 297	594
Total deferred tax liabilities	5 231	2 161
Offset against deferred tax assets	-73	-154
Deferred tax liabilities on the balance sheet	5 159	2 007

#### Deferred tax assets

1 000 EUR	2007	2006
Deferred tax asset to be recovered after more than 12 months	582	207
Deferred tax asset to be recovered within 12 months	1 715	387
	2 297	594

#### Deferred tax liabilities

1 000 EUR	2007	2006
Deferred tax liability to be recovered after more than 12 months	4 312	1 668
Deferred tax liability to be recovered within 12 months	846	339
	5 159	2 007

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The deferred income tax charged to equity during the year is as follows:

1 000 EUR	2007	2006
Other reserves		
Available-for-sale financial assets (deferred tax liability)	4	1

## 19. Trade and other payables

1 000 EUR	2007	2006
Trade payables	6 965	2 627
Other payables		
Advances received		
Advances received for contract work (net)	1 284	1 238
Advances received for maintenance contracts	10 662	2 369
Advances received other	487	-
	12 433	3 607
Accrued expenses		
Personnel expenses	11 971	4 115
Interest expenses	-	70
Other accrued expenses	3 841	1 628
	15 812	5 813
Other short-term liabilities	5 893	2 960
Liability related to the acquisition of a subsidiary and share options	4 000	200
	38 138	12 580

The carrying amounts of trade and other payables approximate their fair value.

## 20. Analysis of sales by category

1 000 EUR	2007	2006
Contract revenue	16 156	11 033
Service revenue*	76 918	34 827
Revenue from sale of goods	4 400	4 334
	97 474	50 194

\* includes software revenue

The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress were 16.2 million euro (11.0 million euro). The balance sheet includes 1.3 million euro of advances received for contract work (1.2 million euro).

## 21. Other operating income

1 000 EUR	2007	2006
Capital gains on disposal of non-current assets	11	28
Other	69	110
	80	138

In 2007 other operating income includes among others following items:

- Payments relating to in previous years sold businesses 44 thousand euro
- Capital gains on disposal of non-current assets 11 thousand euro

In 2006 other operating income includes among others following items:

- Payments relating to in previous years sold businesses 84 thousand euro
- Contractual penalty relating to breach of non-compete agreement 15 thousand euro

## 22. Materials and services

1 000 EUR	2007	2006
Materials and services		
Purchases	10 423	8 794
Change in inventories	405	317
External services	9 023	4 067
	19 851	13 177

External services comprise purchases from subcontractors.

## 23. Personnel expenses

1 000 EUR	2007	2006
Wages and salaries	38 242	19 589
Social charges	5 995	1 211
Pension expenses – Defined contribution plans	3 879	3 138
Impact of IFRS 2	519	58
	48 635	23 996

## 24. Depreciation, amortisation and impairment charges

1 000 EUR	2007	2006
Depreciation of tangible assets		
Buildings	22	22
Machinery and equipment	936	709
	958	731
Amortisation of intangible assets	2 810	641
	3 767	1 372

## 25. Other operating expenses

1 000 EUR	2007	2006
Rental expenses (operating leases)	2 395	1 985
Other operating expenses	12 256	6 447
	14 651	8 432

Research and development expenses of 818 thousand euro less 24 thousand euro of grants related to research and development are charged to the income statement. The aggregate amount of research and development expenditure recognised as expense during the year

2006 was 476 thousand euro less 182 thousand euro of grants related to research and development activities.

## 26. Financial income and expenses

1 000 EUR	2007	2006
Financial expenses		
Bank borrowings	1 580	489
Other interest expenses	40	-
Exchange gains and losses	48	9
	1 668	498
Financial income		
Bank deposits	356	251
Change in fair value of derivatives	11	24
Dividend income	-	39
	367	314
Financial expenses – net	1 300	184

### The aggregate exchange differences charged/credited to the income statement

1 000 EUR	2007	2006
Sales	3	-
Materials and services	-1	-
Other operating expenses	-17	-
Finance costs	-48	-9
	-63	-9

## 27. Income tax expense

### Major components of tax expenses

1 000 EUR	2007	2006
Current tax expense	2 536	963
Adjustments recognised for current tax of prior periods	121	-152
Change in deferred taxes	-180	14
	2 477	824

### Reconciliation of tax expense

1 000 EUR	2007	2006
Profit before tax	9 458	3 458
Tax calculated at 26 %	2 459	899
Differences in tax rates in other countries	-436	-45
Expenses not deductible for tax purposes	244	65
Income not subject to tax	-12	-20
Utilisation of tax losses carried forward	-	-11
Effect of change in tax rate	50	28
Retained earnings	51	
Prior year tax expense	121	-92
Tax charge	2 477	824

In 2006, taxes, 26 thousand euro, relating to capital gain of the sale of treasury shares has been booked in current income tax liabilities and as a decrease of reserve of invested non-restricted equity.

## 28. Earnings per share

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

1 000 EUR	2007	2006
Profit attributable to equity holders of the company	6 981	2 633
Weighted average number of ordinary shares in issue (thousands)	18 533	16 058
Basic earnings per share (EUR per share)	0.38	0.16

### Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. At the end of 2007 the only dilutive potential ordinary share was share options. The share options will dilute the earnings per share, if the subscription price of these share options is less than the fair value of the share. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The outstanding options did not dilute the earnings in the end of 2006 and 2007.

1 000 EUR	2007	2006
Profit attributable to equity holders of the company	6 981	2 633
Weighted average number of ordinary shares in issue (thousands)	18 533	16 058
Weighted average number of ordinary shares for diluted earnings per share (thousands)	18 533	16 058
Diluted earnings per share (EUR per share)	0.38	0.16

## 29. Dividend distribution

The dividends paid in 2007 were 1 698 thousand euro (0.10 euro per share) The dividends paid in 2006 were EUR 1 540 thousand (0.10 euro per share).

## 30. Related party transactions

The following transactions were carried out with related parties:

### Key management compensation

1 000 EUR	2007	2006
Salaries and other short-term employee benefits	2 564	1 644
Post-employment benefits	327	259
Share-based payments	35	3
	2 926	1 906

The remuneration to a member of the board Haakon Skaarer, totalling to 5 thousand euro, has been paid to Norsk Vekst AS.

In 2006, 8 thousand euro was paid for consultation services to a related party company of one board member.

## 31. Audit fees

1 000 EUR	2007	2006
Audit fee	140	101
Other fees paid to the auditor	218	95
	358	196

Other fees include services related to business acquisition amounting to 128 thousand euro that has been capitalised on balance sheet.

## 32. Subsidiaries as at 31 December 2007

Name of the subsidiary	Ownership of Group (%)	Country of incorporation
Affecto Finland Oy	100	Finland
Affecto Securities Oy	100	Finland
UAB Informacines Technologijos	100	Lithuania
Mebius IT	100	Latvia
Mebius IT Vilnius	100	Lithuania
Mebius IT Oü	100	Estonia*
Mebius IT Sp.z.o.o	100	Poland
Intellibis AB	100	Sweden
Intellibis Stockholm AB	100	Sweden
Intellibis Syd AB	100	Sweden
Affecto Norway AS	100	Norway
Component Software Norway AS	100	Norway
Component Software EDM AS	100	Norway
Contempus AB	100	Sweden
Affecto Denmark A/S	100	Denmark
Component Software Sweden AB	100	Sweden

\* Mebius IT Oü, which is the subsidiary of Affecto Plc, has issued shares to the employees of Mebius IT Oü. Under IFRS this minority interest (43.02 %) has been calculated for as a cash-settled share-based payment arrangement. Thus the ownership under IFRS is 100%.

