

AFFECTO PLC -- INTERIM REPORT -- 4 AUGUST 2014 at 11.00

### Affecto Plc's Interim Report 1-6/2014

#### Group key figures

MEUR	4-6/14	4-6/13	1-6/14	1-6/13	2013	last 12m
Net sales	33.0	34.8	64.2	69.2	132.9	127.9
Operational segment result	3.0	2.5	3.1	5.0	10.3	8.4
% of net sales	9.2	7.1	4.9	7.3	7.7	6.5
Operating profit	2.5	2.0	2.1	4.0	8.3	6.3
% of net sales	7.5	5.7	3.2	5.8	6.2	4.9
Profit before taxes	2.3	1.8	1.7	3.9	8.0	5.8
Profit for the period	1.8	1.2	1.3	2.7	5.6	4.1
Equity ratio, %	56.0	53.5	56.0	53.5	53.0	-
Net gearing, %	15.7	21.1	15.7	21.1	7.4	-
Earnings per share, eur	0.09	0.05	0.06	0.13	0.26	0.19
Earnings per share (diluted), eur	0.09	0.05	0.06	0.13	0.26	0.19
Equity per share, eur	2.99	3.10	2.99	3.10	3.14	-

#### CEO Lars Wahlström comments:

Our profit increased in the second quarter despite a decrease in net sales. Net sales decreased by 5% to 33.0 MEUR (34.8 MEUR). We grew in Baltic, but net sales of our other units decreased. The decrease in the number of employees contributed to the decrease in consulting revenue. On the positive side, license sales improved.

The streamlining actions done earlier this year in Norway and Sweden impacted positively on the second quarter's profit. Operating profit grew to 2.5 MEUR (2.0 MEUR) and profitability improved to 7.5% (5.7%). Baltic with 13% had the highest profitability and also Norway as well as Finland reached 10% profitability. Also Sweden made a clearly positive profit.

We are actively working to modify our offering to correspond to the customer needs that are changing along the rapid technology changes. Both cloud and appliance based solutions are getting more common also in our field. Also the generic Digitalisation and Internet of Things trends create new business opportunities for us.

The order backlog was 48.1 MEUR, somewhat below last year (48.8 MEUR) due to Finland and Norway. Customers are still cautious in their investment decision making which slows down sales.

Year 2014 net sales and operating profit are estimated to be below last year's level.

#### Additional information:

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

## NET SALES

Affecto's net sales in 1-6/2014 were 64.2 MEUR (1-6/2013: 69.2 MEUR). Net sales in Finland were 26.4 MEUR (27.0 MEUR), in Norway 13.3 MEUR (16.1 MEUR), in Sweden 11.3 MEUR (12.3 MEUR), in Denmark 6.6 MEUR (8.1 MEUR) and 8.8 MEUR (8.2 MEUR) in Baltic.

### Net sales by reportable segments

Net sales, MEUR	4-6/14	4-6/13	1-6/14	1-6/13	2013	last 12m
Finland	13.8	14.3	26.4	27.0	53.2	52.5
Norway	7.0	7.6	13.3	16.1	29.6	26.8
Sweden	5.5	6.2	11.3	12.3	23.2	22.2
Denmark	3.1	4.3	6.6	8.1	15.4	13.9
Baltic	4.7	3.9	8.8	8.2	16.0	16.7
Other	-1.1	-1.4	-2.2	-2.4	-4.4	-4.1
Group total	33.0	34.8	64.2	69.2	132.9	127.9

Net sales decreased by 5% in the second quarter. Net sales decreased in all other areas except Baltic. Weaker NOK and SEK contributed to the decrease. Resource utilization was low especially in Finland and Denmark. The number of employees decreased especially in Norway, which decreased consultancy revenue. There were about 5% less working days in the quarter than one year ago.

Net sales of Information Management Solutions business in 1-6/2014 were 59.6 MEUR (64.7 MEUR) and net sales of Karttakeskus GIS business were 6.2 MEUR (5.7 MEUR).

Customers continue to show interest mainly in shorter and smaller projects, and investment decisions take a long time. The general market sentiment continues cautious especially in Finland. The order backlog decreased to 48.1 MEUR (48.8 MEUR).

