

AFFECTO PLC -- FINANCIAL STATEMENTS BULLETIN -- 12 FEBRUARY 2015 at 12.30

Affecto Plc's Financial Statements Bulletin 2014

Group key figures

MEUR	10-12/14	10-12/13	2014	2013
Net sales	32.8	36.2	122.7	132.9
Operational segment result	3.9	2.7	10.0	10.3
% of net sales	12.0	7.6	8.2	7.7
Operating profit	-3.7	2.3	0.8	8.3
% of net sales	-11.3	6.3	0.7	6.2
Profit before taxes	-3.8	2.1	0.3	8.0
Profit for the period	-4.7	1.4	-1.6	5.6
Equity ratio, %	54.6	53.0	54.6	53.0
Net gearing, %	1.8	7.4	1.8	7.4
Earnings per share, eur	-0.22	0.07	-0.07	0.26
Earnings per share (diluted), eur	-0.22	0.07	-0.07	0.26
Equity per share, eur	2.80	3.14	2.80	3.14
Dividend proposal, eur/share			0.16	0.16

CEO Juko Hakala comments:

In the fourth quarter Affecto's net sales decreased by 9% to 32.8 MEUR (36.2 MEUR). Net sales decreased in all Nordic countries. Net sales grew in Baltic, where especially the insurance business performed well.

Fourth quarter's operational result was good. Operational segment result was 3.9 MEUR (2.7 MEUR). Baltic had excellent 23% profitability. Finland had 12% profitability and Norway improved to 14% profitability. It is also positive that we reached 7% profitability in Sweden. However, an impairment of 7.4 MEUR was made to the goodwill related to Sweden, after which the operating profit was -3.7 MEUR (2.3 MEUR).

In the whole year 2014 net sales decreased by 8% to 122.7 MEUR. Operational segment profit 10.0 MEUR was almost at the previous year's level (10.3 MEUR). Due to the goodwill impairment of 7.4 MEUR in Sweden, operating profit was 0.8 MEUR (8.3 MEUR).

Changes in customers' demands in the current economic conditions have affected us during the year. Our business area and our customers' industries are under transformation due to the rapid technological changes and we are developing our operations and offering to be able to fulfill the changing needs of our customers also in the future. We are publishing today also a strategic update.

Thanks to good order intake in the last few months, the order backlog of 49.6 MEUR was somewhat larger than last year (48.7 MEUR).

Net sales and operating profit are estimated to grow in 2015.

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

BUSINESS DEVELOPMENT 10-12/2014

Affecto's net sales in 10-12/2014 were 32.8 MEUR (10-12/2013: 36.2 MEUR). Net sales in Finland were 13.8 MEUR (14.9 MEUR), in Norway 6.5 MEUR (7.3 MEUR), in Sweden 4.8 MEUR (6.2 MEUR), in Denmark 2.8 MEUR (4.1 MEUR) and 5.7 MEUR (4.5 MEUR) in Baltic.

Net sales by reportable segments

Net sales, MEUR	10-12/14	10-12/13	2014	2013
Finland	13.8	14.9	50.6	53.2
Norway	6.5	7.3	25.0	29.6
Sweden	4.8	6.2	20.0	23.2
Denmark	2.8	4.1	12.0	15.4
Baltic	5.7	4.5	19.0	16.0
Other	-0.9	-0.9	-4.0	-4.4
Group total	32.8	36.2	122.7	132.9

Net sales decreased by 9% in the fourth quarter. Largest decreases were seen in Denmark and Sweden. Baltic grew by 25% mainly thanks to the insurance business. Resource utilization was low especially in Denmark. Net sales of both consultant work and licenses decreased, and the decrease in licenses was visible especially in Denmark and Sweden.

Net sales of Information Management Solutions business in 10-12/2014 were 30.6 MEUR (33.5 MEUR) and net sales of Karttakeskus GIS business were 3.0 MEUR (3.5 MEUR).