## 33. Contingencies and commitments

The group has a contingent asset of 87 thousand Latvian lats (125 thousand euro) relating to a court case in Latvia. Riga Regional Court published a judgement, according to which adverse party was sentenced to pay 87 thousand Latvian lats to a group company of Affecto (SIA Mebius IT). The adverse party has appealed to Supreme Court of the republic of Latvia and demanded to change the decision.

In respect of the acquisitions of Intellibis AB, an additional consideration of up to 4.0 million euro may be payable. The additional consideration will be settled during the first quarter in 2008. In the financial statements for 2007 an additional consideration has been estimated to amount to 4.0 million euro, which has been recorded as liability.

### Derivative contracts

1 000 EUR	2007		2006	
	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps	23 500	35	5 000	24

Group does not apply hedge accounting in accordance with IAS 39 and thus changes in fair value of derivative contracts are recorded in profit and loss statement.

### Operating lease commitments – where the Group is the lessee

The group leases offices, machinery and cars under non-cancellable operating lease agreements.

### The future aggregate minimum lease payments under non-cancellable operating leases:

1 000 EUR	2007	2006
Not later than 1 year	3 013	2 346
Later than 1 year and not later than 5 years	5 197	3 792
	8 210	6 138

## Guarantees

1 000 EUR	2007	2006
Debts secured by a mortgage		
Bank borrowings	47 000	19 031

The above-mentioned debts are secured by bearer bonds with capital value of 52.5 million euro. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on company assets of the group companies. In addition, the shares in Affecto Finland Oy and Affecto Norway AS have been pledged to secure the financial loans above.

### Other securities given on own behalf

1 000 EUR	2007	2006
Pledges (short-term receivables)	855	27
Pledges (long-term receivables)	-	669

Pledges given on own behalf consist of restricted cash of 0.3 million euro (0.4 million euro), time deposits of 0.3 million euro (0.0 million euro) and short term receivables at an amount of 0.3 million euro (0.3 million euro).

## 34. Events after the balance sheet date

Distributable funds of the parent company of the group on 31 December 2007 are 25 356 088.63 euros. Board of Directors proposes that from the financial year 2007 a dividend of 0.16 euros per share will be paid, a total of 3 436 756.80 euros with the outstanding number of shares at the end of the financial period, and the rest is carried forward to the retained earnings account. No material changes have taken place in respect of the company's financial position after the balance sheet date. The liquidity of the company is good and in the opinion of the Board of Directors proposed distribution of profit does not risk the liquidity of the company.

In January 2008, Affecto has published information about new projects in Finland, Lithuania and Latvia. Affecto will deliver a new case management solution to the Finnish Ministry of Education, an IT solution to Lithuanian Ministry of Education to improve processes of education institutions and an EMCS system to Latvian State Revenue Service.

Mr. Darius Lazauskas has been appointed as a member of the group management team as of 1 February 2008.

# Key figures

1 000 euros except percentages	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007
Net sales	26 734	46 699	50 194	97 474
EBITDA	5 288	6 247	5 014	14 525
EBITDA, % of sales	19.8	13.4	10.0	14.9
Operating profit	4 740	5 153	3 642	10 758
Operating profit, % of sales	17.7	11.0	7.3	11.0
Profit before income taxes	4 531	4 789	3 458	9 458
Profit before income taxes, % of sales	16.9	10.3	6.9	9.7
Net income for equity holders of the parent company	3 176	3 695	2 633	6 981
Net income for equity holders of the parent company, % of sales	11.9	7.9	5.2	7.2
Return on equity, %	22.5	13.3	7.2	13.7
Return on capital employed, %	17.4	11.8	7.3	13.3
Equity ratio, %	41.5	56.9	52.0	41.9
Gross investment in non-current assets	412	819	1 118	1 410
Gross investment, % of sales	1.5	1.8	2.2	1.4
Research and development costs	326	761	476	910
Research and development costs, % of sales	1.2	1.6	0.9	0.9
Order backlog	13 666	13 027	24 167	41 560
Number of employees, average during the period	218	526	605	897
Gearing, %	52.2	9.9	35.2	53.9
Interest-bearing net debt	11 434	3 340	13 743	33 933
<b>KEY RATIOS PER SHARE</b>				
Earnings per share	0.32	0.25	0.16	0.38
Earnings per share, diluted	0.32	0.24	0.16	0.38
Equity per share	1.65	2.18	2.30	2.93
Dividend per share	0.06	0.10	0.10	0.16*
Dividend of earnings, %	19.0	39.4	61.0	42.5
Effective yield, %	-	2.9	2.9	3.8
P/E ratio	-	13.8	21.2	11.2
Market capitalization	-	53 887	58 920	90 859
Share value, EUR				
Lowest price	-	3.00	2.20	2.90
Highest price	-	5.08	4.02	5.18
Average price	-	4.26	3.06	4.09
Closing price	-	3.50	3.47	4.23
Trading volume				
1 000 shares	-	24 093	14 632	23 464
%	-	156	86	109
Average number of shares	10 048 288	14 556 367	16 057 557	18 533 189
Number of shares at end of period	13 296 356	15 396 373	16 979 783	21 479 730

\*Board's proposal on 14 February 2008

## Calculation of key figures

EBITDA	=	Earnings before interest, taxes, depreciation and amortization	
EBITDA, % of sales	=	$\frac{\text{Earnings before interest, taxes, depreciation and amortization}}{\text{Net sales}}$	x 100
Operating result before IFRS 3 items	=	Operating profit + Amortisations of purchase price allocations on business combinations	
Operating profit, % of sales	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Profit before income taxes, % of sales	=	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	
Net income for equity holders of parent company, % of sales	=	$\frac{\text{Net income for equity holders of the parent company}}{\text{Net sales}}$	x 100
Return on equity, %	=	$\frac{\text{Profit before extraordinary items – taxes}}{\text{Shareholders' equity (capital loan excluded) + minority interest}}$	x 100
Return on capital employed, %	=	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Total assets – interest-free liabilities}}$	x 100
Equity ratio, %	=	$\frac{\text{Shareholders' equity (capital loan excluded) + minority interest}}{\text{Total assets – advance payments}}$	x 100
Gross investment in non-current assets	=	Acquisition cost of tangible and intangible assets and investments included under non-current assets, including loan receivables entered in non-current assets (excluding business acquisitions).	
Gross investment, % of sales	=	$\frac{\text{Gross investment}}{\text{Net sales}}$	x 100
Research and development costs, % of sales	=	$\frac{\text{Research and development costs}}{\text{Net sales}}$	x 100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash, bank receivables and securities held as financial assets}}{\text{Shareholders' equity + minority interest}}$	x 100
Interest-bearing net	=	Interest-bearing liabilities - cash and bank receivables	
Earnings per share (EPS)	=	$\frac{\text{Profit before extraordinary items - taxes +/- minority interest}}{\text{Adjusted average number of shares during the period}}$	
Equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of the shares at the end of the financial year}}$	
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Adjusted number of the shares at the end of the financial year}}$	
Dividend per earnings, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective yield, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted share price at closing date}}$	x 100
P/E ratio	=	$\frac{\text{Adjusted share price at closing date}}{\text{Earnings per share}}$	
Market capitalization	=	Number of shares at year end (excluding treasury shares) x share price at closing date	

