AFFECTO PLC INTERIM REPORT 5 MAY 2010 at 9.30

AFFECTO PLC'S INTERIM REPORT 1-3/2010

GROUP KEY FIGURES

MEUR	1-3/10	1-3/09	2009
Net sales	25.7	27.5	103.0
Operational segment result	0.1	-0.2	4.7
% of net sales	0.3	-0.7	4.6
Operating profit/loss	-0.4	-6.9	-3.6
% of net sales	-1.6	-25.2	-3.5
Profit/loss before taxes	-1.1	-8.6	-6.3
Profit/loss for the period	-0.9	-8.0	-7.1
Equity ratio, %	43.4	41.3	42.9
Net gearing, %	40.4	42.6	39.1
Earnings per share, eur	-0.04	-0.37	-0.33
Earnings per share (diluted), eur	-0.04	-0.37	-0.33
Equity per share, eur	2.48	2.45	2.49

CEO Pekka Eloholma comments:

"First quarter was weak as expected. The operational segment result was positive, but IFRS3 amortization pushed operating profit to loss. Finland, Norway and Denmark were profitable, but Sweden and Baltic made a loss."

"Some new projects ramped up pretty slowly, and at the same time some large projects in Finland progressed slower than normally. Although the general market situation is improving, it was not yet realized as net sales."

"Positive development is highlighted by the growth of the order backlog to approx. 43 MEUR, which is higher than in Q1/2009 (41.6 MEUR) or Q4/2009 (41.1 MEUR). The improved order backlog and the good level of customer activity strengthen our belief in improving business conditions during the year. We maintain the previous guidance regarding the whole year."

"The net sales are estimated to grow in year 2010. The year 2010 will be clearly profitable and the profitability (EBIT margin) is estimated to improve during the year."

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

INTERIM REPORT 1-3/2010

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 and Poland.

NET SALES

Affecto's net sales in 1-3/2010 were 25.7 MEUR (1-3/2009: 27.5 MEUR). Net sales in Finland were 11.0 MEUR (11.8 MEUR), in Norway 5.9 MEUR (5.3 MEUR), in Sweden 3.5 MEUR (4.1 MEUR), in Denmark 2.7 MEUR (3.2 MEUR) and 3.1 MEUR (3.8 MEUR) in Baltic. Net sales decreased in other areas except in Norway.

In the Nordic countries the first quarter began rather weakly, and especially January was quiet. However, the business picked up during the quarter, but did not have time to compensate effects of the weak January. Resource utilization was low in the early part of the period.

The economic situation in the Baltic countries has remained weak. GDP decreased 15-20% in the Baltic countries in 2009. The significant weakening of the Baltic economies combined with public sector's sizeable cost saving programs has clearly decreased the demand for IT services.

Net sales by reportable segments

Net sales, MEUR	1-3/10	1-3/09	2009
Finland	11.0	11.8	45.0
Norway	5.9	5.3	20.2
Sweden	3.5	4.1	15.8
Denmark	2.7	3.2	11.5
Baltic	3.1	3.8	12.2
Eliminations	-0.5	-0.6	-1.6
Group total	25.7	27.5	103.0

Net sales of Information Management Solutions business (previously BI and Operational solutions) in 1-3/2010 were 23.3 MEUR (25.3 MEUR) and net sales of Geographic Information Services were 2.5 MEUR (2.3 MEUR).

PROFIT

Affecto's EBIT in 1-3/2010 was -0.4 MEUR (-6.9 MEUR) and the operational segment result was 0.1 MEUR (-0.2 MEUR). Operational segment result was in Finland 0.5 MEUR (1.7 MEUR), in Norway 0.4 MEUR (0.8 MEUR), in Sweden -0.4 MEUR (0.3 MEUR), in Denmark 0.2 MEUR (0.3 MEUR) and in Baltic -0.1 MEUR (-2.7 MEUR).

The businesses in Finland, Norway and Denmark made profit, but profitability was not satifactory. Resource utilization was too low especially in January. Some new projects ramped up slower than exptected, which decreased the resource utilization. In addition, some ongoing projects progressed slower than planned, which had negative impact on net sales and profitability. Profitability weakened in Sweden. Profitability in Baltic improved thanks to the restructuring actions taken earlier (1.7 MEUR provision for restructuring costs was included in Q1/2009 results), but profitability still remained slightly negative.