The general market sentiment continues cautious in all Nordic countries. In Affecto's core business customers continued to show interest mainly in shorter and smaller projects, especially true for mid-sized customers, and investment decisions took a long time. In the new business technology markets the customers' showed more active interest, but their needs were often still forming up. The Finnish market picked up a bit during the quarter. The order backlog increased to 49.6 MEUR (48.7 MEUR).

PROFIT

Affecto's operating profit in 10-12/2014 was -3.7 MEUR (2.3 MEUR) and the operational segment result was 3.9 MEUR (2.7 MEUR). Operational segment result was in Finland 1.7 MEUR (1.9 MEUR), in Norway 0.9 MEUR (0.5 MEUR), in Sweden 0.3 MEUR (0.1 MEUR), in Denmark 0.1 MEUR (0.6 MEUR) and in Baltic 1.3 MEUR (-0.2 MEUR).

Operational segment result by reportable segments

Operational segment result, MEUR	10-12/14	10-12/13	2014	2013
Finland	1.7	1.9	5.4	6.9
Norway	0.9	0.5	2.0	2.7
Sweden	0.3	0.1	0.3	-0.2
Denmark	0.1	0.6	0.9	1.9
Baltic	1.3	-0.2	2.9	0.2
Other	-0.5	-0.2	-1.5	-1.2
Operational segment result	3.9	2.7	10.0	10.3
IFRS3 Amortization	-0.2	-0.4	-1.8	-2.0
Impairment of goodwill	-7.4	-	-7.4	-
Operating profit	-3.7	2,3	0.8	8,3

Operational result in 10-12/2014 was good. Operational segment result 3.9 MEUR was above the previous year (2.7 MEUR). Profitability in Baltic improved to 23% thanks to the insurance business and Estonia.

Finland had 12% profitability and Norway improved to 14% profitability. Largest negative change was seen in Denmark, where profitability decreased to 5% due to low utilization and decreased license sales. Sweden reached 7% profitability, which is the best quarterly performance in several years.

According to the IFRS3 requirements, in 10-12/2014 operating profit includes 0.2 MEUR (0.4 MEUR) of amortization on intangible assets related to acquisitions.

Sweden has shown progress in profitability. There is still uncertainty regarding Sweden and an impairment of 7.4 MEUR was made to the goodwill related to Sweden. Goodwill impairment is reported separately.

After the impairment the operating profit -3.7 MEUR was clearly below the previous year (2.3 MEUR).

YEAR 2014

NET SALES

Affecto's net sales in 2014 were 122.7 MEUR (2013: 132.9 MEUR). Net sales in Finland were 50.6 MEUR (53.2 MEUR), in Norway 25.0 MEUR (29.6 MEUR), in Sweden 20.0 MEUR (23.2 MEUR), in Denmark 12.0 MEUR (15.4 MEUR) and 19.0 MEUR (16.0 MEUR) in Baltic.

Net sales decreased by 8% in 2014. Largest decrease was in Denmark, but also Sweden and Norway decreased clearly. Baltic grew by 19% mainly thanks to the insurance business, but also due some improvement in the Lithuanian market. Resource utilization was low especially in Denmark. Net sales of consultant work was clearly lower than in the previous year.

Net sales of Information Management Solutions business were 114.0 MEUR (123.6 MEUR) and net sales of Karttakeskus GIS business were 11.9 MEUR (12.2 MEUR).

The general market sentiment continued cautious in all Nordic countries. In Affecto's core business customers continued to show interest mainly in shorter and smaller projects, especially true for mid-sized customers, and investment decisions took a long time. In the new business technology markets the customers' showed more active interest, but their needs were often still forming up. The Finnish market that was rather weak in the early part of the year, picked up a bit in the last few months. The order backlog slightly increased to 49.6 MEUR (48.7 MEUR).

PROFIT

Affecto's operating profit was 0.8 MEUR (8.3 MEUR) and the operational segment result was 10.0 MEUR (10.3 MEUR). Operational segment result was in Finland 5.4 MEUR (6.9 MEUR), in Norway 2.0 MEUR (2.7 MEUR), in Sweden 0.3 MEUR (-0.2 MEUR), in Denmark 0.9 MEUR (1.9 MEUR) and in Baltic 2.9 MEUR (0.2 MEUR).

