

AFFECTO PLC -- FINANCIAL STATEMENTS BULLETIN -- 17 FEBRUARY 2011 at 10.10

AFFECTO PLC'S FINANCIAL STATEMENTS BULLETIN 2010

GROUP KEY FIGURES

MEUR	10-12/10	10-12/09	2010	2009
Net sales	36.0	27.7	114.1	103.0
Operational segment result	2.9	2.1	5.3	4.7
% of net sales	8.1	7.6	4.6	4.6
Operating profit/loss	2.4	1.6	3.3	-3.6
% of net sales	6.7	5.8	2.9	-3.5
Profit/loss before taxes	2.0	1.4	1.5	-6.3
Profit/loss for the period	1.3	0.3	0.9	-7.1
Equity ratio, %	43.1	42.9	43.1	42.9
Net gearing, %	40.4	39.1	40.4	39.1
Earnings per share, eur	0.07	0.01	0.05	-0.33
Earnings per share (diluted), eur	0.07	0.01	0.05	-0.33
Equity per share, eur	2.69	2.49	2.69	2.49
Dividend proposal			0.06	0.06

CEO Pekka Eloholma comments:

"Fourth quarter net sales grew by 30% to 36.0 MEUR. It is positive news that there was growth in all areas. Highest growth was experienced in Denmark and Norway, partially thanks to good license sales typical to fourth quarter. EBIT grew by 50% to 2.4 MEUR. The quarter was the best since Q2/2008 both regarding net sales and EBIT."

"As a whole, the year 2010 was time of positive developments. The business conditions clearly improved during the year. After a weak start, our net sales and profit turned into a clear growth during the year. We start the year 2011 from a good position."

"Affecto's order backlog reached a new record level 54.4 MEUR, which is 32% higher than in Q4/2009 (41.1 MEUR) and exceeds the previous top reached in Q1/2008. The order backlog that has grown in all countries and the good level of customer activity strengthen our belief in continuing positive development of business conditions."

"In 2011 the main focus is on profit improvement. Operating profit is estimated to at least double compared to year 2010. The net sales are estimated to grow at least by 10% in year 2011."

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This release is unaudited. The amounts in this report have been rounded from exact numbers.

BUSINESS DEVELOPMENT DURING 10-12/2010

Affecto's net sales in 10-12/2010 were 36.0 MEUR (10-12/2009: 27.7 MEUR). Net sales in Finland were 13.2 MEUR (12.4 MEUR), in Norway 8.1 MEUR (5.7 MEUR), in Sweden 4.8 MEUR (4.1 MEUR), in Denmark 6.7 MEUR (2.7 MEUR) and 3.9 MEUR (3.1 MEUR) in Baltic.

As expected, the last quarter was the best in 2010 regarding both net sales and profit. Net sales grew by 30% compared to last year and there was growth in all areas. Highest growth rates were 148% in Denmark and 42% in Norway. Net sales grew also in Sweden compared to the previous year, first time since 2008.

One factor contributing to the growth in net sales was the sales of third-party licenses, which in line with typical seasonality was brisk and also grew clearly compared to last year. The growth had impact especially in Denmark, both regarding net sales and profit.

The market situation improved steadily in the Nordic countries.

The Baltic countries are slowly stabilizing. The Baltic IT markets have not yet fully recovered from the economic crisis, but despite that the net sales grew by 24% and profitability has returned to a good level.

The improving market situation was also reflected in the growing amount of new project orders that lifted the order backlog to a new record level of 54.4 MEUR. The growth is rather evenly distributed between countries.

Net sales by reportable segments

Net sales, MEUR	10-12/10	10-12/09	2010	2009
Finland	13.2	12.4	46.5	45.0
Norway	8.1	5.7	25.8	20.2
Sweden	4.8	4.1	15.3	15.8
Denmark	6.7	2.7	15.4	11.5
Baltic	3.9	3.1	13.7	12.2
Eliminations	-0.7	-0.4	-2.7	-1.6
Group total	36.0	27.7	114.1	103.0

Net sales of Information Management Solutions business (previously BI and Operational solutions) in 10-12/2010 were 33.3 MEUR (25.1 MEUR) and net sales of Geographic Information Services were 2.9 MEUR (2.7 MEUR).

PROFIT

Affecto's EBIT in 10-12/2010 was 2.4 MEUR (1.6 MEUR) and the operational segment result was 2.9 MEUR (2.1 MEUR). Operational segment result was in Finland 1.8 MEUR (1.5 MEUR), in Norway 1.1 MEUR (0.7 MEUR), in Sweden -0.6 MEUR (0.1 MEUR), in Denmark 0.6 MEUR (0.3 MEUR) and in Baltic 0.4 MEUR (0.2 MEUR).