## PROFIT

Affecto's operating profit in 1-6/2014 was 2.1 MEUR (4.0 MEUR) and the operational segment result was 3.1 MEUR (5.0 MEUR). Operational segment result was in Finland 2.2 MEUR (3.2 MEUR), in Norway 0.4 MEUR (1.7 MEUR), in Sweden 0.0 MEUR (-0.3 MEUR), in Denmark 0.6 MEUR (0.8 MEUR) and in Baltic 0.8 MEUR (0.4 MEUR).

### Operational segment result by reportable segments

Operational segment result, MEUR	4-6/14	4-6/13	1-6/14	1-6/13	2013	last 12m
Finland	1.4	1.7	2.2	3.2	6.9	5.9
Norway	0.7	0.8	0.4	1.7	2.7	1.4
Sweden	0.3	-0.2	0.0	-0.3	-0.2	0.1
Denmark	0.3	0.5	0.6	0.8	1.9	1.7
Baltic	0.6	0.1	0.8	0.4	0.2	0.6
Other	-0.2	-0.4	-0.8	-0.7	-1.2	-1.3
Operational segment result	3.0	2.5	3.1	5.0	10.3	8.4
IFRS3 Amortization	-0.5	-0.5	-1.1	-1.0	-2.0	-2.0
Operating profit	2.5	2.0	2.1	4.0	8.3	6.3

In 4-6/2014 operating profit increased to 2.5 MEUR (2.0 MEUR) and profitability increased to 8% (6%). Finland and Norway had 10% profitability. Profitability improved to 6% in Sweden. Denmark's profitability decreased to 8% due to decreased net sales and low utilization rate. Profitability in Baltic improved to 13% thanks to the insurance business.

According to the IFRS3 requirements, operating profit includes 1.1 MEUR (1.0 MEUR) of amortization on intangible assets related to acquisitions. The other intangible assets impacting in the IFRS3 amortization totaled 0.7 MEUR at the end of the reporting period and the amortization will end during year 2014.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 1.3 MEUR, while it was 2.7 MEUR last year.

## FINANCE AND INVESTMENTS

At the end of the reporting period Affecto's balance sheet totaled 126.0 MEUR (12/2013: 139.5 MEUR). Equity ratio was 56.0% (12/2013: 53.0%) and net gearing was 15.7% (12/2013: 7.4%).

The financial loans were 24.5 MEUR (12/2013: 26.5 MEUR) at the end of reporting period. The company's cash and liquid assets were 14.3 MEUR (12/2013: 21.5 MEUR). The interest-bearing net debt was 10.1 MEUR (12/2013: 5.0 MEUR).

Cash flow from operating activities for the reported period was -1.5 MEUR (1.1 MEUR) and cash flow from investing activities was -0.4 MEUR (-1.1 MEUR). Investments in tangible and intangible assets were 0.4 MEUR (1.1 MEUR).

## EMPLOYEES

The number of employees was 1040 persons at the end of the reporting period (1082). 424 employees were based in Finland (430), 101 in Norway (126), 138 in Sweden (140), 66 in Denmark (67) and 311 in the Baltic countries (319). The average number of employees during the period was 1059 (1082).

Board member Lars Wahlström has been the interim CEO since 1 January 2014 and serves in that position during the CEO recruitment process.

## REVIEW OF MARKET DEVELOPMENTS

Weak economic development in our operating area continued to affect Affecto's business negatively. Customers' decision-making pace was slow and they are ordering short and small projects. Order backlog has decreased in Finland and in Norway compared to last year, but it has grown in Denmark and Baltic.

Market development in our BI/EIM market segments is twofold: some technology and solution areas grow well, but some see only very slow growth. E.g. demand for basic data warehouse services is not growing much, while demand for appliances and other next-generation data warehouse solutions is growing more rapidly. We are shifting our offerings and resources to match the changing needs. The streamlining actions we took in Q1 in Norway and Sweden are part of that adjustment process.

Cloud adoption is also finally progressing in the Business Intelligence & Data Warehouse markets. In addition to cloud solutions built for customers, we are also building our own cloud-based industry-specific solution for the utilities industry.