# Income statement

1 000 EUR	1 Jan-31 Dec 2007	1 Jan-31 Dec 2006
<b>Net sales</b>	<b>3 584</b>	<b>499</b>
Other operating income	-	15
<b>Material and services</b>		
External services	745	225
	745	225
<b>Personnel expenses</b>		
Wages and salaries	2 024	812
Social security expenses		
Pension expenses	244	94
Other social security expenses	64	44
	2 332	950
<b>Depreciation, amortization and impairment charges</b>		
Depreciation according to plan	21	9
<b>Other operating expenses</b>	<b>884</b>	<b>747</b>
<b>Operating loss</b>	<b>-398</b>	<b>-1 417</b>
<b>Financial income and expenses</b>		
Dividend income	1 601	-
Interest income	182	230
Interest expenses and other financial expenses	-1 968	-566
	-186	-335
<b>Loss before extraordinary items</b>	<b>-584</b>	<b>-1 752</b>
<b>Extraordinary items</b>		
Group contribution	2 200	1 750
<b>Profit before appropriations and income tax</b>	<b>1 616</b>	<b>-2</b>
Change in cumulative accelerated depreciation	1	-1
Income taxes	-6	88
<b>Profit for the period</b>	<b>1 611</b>	<b>85</b>

# Balance sheet

1 000 EUR	31 Dec 2007	31 Dec 2006
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets		
Intangible rights	16	24
Tangible assets		
Machinery and equipment	16	25
Investments		
Shares in subsidiaries	106 967	56 337
<b>Total non-current assets</b>	<b>106 999</b>	<b>56 386</b>
<b>Current assets</b>		
Receivables		
Long- term		
Deferred taxes	1	-
Short-term		
Account receivables	582	-
Receivables from group companies	1 000	2 290
Other receivables	271	333
Prepaid expenses and accrued income	3 250	416
	5 104	3 039
Cash and cash equivalents	52	2 505
<b>Total current assets</b>	<b>5 157</b>	<b>5 543</b>
<b>Total assets</b>	<b>112 155</b>	<b>61 929</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity</b>		
Share capital	5 105	5 105
Share premium	21 912	21 912
Reserve of invested non-restricted equity	18 598	1 960
Retained earnings	5 147	6 760
Profit for the year	1 611	85
<b>Total equity</b>	<b>52 373</b>	<b>35 822</b>
<b>Appropriations</b>		
Cumulative accelerated depreciation	-	1
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	44 000	14 014
<b>Current liabilities</b>		
Loans from credit institutions	3 000	5 017
Advances received	3 201	1 108
Trade payables	87	202
Payables to group companies	8 356	5 336
Other liabilities	88	41
Accrued expenses	1 052	388
	15 782	12 093
<b>Total liabilities</b>	<b>59 782</b>	<b>26 106</b>
<b>Total shareholders' equity and liabilities</b>	<b>112 155</b>	<b>61 929</b>

# Cash flow statement

1 000 EUR	1 Jan-31 Dec 2007	1 Jan-31 Dec 2006
<b>Cash flows from operating activities</b>		
Profit before extraordinary items	-584	-1 752
Adjustments:		
Depreciation	20	9
Finance income and expenses	186	336
Cash flows before change in working capital	-378	-1 407
<b>Change in working capital:</b>		
Increase in current non interest-bearing receivables (-)	-1 008	-841
Increase in current non interest-bearing liabilities (+)	3 168	5 258
Cash flows from operating activities before finance cash flows and taxes	1 782	3 010
Interest paid and payments for other operating finance expenses	-2 002	-500
Dividends received from operations	1 601	-
Interest received from operations	148	223
Income taxes paid	-59	-5
Net cash generated from operating activities	1 470	2 728
<b>Cash flows from investing activities</b>		
Investments in intangible and tangible assets	-4	-53
Shares acquired in subsidiaries	-33 215	-13 725
Net cash generated from operating activities	-33 219	-13 778
<b>Cash flows from financing activities</b>		
Paid expenses on issue of share capital	-777	-
Purchase and sales of treasury shares	-	-509
Dividends paid	-1 698	-1 540
Group contribution	1 200	650
Increase in current loans	2 602	-
Increase in non-current loans	48 500	12 415
Repayment of non-current loans	-20 531	-3 178
Net cash generated from financing activities	29 296	7 838
Change in cash and cash equivalents	-2 453	-3 212
Cash and cash equivalents at beginning of period	2 505	5 717
Cash and cash equivalents at end of period	52	2 505

# Notes

## Notes to the financial statements of parent company

### Accounting policies

#### 1. Intangible and tangible assets

Intangible and tangible assets are shown at historical cost less accumulated depreciation according to plan. Depreciation is calculated over the useful lives of the assets as follows

Intangible rights	3 years
Machinery and equipment	3 years

#### 2. Financial assets

Financial securities are measured at their cost.

#### 3. Pension expense

Retirement benefits for personnel have been arranged with insurance companies.

#### 4. Foreign currency items

Foreign currency receivables and payables are translated into euro by using the closing rate at the balance sheet date.

#### 5. Derivatives

If the fair value of derivative is negative at the reporting date, the negative amount will be booked to profit and loss statement.

## Notes to profit and loss statement and balance sheet of parent company

#### 6. Revenue by business area

1 000 EUR	2007	2006
Operational solutions	2 798	403
Non-allocated	786	97
	3 584	499

#### 7. Long-term projects

In long-term projects percentage of completion method has been applied. The state of completion is measured by reference to the contract actual hours up to the balance sheet date as a percentage of total estimated hours. Project managers will estimate the remaining hours monthly.

When the outcome of a construction contract can not be estimated reliably, contract revenue is recognized only to the extent of contract

costs incurred. When the outcome can be estimated reliably, the margin of the project will be recognized in accordance of percentage of completion method.

The percentage of completion method has been applied to all projects although it wouldn't necessarily required by the time of the project. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### 8. Long-term projects

1 000 EUR	2007	2006
Recognised in revenue (accrued income)	3 201	403
Uncompleted part of a project (Order backlog)	346	2 904
Provisions	-	-
Advances received	3 201	1 108

#### 9. Other operating income

Other operating income includes a contractual penalty relating to breach of non-compete agreement EUR 15 thousand.

#### 10. Average number of employees

	2007	2006
Full-time employees	24	8
Hourly staff	-	-
	24	8

#### 11. Number of employees at the end of year

	2007	2006
Full-time employees	24	22
Hourly staff	-	-
	24	22

#### 12. Key management compensation

The CEO and Board members have been paid remuneration during the financial year as follows:

1 000 EUR	2007	2006
CEO and the Board of Directors:		
Antti Halila, CEO 1.1.-31.8.2006	-	103
Pekka Eloholma, CEO since 1.9.2006	236	64
Aaro Cantell, Chairman of the Board	31	30
Hienonen Jukka, Member of the Board to 4.4.2006	-	4
Lautsuo Pyry, Member of the Board from 1.4.2007	12	-
Lehmusto Heikki, Member of the Board	15	11
Mäenpää Pasi, Member of the Board	15	14
Mäkinen Jukka, Member of the Board to 31.3.2007	4	14
Norokorpi Jukka, Member of the Board	15	11
Pohjola Ossi, Member of the Board to 4.4.2006	-	4
Rytkönen Esko, Member of the Board	15	11
CEO and the Board of Directors	344	266

The remuneration to a member of the board Haakon Skaarer, totalling to 5 thousand euro, has been paid to Norsk Vekst AS.