EBIT grew in the fourth quarter in Finland, Norway, Denmark and Baltic, but Sweden was still loss-making. The Swedish profitability was affected by the forward-looking building of the local organization, targeting a significant growth in net sales in 2011.

Operational segment result by reportable segments

Operational segment result, MEUR	10-12/10	10-12/09	2010	2009
Finland	1.8	1.5	5.1	5.1
Norway	1.1	0.7	2.4	2.3
Sweden	-0.6	0.1	-1.7	0.9
Denmark	0.6	0.3	1.2	0.9
Baltic	0.4	0.2	0.6	-2.7
Other	-0.3	-0.7	-2.4	-1.8
Operational segment result	2.9	2.1	5.3	4.7
IFRS3 Amortization	-0.5	-0.5	-2.0	-2.1
Impairment of Goodwill	-	-	-	-6.2
Operating profit/loss	2.4	1.6	3.3	-3.6

According to IFRS3 requirements, 10-12/2010 EBIT includes 0.5 MEUR (0.5 MEUR) of amortization of intangible assets related to acquisitions. The second quarter EBIT included an approx. 0.6 MEUR non-recurring expense related to some changes in personnel.

Taxes corresponding to the result for the review period have been entered as tax expense. Net profit for the period was 1.3 MEUR, while it was 0.3 MEUR last year.

YEAR 2010

Affecto builds IT solutions that enable organisations to integrate strategic targets with their business management. Our business intelligence solutions utilise information generated by ERP and other IT systems and process it further. Affecto also delivers operational solutions for improving and simplifying processes at customer organizations and offers geographic information services.

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

NET SALES

Affecto's net sales in year 2010 were 114.1 MEUR (2009: 103.0 MEUR). Net sales in Finland were 46.5 MEUR (45.0 MEUR), in Norway 25.8 MEUR (20.2 MEUR), in Sweden 15.3 MEUR (15.8 MEUR), in Denmark 15.4 MEUR (11.5 MEUR) and 13.7 MEUR (12.2 MEUR) in Baltic.

During the year, the business recovered from the effects of the recession. The early 2010 was still pretty weak, although signs of an improving operating environment could be seen. The market recovered towards the end of the year, and each quarter mainly improved from the previous quarter.

One factor contributing to the growth in net sales was the sales of third-party licenses, which was approx 13 MEUR and grew clearly from last year's 8 MEUR.

The improving market situation was also reflected in the growing amount of new project orders that lifted the order backlog to a new record level of 54.4 MEUR, which clearly exceeds the previous peak in spring 2008.

In the Nordic countries the business developed steadily during the year, and the market situation improved along the developments in the general economy. The Nordic BI market strengthened during the period.

The economic situation in the Baltic countries is stabilizing, but the local IT market has not yet fully recovered from the effects of the financial crisis, although the activity levels have improved.

Net sales of Information Management Solutions business (previously BI and Operational solutions) were 103.6 MEUR (93.9 MEUR) and net sales of Geographic Information Services were 11.0 MEUR (10.2 MEUR).

PROFIT

Affecto's EBIT was 3.3 MEUR (-3.6 MEUR) and the operational segment result was 5.3 MEUR (4.7 MEUR). Operational segment result was in Finland 5.1 MEUR (5.1 MEUR), in Norway 2.4 MEUR (2.3 MEUR), in Sweden -1.7 MEUR (0.9 MEUR), in Denmark 1.2 MEUR (0.9 MEUR) and in Baltic 0.6 MEUR (-2.7 MEUR).

The improvement in business environment was also reflected in the steady improvement of the profit during the year. First quarter was still rather weak in all areas, but the second year-half was good in all other areas except Sweden.

Regarding the whole year, profitability was good in Finland and moderately good in Norway and Denmark. Baltic had a loss-making start, but profitability developed to a good level during the year. Sweden remained loss-making during the whole year, as the local organization and processes have been developed in 2010 in search of strong growth in 2011.

According to IFRS3 requirements, EBIT includes 2.0 MEUR (2.1 MEUR) of amortization of intangible assets related to acquisitions. In year 2011 the IFRS3 amortization is estimated to total 2.0 MEUR and in 2012 approx. 1.9 MEUR. The second quarter EBIT included an approx. 0.6 MEUR non-recurring expense related to some changes in personnel.

