

AFFECTO PLC -- INTERIM REPORT -- 1 NOVEMBER 2011 at 9.30

## Affecto Plc's Interim Report 1-9/2011

### Group key figures

MEUR	7-9/11	7-9/10	1-9/11	1-9/10	2010
Net sales	27.9	23.9	90.6	78.0	114.1
Operational segment result	2.6	1.6	6.9	2.3	5.3
% of net sales	9.2	6.9	7.6	3.0	4.6
Operating profit/loss	2.1	1.1	5.4	0.9	3.3
% of net sales	7.4	4.8	5.9	1.1	2.9
Profit/loss before taxes	1.7	0.8	4.4	-0.5	1.5
Profit/loss for the period	1.3	0.6	3.3	-0.4	0.9
Equity ratio, %	46.2	45.4	46.2	45.4	43.1
Net gearing, %	42.3	54.0	42.3	54.0	40.4
Earnings per share, eur	0.06	0.03	0.16	-0.02	0.05
Earnings per share (diluted), eur	0.06	0.03	0.16	-0.02	0.05
Equity per share, eur	2.75	2.59	2.75	2.59	2.69

### CEO Pekka Eloholma comments:

"Our performance in the third quarter was good. Net sales grew by 17% to 27.9 MEUR. In our main business area, EIM solutions, we outpaced the market growth in all Nordic countries. Sweden had the highest growth rate (71%). EBIT grew to 2.1 MEUR and was 7% of net sales. The quarter was better than the same quarter in the previous two years regarding both the net sales and EBIT."

"We have succeeded pretty well in our main goal for this year, profit improvement. Profitability has clearly improved in all other countries except Sweden, where the ongoing growth-oriented development actions have caused the result to remain negative. We believe that also the Swedish business turns profitable by the year-end, although the development has been slower than originally planned."

"Affecto's order backlog is 45.2 MEUR, which is 4% higher than in Q3/2010 (43.6 MEUR). The growth in uncertainty about general economic developments has not much affected our daily work. In addition to the business cycle related uncertainty, the weak predictability of license deals typical to the fourth quarter weakens the short-term visibility."

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

### Additional information:

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

## INTERIM REPORT 1-9/2011

Affecto is the largest Business Intelligence solution provider in the Nordic countries. We help our customers to improve productivity and competitiveness by superior use of information for decision making. We build IT solutions that enable organisations to integrate their strategic targets with their business management. 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 1-9/2011 were 90.6 MEUR (1-9/2010: 78.0 MEUR). Net sales in Finland were 35.4 MEUR (33.4 MEUR), in Norway 20.6 MEUR (17.8 MEUR), in Sweden 14.8 MEUR (10.5 MEUR), in Denmark 10.2 MEUR (8.7 MEUR) and 11.3 MEUR (9.8 MEUR) in Baltic.

The summer vacations lowered the third quarter net sales, as in every year, but as a whole the quarter was rather good. Growth was highest in Sweden, where net sales grew by over 70% due to good sales performance and successful recruitment. Growth was more moderate in the other countries.

The business developed steadily in the Nordic countries and the Nordic BI market remained strong during the period. The growth in general economic uncertainty during the autumn months didn't affect our net sales much.

### Net sales by reportable segments

Net sales, MEUR	7-9/11	7-9/10	1-9/11	1-9/10	2010
Finland	11.3	10.5	35.4	33.4	46.5
Norway	6.3	5.6	20.6	17.8	25.8
Sweden	4.9	2.8	14.8	10.5	15.3
Denmark	3.1	2.8	10.2	8.7	15.4
Baltic	2.9	2.8	11.3	9.8	13.7
Other	-0.6	-0.7	-1.8	-2.0	-2.7
Group total	27.9	23.9	90.6	78.0	114.1

Net sales of Information Management Solutions business in 1-9/2011 were 83.0 MEUR (70.3 MEUR) and net sales of Geographic Information Services were 8.3 MEUR (8.0 MEUR).

The order backlog was 45.2 MEUR, which is 4% higher than the Q3/2010 order backlog (43.6 MEUR), but below the Q2/2011 level (50.7 MEUR). 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.