In 2006, 8 thousand euro was paid for consultation services to a related party company of one board member.

### 13. Extraordinary items

A group contribution of 2 200 000 euro received from Affecto Oy is included in the extraordinary items. The group contribution received from Affecto Oy for the year ended December 31, 2006 amounted to 1 750 000 euro.

### 14. Depreciation according to plan

1 000 EUR	2007	2006
Intangible rights	9	3
Machinery and equipment	12	6
	21	9

Depreciation according to plan is calculated in the historical acquisition cost based on the useful life of the assets.

### 15. Audit fees

1 000 EUR	2007	2006
Audit fee	15	15
Tax advisory	30	8
Other fees	160	87
	205	110

Other fees include services related to business acquisition amounting to 127 696.21 euro has been capitalised on balance sheet.

### 16. Income taxes

1 000 EUR	2007	2006
Tax on extraordinary items	572	455
Current tax	-566	-451
Tax relating to previous periods	0	-92
	6	-88

In 2006, taxes relating to capital gain of sale of treasury shares, 25 646.00 euro, was booked in tax liability and in reserve of invested non-restricted capital.

### 17. Intangible and tangible assets

1 000 EUR	2007	2006
Software		
Acquisition cost as of 1 January	27	-
Additions	1	27
Disposals	-	-
Acquisition cost as of 31 December	29	27
Accumulated depreciation as of 1 January	3	-
Depreciation for the period	9	3
Accumulated depreciation as of 31 December	12	3
Carrying amount as of 31 December	16	24

1 000 EUR	2007	2006
Machinery and equipment		
Acquisition cost as of 1 January	37	11
Additions	3	26
Disposals	-	-
Acquisition cost as of 31 December	39	37
Accumulated depreciation as of 1 January	12	6
Depreciation for the period	12	6
Accumulated depreciation as of 31 December	24	12
Carrying amount as of 31 December	16	25

### 18. Shares in subsidiaries

1 000 EUR	Ownership	Book value
Affecto Finland Oy, Helsinki	100%	31 177
UAB Informacines technologijos, Vilna	100%	13 141
Affecto Securities Oy, Helsinki	100%	3
Intellibis AB, Tukholma *	100%	12 724
Affecto Norway AS	100%	49 922
Shares in subsidiaries total		106 967

\* Based on financial performance of the Intellibis Group, an earn-out max. 4 000 000 euro will be paid during year 2008.

### 19. Receivables from group companies

1 000 EUR	2007	2006
Trade receivables	-	118
Other receivables	1 000	2 172
	1 000	2 290

### 20. Prepaid expenses and accrued income

1 000 EUR	2007	2006
Amounts due from customers for contract work	3 201	403
Advances on purchase invoices	14	12
Current income tax receivables	22	-
Other receivables	13	1
	3 250	416

### 21. Changes in equity

1 000 EUR	2007	2006
Restricted equity		
Share capital as of 1 January	5 105	4 619
Share issue on 5 May 2006	-	322
Share issue on 13 December 2006	-	164
Share capital as of 31 December	5 105	5 105
Share premium as of 1 January	21 912	19 364
Share issue on 5 May 2006	-	2 548
Share premium as of 31 December	21 912	21 912
Restricted equity as of 31 December	27 017	27 017

#### Non-restricted equity

Reserve of invested non-restricted equity as of 1 January	1 960	-
Share issue on 13 December 2006	0	1 484
Share issue on 27 August 2007	16 638	-
Sale of treasury shares including tax impact	-	476
Reserve of invested non-restricted equity as of 31 December	18 598	1 960
Retained earnings as of 1 January	6 845	8 808
Dividends paid	-1 698	-1 540
Change in treasury shares	-	-509
Retained earnings as of 31 December	5 147	6 760

Profit for the period

Non-restricted equity as of 31 December

Total equity as of 31 December

Movements in the number of shares during the financial year

	Number of share
1 January 2007	17 016 521
27 August	4 499 947
31 December 2007	21 516 468

At the end of 2007 company had 36 738 treasury shares, representing 0.17 percentages of share capital and voting rights.

## 22. The authorizations given to the board of directors

The Annual General Meeting 28 March 2007 decided to authorize the Board of Directors to decide to issue new shares and to convey the company's own shares held by the company in one or more tranches. The share issue may be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against payment at a price to be determined by the Board of Directors. A maximum of 3 400 000 new shares may be issued. A maximum of 1 700 000 own shares held by the company may be conveyed. In addition, the authorization includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one-tenth (1/10) of all shares in the company. The authorization shall be in force until the next Annual General Meeting. No shares have been issued based on the authorization by 31 December 2007.

The Annual General Meeting decided to authorize the Board of Directors to decide to acquire the company's own shares with distributable funds. A maximum of 1 700 000 shares may be acquired. The authorization shall be in force until the next Annual General Meeting. No shares were acquired based on the authorization by 31 December 2007.

In addition, the Extraordinary General Meeting held after the review period on 10 July 2007 authorized the Board to decide on the directed share issue (max. 4 800 000 shares) needed for the acquisition of Component Software. Based on this authorization, 4 499 947 new shares were issued to shareholders of Component Software. The share issue was registered at the trade register on 28 August 2007.

## 23. Calculation of distributable earnings

Parent company's distributable earnings are:

1 000 EUR	2007	2006
Retained earnings	5 147	6 760
Profit for the period	1 611	85
Reserve of invested non-restricted equity	18 598	1 960
Total distributable earnings	25 356	8 805

## 24. Loans from credit institutions

1 000 EUR	2007	2006
Loans from credit institutions as of 1 January	19 031	9 794
Changes during the year		
Increase in loans	48 500	12 415
Repayment of loans	-20 531	-3 178
Loans from credit institutions as of 31 December	47 000	19 031

Repayment schedule:

Year	2007	2006
Year 2007	-	5 017
Year 2008	3 000	4 275
Year 2009	3 500	3 532
Year 2010	4 000	345
Year 2011	4 000	345
Year 2012	32 500	5 345
Year 2013	-	173
	47 000	19 031

## 25. Payables to group companies

1 000 EUR	2007	2006
Trade payables	79	-
Other debts	8 277	5 336
	8 356	5 336

## 26. Accrued expenses

1 000 EUR	2007	2006
Personnel costs	1 014	273
Income tax payable	-	30
Accrued interest	-	69
Others	38	16
	1 052	388

## 27. Contingencies and commitments

In respect of the acquisitions of Intellibis AB, the additional consideration of approx. 4.0 million euro will be settled during the first quarter in 2008.

### Derivative contracts

1 000 EUR	2007		2006	
	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps	23 500	35	5 000	24

### Operating lease commitments – where the Company is the lessee

The company leases machinery and cars under non-cancelable operating lease agreements.