R&D costs totaled 1.2 MEUR (0.4 MEUR), i.e. 1.0% of net sales (0.4%). The costs have been recognized as an expense in the income statement.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 0.9 MEUR, while it was -7.1 MEUR last year.

The order backlog was approx. 54 MEUR at the end of the period, which is 13 MEUR higher than the Q4/2009 order backlog. Affecto has a well diversified customer base. The ten largest customers generated approx. 20% of group revenue in 2010 and the largest customer corresponded to 4% of net sales.

FINANCE AND INVESTMENTS

At the end of the reporting period, Affecto's balance sheet totaled 142.9 MEUR (12/2009: 136.3 MEUR). Equity ratio was 43.1% (12/2009: 42.9%) and net gearing was 40.4% (12/2009: 39.1%). Translation differences have increased the consolidated equity by 4.2 MEUR due to the strengthening of the Norwegian and Swedish currencies.

The financial loans were 36.5 MEUR (12/2009: 40.4 MEUR) at the end of reporting period. The company's cash and liquid assets were 13.8 MEUR (12/2009: 19.5 MEUR). The interest-bearing net debt was 22.6 MEUR (12/2009: 20.9 MEUR). Affecto's bank loan has covenants based on net debt, result and cash flow. In 2010 Affecto has agreed with the bank about changes to the covenants. The covenants based on net debt and result will be measured quarterly, the covenant based on cash flow will be measured next time in June 2011. The maturity of the loan has been presented in the financial statements based on the loan facility agreement and the loan has been presented in the long-term liabilities.

Cash flow from operating activities for the reported period was 1.5 MEUR (2.5 MEUR) and cash flow from investing activities was -1.0 MEUR (-0.9 MEUR).

Investments in non-current assets were 1.1 MEUR (1.0 MEUR). Negative change in working capital is mainly caused by the growth of receivables due to the growth in the net sales.

Based on decision by the Annual General Meeting held on 25 March 2010, Affecto has distributed dividends of 1.3 MEUR (previous year 3.0 MEUR). Dividend was paid on 13 April 2010.

EMPLOYEES

The number of employees was 947 persons at the end of the reporting period (911). 382 employees were based in Finland, 131 in Norway, 108 in Sweden, 63 in Denmark and 263 in the Baltic countries. The average number of employees during the period was 919 (974).

Fredrik Prien was appointed as the country manager in Sweden and he started in March. COO Åge Lønning left the company at the end of April. The Nordic country managers and the Baltic area manager joined the management team in spring. Jukka Nortio left the company in November. At the year-end, the management team comprised Pekka Eloholma, Satu Kankare, Hilikka Remes-Hyvärinen, Stig-Göran Sandberg, Ray Byman, Håvard Ellefsen, Claus Kruse, Rene Lykkeskov and Fredrik Prien.

Affecto invests on personnel development through various initiatives like the training concept "Affecto University". The employees' satisfaction level is annually measured in the global Great Place to Work survey. In GPTW surveys published in 2010, Affecto ranked among the country best workplaces in Finland, Norway and Denmark.

BUSINESS REVIEW BY AREAS

The group's business is managed through five country units. Finland, Norway, Sweden, Denmark and Baltic are also the reportable segments.

Finland

In 1-12/2010 the net sales in Finland were 46.5 MEUR (45.0 MEUR). Operational segment result was 5.1 MEUR (5.1 MEUR). After the weak first quarter, the development during the year was positive and net sales grew by 3%. During the first quarter some projects progressed slower than expected, which lowered profitability. Profitability improved to a good level during the second year-half, but remained at last year's level for the whole year. Customers' activity continued to improve as the economic conditions improved.

The growth of IT services market in Finland is forecast to be 2-3% in 2010 (Marketvisio's estimate, December 2010). However, Affecto's focus segments are expected to experience a clearly higher growth in software sales (BI and ECM approx. 8%).

Norway

In 1-12/2010 the net sales in Norway were 25.8 MEUR (20.2 MEUR) and operational segment result was 2.4 MEUR (2.3 MEUR). The business developed well in Norway during the whole year and grew by 28%. The growth in Euros was helped by the strengthening of the Norwegian krone (NOK), but also the organic growth was good. The business conditions in Norway have continued to develop positively. Due to expected growth in demand, the company has been active in hiring new employees, which has lowered profitability in 2010. The number of employees grew by approx. 20%.