Operational segment profit 10.0 MEUR was almost at the previous year's level (10.3 MEUR). Finland had 11% profitability and Norway had 8% profitability. Profitability in Baltic improved to 15% thanks to the insurance business and Estonia. Denmark's profitability decreased to 7% mainly due to decreased resource utilisation. Sweden reached slightly positive profitability of 2%.

There were streamlining actions in Norway and Sweden that caused 0.9 MEUR non-recurring costs in the first quarter, but had positive impact on the profitability later in the year.

According to the IFRS3 requirements, operating profit includes 1.8 MEUR (2.0 MEUR) of amortization on intangible assets related to acquisitions. The other intangible assets impacting in the IFRS3 amortization have been wholly amortized and the amortization has ended.

Sweden has shown progress in profitability. There is still uncertainty regarding Sweden and an impairment of 7.4 MEUR was made to the goodwill related to Sweden. Goodwill impairment is reported separately.

R&D costs totaled 0.3 MEUR (0.0 MEUR), i.e. 0.3 % of net sales (0.0%). These costs have been recognized as an expense in the income statement.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was -1.6 MEUR, while it was 5.6 MEUR last year.

FINANCE AND INVESTMENTS

At the end of the reporting period Affecto's balance sheet totaled 124.8 MEUR (12/2013: 139.5 MEUR). Equity ratio was 54.6% (53.0%) and net gearing was 1.8% (7.4%).

The financial loans were 22.5 MEUR (26.5 MEUR) at the end of reporting period. The company's cash and liquid assets were 21.4 MEUR (21.5 MEUR). The interest-bearing net debt was 1.1 MEUR (5.0 MEUR).

Cash flow from operating activities for the reported period was 8.3 MEUR (10.9 MEUR) and cash flow from investing activities was -0.7 MEUR (-1.6 MEUR). Investments in tangible and intangible assets were 0.7 MEUR (1.6 MEUR).

The Annual General Meeting held in April decided to distribute a dividend of 3.6 MEUR (3.4 MEUR).

EMPLOYEES

The number of employees was 1028 persons at the end of the reporting period (1088). 426 employees were based in Finland (444), 93 in Norway (124), 129 in Sweden (146), 68 in Denmark (71) and 312 in the Baltic countries (303). The average number of employees during the period was 1041 (1081). Wages and salaries were 54.1 MEUR (59.1 MEUR in 2013, 60.2 MEUR in 2012).

Board member Lars Wahlström served as the interim CEO in 1 January - 7 September 2014. Juko Hakala started as the CEO on 8 September 2014.

REVIEW OF MARKET DEVELOPMENTS

Changes in customers' demands in the current economic conditions have affected the company during the year. Customers' decision-making pace was rather slow and they also preferred to split large projects into smaller lots, which had negative impact on order backlog during the year. Order backlog has slightly increased compared to last year, thanks to good development in Baltic and in Sweden.

Market development in the core business is twofold: some technology and solution areas grow well, but some see only very slow growth. E.g. demand for appliances and other next-generation data warehouse solutions is growing, while the demand for basic data warehouse solutions is not growing much. Affecto is shifting our offerings and resources to match the changing customer needs. For example, in Norway the company has had emphasis on next-generation data warehouses, while in Sweden and Finland it has had more focus on collaboration and digitalization solutions.

The information technology markets and buying are building into several separate markets. IT buying continues to change, cloud and commodity-like services will grow and the roles of customers' IT organizations are changing. Price competition continues tight and the global service companies will continue to grow in this market. Small local companies can develop their competitiveness by specializing, for example into the new fields in analytics.

At the same time new business technology markets are emerging, where information technology solutions and the information generated by them form an integral part of customer organizations' own products and services. From customers' perspective these solutions will be elemental for their business and will have close connection to their own competitiveness and profit. So, the decisions regarding these solutions will be made in proximity of or within the business itself. Business capabilities based on Internet of Things offer examples of this kind of solutions that may transform products and business models in various industries. Affecto aims to grow in these markets together with customers.

