

AFFECTO PLC -- INTERIM REPORT -- 29 APRIL 2015 at 11.00

Affecto Plc's Interim Report 1-3/2015

Group key figures

MEUR	1-3/15	1-3/14	2014	last 12m
Net sales	29.1	31.2	122.7	120.6
Operational segment result	2.1	0.1	10.0	12.0
% of net sales	7.2	0.4	8.2	9.9
Operating profit	2.1	-0.4	0.8	3.4
% of net sales	7.2	-1.4	0.7	2.8
Profit before taxes	2.0	-0.6	0.3	2.9
Profit for the period	1.4	-0.6	-1.6	0.4
Equity ratio, %	59.2	56.0	54.6	-
Net gearing, %	0.9	14.1	1.8	-
Earnings per share, eur	0.07	-0.03	-0.07	0.02
Earnings per share (diluted), eur	0.07	-0.03	-0.07	0.02
Equity per share, eur	2.90	3.11	2.80	-

CEO Juko Hakala comments:

In the first quarter Affecto's net sales decreased by 7% to 29.1 MEUR (31.2 MEUR). Net sales decreased in all Nordic countries. Net sales grew in Baltic, where especially the insurance business performed well thanks to the positive impact on resource utilization from a few projects at their end stages.

The quarter's operational result clearly improved from the previous year. Operational segment result was 2.1 MEUR (0.1 MEUR). Baltic had excellent 26% profitability. Norway improved to 11% profitability, while Finland decreased to 5% profitability. We reached 2% profitability in Sweden. Profitability in Denmark decreased to 2%.

Our business area and our customers' industries are under transformation due to the rapid technological changes and we are developing our operations to be able to fulfill the changing needs of our customers. We published an update to our strategic direction in February. Since then we have been actively working with refocusing our employees and operations according to the new strategic direction and also with engaging our customers. Based on direct feedback from customers, I believe that we are developing Affecto to the right direction.

Customers show active interest in the new business technology solutions, but their needs are still in forming up in this market. Uncertainty and customers' preference for smaller projects continued on the IT market.

Our sales performance in the first quarter was not good enough. Order intake was smaller than year ago, and caused the order backlog of 41.5 MEUR to be clearly lower than year ago (47.5 MEUR).

Net sales and operating profit are estimated to grow in 2015, but there is uncertainty especially related to the net sales development.

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 1-3/2015 were 29.1 MEUR (1-3/2014: 31.2 MEUR). Net sales in Finland were 12.1 MEUR (12.6 MEUR), in Norway 5.4 MEUR (6.3 MEUR), in Sweden 4.6 MEUR (5.8 MEUR), in Denmark 2.9 MEUR (3.5 MEUR) and 5.1 MEUR (4.1 MEUR) in Baltic.

Net sales by reportable segments

Net sales, MEUR	1-3/15	1-3/14	2014	last 12m
Finland	12.1	12.6	50.6	50.1
Norway	5.4	6.3	25.0	24.2
Sweden	4.6	5.8	20.0	18.7
Denmark	2.9	3.5	12.0	11.4
Baltic	5.1	4.1	19.0	20.0
Other	-1.1	-1.1	-4.0	-3.9
Group total	29.1	31.2	122.7	120.6

Net sales decreased by 7% in the first quarter. Largest decreases were seen in Denmark and Sweden. Baltic grew by 23% mainly thanks to the insurance business. Resource utilization was low especially in Denmark and also in Finland. Net sales in the Nordic countries decreased mainly regarding consultant work, while license sales were at last year's level.

Net sales of Information Management Solutions business in 1-3/2015 were 27.2 MEUR (29.1 MEUR) and net sales of Karttakeskus GIS business were 2.9 MEUR (3.0 MEUR).

Affecto's customers in the IT market continued to show interest mainly in shorter and smaller projects, especially true for mid-sized customers, and investment decisions took a long time. Customers' show more active interests in the new business technology solutions, but their needs are still forming up, and we can observe numerous activities inside the customers to find the determination and direction. Affecto's development to serve this market has started well, but is still ongoing. Due to these reasons, there is uncertainty related to turning interest into concrete projects. The order intake remained below last year and the order backlog decreased to 41.5 MEUR (47.5 MEUR).