## PROFIT

Affecto's EBIT in 1-9/2011 was 5.4 MEUR (0.9 MEUR) and the operational segment result was 6.9 MEUR (2.3 MEUR). Operational segment result was in Finland 4.5 MEUR (3.3 MEUR), in Norway 2.2 MEUR (1.3 MEUR), in Sweden -1.5 MEUR (-1.1 MEUR), in Denmark 0.9 MEUR (0.7 MEUR) and in Baltic 1.6 MEUR (0.2 MEUR).

Compared to last year, profitability improved in all other countries except Sweden, which remained loss-making due to the ongoing development actions, as the local organization and processes have been developed in search of strong growth. The business in Sweden is estimated to turn profitable by the year-end, although the development has been slower than originally planned.

## Operational segment result by reportable segments

Operational segment result, MEUR	7-9/11	7-9/10	1-9/11	1-9/10	2010
Finland	2.0	1.7	4.5	3.3	5.1
Norway	0.7	0.6	2.2	1.3	2.4
Sweden	-0.5	-0.5	-1.5	-1.1	-1.7
Denmark	0.2	0.2	0.9	0.7	1.2
Baltic	0.3	0.3	1.6	0.2	0.6
Other	-0.2	-0.6	-0.9	-2.0	-2.4
Operational segment result	2.6	1.6	6.9	2.3	5.3
IFRS3 Amortization	-0.5	-0.5	-1.5	-1.5	-2.0
Operating profit/loss	2.1	1.1	5.4	0.9	3.3

According to IFRS3 requirements, 1-9/2011 EBIT includes 1.5 MEUR (1.5 MEUR) of amortization of intangible assets related to acquisitions. The IFRS3 amortization is estimated to be approx. 2.0 MEUR per year until 2014, as the other intangible assets impacting in IFRS3 amortization totaled 6.2 MEUR at the end of the reporting period.

R&D costs 1-9/2011 totaled 0.7 MEUR (0.8 MEUR), i.e. 0.7% of net sales (1.0%). The costs have been recognized as an expense in the income statement.

The fluctuation in financial costs is explained to a large extent by changes in the fair value of the interest swap taken, which changes have no effect on actual cash flow. The interest rate changes have caused 0.3 MEUR income in 1-9/2011 (0.2 MEUR in Q1, 0.0 MEUR in Q2, 0.0 MEUR in Q3).

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 3.3 MEUR, while it was -0.4 MEUR last year.

## FINANCE AND INVESTMENTS

At the end of the reporting period, Affecto's balance sheet totaled 133.8 MEUR (12/2010: 142.9 MEUR). Equity ratio was 46.2% (12/2010: 43.1%) and net gearing was 42.3% (12/2010: 40.4%).

The financial loans were 36.5 MEUR and other short-term financial loans were 1.7 MEUR (12/2010: 36.5 MEUR) at the end of reporting period. The company's cash and liquid assets were 13.8 MEUR (12/2010: 13.8 MEUR). The interest-bearing net debt was 24.3 MEUR (12/2010: 22.6 MEUR). Affecto has renegotiated the bank loan in June 2011 and loan agreement is valid until June 2016. The covenants are based on total net debt to earnings before interest, taxes, depreciation and amortization and total net debt to total equity. The covenants will be measured quarterly, and these terms and conditions of covenants were met at the end of the reporting period.

Cash flow from operating activities for the reported period was 1.5 MEUR (-5.0 MEUR) and cash flow from investing activities was -1.7 MEUR (-1.0 MEUR). Investments in non-current assets were 1.0 MEUR (1.1 MEUR).

Based on decision by the Annual General Meeting held on 31 March 2011, Affecto has distributed dividends of 1.3 MEUR (previous year 1.3 MEUR).

## EMPLOYEES

The number of employees was 1035 persons at the end of the reporting period (934). 400 employees were based in Finland, 135 in Norway, 150 in Sweden, 70 in Denmark and 280 in the Baltic countries. The average number of employees during the period was 998 (912).

Stig-Göran Sandberg was appointed in June as Country Manager for Finland. He also continues as the Area Manager for Baltic. HR director Hilikka Remes-Hyvärinen retired in September.