Operational segment result by reportable segments

Operational segment result, MEUR	1-3/10	1-3/09	2009
Finland	0.5	1.7	5.1
Norway	0.4	0.8	2.3
Sweden	-0.4	0.3	0.9
Denmark	0.2	0.3	0.9
Baltic	-0.1	-2.7	-2.7
Other	-0.6	-0.5	-1.8
Operational segment result	0.1	-0.2	4.7
IFRS3 Amortization	-0.5	-0.5	-2.1
Impairment of Goodwill	-	-6.2	-6.2
Operating profit/loss	-0.4	-6.9	-3.6

According to IFRS3 requirements, 1-3/2010 EBIT includes 0.5 MEUR (0.5 MEUR) of amortization of intangible assets related to acquisitions. In year 2010 the IFRS3 amortization is estimated to total 1.9 MEUR and in 2011 approx. 1.9 MEUR.

R&D costs 1-3/2010 totaled 0.3 MEUR (0.1 MEUR), i.e. 1.0% of net sales (0.3%). The costs have been recognized as an expense in the income statement.

Taxes corresponding to the result for the review period have been entered as tax expense. Net profit for the period was -0.9 MEUR, while it was -8.0 MEUR last year.

The order backlog was approx. 43 MEUR at the end of the period, which is 2 MEUR higher than the previous quarter's backlog of 41 MEUR. Affecto has a well diversified customer base. The ten largest customers generated approx. 20% of group revenue in 2009 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 133.3 MEUR (12/2009: 136.3 MEUR). Equity ratio was 43.4% (12/2009: 42.9%) and net gearing was 40.4% (12/2009: 39.1%). Translation differences have increased the consolidated equity by 1.9 MEUR during 1-3/2010 due to the strengthening of the Norwegian and Swedish currencies.

The financial loans were 40.4 MEUR (12/2009: 40.4 MEUR) at the end of reporting period. The company's cash and liquid assets were 18.9 MEUR (12/2009: 19.5 MEUR). The interest-bearing net debt was 21.5 MEUR (12/2009: 20.9 MEUR). Affecto's bank loan has covenants based on net debt, result and cash flow, and Affecto has received a waiver from the bank although Affecto did not fulfill all the covenants on 31 March 2010.

Cash flow from operating activities for the reported period was -0.6 MEUR (-2.0 MEUR) and cash flow from investments was -0.3 MEUR (-0.4 MEUR). Investments in non-current assets excluding acquisitions were 0.3 MEUR (0.4 MEUR).

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). The dividend is presented as non-interest-bearing debt in the balance sheet of 31 March 2010. Dividend was paid on 13 April 2010.

EMPLOYEES

The number of employees was 911 persons at the end of the reporting period (911). 381 employees were based in Finland, 103 in Sweden, 114 in Norway, 56 in Denmark, and 257 in the Baltic countries. The average number of employees during the period was 911 (974).

Fredrik Prien was appointed as the country manager in Sweden and he started in March.

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 1-3/2010 net sales in Finland were 11.0 MEUR (11.8 MEUR). Operational segment result was 0.5 MEUR (1.7 MEUR). The year started rather modestly. Some new projects started slower than exptected, which decreased the resource utilization. In addition, some ongoing projects progressed slower than planned, which had negative impact on net sales and profitability. During the period new projects were received e.g. from Bank of Finland, Elisa, Med-IT and Metso.

The growth of IT services market in Finland is forecast to be approx. 2% in 2010 (Marketvisio's estimate, September 2009). However, Affecto's focus segments are expected to experience a higher growth in software sales (BI 5%, ECM 6%).

Norway

The net sales in 1-3/2010 were 5.9 MEUR (5.3 MEUR) and operational segment result was 0.4 MEUR (0.8 MEUR). The growth in Euros was helped by the strengthening of the Norwegian krone (NOK). The business developed rather well, although profitability decreased. In general, the business conditions in Norway have developed positively. Due to expected growth in demand, the company has been active in hiring new employees. New projects were received e.g. from Norway's Labour and welfare agency (NAV), Lindorff, Santander, Statoil and Telenor.

Sweden

In 1-3/2010 the net sales in Sweden were 3.5 MEUR (4.1 MEUR) and operational segment result -0.4 MEUR (0.3 MEUR). There are some signals about an improving business environment, but the improvements take time. Customers' investment decision making is still cautious and takes time. The business was loss-making e.g. due to changes in personnel, and is estimated to continue at loss in the second quarter. Fredrik Prien has been the new country manager since 1 March 2010. New projects were received e.g. from Pågen.

Denmark

The net sales in 1-3/2010 were 2.7 MEUR (3.2 MEUR) and operational segment result was 0.2 MEUR (0.3 MEUR). Also in Denmark, the year started cautiously and the first quarter was weak. However, the customers' activity is on high level and the markets are expected to develop positively. New orders were received e.g. from DONG, Velux and Copenhagen Region.