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.

The net sales in Finland decreased by 5% to 50.6 MEUR (53.2 MEUR). Operational segment result was 5.4 MEUR (6.9 MEUR) and profitability was 11%. Net sales decreased due to smaller sales of consultancy work. General mood is still cautious in Finland and customers are slow with their investment decisions, but customer activity picked up a bit toward the year-end. Order backlog is below last year's level.

The net sales of Karttakeskus GIS business, reported as part of Finland, decreased by 3% to 11.9 MEUR (12.2 MEUR) and its profitability was good.

The net sales in Norway were 25.0 MEUR (29.6 MEUR) and operational segment result was 2.0 MEUR (2.7 MEUR). Net sales decreased by 15% mainly due to smaller sales of consultant work. Profitability was 8%. Streamlining actions done at the beginning of the year have helped to decrease the cost base and have improved profitability toward the year-end. Amount of Norwegian employees decreased clearly during the year, while the usage of nearshore resources from Baltic grew. Order backlog is slightly above last year's level.

The net sales in Sweden were 20.0 MEUR (23.2 MEUR) and operational segment result 0.3 MEUR (-0.2 MEUR). Net sales decreased by 14%, to which both the decreased amount of employees, decreased license sales and the weakened SEK have contributed. It is positive that after several loss-making years Sweden reached slightly positive profitability of 2%. Development actions in Sweden will continue and the company wants to be the leading Enterprise Information Management company also in this market. Order backlog is above last year's level. Although Sweden's profitability has developed positively and it made a positive result in 2014, there is still uncertainty regarding the pace of the development in Sweden. An impairment of 7.4 MEUR was made to the goodwill related to Sweden.

The net sales in Denmark were 12.0 MEUR (15.4 MEUR) and operational segment result was 0.9 MEUR (1.9 MEUR). Net sales decreased by 22% mainly due to low resource utilization but also due to decrease in license sales. Profitability decreased to 7%. Competition in Denmark is tight. Order backlog is below last year's level.

The net sales in Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) were 19.0 MEUR (16.0 MEUR). Operational segment result was 2.9 MEUR (0.2 MEUR). Net sales increased by 19% and profitability increased to 15%. The Lithuanian public sector market has recovered slower than anticipated, as the preparations of new EU funded projects has progressed slowly. Euro conversion projects had positive impact on the Lithuanian market during the fall. Estonian market situation is normal. The insurance business is performing well. Order backlog is significantly 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 with Reino Tikkanen, APA, as auditor in charge.

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 Company will issue a Corporate Governance Statement for year 2014 that has been composed in accordance with Recommendation 54 of the Corporate Governance code and Chapter 7, Section 7 of the Finnish Securities Market Act. The Corporate Governance Statement is issued separately from the report of the board of directors and it will be available on the company's website.

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. Based on the authorization a total of 20 333 shares have been conveyed in August to the Board members as a partial payment of their fees, in accordance to the decision made by the Annual General Meeting.

CHANGES IN GROUP STRUCTURE

Fully owned subsidiary Affecto Management Oy was merged to its parent Affecto Plc on 31 December 2014.

SHARES AND TRADING

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 867 219 treasury shares, approx. 3.9 % of the total amount of the shares.

During the review period the highest share price was 4.62 euro, the lowest price 2.80 euro, the average price 3.12 euro and the closing price 2.93 euro. The trading volume was 5.8 million shares, corresponding to 26% of the number of shares at the end of the period. The market value of shares was 63.2 MEUR at the end of the period excluding the treasury shares.

2008C options' exercise period ended on 31 May 2014 and 132 141 new shares were subscribed with the 2008C options.

SHAREHOLDERS

The company had a total of 2 987 owners on 31 December 2014 and the foreign ownership was 15%. 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. 10.6%.

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%. According to flagging announcements the ownership of Mika Laine has decreased below 5% on 17 October 2014 and the ownership of Lombard International Assurance S.A. has exceeded 5% on 17 October 2014.

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.