Sweden

In 1-12/2010 the net sales in Sweden were 15.3 MEUR (15.8 MEUR) and operational segment result -1.7 MEUR (0.9 MEUR). Fredrik Prien started as the new country

manager in March and the local organization has been strongly reformed by him since then. The business was loss-making during 2010. The main reason in the early part of the year was the change in personnel, and the latter part has been affected by the forward-looking building of the local organization, targeting a significant growth in net sales in 2011.

Expectations about improving profitability are supported by the order backlog that was at the year-end almost double compared to the previous year. As a positive signal, Dataföreningen (Swedish Information Processing Society) gave Affecto the annual "Diamanten" award for the "IT company, who best understands the customer needs".

Denmark

In 1-12/2010 the net sales in Denmark were 15.4 MEUR (11.5 MEUR) and operational segment result was 1.2 MEUR (0.9 MEUR). In Denmark, the net sales grew by 34% and the profitability remained at previous year's level. Also in Denmark the early part of the year was weaker, but the market situation developed favorably during the year. The market is expected to continue developing positively.

Baltic (Lithuania, Latvia, Estonia, Poland, South Africa)

The Baltic business mostly consists of projects related to large customer-specific systems. Public sector entities in the Baltic countries and insurance companies also outside Baltic area are significant customer segments.

In 1-12/2010 the Baltic net sales were 13.7 MEUR (12.2 MEUR). Operational segment result was 0.6 MEUR (-2.7 MEUR). Net sales grew by 13%, which is a good outcome after the difficult previous year, and the profitability returned to a good level during the second year-half. The local IT markets in the Baltic countries have not yet fully recovered from the effects of the financial crisis, although the activity levels have improved. The price competition is still tight. EU continues to have great importance in financing both public and also private investments. Kestutis Naujokaitis was appointed in August as the country manager for Lithuania.

New projects were received during the period mostly from public sector entities. During the period an agreement was also signed with Mutual & Federal Insurance Company of South Africa for the implementation of next phase of their TIA ERP. The customer is going to order the project in phases. The size of the current first phase is estimated to be approx. 2 million euro and the estimated duration is slightly over one year.

Review by business lines

Information management solutions business contains the previously separately reported Business intelligence (BI) and Operational Solutions businesses. Reporting was changed in 2010 to match the current management model. The net sales of Information management solutions were 103.6 MEUR (93.9 MEUR). The business developed positively during the period along the general economy. The customers are still somewhat cautious, but the activity on IT investments has clearly grown during the year.

The demand for Business intelligence (BI) solutions develops positively along the general economy. BI solutions continued to be estimated to be one of the key IT investment areas. The average annual global growth of BI and analytics software license markets is estimated to exceed 8% until year 2013. The Nordic BI/DW services markets have been estimated to grow annually by 6-8% in 2011-2013.

The demand for operational solutions in Finland remained good and activity improved in the public sector. The market situation in the Baltic countries

improved somewhat as the economy is recovering from the crisis in the previous year.

Net sales of the Geographic Information Services business in 1-12/2010 were 11.0 MEUR (10.2 MEUR). The business developed favorably during the year. Increased business focus contributed for growth both in GIS related consulting and in IT services. Focusing the publishing business to travel, tourism and outdoors customer segments has improved profitability of that segment. Development actions continued by founding Karttakeskus Oy as of January 2011.

CHANGES IN GROUP STRUCTURE

Affecto has formed a separate subsidiary company Karttakeskus Oy for conducting the Geographic Information Services (GIS) business in Finland. The current GIS services business was separated from Affecto Finland Ltd through a partial de-merger. Both Affecto Finland Ltd and the new Karttakeskus Oy are wholly owned subsidiaries of the parent company Affecto Plc. The partial de-merger was completed after the review period, on 1 January 2011.

The ownership of the Baltic subsidiaries was reorganized in 2010 so that the parent company mainly owns the shares of the subsidiary in each country directly. Additionally a subsidiary was founded in South Africa, but it did not have business activities in 2010.

ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Affecto Plc, which was held on 25 March 2010, adopted the financial statements for 1.1.-31.12.2009 and discharged the members of the Board of Directors and the CEO from liability. Approximately 49 percent of Affecto's shares and votes were represented in the Meeting. The Annual General Meeting decided that a dividend of EUR 0.06 per share will be distributed for the year 2009.

In addition, the Meeting decided to amend Section "9 Notice of Meeting" of the Articles of Association, and decided to lower the share premium reserve of the parent company Affecto Plc by transferring the entire capital into the reserve of invested unrestricted equity. The lowering was implemented on 27 July 2010.