PROFIT

Affecto's operating profit in 1-3/2015 was 2.1 MEUR (-0.4 MEUR) and the operational segment result was 2.1 MEUR (0.1 MEUR). Operational segment result was in Finland 0.6 MEUR (0.9 MEUR), in Norway 0.6 MEUR (-0.3 MEUR), in Sweden 0.1 MEUR (-0.3 MEUR), in Denmark 0.1 MEUR (0.3 MEUR) and in Baltic 1.3 MEUR (0.2 MEUR).

Operational segment result by reportable segments

Operational segment result, MEUR	1-3/15	1-3/14	2014	last 12m
Finland	0.6	0.9	5.4	5.2
Norway	0.6	-0.3	2.0	2.8
Sweden	0.1	-0.3	0.3	0.7
Denmark	0.1	0.3	0.9	0.6
Baltic	1.3	0.2	2.9	4.1
Other	-0.6	-0.6	-1.5	-1.5
Operational segment result	2.1	0.1	10.0	12.0
IFRS3 Amortization	-	-0.5	-1.8	-1.2
Impairment of goodwill	-	-	-7.4	-7.4
Operating profit	2.1	-0.4	0.8	3.4

Operational result in 1-3/2015 was moderately good. Operational segment result 2.1 MEUR was clearly above the previous year's result (0.1 MEUR, including approx. 0.9 MEUR non-recurring streamlining costs). Profitability in Baltic improved to 26%. Profitability in Finland decreased to 5% due to low utilization rate. Norway improved to 11% profitability. Largest negative change was seen in Denmark, where profitability decreased to 2% due to low utilization. Sweden reached 2% profitability.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 1.4 MEUR, while it was -0.6 MEUR last year.

FINANCE AND INVESTMENTS

At the end of the reporting period Affecto's balance sheet totaled 118.2 MEUR (12/2014: 124.8 MEUR). Equity ratio was 59.2% (12/2014: 54.6%) and net gearing was 0.9% (12/2014: 1.8%).

The financial loans were 22.5 MEUR (12/2014: 22.5 MEUR) at the end of reporting period. The company's cash and liquid assets were 21.9 MEUR (12/2014: 21.4 MEUR). The interest-bearing net debt was 0.5 MEUR (12/2014: 1.1 MEUR).

Cash flow from operating activities for the reported period was 0.4 MEUR (-4.4 MEUR) and cash flow from investing activities was -0.2 MEUR (-0.1 MEUR). Investments in tangible and intangible assets were 0.2 MEUR (0.1 MEUR).

EMPLOYEES

The number of employees was 1014 persons at the end of the reporting period (1068). 426 employees were based in Finland (442), 88 in Norway (120), 120 in Sweden (143), 68 in Denmark (68) and 312 in the Baltic countries (295). The average number of employees during the period was 1017 (1078).

Julius Manni started as the country director for Finland on 1 March 2015. Hellen Wohlin Lidgard, the country director for Sweden, and Rene Lykkeskov, the chief strategy officer, are leaving Affecto.

BUSINESS DEVELOPMENT ACTIONS

Affecto published in February an update to its strategic direction and defined five themes to guide the development actions. Context for the strategic direction is the current, digitally transforming world. Affecto will address this with a focus on increasing value for customers and for their customers. The company will also actively develop its core business, expand to emerging new business technology areas, and further develop its people to help customers succeed.

Actions have been taken during the spring to convert the strategy into operational changes. Strategy workshops for employees have been organised in most of the offices, in order to activate employees for taking development actions in line with the strategy. Recruitment of persons, both from inside and outside Affecto, to the new hybrid roles at the junction of business and technology has also been started. We have received direct positive feedback from the customers on the increased focus on industry verticals and customer value in the practical customer work.

In Finland and Sweden the development of IoT capabilities has continued, and so has also the development of capabilities for B-to-C industry solutions in Sweden. A new "Affecto Industrial" growth program is being launched for Finland, Sweden and Denmark focusing on developing the IoT and analytics capabilities for manufacturing, technology, energy and process industries. Development of capabilities in design, user interface and usability solutions have been intensified in the Nordic countries.