### The future aggregate minimum lease payments under non-cancelable operating leases:

1 000 EUR	2007	2006
Not later than 1 year	27	26
Later than 1 year and not later than 5 years	11	37
	37	63

### Guarantees

1 000 EUR	2007	2006
Debts secured by a mortgage		
Bank borrowings	47 000	19 031
Credit limit (3 000 000 euro), not used	-	-
The value of securities given:		
Mortgages	52 500	14 367
Shares given as a security (book value)*	81 099	-

The above-mentioned debts are secured by bearer bonds with capital value of 52.5 million euro. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on company assets. In addition, the shares in Affecto Finland Oy and Affecto Norway AS have been pledged to secure the financial loans above.

### Commitments on behalf of other group companies

Affecto Oyj has given the following guarantees on behalf of Affecto Finland Oy related to lease contracts of business premises:

1 000 EUR	Max. commitment
Lessor	Personal Security
Internationales Immobilien-Institut GmbH	
Niam III Holding Oy	32
Keskinäinen Henkivakuutusyhtiö Suomi	6
Kiinteistö Oy Tourulan Kivääritehdas	17

# Shares and shareholders

## CORPORATE FORM AND COMPANY NAME

The company is a public limited company and its name is Affecto Plc.

## SHARE CAPITAL AND SHARES

As at 1 January 2007, the company's share capital consisted of 17 016 521 shares. The company owned 36 738 treasury shares.

Annual General Meeting held on 28 March 2007 decided to remove the nominal value of the share.

Based on the authorization given by the Extraordinary General Meeting on 10 July 2007, 4 499 947 new shares were issued on 27 August 2007 as payment for shares in Component Software Group ASA.

As at 31 December 2007, the company's share capital consists of 21 516 468 shares and the share capital is EUR 5 104 956.30. The company owns 36 738 treasury shares, which corresponds to 0.2% of all shares.

## OPTION PROGRAM 2006

The Annual General Meeting decided in 2006 to issue stock options to the key personnel of the group, as well as to a wholly owned subsidiary of the Company. The details of the option rights are explained in the summons to the AGM dated 8 March 2006. The maximum total number of stock options issued shall be 824 700. Of the stock options, 234 900 shall be marked with the symbol 2006A, 274 900 shall be marked with the symbol 2006B and 314 900 shall be marked with the symbol 2006C.

The share subscription price for stock option 2006A shall be the offer price of the Company share in the Initial Public Offering, EUR 4.80, for stock option 2006B, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 January - 31 March 2007, and for stock option 2006C, the trade volume weighted average quotation of the share on the Helsinki Stock Exchange during 1 January - 31 March 2008. From the share subscription price of stock options shall, as per the dividend record date, be deducted the amount of the dividend decided after the beginning of the period for determination of the subscription price but before share subscription. As at 31 December

2007, the subscription prices were: 2006A: 4.60 eur ja 2006B: 3.24 eur.

The share subscription period shall be: for stock options 2006A, 1 April 2009 - 31 December 2010, for stock options 2006B, 1 April 2010 - 31 December 2011 and for stock options 2006C, 1 April 2011 - 31 December 2012.

190 000 of 2006A and 268 900 of 2006B stock options have been given to key personnel by 31 December 2007.

## THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

The Annual General Meeting decided to authorize the Board of Directors to decide to issue new shares and to convey the company's own shares held by the company in one or more tranches. The share issue may be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against payment at a price to be determined by the Board of Directors. The authorisation also includes the right to issue special rights, in the meaning of Chapter 10 Section 1 of the Companies Act, which entitle to the company's new shares or the company's own shares held by the company against consideration. A maximum of 3 400 000 new shares may be issued. A maximum of 1 700 000 own shares held by the company may be conveyed. The authorisation comprise the right to deviate from the shareholders' pre-emptive subscription right provided that the company has weighty financial reason for the deviation in a share issue against payment and provided that the company, taking into account the interest of all its shareholders, has a particularly weighty financial reason for the deviation in a share issue without consideration. Within the above mentioned limits the authorisation may be used e.g. in order to strengthen the company's capital structure, to broaden the company's ownership, to be used in corporate acquisitions or when the company acquires assets relating to its business and as part of the company's incentive programmes. The shares may also be subscribed for or own shares conveyed against contribution in kind or by means of set-off. In addition, the authorisation includes the right to decide on a share

issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one-tenth (1/10) of all shares in the company. Pursuant to Chapter 15 Section 11 Subsection 1 of the Companies Act, all own shares held by the company and its subsidiaries are included in this amount. The authorisation shall be in force until the next Annual General Meeting.

The Annual General Meeting decided to authorise the Board of Directors to decide to acquire the company's own shares with distributable funds on the terms set forth below. The acquisition of shares reduces the company's distributable non-restricted shareholders' equity. The company's own shares may be acquired in order to strengthen the company's capital structure, to be used as payment in corporate acquisitions or when the company acquires assets related to its business and as part of the company's incentive programmes in a manner and to the extent decided by the Board of Directors, and to be transferred for other purposes or to be cancelled. A maximum of 1 700 000 shares may be acquired. The company's own shares may be acquired in

accordance with the decision of the Board of Directors either through public trading or by public offer at their market price at the time of purchase. The authorisation shall be in force until the next Annual General Meeting.

In addition, the Extraordinary General Meeting held on 10 July 2007 authorized the Board to decide on the directed share issue (max. 4 800 000 shares) needed for the acquisition of Component Software Group ASA. Based on this authorization, 4 499 947 new shares were issued to shareholders of Component Software ASA on 27 August 2007.

#### SHARE TRADING

Trading with the company's shares in the OMX Nordic Exchange started on the pre-list on May 27, 2005 and on the main list on June 1, 2005.

In 2007, the highest share price was 5.18 euro, lowest price 2.90 euro, average price 4.09 euro and closing price 4.23 euro. Trading volume was 23.5 million shares, corresponding to 109% of the number of shares at the end of year.

#### Information about share trading

Trading with the company's shares in the OMX Nordic Exchange commenced on 27 May 2005. The company belongs to the Small Cap segment of the Nordic list.

Trading code (ticker)	AFE1V
ISIN code	FI0009013312
Highest price in 2007	5.18 eur
Lowest price in 2007	2.90 eur
Closing price at the end of 2007	4.23 eur
Market capitalization 31 Dec 2007	90 859 258 eur
Trading volume 1 Jan - 31 Dec 2007	23 464 107 shares
Average price 1 Jan - 31 Dec 2007	4.09 eur
Trading volume, % of shares	109 %
Number of shares 31 Dec 2007	21 516 468 shares
Number of shares excl. treasury shares 31 Dec 2007	21 479 730 shares

#### Share price 1 January - 31 December 2007, eur



**OWNERS**

The following flagging announcements have been given during 2007:

- 10 April 2007: Ownership of Mika Laine exceeded 5%
- 27 August 2007 related to Component Software acquisition: Ownership of Eqvitec funds decreased below 15%, ownership of Fenno Rahasto decreased below 10%, ownership of Mika Laine decreased below 5% and ownership of Arendals Fossekompagni group exceeded 5%
- 2 October 2007: Ownership of Eqvitec funds decreased to 0%, ownership of Fenno Rahasto decreased to 0% and ownership of Mika Laine exceeded 5%
- 18 December 2007: Ownership of Aaro Cantell exceeded 5%

The company had total of 1 321 owners on December 31, 2007 and the foreign ownership was 32%. The list of the largest owners can be viewed in the company's web site. The shareholder register can be reviewed at Suomen Arvopaperikeskus Oy, Urho Kekkosen katu 5 C, Helsinki.