## 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 7-9/2011 the net sales in Finland were 11.3 MEUR (10.5 MEUR). Operational segment result was 2.0 MEUR (1.7 MEUR). The business developed rather steadily and net sales grew by 7%, mostly in BI business area. Customers' activity has remained good especially regarding BI solutions. The GIS system development project with Metsähallitus (total value approx. 2.6 MEUR) was signed in August. During the period new orders were received diversifiedly, e.g. from PVO, Rautaruukki, City of Helsinki, Nokia Siemens Networks and Nokia.

### Norway

In 7-9/2011 the net sales in Norway were 6.3 MEUR (5.6 MEUR) and operational segment result was 0.7 MEUR (0.6 MEUR). The net sales grew by 15% and profitability improved compared to last year. However, the order backlog has developed weaker than on average. During the period new orders were received e.g. from Finanstilsynet, Posten Norge and Storebrand Kapitalforvaltning.

### Sweden

In 7-9/2011 the net sales in Sweden were 4.9 MEUR (2.8 MEUR) and operational segment result -0.5 MEUR (-0.5 MEUR). The net sales grew organically by 71%, without any significant currency effect. Number of employees has grown by approx. 40% during year 2011. The forward-looking building of the local organization, targeting a significant growth in net sales in 2011, has clearly lowered profitability. The business in Sweden is estimated to turn profitable by the year-end. Expectations are supported by the the order backlog's significant growth compared to the previous year. During the period new orders were received e.g. from Procordia Food, Fritidsresor and JM.

### Denmark

In 7-9/2011 the net sales in Denmark were 3.1 MEUR (2.8 MEUR) and operational segment result was 0.2 MEUR (0.2 MEUR). In Denmark the net sales grew by 10%, while profitability remained almost at the previous year's level. The market situation has developed moderately positively. During the period new orders were received e.g. from Danfoss, SDC and AP Moller Maersk.

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

In 7-9/2011 the Baltic net sales were 2.9 MEUR (2.8 MEUR). Operational segment result was 0.3 MEUR (0.3 MEUR). Net sales grew by 4% and profitability at last year's level. The national economies in the Baltic countries have already returned to growth path, but the local IT markets have not yet fully recovered from the effects of the financial crisis. The price competition continues tight and the EU continues to have great importance in financing both public and also private investments. The demand for BI solutions has grown somewhat. New projects were received during the period mostly from public sector entities.

## REVIEW OF MARKET DEVELOPMENTS

The demand for Enterprise Information Management (EIM) solutions, including Business Intelligence (BI) and Enterprise Content Management (ECM), is estimated to develop positively along the general economy. The average annual global growth of BI and analytics software license markets is estimated to be approx. 8% until year 2015. The Nordic BI/DW services markets have been estimated to grow annually by 6-8% in 2011-2015. Also the ECM solutions market is estimated to grow correspondingly.

The growth in uncertainty during the autumn months hasn't so far materially impacted Affecto's business, but should it be prolonged, it may negatively impact customers' investment decisions either by slowing decision making or cutting investment plans. On the other hand, the EIM solutions are seen as a tool for improving operational efficiency and thus the demand for them did not significantly decrease in the 2008-2010 recession.

## CHANGES IN GROUP STRUCTURE

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

Affecto has acquired in July the remaining shares of Affecto Estonia from the minority shareholders. The company is previously consolidated as 100 % subsidiary in the financial statement of the group and this arrangement is disclosed in detail in the notes 16 and 33 of the consolidated financial statements for the year 2010. The transaction had no material impact on the group financials.

## ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Affecto Plc, which was held on 31 March 2011, adopted the financial statements for 1.1.–31.12.2010 and discharged the members of the Board of Directors and the CEO from liability. Approximately 41 percent of Affecto's shares and votes were represented at the Meeting. The Annual General Meeting decided that a dividend of EUR 0.06 per share will be distributed for the year 2010.

Aaro Cantell, Heikki Lehmusto, Jukka Ruuska and Haakon Skaarer were re-elected as members of the Board of Directors, and Tuija Soanjärvi and Lars Wahlström were elected as new members. 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. KPMG Oy Ab was elected auditor of the company.