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 1-3/2015 net sales in Finland decreased by 4% to 12.1 MEUR (12.6 MEUR). Operational segment result was 0.6 MEUR (0.9 MEUR) and profitability was 5%. Resource utilization remained low, which negatively affected both net sales and result. General mood is still cautious in Finland and customers are slow with their investment decisions. Order backlog is below last year's level.

In 1-3/2015 net sales of Karttakeskus GIS business, reported as part of Finland, decreased by 3% to 2.9 MEUR (3.0 MEUR) and its profitability was good.

In 1-3/2015 net sales in Norway were 5.4 MEUR (6.3 MEUR) and operational segment result was 0.6 MEUR (-0.3 MEUR). Net sales decreased by 13% to which both the decreased amount of employees and the weakened NOK have contributed. Profitability was 11%. Streamlining actions done last year have helped to decrease the cost base and have improved profitability. Order backlog is below last year's level.

In 1-3/2015 net sales in Sweden were 4.6 MEUR (5.8 MEUR) and operational segment result 0.1 MEUR (-0.3 MEUR). Net sales decreased by 21%, to which both the decreased amount of employees and the weakened SEK have contributed. Sweden had slightly positive 2% profitability. Resource utilisation has been on a reasonably good level, but there has been some employee churn and the decreased amount of employees has increased the negative impact from fixed costs. Development actions in Sweden will continue and the search for the new country director is ongoing. Order backlog is above last year's level.

In 1-3/2015 net sales in Denmark were 2.9 MEUR (3.5 MEUR) and operational segment result was 0.1 MEUR (0.3 MEUR). Net sales decreased by 17% mainly due to low resource utilization. Profitability decreased to 2%. Competition in Denmark is tight. Order backlog is below last year's level.

In 1-3/2015 net sales in Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) were 5.1 MEUR (4.1 MEUR). Operational segment result was 1.3 MEUR (0.2 MEUR). Net sales increased by 23% and profitability increased to 26%. A few large projects are in final stages, which has increased resource utilisation and has also impacted positively on profit. The insurance business and Estonia are performing well. The local business in Lithuania has recovered somewhat, although the slow preparation of new EU funded projects still negatively impacts the public sector market. Order backlog is below last year's level.

ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Affecto Plc, held on 8 April 2015, adopted the financial statements for 1.1.-31.12.2014 and discharged the members of the Board of Directors and the CEO from liability. Approximately 48 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 2014.

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 elected Aaro Cantell as Chairman and Olof Sand as Vice-Chairman. Authorised Public Accountants Ernst & Young Oy was elected as the auditor of the company with Mikko Järventausta, 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 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 2014 that expired on 8 April 2015.

The complete contents of the new authorizations given by the Annual General Meeting held on 8 April 2015 have been published in the stock exchange release regarding the Meetings' decisions. Key facts about the authorizations:

The Annual General Meeting authorized 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 authorized the Board of Directors to decide to issue new shares and to convey the company's own shares held by the company in one or more tranches. The share issue may be carried out as a share issue against consideration or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against consideration at a price to be determined by the Board of Directors. A maximum of 4 200 000 new shares may be issued. A maximum of 2 100 000 own shares held by the company may be conveyed. In addition, the authorization includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one-tenth (1/10) of all shares in the company. The authorization shall be in force until the next Annual General Meeting.

SHARES AND TRADING

The company has 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 3.84 euro, the lowest price 2.91 euro, the average price 3.43 euro and the closing price 3.61 euro. The trading volume was 1.3 million shares, corresponding to 23% (annualised) of the number of shares at the end of the period. The market value of shares was 77.9 MEUR at the end of the period excluding the treasury shares.

SHAREHOLDERS

The company had a total of 3 023 owners on 31 March 2015 and the foreign ownership was 14%. 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%.

ASSESSMENT OF RISKS AND UNCERTAINTIES

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. Slower IT investment decision making and uncertainty on starting investments to new business technology solutions may have negative impact on Affecto. Affecto's order backlog has traditionally been only for a few months. Slower decision making by customers decreases the predictability of the business and may decrease the utilisation rate of resources.

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. On the other hand, too large amount of customers can decrease the effectiveness of the sales and delivery efforts.