**DIVIDEND POLICY**

The Board of Directors has adopted a dividend policy whereby the board intends to propose to the general meeting dividends up to one-half of earnings per share on average over the longer term.

**Distribution of shares 31 December 2007**

	Owners		Shares	
	No.	%	No.	%
1-100	165	12	14 204	0
101-500	502	38	167 025	1
501-1 000	240	18	201 814	1
1 001-5 000	251	19	600 623	3
5 001-10 000	64	5	488 908	2
10 001-50 000	47	4	1 075 130	5
50 001-100 000	19	1	1 382 069	6
100 001-500 000	21	2	5 677 015	26
500 001-1 000 000	8	1	5 531 868	26
1 000 001-	4	0	6 377 812	30
Total	1 321	100	21 516 468	100

**Owners by sectors 31 December 2007**

	Owners		Shares	
	No.	%	No.	%
Non-financial corp. and housing corp.	106	8	3 681 144	17
Financial and insurance corporations	20	2	4 152 028	19
General government	17	1	2 821 190	13
Households	1 132	86	3 374 245	16
Non-profit institutions	11	1	619 355	3
Foreign owners (registered)	27	2	2 323 507	11
Nominee registered	8	0	4 544 999	21
Total	1 321	100	21 516 468	100

**Largest shareholders 31 December 2007**

	Shares	%
1 Cantell Oy	1 220 000	5.7
2 Laine Mika	1 165 813	5.4
<sup>3</sup> Sijoitusrahasto Nordea Nordic Small Cap	1 012 298	4.7
4 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	849 000	3.9
5 Norsk Vekst As	732 399	3.4
6 Lovika Invest Ab	711 962	3.3
7 Esr Eq Pikkujätiläiset	625 000	2.9
8 Keskinäinen Vakuutusyhtiö Eläke-Fennia	600 000	2.8
9 Sijoitusrahasto Mandatum Suomi Kasvuosake	573 075	2.7
10 Op-Suomi Pienyhtiöt	540 000	2.5
11 Lazauskas Darius	465 097	2.2
12 Abn Amro Finland Sijoitusrahasto	417 800	1.9
13 Placeringsfonden Gyllenberg Small Firm	407 560	1.9
14 Suomen Itsenäisyyden Juhlarahasto	405 344	1.9
15 Sr Arvo Finland Value	380 000	1.8
16 Erikoissijoitusrahasto Ubwave	358 550	1.7
17 Erikoissijoitusrahasto Ubview	358 550	1.7
18 Etera Keskinäinen Eläkevakuutusyhtiö	315 000	1.5
<sup>19</sup> Keskinäinen Työeläkevakuutusyhtiö Varma	310 000	1.4
20 Fondita Nordic Micro Cap Placeringsfond	297 000	1.4
Top 20 together	11 744 448	54.7
Nominee registered	4 544 999	21.1
Other shareholderst	5 227 021	24.3
Total number of shares	21 516 468	100.0

According to the flagging announcement received on 27 August 2007, Norsk Vekst As is part of Arendals Fossekompagni ASA group, which had a total ownership of 1 189 269 shares (5.5%).

# Board's dividend proposal

Distributable funds of the parent company of the group on 31 December 2007 are 25 356 088.63 euros.

Board of Directors proposes that from the financial year 2007 a dividend of 0.16 euros per share will be paid, a total of 3 436 756.80 euros with the outstanding number of shares at the end of the financial period, and the rest is carried forward to the retained earnings account. No material changes have taken place in respect of the company's financial position after the balance sheet date. The liquidity of the company is good and in the opinion of the Board of Directors proposed distribution of profit does not risk the liquidity of the company.

In Helsinki, 14 February 2008

Aaro Cantell  
Chairman of the Board

Pyry Lautsuo

Heikki Lehmusto

Pasi Mäenpää

Jukka Norokorpi

Esko Rytönen

Haakon Skaarer

Pekka Eloholma  
CEO

# Auditor's report

## **TO THE SHAREHOLDERS OF AFFECTO PLC**

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Affecto Plc for the period 1 January–31 December 2007. The Board of Directors and the CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the CEO of the parent company have complied with the rules of the Companies' Act.

### **Consolidated financial statements**

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

### **Parent company's financial statements, report of the Board of Directors and administration**

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies' Act.

Helsinki 26 February 2008

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Merja Lindh  
Authorised Public Accountant

# Corporate Governance

## GENERAL INFORMATION

The duties of the different company organs are organized in line with the provisions of the Finnish Companies Act and the Finnish Securities Markets Act as well as other Finnish legislation.

Affecto complies with the rules and recommendations of the OMX Nordic Exchange. The company's Board of Directors is responsible for compliance with corporate governance principles.

## GROUP STRUCTURE

The group parent company is Affecto Plc. Operational business is handled mainly by the group subsidiaries. Subsidiary in Finland is Affecto Finland Oy. Business in the Baltic countries is conducted by Informacines tecnologijos UAB and its subsidiary companies. The business in Sweden is conducted through Intellibis AB and Component Software Sweden AB and their subsidiaries. Business in Norway and Denmark is conducted by Affecto Norway AS and its subsidiaries.

The company's operational business is managed principally through the country business units. Finland, Sweden, Norway & Denmark and Baltic are the four country units of the group.

## ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body. The Annual General Meeting confirms the company's income statement and balance sheet and decides on the distribution of profit, elects the Board and the auditors and determines their fees.

The Board convenes the Annual General Meeting within six months of the end of the financial period.

Any matter that a shareholder wishes to be addressed at a General Meeting of Shareholders shall be notified in writing to the Board of Directors in such time that the matter may be included in the notice convening the General Meeting of Shareholders.

## BOARD OF DIRECTORS

The Board of Directors has overall responsibility for the appropriate administrative and operational organization of Affecto Plc and its subsidiaries. The Board ratifies the principles that govern company strategy, organization, accounts and financial management. The Board also appoints the group Chief Executive Officer.

The shareholders of Affecto elect the Board of Directors annually at the Annual General Meeting. The Board consists of three to seven members. The term of office of the Board members ends at the conclusion of the first Annual General Meeting which is convened after the election.

The Board convenes regularly at least 11 times a year, and whenever required. At the beginning of each year the Board agrees in advance the thematic issues for discussion at the Board meetings, in addition to the requirements of normal financial supervision. In 2007, the Board convened a total of 24 times, and average attendance level was at 90 per cent.

The Chairman of the Board of Directors receives a monthly remuneration of 2 600 euros and a member 1 300 euros.

As at the end of 2007, the Board of Directors comprised the following members: Aaro Cantell (chairman), Pyyry Lautsuo, Heikki Lehmusto, Pasi Mäenpää, Jukka Norokorpi, Esko Rytönen and Haakon Skaarer.

All members of the Board are independent of the company. Messrs. Lautsuo, Lehmusto, Mäenpää, Norokorpi and Rytönen are independent of the company and of the owners.