Baltic (Lithuania, Latvia, Estonia, Poland)

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 1-3/2010 the Baltic net sales were 3.1 MEUR (3.8 MEUR). Operational segment result was -0.1 MEUR (-2.7 MEUR). Although the worst decline in GDP is over, the market has not recovered much, yet. The price competition is tight in the local markets in the Baltic countries. The IT investments from the public sector have decreased due to government cost saving programs. The development of the local business environment is very uncertain, and the EU has great importance in financing both public and also private investments.

Some new projects were received during the period, mostly from public sector entities, including Lithuanian Ministry of Social Security and Labour, Lithuanian Statistics department and several municipalities.

Review by business lines

Information management solutions business contains the previously separately reported Business intelligence (BI) and Operational Solutions businesses. Reporting was changed to match the current management model. The net sales of Information management solutions in 1-3/2010 were 23.3 MEUR (25.3 MEUR). The slow start of the year affected most parts of the business and lowered the net sales generated. Performance improved towards the end of the quarter.

The demand for Business intelligence (BI) solutions seems to recover along the general economy. Customers' general activity level has grown and they are restarting investments put on hold last year. Gartner has estimated the BI solutions continue to be one of the key IT investment areas and average annual global growth of BI and analytics software license markets to exceed 8% until year 2013. Gartner has also forecast that the Nordic BI/DW services market would annually grow 6-8% in 2010-2013.

The demand for ECM solutions in Finland was good, but some of the ongoing projects progressed slowly. The net sales in Baltic decreased significantly, as net sales decreased both for the local projects and for insurance sector export projects.

Net sales of the Geographic Information Services business in 1-3/2010 were 2.5 MEUR (2.3 MEUR). The GIS services business developed well during the period. The order intake grew and the demand for GIS solutions seems to have grown. The customers are also interested in consulting services related to e.g. developing GIS strategies. Also the publishing business developed favorably.

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 for invested unrestricted equity.

Aaro Cantell, Pyry Lautsuo, Heikki Lehmusto, Esko Rytkönen 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 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 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.

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.

SHARES AND TRADING

The company has only one share series, and all shares have similar rights. As at 31 March 2010, 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 1-3/2010, the highest share price was 2.70 euro, lowest price 2.21 euro, average price 2.47 euro and closing price 2.45 euro. Trading volume was 3.45 million shares, corresponding to 64% (annualized) of the number of shares at the end of period. The market value of shares was 52.6 MEUR at the end of the period.

SHAREHOLDERS

The company had a total of 2219 owners on 31 March 2010 and the foreign ownership was 34%. 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. 9.9% (9.3% shares and 0.6% options).

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. The competition in the markets also tightens continuously. This could have a negative effect on the business, operating results and financial condition of Affecto.

The general economic downturn may decrease the overall customer demand for services, increase price pressure from customers and lengthen offer processes at customers. Also the competitors' eagerness to complain about public procurement decisions may increase, which may cause delays in projects or interrupt the project delivery work. The continuing downturn may lead into decrease in utilization rate of consultants.

The economic downturn may weaken customers' liquidity, also in the public sector. The risks related to receivables have grown especially in the Baltic countries.

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.

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 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. 8 MEUR in 2009.

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.

EVENTS AFTER THE REVIEW PERIOD

Member of the executive management team, COO Åge Lönning left the company at the end of April and the related costs are reported as part of Q2 results.

FUTURE OUTLOOK

The net sales are estimated to grow in year 2010. The year 2010 will be clearly profitable and the profitability (EBIT margin) is estimated to improve during the year.

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 shareholders' equity
2. Notes
3. Key figures

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

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	1-3/10	1-3/09	2009
Net sales	25 732	27 525	103 006
Other operating income	13	6	27
Changes in inventories of finished goods and work in progress	50	-9	-351
Materials and services	-4 484	-4 733	-19 775
Personnel expenses	-16 749	-17 642	-59 660
Other operating expenses	-4 130	-4 961	-16 983
Other depreciation and amortisation	-353	-385	-1 466
IFRS3 amortisation	-491	-516	-2 081
Impairment	0	-6 209	-6 304
Operating profit/loss	-412	-6 925	-3 587
Finance costs (net)	-664	-1 720	-2 684
Profit/loss before income tax	-1 076	-8 644	-6 271
Income tax	134	631	-868
Profit/loss for the period	-941	-8 013	-7 139
Profit/loss for the period attributable to:			
Equity holders of the Company	-941	-8 013	-7 139
Earnings per share (EUR per share):			
Basic	-0.04	-0.37	-0.33
Diluted	-0.04	-0.37	-0.33