The Meeting approved the Board's proposal for appointing a Nomination Committee to prepare proposals concerning members of the Board of Directors and their remunerations for the following Annual General Meeting. The Nomination Committee will consist of the representatives of the three largest shareholders and the Chairman of the Board of Directors, acting as an expert member, if he/she is not appointed representative of a shareholder. The members representing the shareholders will be appointed by the three shareholders whose share of ownership of the shares of the company is largest on 31 October preceding the Annual General Meeting.

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

In 2011 the Board has not used the authorizations given by the previous Annual General Meeting. Those authorizations ended on 31 March 2011.

The complete contents of the new authorizations given by the Annual General Meeting held on 31 March 2011 have been published in the stock exchange release regarding the Meetings' decisions. The Board did not use the authorizations by the end of the review period.

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.

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 consideration or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against consideration 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.

## SHARES AND TRADING

The company has only one share series, and all shares have similar rights. As at 30 September 2011, 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 1-9/2011, the highest share price was 2.97 euro, lowest price 2.00 euro, average price 2.51 euro and closing price 2.22 euro. Trading volume was 7.1 million shares, corresponding to 44% of the number of shares at the end of period (annualized). The market value of shares was 47.8 MEUR at the end of the period including the shares owned by Affecto Management Oy.

## SHAREHOLDERS

The company had a total of 1754 owners on 30 September 2011 and the foreign ownership was 19%. 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. 14.9% (14.5% shares and 0.4% options).

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

According to the flagging announcement made on 17 February 2011, the ownership of Nordea Rahastoyhtiö Suomi has exceeded 5%.

According to the flagging announcement made on 11 April 2011, the ownership of Nordea Rahastoyhtiö Suomi has decreased below 5%.

According to the flagging announcement made due to a technical change on 13 June 2011, the ownership of OP-Pohjola has decreased below 5% and the ownership of OP-Rahastoyhtiö funds has exceeded 5%.

According to the flagging announcement made on 26 September 2011, the ownership of Aaro Cantell and his controlled entities has exceeded 10%.

## ASSESSMENT OF RISKS AND UNCERTAINTIES

The changes in the general economic conditions and the operating environments of its customers have direct impact in Affecto's markets. Slower investment decision making, postponing or cancellation of customers' IT investments may have negative impact on Affecto.

Industrial actions by labour unions targeting either Affecto, partners or customers may have negative impact on Affecto.

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 uncertainty is related to Sweden, where Affecto has invested in reforming the organization and processes, which has weakened profitability in the short term.

Affecto's order backlog has traditionally been only for a few months, which decreases the reliability of longer-term forecasts. 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.

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 bank loan has covenants, the breach of which may lead to higher financing costs or even the termination of the loan. The covenants are based on total net debt to earnings before interest, taxes, depreciation and amortization and total net debt to total equity.

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 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.

#### EVENTS AFTER THE REPORTING PERIOD

Affecto has signed in October an agreement with Norway Post regarding the application management of a Business Intelligence (BI) solution for measuring the key performance indicators of production and distribution operations. The delivery will start in November 2011 and will last at least 2 years, after which there are two optional years. The total value of the agreement is estimated to be 0.9-1.8 MEUR, depending on the option years.

#### FUTURE OUTLOOK

In 2011 the main focus is on profit improvement. Operating profit is estimated to at least double compared to year 2010. 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](http://www.affecto.com)

A briefing for analysts and media will be arranged at 11.00 at Restaurant Savoy, Eteläesplanadi 14, Helsinki.