The industrial internet / "Internet of things" will create huge new analysis possibilities for our customers. We are actively looking into development of new solutions to satisfy the changing customer needs.

## 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.

In 4-6/2014 the net sales in Finland decreased by 3% to 13.8 MEUR (14.3 MEUR). Operational segment result was 1.4 MEUR (1.7 MEUR) and profitability was 10%. General mood is still cautious and customers are slow with their investment decisions. Order backlog is below last year.

In 4-6/2014 the net sales of Karttakeskus GIS business, reported as part of Finland, increased by 10% to 3.3 MEUR (3.0 MEUR) and its profitability was moderate.

In 4-6/2014 the net sales in Norway were 7.0 MEUR (7.6 MEUR) and operational segment result was 0.7 MEUR (0.8 MEUR). Net sales in euros decreased by 8% mostly due to the weakened NOK. Profitability was at last year's level of 10%. Streamlining actions have helped to decrease the cost base and have improved profitability. Order backlog is below last year.

In 4-6/2014 the net sales in Sweden were 5.5 MEUR (6.2 MEUR) and operational segment result 0.3 MEUR (-0.2 MEUR). Net sales decreased by 12%, to which the weakened SEK contributed. Profitability was clearly positive 6%, partially thanks to the streamlining actions taken earlier this year. Development actions continue and the goal is to achieve normal profitability, but structural and operational changes for the business will take some time. Order backlog is at last year's level.

In 4-6/2014 the net sales in Denmark were 3.1 MEUR (4.3 MEUR) and operational segment result was 0.3 MEUR (0.5 MEUR). Net sales decreased by 27% due to less third-party subcontracting work and a lower utilisation rate of own consultants. Profitability decreased to 8%. Market situation in Denmark is rather normal with tight competition. Order backlog is above last year's level.

In 4-6/2014 the net sales in Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) were 4.7 MEUR (3.9 MEUR). Operational segment result was 0.6 MEUR (0.1 MEUR). Net sales increased by 20% and profitability increased to 13%. The Lithuanian public sector, a key market for us, has not yet recovered, but the situation in Lithuania is expected to improve later this year due to the entrance of Lithuania into the Euro zone in January 2015. Estonian market situation is normal. The insurance business is running well. Order backlog is above last year's level.

#### ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Affecto Plc, held on 10 April 2014, adopted the financial statements for 1.1.-31.12.2013 and discharged the members of the Board of Directors and the CEO from liability. Approximately 33 percent of Affecto's shares and votes were represented at the Meeting. The Annual General Meeting decided on a dividend distribution of EUR 0.16 per share for the year 2013.

Aaro Cantell, Magdalena Persson, Jukka Ruuska, Olof Sand, Tuija Soanjärvi and Lars Wahlström were elected as members of the Board of Directors. The organization meeting of the Board of Directors re-elected Aaro Cantell as Chairman and Jukka Ruuska as Vice-Chairman. KPMG Oy Ab was elected as the 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

The Board has not used in the review period the authorizations given by the Annual General Meeting in 2013, that expired on 10 April 2014.

The complete contents of the new authorizations given by the Annual General Meeting held on 10 April 2014 have been published in the stock exchange release regarding the Meetings' decisions. Key facts about the authorizations:

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

During the review period a total of 132 141 new shares have been subscribed with the 2008C options.

The company has one share series and all shares have similar rights. At the end of the review period Affecto Plc's share capital consisted of 22 450 745 shares. The company owned directly 64 552 shares and a fully owned subsidiary Affecto Management Oy owned 823 000 shares. Thus there are 887 552 treasury shares in total, approx. 4 % of the total amount of the shares.

In 1-6/2014 the highest share price was 4.62 euro, the lowest price 2.90 euro, the average price 3.43 euro and the closing price 3.00 euro. The trading volume was 2.3 million shares, corresponding to annualized 21% of the number of shares at the end of the period. The market value of shares was 64.7 MEUR at the end of the period excluding the treasury shares.

2008C options' exercise period ended on 31 May 2014. A total of 306 000 shares were subscribed with the options.

## SHAREHOLDERS

The company had a total of 3 018 owners on 30 June 2014 and the foreign ownership was 11%. The list of the largest owners can be found in the company's web site. Information about the ownership structure and option programs is included as a separate section in the financial statements. The ownership of the board members, CEO and their controlled corporations totaled approx. 10.4%.