Aaro Cantell, Pyry Lautsuo, Heikki Lehmusto, Esko Rytönen and Haakon Skaarer were re-elected as members of the Board of Directors, and Jukka Ruuska was elected as a new member. Immediately after the Annual General Meeting the organization meeting of the Board of Directors was held and Aaro Cantell was re-elected Chairman of the Board and Jukka Ruuska as Vice-Chairman. The APA firm KPMG Oy Ab was elected auditor of the company.

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 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 25 March 2010.

The complete contents of the new authorizations given by the Annual General Meeting held on 25 March 2010 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 acquire the company's own shares with distributable funds. A maximum of 2 100 000 shares may be acquired. The authorization shall be in force until

the next Annual General Meeting. Based on the authorization the company has acquired 26 474 own shares by 31 December 2010.

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 4 200 000 new shares may be issued. A maximum of 2 100 000 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. Based on the authorization, the company has conveyed all own shares held by the company, 63 212 shares, to Affecto Management Oy in August.

SHARES AND TRADING

The company has only one share series, and all shares have similar rights. As at 31 December 2010, Affecto Plc's share capital consisted of 21 516 468 shares including the shares owned by Affecto Management Oy. The company does not own treasury shares. Affecto Management Oy owns 823 000 shares.

In 1-12/2010, the highest share price was 2.70 euro, lowest price 2.02 euro, average price 2.42 euro and closing price 2.35 euro. Trading volume was 7.4 million shares, corresponding to 35% of the number of shares at the end of period. The market value of shares was 50.6 MEUR at the end of the period including the shares owned by Affecto Management Oy.

SHAREHOLDERS

The company had a total of 1913 owners on 31 December 2010 and the foreign ownership was 33%. The list of the largest owners can be viewed in the company's web site. Information about ownership structure and option programs is included as a separate section in the financial statements. The ownership of board members, CEO and their controlled corporations totaled approx. 13.7% (13.1% shares and 0.6% options).

SHARE BASED INCENTIVE PLANS

The key personnel in Affecto received 377 500 series 2008C options during the review period. The share subscription period with 2006A options ended 31 December 2010 and no subscriptions were made.

The Board of Directors decided in June to establish a new share-based incentive plan, where the company's management invests in Affecto shares through Affecto Management Oy, owned by the management. The purpose of the plan is to commit the Participants to the Company by encouraging them to acquire and hold the Company's shares, and this way increase the Company's shareholder value in the long run. Affecto Management Oy acquired 823 000 shares and financed the acquisition by the managers' own capital investments and by a 1.6 MEUR interest-bearing loan provided by Affecto. Affecto Management Oy has been consolidated to the group financial statements. The plan will be valid until the announcement of the Affecto's Q3/2013 interim report.

ASSESSMENT OF RISKS AND UNCERTAINTIES

Affecto's bank loan has covenants based on net debt, result and cash flow. Breach of covenant may lead to higher financing costs or even the termination of the loan. Affecto needs to refinance the loan latest in 2012, when the current loan comes due. It is not certain that a new loan facility can be received with the same or better conditions than the current loan.

Affecto's balance sheet includes a material amount of goodwill. Goodwill has been allocated to cash generating units. Cash generating units, to which goodwill has been allocated, are tested for impairment both annually and whenever there is an indication that the unit may be impaired. Potential impairment losses may have material effect on reported profit and value of assets. The greatest risk is related to Sweden, where Affecto has invested in reforming the organization and processes, which has weakened profitability in the short term.

The changes in the general economic conditions and the operating environments of its customers have direct impact in Affecto's markets. The competition in the markets also tightens continuously. This could have a negative effect on the business, operating results and financial condition of Affecto.

Affecto's success depends also on good customer relationships. Affecto has a well diversified customer base. Although none of the customers is critically large for the whole group, there are large customers in various countries who are significant for local business in the country.

Affecto's order backlog has traditionally been only for a few months, which decreases the reliability of longer-term forecasts. Slower investment decision making, postponing or cancellation of customers' IT investments may have negative impact on Affecto's profitability.

Approximately a half of Affecto's business is in Sweden, Norway and Denmark, thus the development of the currencies of these countries (SEK, NOK and DKK) may have impact on Affecto's profitability.

Affecto's continued success is very much dependent 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 sells third party software licenses as part of its solutions. The license sales have most impact on the last month of each quarter and especially in the fourth quarter. This increases the fluctuation in sales between quarters and increases the difficulty of accurately forecasting the quarters. Affecto had license sales of approx. 13 MEUR in 2010.

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. There is no assurance 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. 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.