Affecto also needs to be seen as an interesting employer in order to recruit skilled employees. If Affecto is not seen as progressive and modern enough, the potential to recruit right employees and future builders may decrease.

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.

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.

Approximately 35% 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

The Annual General Meeting, held on 8 April 2015, has been reported in this interim report.

Affecto signed in April a 2.3 MEUR agreement with a Scandinavian public sector customer regarding the maintenance and development of their Business Intelligence and Data Warehouse solutions during the next four years. The agreement includes option for development projects to be agreed separately.

FUTURE OUTLOOK

Net sales and operating profit are estimated to grow in 2015, but there is uncertainty especially related to the net sales development.

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 12.30 at Restaurant Savoy, Eteläesplanadi 14, Helsinki.

www.affecto.com

Financial information:

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

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

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	1-3/15	1-3/14	2014	last 12m
Net sales	29 062	31 187	122 693	120 568
Other operating income	0	0	27	27
Changes in inventories of finished goods and work in progress	41	9	-83	-51
Materials and services	-4 856	-5 999	-26 560	-25 416
Personnel expenses	-17 564	-20 134	-67 630	-65 059
Other operating expenses	-4 298	-4 625	-17 221	-16 894
Other depreciation and amortisation	-278	-312	-1 218	-1 184
IFRS3 amortisation	-	-549	-1 753	-1 204
Impairment	-	-	-7 423	-7 423
Operating profit	2 107	-424	833	3 363
Financial income and expenses	-120	-180	-563	-503
Profit before income tax	1 987	-604	270	2 861
Income tax	-547	53	-1 861	-2 461
Profit for the period	1 440	-551	-1 591	400
Profit for the period attributable to:				
Owners of the parent company	1 440	-551	-1 591	400
Earnings per share (EUR per share):				
Basic	0.07	-0.03	-0.07	0.02
Diluted	0.07	-0.03	-0.07	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1 000 EUR)	1-3/15	1-3/14	2014	last 12m
Profit for the period	1 440	-551	-1 591	400
Other comprehensive income				
Items that may be reclassified subsequently to the statement of income:				
Translation difference	696	-43	-2 141	-1 401
Total Comprehensive income for the period	2 136	-594	-3 732	-1 002
Total Comprehensive income attributable to:				
Owners of the parent company	2 136	-594	-3 732	-1 002

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	3/2015	3/2014	12/2014
Non-current assets			
Property, plant and equipment	1 456	1 777	1 505
Goodwill	63 391	72 117	62 814
Other intangible assets	226	1 519	254
Deferred tax assets	1 188	1 649	1 263
Trade and other receivables	-	2	-
	66 261	77 064	65 836
Current assets			
Inventories	536	622	493
Trade and other receivables	28 757	35 039	36 736
Current income tax receivables	731	1 063	393
Cash and cash equivalents	21 914	17 054	21 380
	51 938	53 779	59 002
Total assets	118 199	130 844	124 838
Equity attributable to owners of the parent Company			
Share capital	5 105	5 105	5 105
Reserve of invested non-restricted equity	47 718	47 516	47 718
Other reserves	852	784	835
Treasury shares	-2 111	-2 165	-2 111
Translation differences	-3 573	-2 172	-4 269
Retained earnings	14 598	17 633	13 159
Total equity	62 590	66 701	60 437
Non-current liabilities			
Loans and borrowings	18 460	22 428	18 452
Deferred tax liabilities	185	397	190
	18 645	22 824	18 642
Current liabilities			
Loans and borrowings	4 000	4 000	4 000
Trade and other payables	31 516	35 150	40 254
Current income tax liabilities	997	1 631	927
Provisions	451	537	578
	36 964	41 318	45 759
Total liabilities	55 609	64 143	64 401
Equity and liabilities	118 199	130 844	124 838