According to the flagging announcement made on 21 May 2014, the ownership of Evli Pankki and funds managed by Evli Rahastoyhtiö has decreased below 5%.

## ASSESSMENT OF RISKS AND UNCERTAINTIES

Affecto's order backlog has traditionally been only for a few months, which decreases the reliability of longer-term forecasts. The changes in the general economic conditions and the operating environment of customers have direct impact in Affecto's markets. The uncertain economy may affect Affecto's customers negatively, and their slower investment decision making, postponing or cancellation of IT investments may have negative impact on Affecto. Slower decision making by customers may decrease the predictability of the business and may decrease the utilisation rate of resources.

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 impairment testing has been done on the basis of 30 June 2014 and the recoverable amount exceeds the carrying amount only by a narrow margin.

Affecto sells third party software licenses as part of its solutions. Typically the license sales have most impact on the last month of each quarter and especially in the fourth quarter. This increases the fluctuation in net sales between quarters and increases the difficulty of accurately forecasting the quarters. Affecto had license sales of approx. 10 MEUR in 2013.

Affecto's success depends also on good customer relationships. Affecto has a well-diversified customer base. In 2013 the largest customer generated 3% of Affecto's net sales, while the 10 largest together

generated 17%. 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.

Approximately a 40% of Affecto's net sales is generated in Sweden and Norway, thus the development of the currencies of these countries (SEK and NOK) may have impact on Affecto's profitability. The main part of the companies' income and costs are within the same currency, which decreases the risks.

## FUTURE OUTLOOK

Year 2014 net sales and operating profit are estimated to be below last year's level.

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

You can 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 12.30 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)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013	last 12m
Net sales	33 018	34 810	64 205	69 203	132 896	127 898
Other operating income	23	6	23	7	65	82
Changes in inventories of finished goods and work in progress	17	-79	26	358	306	-26
Materials and services	-8 172	-7 357	-14 171	-15 201	-29 952	-28 922
Personnel expenses	-17 081	-19 992	-37 216	-39 774	-74 031	-71 472
Other operating expenses	-4 472	-4 587	-9 096	-8 936	-17 803	-17 964
Other depreciation and amortisation	-309	-314	-622	-608	-1 230	-1 243
IFRS3 amortisation	-549	-517	-1 098	-1 040	-1 989	-2 047
Operating profit	2 475	1 971	2 051	4 008	8 262	6 305
Financial income and expenses	-183	-150	-363	-123	-289	-529
Profit before income tax	2 292	1 821	1 688	3 885	7 973	5 776
Income tax	-445	-616	-392	-1 143	-2 407	-1 656
Profit for the period	1 847	1 205	1 297	2 742	5 566	4 120
Profit for the period attributable to:						
Owners of the parent company	1 847	1 113	1 297	2 660	5 493	4 129
Non-controlling interest	-	92	-	82	73	-9
Earnings per share (EUR per share):						
Basic	0.09	0.05	0.06	0.13	0.26	0.19
Diluted	0.09	0.05	0.06	0.13	0.26	0.19

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1 000 EUR)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013	last 12m
Profit for the period	1 847	1 205	1 297	2 742	5 566	4 120
Other comprehensive income						
Items that may be reclassified subsequently to the statement of income:						
Translation difference	-765	-1 961	-809	-1 817	-3 074	-2 066
Total Comprehensive income for the period	1 082	-756	488	926	2 491	2 054
Total Comprehensive income attributable to:						
Owners of the parent company	1 082	-849	488	843	2 419	2 063
Non-controlling interest	-	92	-	82	73	-9