EVENTS AFTER THE REPORTING PERIOD

Affecto's GIS services business was separated from Affecto Finland Oy to Karttakeskus Oy on 1 January 2011 in a partial de-merger. Both companies are fully owned subsidiaries of the group parent company.

According to the flagging announcements received on 12 January 2011, the ownership of Capman Public Market Investment has decreased below 5% and the ownership of OP-Rahastoyhtiö has exceeded 5%.

DIVIDEND PROPOSAL

Distributable funds of the group parent company on 31 December 2010 are 64 935 182.05 euros, of which the distributable profit is 24 425 258.56 euros. Board of Directors proposes that from the financial year 2010 a dividend of 0.06 euros per share will be paid, a total of 1 290 988.08 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

In 2011 the main focus is on profit improvement. Operating profit is estimated to at least double compared to year 2010. The net sales are estimated to grow at least by 10% in year 2011.

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.

Affecto Plc
Board of Directors

It is possible to order Affecto's stock exchange releases to be delivered automatically by e-mail. Please visit the Investors section of the company website: www.affecto.com

A briefing for analysts and media will be arranged at 11.30 at Restaurant Savoy, Eteläesplanadi 14, Helsinki.

www.affecto.com

Financial information:

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity

2. Notes

3. Key figures

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	10-12/10	10-12/09	2010	2009
Net sales	36 046	27 737	114 078	103 006
Other operating income	34	11	57	27
Changes in inventories of finished goods and work in progress	-18	-126	-181	-351
Materials and services	-10 311	-6 278	-25 393	-19 775
Personnel expenses	-17 868	-14 362	-64 838	-59 660
Other operating expenses	-4 635	-4 433	-17 106	-16 983
Other depreciation and amortisation	-325	-338	-1 352	-1 466
IFRS3 amortisation	-501	-505	-1 990	-2 081
Impairment	-	-94	-	-6 304
Operating profit/loss	2 422	1 613	3 275	-3 587
Net financial expenses	-440	-228	-1 797	-2 684
Profit/loss before income tax	1 982	1 385	1 479	-6 271
Income tax	-634	-1 105	-546	-868
Profit/loss for the period	1 348	280	933	-7 139
Profit/loss for the period attributable to:				
Owners of the parent company	1 361	280	955	-7 139
Non-controlling interest	-13	-	-22	-
Earnings per share (EUR per share):				
Basic	0.07	0.01	0.05	-0.33
Diluted	0.07	0.01	0.05	-0.33

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(1 000 EUR)	10-12/10	10-12/09	2010	2009
Profit/loss for the period	1 348	280	933	-7 139
Other comprehensive income:				
Translation difference	787	538	4 214	5 001
Total Comprehensive income for the period	2 135	818	5 146	-2 138
Total Comprehensive income attributable to:				
Owners of the parent company	2 148	818	5 169	-2 138
Non-controlling interest	-13	-	-22	-

CONSOLIDATED BALANCE SHEET

(1 000 EUR)

	12/2010	12/2009
Non-current assets		
Property, plant and equipment	1 908	2 102
Goodwill	72 866	69 415
Other intangible assets	8 099	9 585
Deferred tax assets	1 506	1 648
Available-for-sale financial assets	19	54
Derivative financial instruments	-	11
Trade and other receivables	36	175
	84 434	82 992
Current assets		
Inventories	482	685
Trade and other receivables	43 662	32 049
Current income tax receivables	505	1 047
Cash and cash equivalents	13 818	19 525
	58 468	53 306
Total assets	142 901	136 298
Equity attributable to owners of the parent Company		
Share capital	5 105	5 105
Share premium	-	25 404
Reserve of invested non-restricted equity	46 591	21 188
Other reserves	417	264
Treasury shares	-1 996	-106
Translation differences	-1 028	-5 242
Retained earnings	6 605	6 955
	55 695	53 568
Non-controlling interest	380	-
Total shareholders' equity	56 074	53 568
Non-current liabilities		
Borrowings	32 462	36 444
Derivative financial instruments	784	252
Deferred tax liabilities	2 288	3 011
Trade and other payables	-	733
	35 535	40 440
Current liabilities		
Borrowings	4 000	4 000
Trade and other payables	45 290	37 058
Current income tax liabilities	953	487
Derivative financial instruments	-	408
Provisions	1 049	337
	51 292	42 290
Total liabilities	86 827	82 730
Equity and liabilities	142 901	136 298

CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	2010	2009
Cash flows from operating activities		
Result for the period	933	-7 139
Adjustments to profit for the period	5 737	13 390
	6 670	6 251
Change in working capital	-3 314	937
Interest and other finance cost paid	-1 651	-2 160
Interest and other finance income received	144	251
Income taxes paid	-335	-2 770
Net cash from operating activities	1 514	2 509
Cash flows from investing activities		
Acquisition of tangible and intangible assets	-1 072	-971
Proceeds from sale of tangible and intangible assets	6	87
Proceeds from sale of Available-for-sale financial assets	41	-
Net cash used in investing activities	-1 025	-884
Cash flows from financing activities		
Related party investments*	402	-
Repayments of borrowings	-4 000	-3 500
Acquisition and disposal of treasury shares**	-1 906	-
Dividends paid to the owners of the parent company	-1 289	-3 007
Net cash from financing activities	-6 792	-6 507
(Decrease)/increase in cash and cash equivalents	-6 304	-4 883
Cash and cash equivalents at the beginning of the period	19 525	23 554
Foreign exchange effect on cash	597	854
Cash and cash equivalents at the end of the period	13 818	19 525

* Affecto Group management's investment to incentive arrangement

** Includes shares in Affecto Plc acquired by Affecto Management Oy.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent company										
(1 000 EUR)	Share capital		Share premium	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Translat. diff.	Ret. earnings	Non-controlling interest	Total equity
	capita	l								
Equity at 1 January 2010	5 105	25 404		21 188	264	-106	-5 242	6 955	-	53 568
Profit								955	-22	933
Translation differences							4 214			4 214
Total comprehensive income							4 214	955	-22	5 146
Share options					153					153
Acquisition and disposal of treasury shares						106		-16		90
Decrease of share premium account			-25 404	25 404						-
Dividends paid								-1 289		-1 289
Management incentive plan*						-1 996			402	-1 594
Equity at 31 December 2010	5 105	-		46 591	417	-1 996	-1 028	6 605	380	56 074

Equity attributable to owners of the parent company										
(1 000 EUR)	Share capital		Share premium	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Translat. diff.	Ret. earnings	Non-controlling interest	Total equity
	capita	l								
Equity at 1 January 2009	5 105	25 404		21 188	176	-106	-10 243	17 101	-	58 625
Total comprehensive income							5 001	-7 139		-2 138
Share options					88					88
Dividends paid								-3 007		-3 007
Equity at 31 December 2009	5 105	25 404		21 188	264	-106	-5 242	6 955	-	53 568

* Group management's incentive plan (Affecto Management Oy).

2. Notes

2.1. Basis of preparation

This report has been prepared in accordance with the IFRS recognition and measurement principles. This report does not comply with all of the requirements of IAS 34 Interim Financial Reporting. The report should be read in conjunction with the annual financial statements for the year 2009. The non-controlling interest has been presented separately after net profit for the period and in total equity.

The group has adopted the following new and revised standards starting from 1 January 2010: Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements. In other material respects, the same accounting policies have been applied as in the 2009 annual consolidated financial statements.

2.2. Segment information

Affecto's reporting segments are based on geographical locations and are Finland, Norway, Sweden, Denmark and Baltic.

Segment sales and result

(1 000 EUR)	10-12/10	10-12/09	2010	2009
Total sales				
Finland	13 169	12 435	46 522	45 003
Norway	8 080	5 703	25 845	20 152
Sweden	4 813	4 144	15 276	15 823
Denmark	6 732	2 716	15 411	11 494
Baltic	3 902	3 140	13 694	12 163
Eliminations	-651	-402	-2 669	-1 628
Group total	36 046	27 737	114 078	103 006
Operational segment result				
Finland	1 759	1 516	5 073	5 096
Norway	1 083	705	2 405	2 286
Sweden	-574	113	-1 666	887
Denmark	553	342	1 226	886
Baltic	437	190	595	-2 699
Other	-336	-749	-2 367	-1 754
Total operational segment result	2 923	2 117	5 265	4 702
IFRS amortisation	-501	-504	-1 990	-2 081
Impairment of Goodwill	-	-	-	-6 207
Operating profit/loss	2 422	1 613	3 275	-3 587

The impairment of Goodwill in 2009 was allocated to the assets of Baltic segment. The operational segment result of Baltic segment included 1.2 MEUR realized restructuring costs in 2009.

Business Intelligence and Operation Solutions business lines, previously reported as separate business lines, have been combined to a Information Management Solutions business line in the beginning of year 2010. Updated reportable business lines are in line with the current management model of Affecto Group.