Affecto's success depends also on good customer relationships. Affecto has a well-diversified customer base. In 2014 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.

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. Additionally the increase of cloud services and other similar market trends may affect the license sales negatively. Affecto had license sales of approx. 9 MEUR in 2014.

Approximately 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.

EVENTS AFTER THE REVIEW PERIOD

Hellen Wohlin Lidgard, the country manager for Sweden, has resigned from Affecto in January 2015 to be an entrepreneur. She will continue as the country manager until July 2015 at the latest.

DIVIDEND PROPOSAL

Distributable funds of the group parent company on 31 December 2014 are 60 434 767.73 euros, of which the distributable profit is 16 940 906.97 euros. Board of Directors proposes that from the financial year 2014 a dividend of 0.16 euros per share will be paid, a total of 3 453 364.16 euros with the outstanding number of shares at the end of the financial period, and the rest is carried forward to the retained earnings account. No material changes have taken place in respect of the company's financial position after the balance sheet date. The liquidity of the company is good and in the opinion of the Board of Directors proposed distribution of profit does not risk the liquidity of the company.

FUTURE OUTLOOK

Net sales and operating profit are estimated to grow in 2015.

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

A briefing for analysts and media will be arranged at 14.00 at Restaurant Savoy, Eteläesplanadi 14, Helsinki.

www.affecto.com

Financial information:

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity
2. Notes
3. Key figures

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

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	10-12/14	10-12/13	2014	2013
Net sales	32 823	36 195	122 693	132 896
Other operating income	15	58	27	65
Changes in inventories of finished goods and work in progress	-55	0	-83	306
Materials and services	-7 283	-9 485	-26 560	-29 952
Personnel expenses	-16 865	-19 035	-67 630	-74 031
Other operating expenses	-4 398	-4 705	-17 221	-17 803
Other depreciation and amortisation	-297	-294	-1 218	-1 230
IFRS3 amortisation	-216	-442	-1 753	-1 989
Impairment	-7 423	-	-7 423	-
Operating profit	-3 699	2 292	833	8 262
Financial income and expenses	-61	-163	-563	-289
Profit before income tax	-3 760	2 129	270	7 973
Income tax	-948	-698	-1 861	-2 407
Profit for the period	-4 708	1 431	-1 591	5 566
Profit for the period attributable to:				
Owners of the parent company	-4 708	1 433	-1 591	5 493
Non-controlling interest	-	-2	-	73
Earnings per share (EUR per share):				
Basic	-0.22	0.07	-0.07	0.26
Diluted	-0.22	0.07	-0.07	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1 000 EUR)	10-12/14	10-12/13	2014	2013
Profit for the period	-4 708	1 431	-1 591	5 566
Other comprehensive income				
Items that may be reclassified subsequently to the statement of income:				
Translation difference	-1 955	-1 029	-2 141	-3 074
Total Comprehensive income for the period	-6 663	402	-3 732	2 491
Total Comprehensive income attributable to:				
Owners of the parent company	-6 663	404	-3 732	2 419
Non-controlling interest	-	-2	-	73

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	12/2014	12/2013
Non-current assets		
Property, plant and equipment	1 505	1 947
Goodwill	62 814	72 166
Other intangible assets	254	2 072
Deferred tax assets	1 263	1 606
Trade and other receivables	-	4
	65 836	77 795
Current assets		
Inventories	493	622
Trade and other receivables	36 736	38 969
Current income tax receivables	393	615
Cash and cash equivalents	21 380	21 469
	59 002	61 675
Total assets	124 838	139 470
Equity attributable to owners of the parent Company		
Share capital	5 105	5 105
Reserve of invested non-restricted equity	47 718	47 448
Other reserves	835	763
Treasury shares	-2 111	-2 165
Translation differences	-4 269	-2 128
Retained earnings	13 159	18 184
	60 437	67 207
Non-controlling interest	-	-
Total equity	60 437	67 207
Non-current liabilities		
Loans and borrowings	18 452	22 420
Deferred tax liabilities	190	505
	18 642	22 924
Current liabilities		
Loans and borrowings	4 000	4 000
Trade and other payables	40 254	42 788
Current income tax liabilities	927	1 913
Provisions	578	638
	45 759	49 339
Total liabilities	64 401	72 264
Equity and liabilities	124 838	139 470