[www.affecto.com](http://www.affecto.com)

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## 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)	7-9/11	7-9/10	1-9/11	1-9/10	2010
Net sales	27 897	23 877	90 627	78 032	114 078
Other operating income	4	9	90	23	57
Changes in inventories of finished goods and work in progress	-27	-116	13	-163	-181
Materials and services	-5 713	-4 621	-18 486	-15 082	-25 393
Personnel expenses	-15 334	-13 274	-51 771	-46 969	-64 838
Other operating expenses	-3 929	-3 901	-12 566	-12 471	-17 106
Other depreciation and amortisation	-342	-332	-1 037	-1 026	-1 352
IFRS3 amortisation	-500	-499	-1 519	-1 489	-1 990
Operating profit/loss	2 056	1 143	5 351	853	3 275
Net financial expenses	-331	-295	-916	-1 357	-1 797
Profit/loss before income tax	1 725	848	4 435	-504	1 479
Income tax	-429	-207	-1 135	88	-546
Profit/loss for the period	1 295	642	3 300	-415	933
Profit/loss for the period attributable to:					
Owners of the parent company	1 312	650	3 306	-406	955
Non-controlling interest	-17	-8	-5	-10	-22
Earnings per share (EUR per share):					
Basic	0.06	0.03	0.16	-0.02	0.05
Diluted	0.06	0.03	0.16	-0.02	0.05

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(1 000 EUR)	7-9/11	7-9/10	1-9/11	1-9/10	2010
Profit/loss for the period	1 295	642	3 300	-415	933
Other comprehensive income:					
Translation difference	-411	1 034	-923	3 427	4 214
Total Comprehensive income for the period	885	1 676	2 377	3 012	5 146
Total Comprehensive income attributable to:					
Owners of the parent company	901	1 684	2 383	3 021	5 169
Non-controlling interest	-17	-8	-5	-10	-22

## CONSOLIDATED BALANCE SHEET

(1 000 EUR)	9/2011	9/2010	12/2010
<b>Non-current assets</b>			
Property, plant and equipment	2 014	2 058	1 908
Goodwill	72 066	72 169	72 866
Other intangible assets	6 321	8 498	8 099
Deferred tax assets	1 604	2 111	1 506
Available-for-sale financial assets	-	19	19
Trade and other receivables	17	86	36
	82 022	84 941	84 434
<b>Current assets</b>			
Inventories	496	505	482
Trade and other receivables	36 314	31 279	43 662
Current income tax receivables	1 168	1 080	505
Cash and cash equivalents	13 778	9 377	13 818
	51 756	42 242	58 468
<b>Total assets</b>	<b>133 777</b>	<b>127 183</b>	<b>142 901</b>
<b>Equity attributable to owners of the parent Company</b>			
Share capital	5 105	5 105	5 105
Reserve of invested non-restricted equity	46 591	46 591	46 591
Other reserves	560	379	417
Treasury shares	-1 996	-1 996	-1 996
Translation differences	-1 951	-1 815	-1 028
Retained earnings	8 620	5 244	6 605
	56 929	53 509	55 695
Non-controlling interest	374	393	380
<b>Total equity</b>	<b>57 304</b>	<b>53 902</b>	<b>56 074</b>
<b>Non-current liabilities</b>			
Borrowings	32 347	-	32 462
Derivative financial instruments	529	879	784
Deferred tax liabilities	1 886	2 798	2 288
Trade and other payables	-	786	-
	34 763	4 463	35 535
<b>Current liabilities</b>			
Borrowings	5 699	38 458	4 000
Trade and other payables	33 165	28 705	45 290
Current income tax liabilities	1 989	1 139	953
Provisions	858	516	1 049
	41 711	68 818	51 292
<b>Total liabilities</b>	<b>76 474</b>	<b>73 281</b>	<b>86 827</b>
<b>Equity and liabilities</b>	<b>133 777</b>	<b>127 183</b>	<b>142 901</b>

## CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-9/2011	1-9/2010	2010
<b>Cash flows from operating activities</b>			
Profit/loss for the period	3 300	-415	933
Adjustments to profit for the period	4 634	3 873	5 737
	7 934	3 457	6 670
Change in working capital	-4 092	-7 265	-3 314
Interest and other finance cost paid	-1 215	-1 152	-1 651
Interest and other finance income received	130	104	144
Income taxes paid	-1 233	-138	-335
<b>Net cash from operating activities</b>	<b>1 524</b>	<b>-4 993</b>	<b>1 514</b>
<b>Cash flows from investing activities</b>			
Payment of liabilities, Affecto Estonia	-740	-	-
Acquisition of tangible and intangible assets	-981	-1 055	-1 072
Proceeds from sale of tangible and intangible assets	46	6	6
Proceeds from sale of Available-for-sale financial assets	-	42	41
<b>Net cash used in investing activities</b>	<b>-1 675</b>	<b>-1 006</b>	<b>-1 025</b>
<b>Cash flows from financing activities</b>			
Related party investments*	-	400	402
Proceeds from long-term borrowings	36 339	-	-
Repayments of long-term borrowings	-36 500	-2 000	-4 000
Acquisition and disposal of treasury shares**	-	-1 799	-1 906
Dividends paid to the owners of the parent company	-1 291	-1 289	-1 289
<b>Net cash from financing activities</b>	<b>-1 452</b>	<b>-4 688</b>	<b>-6 792</b>
(Decrease)/increase in cash and cash equivalents	-1 604	-10 688	-6 304
<b>Cash and cash equivalents</b>			
at the beginning of the period	13 818	19 525	19 525
Foreign exchange effect on cash	-135	541	597
Cash and cash equivalents at the end of the period	12 079	9 377	13 818
Cash and cash equivalent on the balance sheet	13 778	9 377	13 818
Credit limit in use	- 1 699	-	-
Cash and cash equivalents at the end of the period	12 079	9 377	13 818

\* Affecto Group management's investment to incentive arrangement

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1 000 EUR)	Equity attributable to owners of the parent company							Total equity
	Share capital	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Trans lat. diff.	Ret. earnings	Non-controlling interest	
Equity at 1 January 2011	5 105	46 591	417	-1 996	-1 028	6 605	380	56 074
Profit						3 306	-5	3 300
Translation differences					-923			-923
Total comprehensive income					-923	3 306	-5	2 377
Share-based payments			143					143
Dividends paid						-1 291		-1 291
Equity at 30 September 2011	5 105	46 591	560	-1 996	-1 951	8 620	374	57 304

(1 000 EUR)	Equity attributable to owners of the parent company								Total equity
	Share capital	Share premium	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Translat. diff.	Ret. earnings	Non-controlling interest	
Equity at 1 January 2010	5 105	25 404	21 188	264	-106	-5 242	6 955	-	53 568
Profit							-406	-10	-415
Translation differences						3 427			3 427
Total comprehensive income						3 427	-406	-10	3 012
Share-based payments				115					115
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 30 September 2010	5 105	-	46 591	378	-1 996	-1 815	5 244	393	53 902

\* 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 2010. In material respects, the same accounting policies have been applied as in the 2010 annual consolidated financial statements. The amendments to and interpretations of IFRS standards that entered into force on 1 January had no impact on this interim report.

The non-controlling interest has been presented separately after net profit for the period and in total equity.

### 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)	7-9/11	7-9/10	1-9/11	1-9/10	2010
<b>Total sales</b>					
Finland	11 312	10 529	35 436	33 353	46 522
Norway	6 317	5 636	20 575	17 765	25 845
Sweden	4 878	2 845	14 820	10 462	15 276
Denmark	3 072	2 788	10 231	8 679	15 411
Baltic	2 944	2 822	11 342	9 791	13 694
Other	-626	-744	-1 778	-2 019	-2 669
<b>Group total</b>	<b>27 897</b>	<b>23 877</b>	<b>90 627</b>	<b>78 032</b>	<b>114 078</b>
<b>Operational segment result</b>					
Finland	1 980	1 729	4 550	3 314	5 073
Norway	743	552	2 153	1 321	2 405
Sweden	-488	-544	-1 464	-1 092	-1 666
Denmark	249	243	934	673	1 226
Baltic	295	268	1 646	158	595
Other	-222	-606	-950	-2 031	-2 367
<b>Total operational segment result</b>	<b>2 556</b>	<b>1 642</b>	<b>6 870</b>	<b>2 343</b>	<b>5 265</b>
IFRS amortisation	-500	-499	-1 519	-1 489	-1 990
<b>Operating profit/loss</b>	<b>2 056</b>	<b>1 143</b>	<b>5 351</b>	<b>853</b>	<b>3 275</b>