Sales by business lines

(1 000 EUR)	10-12/10	10-12/09	2010	2009
Information Management Solutions	33 264	25 110	103 579	93 855
Geographic Information Services	2 917	2 720	10 950	10 168
Eliminations	-135	-93	-451	-1 016
Group total	36 046	27 737	114 078	103 006

2.3. Interest-bearing liabilities

1 000 EUR	31.12.2010	31.12.2009
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	32 462	36 444
Loans from financial institutions, current portion	4 000	4 000
	36 462	40 444

The loan facility agreement of the group includes financial covenants based on net debt, result and cash flow. Breach of covenants might lead to an increase in cost of debt or cancellation of the facility agreement. In 2010 Affecto has agreed with the bank about changes to the covenants. The covenants based on net debt and result will be measured quarterly, the covenant based on cash flow will be measured next time on June 2011. The maturity of the loan has been presented based on the loan agreement.

2.4. Contingencies and commitments

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

1 000 EUR	31.12.2010	31.12.2009
Not later than one (1) year	2 788	3 013
Later than one (1) year, but not later than five (5) years	2 788	2 310
Later than five (5) years	268	-
Total	5 844	5 323

Guarantees:

1 000 EUR	31.12.2010	31.12.2009
Debt secured by a mortgage		
Financial loans	36 500	40 500

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:	31.12.2010	31.12.2009
Pledges	39	241
Other guarantees	1 526	67

Other guarantees are mostly securities issued for customer projects. These guarantees include both bank guarantees secured by parent company of the group and guarantees issued by the parent company directly to the customer.

2.5. Derivative contracts

1 000 EUR	31.12.2010	31.12.2009
Interest rate swaps:		
Nominal value	20 250	17 000
Fair value	-784	-659
Interest rate cap:		
Nominal value	-	8 000
Fair value	-	11

3. Key figures

	10-12/10	10-12/09	2010	2009
Net sales, 1 000 eur	36 046	27 737	114 078	103 006
EBITDA, 1 000 eur	3 248	2 549	6 617	6 265
Operational segment result, 1 000 eur	2 923	2 117	5 265	4 702
Operating result, 1 000 eur	2 422	1 613	3 275	-3 587
Result before taxes, 1 000 eur	1 982	1 385	1 479	-6 271
Net income for equity holders of the parent company, 1 000 eur	1 361	280	955	-7 139
EBITDA, %	9.0 %	9.2 %	5.8 %	6.1 %
Operational segment result, %	8.1 %	7.6 %	4.6 %	4.6 %
Operating result, %	6.7 %	5.8 %	2.9 %	-3.5 %
Result before taxes, %	5.5 %	5.0 %	1.3 %	-6.1 %
Net income for equity holders of the parent company, %	3.8 %	1.0 %	0.8 %	-6.9 %
Equity ratio, %	43.1 %	42.9 %	43.1 %	42.9 %
Net gearing, %	40.4 %	39.1 %	40.4 %	39.1 %
Interest-bearing net debt, 1 000 eur	22 645	20 919	22 645	20 919
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	245	161	1 072	971
Gross investments, % of sales	0.7 %	0.6 %	0.9 %	0.9 %
Research and development costs, 1 000 eur	362	181	1 178	433
R&D -costs, % of sales	1.0 %	0.7 %	1.0 %	0.4 %
Order backlog, 1 000 eur	54 354	41 108	54 354	41 108
Average number of employees	940	918	919	974
Earnings per share, eur	0.07	0.01	0.05	-0.33
Earnings per share (diluted), eur	0.07	0.01	0.05	-0.33
Equity per share, eur	2.69	2.49	2.69	2.49
Average number of shares, 1 000 shares	20 693	21 480	21 146	21 480
Number of shares at the end of period, 1 000 shares	20 693	21 480	20 693	21 480

Calculation of key figures

EBITDA	=	Earnings before interest, taxes, depreciation, amortization and impairment	
Operational segment result	=	Operating profit before amortisations on fair value adjustments due to business combinations (IFRS3) and Goodwill impairments	
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}} \times 100$	*100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash, bank receivables and securities held as financial asset}}{\text{Total equity}} \times 100$	*100
Interest-bearing net debt	=	Interest-bearing liabilities - cash and bank receivables	
Earnings per share (EPS)	=	$\frac{\text{Result for the period to equity holders of the Company}}{\text{Adjusted average number of shares during the period}}$	
Equity per share	=	$\frac{\text{Total equity}}{\text{Adjusted number of shares at the end of the period}}$	
Market capitalization	=	Number of shares at the end of period (excluding company's own shares held by the company) x share price at closing date	