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	2014	2013
Cash flows from operating activities		
Profit for the period	-1 591	5 566
Adjustments to profit for the period	12 878	6 271
	11 287	11 837
Change in working capital	348	2 863
Interest and other financial cost paid	-418	-566
Interest and other financial income received	68	123
Income taxes paid	-2 946	-3 343
Net cash from operating activities	8 339	10 915
 Cash flows from investing activities		
Acquisition of tangible and intangible assets	-740	-1 566
Proceeds from sale of tangible and intangible assets	1	1
Net cash used in investing activities	-739	-1 564
 Cash flows from financing activities		
Repayments of non-current borrowings	-4 000	-4 000
Proceeds from share options exercised	262	781
Acquisition of non-controlling interest	-	-30
Dividends paid to the owners of the parent company	-3 434	-3 444
Net cash from financing activities	-7 172	-6 694
(Decrease)/increase in cash and cash equivalents	429	2 657
Cash and cash equivalents at the beginning of the period	21 469	19 767
Foreign exchange effect on cash	-518	-954
Cash and cash equivalents at the end of the period	21 380	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						-1 591	-	-1 591
Translation differences					-2 141			-2 141
Total comprehensive income					-2 141	-1 591	-	-3 732
Share-based payments			72					72
Exercise of share options		262						262
Treasury shares as compensation to the Board		8		54				62
Dividends paid						-3 434		-3 434
Equity at 31 December 2014	5 105	47 718	835	-2 111	-4 269	13 159	-	60 437

(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						5 493	73	5 566
Translation differences					-3 074			-3 074
Total comprehensive income					-3 074	5 493	73	2 491
Share-based payments			70					70
Exercise of share options		781						781
Treasury shares as compensation to the Board		25		37				62
Acquisition of non-controlling interest						355	-384	-30
Dividends paid						-3 444		-3 444
Equity at 31 December 2013	5 105	47 448	763	-2 165	-2 128	18 184	-	67 207

2. Notes

2.1. Basis of preparation

This financial statement bulletin has been prepared in accordance with the IFRS recognition and measurement principles and in accordance with IAS 34, Interim Financial reporting. The financial statement bulletin 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)	10-12/14	10-12/13	2014	2013
Total net sales				
Finland	13 849	14 889	50 564	53 175
Norway	6 481	7 319	25 028	29 554
Sweden	4 833	6 173	19 985	23 152
Denmark	2 850	4 140	12 038	15 363
Baltic	5 669	4 530	19 032	16 018
Other	-857	-856	-3 954	-4 366
Group total	32 823	36 195	122 693	132 896
Operational segment result				
Finland	1 706	1 935	5 441	6 863
Norway	935	477	1 966	2 718
Sweden	347	74	304	-229
Denmark	143	633	865	1 884
Baltic	1 320	-200	2 944	193
Other	-512	-185	-1 511	-1 177
Total operational segment result	3 940	2 734	10 009	10 251
IFRS3 amortisation	-216	-442	-1 753	-1 989
Impairment of goodwill	-7 423	-	-7 423	-
Operating profit	-3 699	2 292	833	8 262
Financial income and expenses	-61	-163	-563	-289
Profit before income tax	-3 760	2 129	270	7 973

The impairment of goodwill is allocated to assets of Sweden segment.

Net sales by business lines

(1 000 EUR)	10-12/14	10-12/13	2014	2013
Information Management				
Solutions	30 645	33 528	114 008	123 608
Karttakeskus GIS business	3 002	3 470	11 868	12 239
Other	-824	-804	-3 183	-2 950
Group total	32 823	36 195	122 693	132 896

2.3. Changes in intangible and tangible assets

(1 000 EUR)	1-12/2014	1-12/2013
Carrying amount at the beginning of period	76 185	80 460
Additions	740	1 566
Disposals	-1	-1
Depreciation and amortization for the period	-2 971	- 3 219
Impairments	-7 423	-
Exchange rate differences	-1 957	-2 621
Carrying amount at the end of period	64 573	76 185

An impairment of 7 423 thousand euro has been recognized on assets allocated to Sweden cash-generating unit for the financial year 2014. The impairment is fully recognized on goodwill.