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(1 000 EUR)	1-3/10	1-3/09	2009
Profit/loss for the period	-941	-8 013	-7 139
Other comprehensive income:			
Translation difference	1 852	2 014	5 001
Total Comprehensive income for the period	911	-5 999	-2 138
Total Comprehensive income attributable to:			
Equity holders of the Company	911	-5 999	-2 138

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	3/2010	3/2009	12/2009
Non-current assets			
Property, plant and equipment	2 105	2 695	2 102
Goodwill	70 895	67 383	69 415
Other intangible assets	9 368	10 859	9 585
Deferred tax assets	2 061	2 285	1 648
Available-for-sale financial assets	54	54	54
Derivative financial instruments	-	6	11
Trade and other receivables	171	166	175
	84 654	83 448	82 992
Current assets			
Inventories	739	1 114	685
Trade and other receivables	27 961	28 181	32 049
Current income tax receivables	978	1 138	1 047
Available-for-sale financial assets	-	294	-
Restricted cash and cash equivalents	-	1 260	-
Cash and cash equivalents	18 933	21 485	19 525
	48 610	53 473	53 306
Total assets	133 264	136 921	136 298
Equity attributable to equity holders of the Company			
Share capital	5 105	5 105	5 105
Share premium	25 404	25 404	25 404
Reserve of invested non-restricted equity	21 188	21 188	21 188
Other reserves	314	205	264
Treasury shares	-106	-106	-106
Translation differences	-3 390	-8 229	-5 242
Retained earnings	4 726	9 088	6 955
Total shareholders' equity	53 240	52 655	53 568
Non-current liabilities			
Borrowings	36 448	40 430	36 444
Derivative financial instruments	1 006	972	252
Deferred tax liabilities	2 983	3 263	3 011
Trade and other payables	786	577	733
	41 224	45 241	40 440
Current liabilities			
Borrowings	4 000	3 500	4 000
Trade and other payables	33 790	31 690	37 058
Current income tax liabilities	743	1 900	487
Derivative financial instruments	-	235	408
Provisions	266	1 700	337
	38 800	39 026	42 290
Total liabilities	80 024	84 267	82 730
Total shareholders' equity and liabilities	133 264	136 921	136 298

CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-3/2010	1-3/2009	2009
Cash flows from operating activities			
Result for the period	-941	-8 013	-7 139
Adjustments to profit for the period	1 474	9 697	13 390
	533	1 684	6 251
Change in working capital	-736	-2 901	937
Interest and other finance cost paid	-354	-557	-2 160
Interest and other finance income received	42	84	251
Income taxes paid	-77	-340	-2 770
Net cash generated from operating activities	-592	-2 031	2 509
Cash flows from investing activities			
Purchases of tangible and intangible assets	-350	-390	-971
Proceeds from sale of tangible and intangible assets	5	9	87
Net cash used in investing activities	-345	-380	-884
Cash flow from financing activities			
Repayments of borrowings	-	-	-3 500
Dividends paid to the company's shareholders	-	-	-3 007
Net cash generated in financing activities	-	-	-6 507
(Decrease)/increase in cash and cash equivalents	-937	-2 411	-4 883
Cash and cash equivalents at the beginning of the period	19 525	23 554	23 554
Foreign exchange effect on cash	345	343	854
Cash and cash equivalents at the end of the period	18 933	21 485	19 525

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(1 000 EUR)	Share capital	Share premium	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Translat. diff.	Ret. earnings	Total equity *
Shareholders' equity 1 January 2010	5 105	25 404	21 188	264	-106	-5 242	6 955	53 568
Total comprehensive income						1 852	-941	911
Share options				50				50
Dividents paid							-1 289	-1 289
Shareholders' equity 31 March 2010	5 105	25 404	21 188	314	-106	-3 390	4 726	53 240

(1 000 EUR)	Share capital	Share premium	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Translat. diff.	Ret. earnings	Total equity *
Shareholders' equity 1 January 2009	5 105	25 404	21 188	176	-106	-10 243	17 101	58 625
Total comprehensive income						2 014	-8 013	-5 999
Share options				29				29
Shareholders' equity 31 March 2009	5 105	25 404	21 188	205	-106	-8 229	9 088	52 655

* Affecto has not had a minority share in 2009 or 2010.