## CONSOLIDATED BALANCE SHEET

(1 000 EUR)	6/2014	6/2013	12/2013
<b>Non-current assets</b>			
Property, plant and equipment	1 745	2 037	1 947
Goodwill	71 377	73 157	72 166
Other intangible assets	988	3 091	2 072
Deferred tax assets	1 588	1 500	1 606
Trade and other receivables	2	7	4
	75 701	79 792	77 795
<b>Current assets</b>			
Inventories	628	677	622
Trade and other receivables	34 749	37 193	38 969
Current income tax receivables	599	579	615
Cash and cash equivalents	14 308	14 566	21 469
	50 284	53 015	61 675
<b>Total assets</b>	<b>125 985</b>	<b>132 807</b>	<b>139 470</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	47 710	47 300	47 448
Other reserves	800	718	763
Treasury shares	-2 165	-2 202	-2 165
Translation differences	-2 937	-871	-2 128
Retained earnings	16 046	14 996	18 184
	64 559	65 046	67 207
Non-controlling interest	-	394	-
<b>Total equity</b>	<b>64 559</b>	<b>65 439</b>	<b>67 207</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20 436	24 403	22 420
Deferred tax liabilities	185	707	505
	20 621	25 110	22 924
<b>Current liabilities</b>			
Loans and borrowings	4 000	4 000	4 000
Trade and other payables	34 753	35 940	42 788
Current income tax liabilities	1 467	2 068	1 913
Provisions	585	249	638
	40 805	42 257	49 339
<b>Total liabilities</b>	<b>61 426</b>	<b>67 367</b>	<b>72 264</b>
<b>Equity and liabilities</b>	<b>125 985</b>	<b>132 807</b>	<b>139 470</b>



## SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-6/2014	1-6/2013	2013
<b>Cash flows from operating activities</b>			
Profit for the period	1 297	2 742	5 566
Adjustments to profit for the period	2 471	3 100	6 271
	3 767	5 842	11 837
Change in working capital	-3 543	-2 904	2 863
Interest and other financial cost paid	-228	-289	-566
Interest and other financial income received	35	100	123
Income taxes paid	-1 511	-1 660	-3 343
<b>Net cash from operating activities</b>	<b>-1 479</b>	<b>-1 089</b>	<b>10 915</b>
 <b>Cash flows from investing activities</b>			
Acquisition of tangible and intangible assets	-440	-1 063	-1 566
Proceeds from sale of tangible and intangible assets	-	1	1
<b>Net cash used in investing activities</b>	<b>-440</b>	<b>-1 061</b>	<b>-1 564</b>
 <b>Cash flows from financing activities</b>			
Repayments of non-current borrowings	-2 000	-2 000	-4 000
Proceeds from share options exercised	262	657	781
Acquisition of non-controlling interest	-	-	-30
Dividends paid to the owners of the parent company	-3 434	-3 444	-3 444
<b>Net cash from financing activities</b>	<b>-5 172</b>	<b>-4 788</b>	<b>-6 694</b>
(Decrease)/increase in cash and cash equivalents	-7 092	-4 760	2 657
Cash and cash equivalents at the beginning of the period	21 469	19 767	19 767
Foreign exchange effect on cash	-70	-440	-954
Cash and cash equivalents at the end of the period	14 308	14 566	21 469

## 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 2014	5 105	47 448	763	-2 165	-2 128	18 184	-	67 207
Profit						1 297	-	1 297
Translation differences					-809			-809
Total comprehensive income					-809	1 297	-	488
Share-based payments			36					36
Exercise of share options		262						262
Dividends paid						-3 434		-3 434
Equity at 30 June 2014	5 105	47 710	800	-2 165	-2 937	16 046	-	64 559

(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 2013	5 105	46 643	693	-2 202	946	15 781	311	67 277
Profit						2 660	82	2 742
Translation differences					-1 817			-1 817
Total comprehensive income					-1 817	2 660	82	926
Share-based payments			25					25
Exercise of share options		657						657
Dividends paid						-3 444		-3 444
Equity at 30 June 2013	5 105	47 300	718	-2 202	-871	14 996	394	65 439

## 2. Notes

### 2.1. Basis of preparation

This interim report has been prepared in accordance with the IFRS recognition and measurement principles and in accordance with IAS 34, Interim Financial reporting. The interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2013. In material respects, the same accounting policies have been applied as in the 2013 annual consolidated financial statements. The amendments to and interpretations of IFRS standards that entered into force on 1 January 2014 had no material impact on this interim report.