## DUTIES OF THE BOARD OF DIRECTORS

The Board has drafted its own rules of procedure, with the principal duties defined as follows:

- Take responsibility for duties which the Companies Act, the articles of association or some other instance has bindingly decreed on the Board of Directors
- Ratify the strategy
- Ratify the company's management system on the submission of the CEO
- Ratify the annual action plan and monitor its enforcement
- Ratify the procedures for company internal control and risk management and monitor their implementation
- Interim reports, financial statements and annual report:
  - processing, approval and communication
- Group finance policy
- Propose the dividend policy to the General Meeting

- Decide on company and business acquisitions and sales
- Decide on significant individual investments and contingent liabilities
- Ratify group incentive scheme and policy
- Appoint and release from duties company senior management and decide on their employment terms and bonuses on the basis of proposals made by the Nominations and compensation committee
- Establishment of subsidiaries
- Supervise and develop the company's corporate governance procedures
- Evaluate and develop the operation of the Board of Directors
- Evaluate the work of the CEO and feedback on it

## COMMITTEES OF THE BOARD

### Audit Committee

The task of the Audit Committee is to supervise the efficiency of the company's accounting and economic reporting system as well as monitoring the company's audit function. The committee is also charged with the supervision of matters and practices relating to sound corporate governance and, where necessary, propose to the Board any required measures to develop corporate governance.

Committee members: Esko Rytkönen (chair), Heikki Lehmusto and Aaro Cantell.

Duties of the Audit Committee:

- Monitor the company's financial standing
- Monitor financial reports (balance sheets, interim reports)
- Assess the sufficiency and appropriateness of internal control and risk management
- Process the plans and reports connected with internal control
- Evaluate compliance with laws and regulations
- Prepare the decision to elect an auditor
- Communicate with auditor and review audit reports
- Evaluate advisory services provided by auditor
- Monitor and evaluate the company's management and control system and propose development measures to the Board

### Nominations and Compensation Committee

The company has a joint committee for nominations and compensation which is in charge of planning the procedures for rewarding employees as well as selecting the candidates for Board membership.

Committee members: Aaro Cantell (chair) and Heikki Lehmusto.

The committee's rules of procedure determine its duties as follows:

- Preparatory work for the motion to the Annual General Meeting concerning the election of Board members
- Preparatory work relating to the remuneration of Board members
- Finding candidates to replace Board members
- Preparatory work relating to the salaries and other benefits of the company CEO and Deputy CEO
- Preparatory work relating to the compensation paid to other company managers
- Preparatory work relating to the appointments of the company CEO and Deputy CEO as well as other company managers and the identification of their successors
- Preparatory work relating to the company rewards schemes

### M&A committee

The company has a Mergers & Acquisitions committee, which is responsible for planning and organizing M&A activities.

Committee members: Pyry Lautsuo (chair), Pasi Mäenpää and Jukka Norokorpi.

### CHIEF EXECUTIVE OFFICER

Mr Pekka Eloholma, (b.1960), has been the CEO since 1 September 2006. Mr Eloholma's previous position was President and CEO of Setec Oy, which is a part of Gemplus Group. Within the Gemplus Group he was also in charge for identity and security business at EMEA area. Mr. Eloholma has a Master of Science degree in Engineering.

In year 2007, the CEO Eloholma's salary and other benefits amounted to a total of 202 thousand euros, and he earned an annual bonus of 525 thousand euros for year 2007. The CEO's annual bonus is dependent on the profit of the company. In the financial period, the CEO was awarded 27900 options of series 2006B as remuneration.

The CEO is subject to statutory pension arrangements. The CEO's employment contract prescribes a six-month period of notice which applies to both parties. The CEO's employment contract does not contain any separate conditions relating to the payment of salary during the period of notice.

### GROUP MANAGEMENT

The following people are responsible for joint group operations: Chief Executive Officer Pekka Eloholma; Chief Financial Officer Satu Kankare; SVP Hannu Nyman, Mergers and Acquisitions and Investor Relations; SVP Hilkka Remes-Hyvärinen, HR; and SVP Tuula Wäyrynen,

Corporate Communications. COO Åge Lønning manages the Business Intelligence business.

In addition, the group management team consists of: Ray Byman and Stig-Göran Sandberg from Finland, Kestutis Užpalis and Darius Lazauskas from Baltic, Martin Hultqvist from Sweden, Claus Kruse from Denmark and Håvard Ellefsen from Norway.

Mr. Eloholma, Hultqvist, Lønning and Užpalis form the executive team.

The company web site includes information of management shareholdings.

#### **AUDIT**

The company has one regular auditor, which must be a firm of independent public accountants approved by the Central Chamber of Commerce. The term of office of the auditor ends at the conclusion of the first Annual General Meeting held after the election.

On 28 March 2007, the Annual General Meeting elected as auditor PricewaterhouseCoopers Oy (APA). The auditor with principal responsibility is Merja Lindh (APA).

The 2007 consolidated financial statements include audit fees of 140 thousand euros paid to PwC as well as 218 thousand euros in advisory fees.

#### **INTERNAL AUDIT AND RISK MANAGEMENT**

The function of internal control and risk management is to ensure that the company operates efficiently and profitably, the information is reliable and regulations and operating principles are observed.

The Board of Directors and the Audit Committee, which is appointed by the Board, supervise internal control and risk management, while the overall responsibility for them is the company management's.

The company's financial administration is the body which mainly implements internal control, but where necessary it also employs external specialists.

The function of internal audit is to assess the appropriateness of company internal control, risk management and operations.

It has not been considered appropriate to evolve a separate organization for internal audit. The function is generally carried out by financial administration staff. Any audit results are reported by the CFO to the Board's Audit Committee and to the CEO. If necessary, reports can also be addressed directly to the entire Board of Directors.

Risk management forms part of the company's control system. The purpose of risk management is to ensure that the risks affecting company business are identified, monitored and managed as appropriate. Risk management safeguards the continuity of business operations.

Risk management does not require its own separate staff as it can be implemented as part of the normal business activities. The company employs documented procedures for enforcing internal control, for example in connection with approval, task differentiation and the drafting of agreements.

#### **INSIDERS**

Affecto complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange. In addition to the Stock Exchange guidelines the company also applies its own set of instructions. Permanent insiders are forbidden to trade in company shares during four weeks before each result announcement.

The board members, CEO and the auditor are permanent public insiders by law. In addition, certain members of the management have been named as public insiders. Certain other company managers and financial department employees have been named as company-specific non-public insiders.

Project-specific insider registers are maintained on company acquisitions and other projects which might have a significant impact on the value of shares.

The shareholdings of company employees who are public insiders may be viewed on the company's Internet web pages. The public insider register can be reviewed at Suomen Arvopaperikeskus Oy, Urho Kekkonen katu 5 C, Helsinki.

#### **BONUS SYSTEM**

Key personnel in the company are covered by an incentive scheme which is based on the attainment of annually set targets. The targets set for individuals vary in accordance with their duties and status. On the whole, the targets are linked to the individuals' performance in relation to the net sales and results of the whole company or the profit centre and/or the individual concerned. The employees also have their own qualitative targets, the attainment of which is assessed separately from the financial targets.

The Board of Directors has set the targets for the Chief Executive Officer. The Board's Nominations and Compensation Committee has set the targets for the CEO's direct subordinates on the submission of the CEO. The targets for other key personnel have been set in the line organization under the direction of the CEO.

In 2007, the group paid approximately 5.5 million euros in the form of bonuses on the basis of bonus agreements to 494 persons.

The Annual general meeting held in April 2006 decided on a three-year option program for long-term binding and compensation. The option program is described in detail in the company's Internet web pages.