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 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)	1-3/10	1-3/09	2009
Total sales			
Finland	10 985	11 756	45 003
Norway	5 912	5 256	20 152
Sweden	3 548	4 083	15 823
Denmark	2 673	3 175	11 494
Baltic	3 136	3 836	12 163
Eliminations	-522	-580	-1 628
Group total	25 732	27 525	103 006
Operational segment result			
Finland	549	1 682	5 096
Norway	425	763	2 286
Sweden	-365	313	887
Denmark	162	275	886
Baltic	-102	-2 699	-2 699
Other	-589	-537	-1 754
Total operational segment result	80	-203	4 702
IFRS amortisation	-491	-516	-2 081
Impairment of Goodwill	-	-6 207	-6 207
Operating profit/loss	-412	-6 925	-3 587

The impairment of Goodwill in 2009 was allocated to the assets of Baltic segment. The operational segment result of Baltic segment for period Q1/2009 included a restructuring provision amounting to 1.7 MEUR. The result for year 2009 included 1.2 MEUR realised restructuring costs.

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)	1-3/10	1-3/09	2009
Information Management Solutions	23 335	25 268	93 147
Geographic Information Services	2 498	2 325	10 168
Eliminations	-100	-68	-308
Group total	25 732	27 525	103 006

2.3. Borrowings

1 000 EUR	31.3.2010	31.12.2009
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	36 448	36 444
Loans from financial institutions, current portion	4 000	4 000
	40 448	40 444

The 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. As at 31 March 2010, the group did not fulfil all the covenants. The group has received a waiver from the bank already during the reporting period regarding the possible breach of covenants as at 31 March 2010. Due to the waiver, the maturity of the loan has been reported based on the facility agreement.

2.4. Contingencies and commitments

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

1 000 EUR	31.3.2010	31.12.2009
Not later than one (1) year	2 963	3 013
Later than one (1) year, but not later than five (5) years	1 833	2 310
Later than five (5) years	-	-
Total	4 796	5 323

Guarantees:

1 000 EUR	31.3.2010	31.12.2009
Debt secured by a mortgage		
Financial loans	40 500	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:	31.3.2010	31.12.2009
Pledges	106	241
Other guarantees	2 263	67

Pledges consist of current receivables amounting to 103 TEUR and non-current receivables 3 TEUR.

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	31.3.2010	31.12.2009
Interest rate swaps:		
Nominal value	20 250	17 000
Fair value	-1 006	-659
Interest rate cap:		
Nominal value	-	8 000
Fair value	-	11

3. Key figures

	1-3/10	1-3/09	2009
Net sales, 1 000 eur	25 732	27 525	103 006
EBITDA, 1 000 eur	433	186	6 265
Operational segment result, 1 000 eur	80	-201	4 702
Operating result, 1 000 eur	-412	-6 925	-3 587
Result before taxes, 1 000 eur	-1 076	-8 644	-6 271
Net income for equity holders of the parent company, 1 000 eur	-941	-8 013	-7 139
EBITDA, %	1.7 %	0.7 %	6.1 %
Operational segment result, %	0.3 %	-0.7 %	4.6 %
Operating result, %	-1.6 %	-25.2 %	-3.5 %
Result before taxes, %	-4.2 %	-31.4 %	-6.1 %
Net income for equity holders of the parent company, %	-3.7 %	-29.1 %	-6.9 %
Equity ratio, %	43.4 %	41.3 %	42.9 %
Net gearing, %	40.4 %	42.6 %	39.1 %
Interest-bearing net debt, 1 000 eur	21 516	22 445	20 919
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	350	390	971
Gross investments, % of sales	1.4 %	1.4 %	0.9 %
Research and development costs, 1 000 eur	264	76	433
R&D –costs, % of sales	1.0 %	0.3 %	0.4 %
Order backlog, 1 000 eur	43 124	41 633	41 108
Average number of employees	911	1 057	974
Earnings per share, eur	-0.04	-0.37	-0.33
Earnings per share (diluted), eur	-0.04	-0.37	-0.33
Equity per share, eur	2.48	2.45	2.49
Average number of shares, 1 000 shares	21 480	21 480	21 480
Number of shares at the end of period, 1 000 shares	21 480	21 480	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, %	=	Shareholders' equity / (Total assets – advances received) *100
Gearing, %	=	(Interest-bearing liabilities – cash, bank receivables and securities held as financial asset) / Shareholders' equity *100
Interest-bearing net debt	=	Interest-bearing liabilities – cash and bank receivables
Earnings per share (EPS)	=	Result for the period to equity holders of the Company / Adjusted average number of shares during the period
Equity per share	=	Shareholders' equity / Adjusted number of shares at the end of the period
Market capitalization	=	Number of shares at the end of period (excluding treasury shares) x share price at closing date

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