#### Sales by business lines

(1 000 EUR)	7-9/11	7-9/10	1-9/11	1-9/10	2010
Information Management Solutions	25 565	21 402	83 030	70 315	103 579
Geographic Information Services	2 560	2 569	8 309	8 034	10 950
Other	-228	-94	-711	-316	-451
<b>Group total</b>	<b>27 897</b>	<b>23 877</b>	<b>90 627</b>	<b>78 032</b>	<b>114 078</b>

## 2.3. Interest-bearing liabilities

(1 000 EUR)	30.9.2011	31.12.2010
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	32 347	32 462
Loans from financial institutions, current portion	5 699	4 000
	<u>38 046</u>	<u>36 462</u>

Affecto has renegotiated the bank loan in June 2011. The refinanced loan facility agreement includes financial covenants, breach of which might lead to an increase in cost of debt or cancellation of the facility agreement. The covenants are based on total net debt to earnings before interest, taxes, depreciation and amortization and total net debt to total equity. The covenants will be measured quarterly, and these terms and conditions of covenants were met at the end of the reporting period.

## 2.4. Contingencies and commitments

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

(1 000 EUR)	30.9.2011	31.12.2010
Not later than one (1) year	2 392	2 788
Later than one (1) year, but not later than five (5) years	3 039	2 788
Later than five (5) years	240	268
Total	<u>5 671</u>	<u>5 844</u>

### Guarantees:

(1 000 EUR)	30.9.2011	31.12.2010
Debt secured by a mortgage		
Financial loans	38 199	36 500

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:

(1 000 EUR)	30.9.2011	31.12.2010
Pledges	20	39
Other guarantees	1 933	1 526

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 and subsidiaries.

## 2.5. Derivative contracts

(1 000 EUR)	30.9.2011	31.12.2010
Interest rate swaps:		
Nominal value	20 250	20 250
Fair value	-529	-784

### 3. Key figures

	7-9/11	7-9/10	1-9/11	1-9/10	2010
Net sales, 1 000 eur	27 897	23 877	90 627	78 032	114 078
EBITDA, 1 000 eur	2 898	1 975	7 907	3 369	6 617
Operational segment result, 1 000 eur	2 556	1 642	6 870	2 343	5 265
Operating result, 1 000 eur	2 056	1 143	5 351	853	3 275
Result before taxes, 1 000 eur	1 725	848	4 435	-504	1 479
Net income for equity holders of the parent company, 1 000 eur	1 312	650	3 306	-406	955
EBITDA, %	10.4 %	8.3 %	8.7 %	4.3 %	5.8 %
Operational segment result, %	9.2 %	6.9 %	7.6 %	3.0 %	4.6 %
Operating result, %	7.4 %	4.8 %	5.9 %	1.1 %	2.9 %
Result before taxes, %	6.2 %	3.6 %	4.9 %	-0.6 %	1.3 %
Net income for equity holders of the parent company, %	4.7 %	2.7 %	3.6 %	-0.5 %	0.8 %
Equity ratio, %	46.2 %	45.4 %	46.2 %	45.4 %	43.1 %
Net gearing, %	42.3 %	54.0 %	42.3 %	54.0 %	40.4 %
Interest-bearing net debt, 1 000 eur	24 268	29 081	24 268	29 081	22 645
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	268	469	981	1 055	1 072
Gross investments, % of sales	1.0 %	2.0 %	1.1 %	1.4 %	0.9 %
Research and development costs, 1 000 eur	113	279	651	816	1 178
R&D –costs, % of sales	0.4 %	1.2 %	0.7 %	1.0 %	1.0 %
Order backlog, 1 000 eur	45 225	43 638	45 225	43 638	54 354
Average number of employees	1 019	917	998	912	919
Earnings per share, eur	0.06	0.03	0.16	-0.02	0.05
Earnings per share (diluted), eur	0.06	0.03	0.16	-0.02	0.05
Equity per share, eur	2.75	2.59	2.75	2.59	2.69
Average number of shares, 1 000 shares	20 693	20 948	20 693	21 298	21 146
Number of shares at the end of period, 1 000 shares	20 693	20 693	20 693	20 693	20 693

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, %	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$	*100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash, bank receivables and securities held as financial asset}}{\text{Total equity}}$	*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	

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