### 2.2. Segment information

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

#### Segment net sales and result

(1 000 EUR)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013	last 12m
<b>Total net sales</b>						
Finland	13 810	14 253	26 393	27 034	53 175	52 534
Norway	7 005	7 609	13 279	16 074	29 554	26 759
Sweden	5 452	6 206	11 278	12 273	23 152	22 157
Denmark	3 127	4 263	6 585	8 097	15 363	13 852
Baltic	4 696	3 912	8 831	8 166	16 018	16 682
Other	-1 072	-1 433	-2 162	-2 441	-4 366	-4 086
<b>Group total</b>	<b>33 018</b>	<b>34 810</b>	<b>64 205</b>	<b>69 203</b>	<b>132 896</b>	<b>127 898</b>
<b>Operational segment result</b>						
Finland	1 359	1 747	2 220	3 164	6 863	5 919
Norway	714	766	421	1 710	2 718	1 429
Sweden	311	-187	33	-330	-229	134
Denmark	260	471	554	781	1 884	1 656
Baltic	597	74	757	388	193	562
Other	-217	-384	-835	-664	-1 177	-1 348
<b>Total operational segment result</b>	<b>3 024</b>	<b>2 488</b>	<b>3 149</b>	<b>5 048</b>	<b>10 251</b>	<b>8 352</b>
<b>IFRS3 amortisation</b>	<b>-549</b>	<b>-517</b>	<b>-1 098</b>	<b>-1 040</b>	<b>-1 989</b>	<b>-2 047</b>
<b>Operating profit</b>	<b>2 475</b>	<b>1 971</b>	<b>2 051</b>	<b>4 008</b>	<b>8 262</b>	<b>6 305</b>
<b>Financial income and expenses</b>	<b>-183</b>	<b>-150</b>	<b>-363</b>	<b>-123</b>	<b>-289</b>	<b>-529</b>
<b>Profit before income tax</b>	<b>2 292</b>	<b>1 821</b>	<b>1 688</b>	<b>3 885</b>	<b>7 973</b>	<b>5 776</b>

#### Net sales by business lines

(1 000 EUR)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013	last 12m
<b>Information Management</b>						
Solutions	30 526	32 575	59 581	64 740	123 608	118 449
Karttakeskus GIS business	3 264	2 964	6 229	5 732	12 239	12 736
Other	-773	-728	-1 605	-1 269	-2 950	-3 287
<b>Group total</b>	<b>33 018</b>	<b>34 810</b>	<b>64 205</b>	<b>69 203</b>	<b>132 896</b>	<b>127 898</b>

## 2.3. Changes in intangible and tangible assets

(1 000 EUR)	1-6/2014	1-6/2013	1-12/2013
Carrying amount at the beginning of period	76 185	80 460	80 460
Additions	440	1 063	1 566
Disposals	-	-1	-1
Depreciation and amortization for the period	-1 719	-1 648	- 3 219
Exchange rate differences	-796	-1 558	-2 621
Carrying amount at the end of period	74 110	78 285	76 185

## 2.4. Share capital, reserve of invested non-restricted equity and treasury shares

(1 000 EUR)	Number of shares outstanding	Share capital	Reserve of invested non-restricted equity	Treasury shares
1.1.2013	20 641 641	5 105	46 643	-2 202
Exercise of share options	349 667	-	657	-
30.6.2013	20 991 308	5 105	47 300	-2 202
1.1.2014	21 431 052	5 105	47 448	-2 165
Exercise of share options	132 141	-	260	-
Payment for share options	-	-	2	-
30.6.2014	21 563 193	5 105	47 710	-2 165

At the end of reporting period Affecto Plc owned 64 552 treasury shares. In addition to that Affecto Management Oy, a fully owned subsidiary, owned 823 000 shares in Affecto Plc. In total these 887 552 shares correspond to 4.0% of the total amount of the shares. The amount of registered shares was 22 450 745 shares.

## 2.5. Interest-bearing liabilities

(1 000 EUR)	30.6.2014	31.12.2013
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	20 436	22 420
Loans from financial institutions, current portion	4 000	4 000
	24 436	26 420

Affecto's 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.