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	384 076	-	729	-
Payment for share options	-	-	52	-
Treasury shares of compensation to the Board of Directors	13 875	-	25	37
Directed share issue	391 460	-	-	-
31.12.2013	21 431 052	5 105	47 448	-2 165
1.1.2014	21 431 052	5 105	47 448	-2 165
Exercise of share options	132 141	-	260	-
Payment for share options	-	-	2	-
Treasury shares of compensation to the Board of Directors	20 333	-	8	54
31.12.2014	21 583 526	5 105	47 718	-2 111

Affecto Management Oy has been merged into Affecto Plc on 31 December 2014. Due to the merger 823 000 shares in Affecto Plc owned by Affecto Management Oy have transferred into Affecto Plc's direct ownership. Before merger Affecto Plc owned 44 219 treasury shares. In total these 867 219 shares correspond to 3.9% 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)	31.12.2014	31.12.2013
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	18 452	22 420
Loans from financial institutions, current portion	4 000	4 000
	22 452	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)	31.12.2014	31.12.2013
Not later than one (1) year	3 333	3 675
Later than one (1) year, but not later than five (5) years	3 421	3 719
Later than five (5) years	-	-
Total	6 755	7 394

Guarantees given:

(1 000 EUR)	31.12.2014	31.12.2013
Liabilities secured by a mortgage		
Financial loans	22 500	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)	31.12.2014	31.12.2013
Pledges	33	36
Other guarantees	2 118	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)	1-12/2014	1-12/2013
Salaries and other short-term employee benefits	2 312	2 017
Post-employment benefits	283	288
Termination benefits	80	85
Share-based payments	3	6
Total	2 678	2 395

Purchases from related party:

(1 000 EUR)	1-12/2014	1-12/2013
Purchases from the entity that are controlled by key management personnel of the group	3	5

3. Key figures

	10-12/14	10-12/13	2014	2013
Net sales, 1 000 eur	32 823	36 195	122 693	132 896
EBITDA, 1 000 eur	4 237	3 028	11 227	11 481
Operational segment result, 1 000 eur	3 940	2 734	10 009	10 251
Operating result, 1 000 eur	-3 699	2 292	833	8 262
Result before taxes, 1 000 eur	-3 760	2 129	270	7 973
Profit attributable to the owners of the parent company, 1 000 eur	-4 708	1 433	-1 591	5 493
EBITDA, %	12.9 %	8.4 %	9.2 %	8.6 %
Operational segment result, %	12.0 %	7.6 %	8.2 %	7.7 %
Operating result, %	-11.3 %	6.3 %	0.7 %	6.2 %
Result before taxes, %	-11.5 %	5.9 %	0.2 %	6.0 %
Net income for equity holders of the parent company, %	-14.3 %	4.0 %	-1.3 %	4.1 %
Equity ratio, %	54.6 %	53.0 %	54.6 %	53.0 %
Net gearing, %	1.8 %	7.4 %	1.8 %	7.4 %
Interest-bearing net debt, 1 000 eur	1 071	4 950	1 071	4 950
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	129	210	740	1 566
Gross investments, % of net sales	0.4 %	0.6 %	0.6 %	1.2 %
Order backlog, 1 000 eur	49 645	48 682	49 645	48 682
Average number of employees	1 022	1 087	1 041	1 081
Earnings per share, eur	-0.22	0.07	-0.07	0.26
Earnings per share (diluted), eur	-0.22	0.07	-0.07	0.26
Equity per share, eur	2.80	3.14	2.80	3.14
Average number of shares, 1 000 shares	21 584	21 212	21 519	20 906
Number of shares at the end of period, 1 000 shares	21 584	21 431	21 584	21 431

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	