# Board of Directors



**Aaro Cantell**, b. 1964,  
M.Sc.(Eng.)  
Normet Group, Chairman of the Board  
Cantell Oy, CEO  
Chairman of the Board  
Member of the Board since 2000  
Shares: 1 226 400



**Jukka Norokorpi**, b. 1948,  
M.Sc.  
Norokorpi Consulting Oy,  
Management Consultant  
Member of the Board since 2006  
Shares: 1 000



**Pyry Lautsuo**, b. 1946,  
M.Sc.(Eng.)  
IBM Finland, Managing Director  
in 1997-2006  
Member of the Board since 2007  
Shares: -



**Esko Rytönen**, b. 1957,  
M.Sc.(Econ.)  
TeliaSonera AB, Senior Vice  
President  
Member of the Board since 2006  
Shares: -



**Heikki Lehmusto**, b. 1947,  
Master of Law  
Lehmusto & Co, Senior Advisor  
Boardman Oy, Partner  
Member of the Board since 2006  
Shares: 2 600



**Haakon Skaarer**, b. 1952,  
M.Sc.(Econ.)  
Norsk Vekst AS, Arendals  
Fossekompani ASA, Investment  
director  
Member of the Board since 2007  
Shares: Arendals Fossekompani  
ASA group, 1 189 269



**Pasi Mäenpää**, b.1965,  
B.Sc.(Tech.), MBA  
Elisa Corporation, Executive Vice  
President, Business Customers  
Member of the Board since 2005  
Shares: -

\* Holdings of the shares and options on 31. December 2007. The figures include the holdings of their own, underage children and entities under their control.

# Management



**Pekka Eloholma**  
CEO  
b. 1960, M.Sc.(Eng.)  
Shares: -  
Options: 2006A: 34 000  
2006B: 27 900



**Ray Byman**  
Senior Vice President,  
Operational IT Solutions, Finland  
b. 1959, M.Sc.(Econ.)  
Shares: 11 000  
Options: 2006A: 8 000  
2006B: 8 000



**Håvard Ellefsen**  
Area Manager, Norway  
b. 1971, B.Sc. Honours (Comp.Sci.)  
Shares: 6 134  
Options: -



**Martin Hultqvist**  
Area Manager, Sweden  
b. 1966, B.Sc.(Econ.)  
Shares: 711 962  
Options: 2006B: 10 000



**Satu Kankare**  
CFO  
B. 1966, M.Sc.(Econ.)  
Shares: -  
Options: -



**Claus Kruse**  
Area Manager, Denmark  
b. 1962, M.Sc.(Econ.)  
Shares: -  
Options: -



**Darius Lazauskas**  
Director, Sales and Delivery,  
Baltic countries  
b. 1963, M.Sc.(Math.)  
Shares: 465 097  
Options: 2006A: 8 100  
2006B: 10 000



**Åge Lønning**  
COO, Business Intelligence  
b. 1964, M.Sc.(Econ.)  
Shares: 47 057  
Options: -



**Hannu Nyman**  
Senior Vice President, Mergers &  
Acquisitions, Investor Relations  
b. 1969, M.Sc.(Tech.), M.Sc.(Econ.)  
Shares: 7 500  
Options: 2006A: 9 000  
2006B: 10 000



**Hilkka Remes-Hyvärinen**  
Senior Vice President, Human  
Resources  
b. 1949, M.Sc.(Econ.)  
Shares: -  
Options: 2006B: 10 000



**Stig-Göran Sandberg**  
Senior Vice President,  
Business Intelligence, Finland  
b. 1957, M.Sc.(Phil.)  
Shares: 72 917  
Options: 2006A: 8 000  
2006B: 8 000



**Kestutis Užpalis**  
Area Manager, Baltic countries  
b. 1960, M.Sc.(Tech.)  
Shares: 29 978  
Options: 2006A: 12 000  
2006B: 10 000



**Tuula Wäyrynen**  
Senior Vice President,  
Corporate Communications  
b. 1963, M.A.  
Shares: -  
Options: 2006B: 10 000

\* Holdings of the shares and options on 31. December 2007. The figures include the holdings of their own, underage children and entities under their control.

# Information for Shareholders

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of Affecto Plc will be held on Monday March 31, 2008 at 3.00 p.m. at Finlandia Hall, Mannerheimintie 13, 00100 Helsinki, Finland.

In order to attend and have the right to vote at the Meeting, the shareholder must be registered in the Shareholder Register held by Finnish Central Securities Depository Ltd no later than on Thursday, March 20, 2008, and must give notice to attend the Meeting by Tuesday, March 25, 2008 at 4.00 p.m. Finnish time.

A shareholder wishing to attend the Meeting shall give notice to attend the Meeting to the company either

- by e-mail: [arja.hyrsk@affecto.com](mailto:arja.hyrsk@affecto.com),
- by telephone +358 205 777 757, or
- by letter to Affecto Plc, Arja Hyrske, Atomitie 2, 00370 Helsinki, Finland.

Any proxies should be presented at the time of registration.

## **DIVIDEND**

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.16 per share be paid. The date for dividend payment is 10 April 2008 and the respective record date is 3 April 2008. To receive dividend shareholders must be registered in the shareholder's register on the above record date.

## **FINANCIAL INFORMATION**

Interim report 1–3/2008 will be published on 6 May 2008  
Interim report 1–6/2008 will be published on 7 August 2008  
Interim report 1–9/2008 will be published on 3 November 2008

Interim reports are published in Finnish and English.

Annual reports, interim reports and stock exchange releases are available on company website [www.affecto.com](http://www.affecto.com).

## **INVESTOR RELATIONS**

Pekka Eloholma  
CEO  
tel. +358 205 777 737

Hannu Nyman  
Senior Vice President, M&A, IR  
tel. +358 205 777 761

# Contacts

## **Affecto Plc**

Atomitie 2  
FI-00370 Helsinki, Finland  
tel. +358 205 777 11  
info@affecto.com

Affecto has offices in Finland, Sweden, Norway, Denmark, Lithuania, Latvia, Estonia and Poland.  
All addresses can be found on Affecto's website [www.affecto.com](http://www.affecto.com)

## **Affecto Finland Ltd**

Atomitie 2  
FI-00370 Helsinki, Finland  
tel. +358 205 777 11  
info.fi@affecto.com  
Offices also in Turku, Rauma, Tampere, Jyväskylä and Joensuu

## **Affecto Sweden AB**

Wallingatan 2  
SE-111 60 Stockholm, Sweden  
tel. +46 8 444 98 00  
info.stockholm@affecto.com  
Offices also in Gothenburg, Karlstad and Malmö

## **Affecto Norway AS**

Grev Wedels Plass 5  
P.O. Box 324, Sentrum  
N-0103 Oslo, Norway  
tel. +47 22 40 20 00  
info.no@affecto.com

## **Affecto Denmark A/S**

Lyngbyvej 28  
DK-2100 Copenhagen Ø, Denmark  
tel. +45 39 25 00 00  
info.dk@affecto.com  
Office also in Aarhus

## **Informacines technologijos, UAB**

Gyneju str. 4  
LT-01109 Vilnius, Lithuania  
tel. +370 5 212 37 12  
infoit@it.lt

## **Mebius IT, SIA**

57 Dzirnavu str.  
LV-1010 Riga, Latvia  
tel. +371 720 1780  
info@mebius.lv

## **Mebius IT, OÜ**

Tulika 19  
EE-10613 Tallinn, Estonia  
tel. +372 650 5050  
info@mebius.ee

## **Mebius IT Sp.z.o.o.**

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