## 2.6. Contingencies and commitments

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

(1 000 EUR)	30.6.2014	31.12.2013
Not later than one (1) year	3 339	3 675

Later than one (1) year, but not later than five (5) years	4 109	3 719
Later than five (5) years	-	-
<b>Total</b>	<b>7 448</b>	<b>7 394</b>

Guarantees given:

(1 000 EUR)	30.6.2014	31.12.2013
Liabilities secured by a mortgage		
Financial loans	24 500	26 500

The above-mentioned liabilities are secured by bearer bonds with a nominal 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 liabilities above.

Other securities given on own behalf:

(1 000 EUR)	30.6.2014	31.12.2013
Pledges	36	36
Other guarantees	3 000	2 836

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.

## 2.7. Related party transactions

Key management compensation and remunerations to the board of directors:

(1 000 EUR)	1-6/2014	1-6/2013	1-12/2013
Salaries and other short-term employee benefits	1 203	1 061	2 017
Post-employment benefits	138	152	288
Termination benefits	80	6	85
Share-based payments	1	2	6
<b>Total</b>	<b>1 422</b>	<b>1 221</b>	<b>2 395</b>

Loans to related party:

(1 000 EUR)	30.6.2014	30.6.2013	31.12.2013
Loans to key management of the group	-	1 600	-

Purchases from related party:

(1 000 EUR)	1-6/2014	1-6/2013	1-12/2013
Purchases from the entity that are controlled by key management personnel of the group	-	5	5

### 3. Key figures

	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013	last 12m
Net sales, 1 000 eur	33 018	34 810	64 205	69 203	132 896	127 898
EBITDA, 1 000 eur	3 333	2 802	3 771	5 657	11 481	9 595
Operational segment result, 1 000 eur	3 024	2 488	3 149	5 048	10 251	8 352
Operating result, 1 000 eur	2 475	1 971	2 051	4 008	8 262	6 305
Result before taxes, 1 000 eur	2 292	1 821	1 688	3 885	7 973	5 776
Profit attributable to the owners of the parent company, 1 000 eur	1 847	1 113	1 297	2 660	5 493	4 129
EBITDA, %	10.1 %	8.1 %	5.9 %	8.2 %	8.6 %	7.5 %
Operational segment result, %	9.2 %	7.1 %	4.9 %	7.3 %	7.7 %	6.5 %
Operating result, %	7.5 %	5.7 %	3.2 %	5.8 %	6.2 %	4.9 %
Result before taxes, %	6.9 %	5.2 %	2.6 %	5.6 %	6.0 %	4.5 %
Net income for equity holders of the parent company, %	5.6 %	3.2 %	2.0 %	3.8 %	4.1 %	3.2 %
Equity ratio, %	56.0 %	53.5 %	56.0 %	53.5 %	53.0 %	
Net gearing, %	15.7 %	21.1 %	15.7 %	21.1 %	7.4 %	
Interest-bearing net debt, 1 000 eur	10 128	13 837	10 128	13 837	4 950	
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	305	568	440	1 063	1 566	
Gross investments, % of net sales	0.9 %	1.6 %	0.7 %	1.5 %	1.2 %	
Order backlog, 1 000 eur	48 113	48 824	48 113	48 824	48 682	
Average number of employees	1 040	1 081	1 059	1 082	1 081	
Earnings per share, eur	0.09	0.05	0.06	0.13	0.26	0.19
Earnings per share (diluted), eur	0.09	0.05	0.06	0.13	0.26	0.19
Equity per share, eur	2.99	3.10	2.99	3.10	3.14	
Average number of shares, 1 000 shares	21 479	20 768	21 458	20 706	20 906	21 279
Number of shares at the end of period, 1 000 shares	21 563	20 991	21 563	20 991	21 431	21 563

Calculation of key figures

EBITDA	=	Earnings before interest, taxes, depreciation, amortization and impairment losses	
Operational segment result	=	Operating profit before amortizations on fair value adjustments due to business combinations (IFRS3) and goodwill impairments	
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets – advance payments}}$	*100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities – cashand cash equivalents}}{\text{Total equity}}$	*100
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents	
Earnings per share (EPS)	=	$\frac{\text{Profit attributable to owners of the parent company}}{\text{Weighted average number of ordinary shares in issueduring the period}}$	
Equity per share	=	$\frac{\text{Total equity}}{\text{Adjusted number of shares at the end ofthe period}}$	
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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