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-3/2015	1-3/2014	2014
Cash flows from operating activities			
Profit for the period	1 440	-551	-1 591
Adjustments to profit for the period	874	973	12 878
	2 314	423	11 287
Change in working capital	-1 024	- 3 991	348
Interest and other financial cost paid	-78	-104	-418
Interest and other financial income received	17	22	68
Income taxes paid	-784	-736	-2 946
Net cash from operating activities	445	- 4 386	8 339
Cash flows from investing activities			
Acquisition of tangible and intangible assets	-193	-135	-740
Proceeds from sale of tangible and intangible assets	-	-	1
Net cash from investing activities	-193	-135	-739
Cash flows from financing activities			
Repayments of non-current borrowings	-	-	-4 000
Proceeds from share options exercised	-	68	262
Dividends paid to the owners of the parent company	-	-	-3 434
Net cash from financing activities	-	68	-7 172
(Decrease)/increase in cash and cash equivalents	252	-4 453	429
Cash and cash equivalents at the beginning of the period	21 380	21 469	21 469
Foreign exchange effect on cash	282	38	-518
Cash and cash equivalents at the end of the period	21 914	17 054	21 380

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent company							
(1 000 EUR)	Share capital	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Trans lat. diff.	Ret. earnings	Total equity
Equity at 1 January 2015	5 105	47 718	835	-2 111	-4 269	13 159	60 437
Profit						1 440	1 440
Translation differences					696		696
Total comprehensive income					696	1 440	2 136
Share-based payments			17				17
Equity at 31 March 2015	5 105	47 718	852	-2 111	-3 573	14 598	62 590

Equity attributable to owners of the parent company							
(1 000 EUR)	Share capital	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Trans lat. diff.	Ret. earnings	Total equity
Equity at 1 January 2014	5 105	47 448	763	-2 165	-2 128	18 184	67 207
Profit						-551	-551
Translation differences					-43		-43
Total comprehensive income					-43	-551	-594
Share-based payments			21				21
Exercise of share options		68					68
Equity at 31 March 2014	5 105	47 516	784	-2 165	-2 172	17 633	66 701

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 interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2014. In material respects, the same accounting policies have been applied as in the 2014 annual consolidated financial statements. The amendments to and interpretations of IFRS standards that entered into force on 1 January 2015 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)	1-3/15	1-3/14	2014	last 12m
Total net sales				
Finland	12 140	12 582	50 564	50 122
Norway	5 436	6 274	25 028	24 190
Sweden	4 588	5 827	19 985	18 746
Denmark	2 862	3 458	12 038	11 442
Baltic	5 087	4 135	19 032	19 985
Other	-1 051	-1 090	-3 954	-3 916
Group total	29 062	31 187	122 693	120 568
Operational segment result				
Finland	638	861	5 441	5 218
Norway	585	-293	1 966	2 844
Sweden	114	-279	304	697
Denmark	60	294	865	631
Baltic	1 309	160	2 944	4 093
Other	-600	-618	-1 511	-1 493
Total operational segment result	2 107	125	10 009	11 990
IFRS3 amortisation	-	-549	-1 753	-1 204
Impairment of goodwill	-	-	-7 423	-7 423
Operating profit	2 107	-424	833	3 363
Financial income and expenses	-120	-180	-563	-503
Profit before income tax	1 987	-604	270	2 861

In 2014, the impairment of goodwill allocated to assets of Sweden segment.

Net sales by business lines

(1 000 EUR)	1-3/15	1-3/14	2014	last 12m
Information Management				
Solutions	27 162	29 055	114 008	112 115
Karttakeskus GIS business	2 876	2 965	11 868	11 780
Other	-976	-832	-3 183	-3 327
Group total	29 062	31 187	122 693	120 568

2.3. Changes in intangible and tangible assets

(1 000 EUR)	1-3/2015	1-3/2014	1-12/2014
Carrying amount at the beginning of period	64 573	76 185	76 185
Additions	193	135	740
Disposals	-	-	-1
Depreciation and amortization for the period	-278	-861	-2 971
Impairments	-	-	-7 423
Exchange rate differences	584	-46	-1 957
Carrying amount at the end of period	65 073	75 413	64 573

In 2014, an impairment of 7 423 thousand euro has been recognized on assets allocated to Sweden cash-generating unit. The impairment has been 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
1.1.2014	21 431 052	5 105	47 448	-2 165
Exercise of share options	31 617	-	66	-
Payment for share options	-	-	2	-
31.3.2014	21 462 669	5 105	47 516	-2 165
1.1.2015	21 583 526	5 105	47 718	-2 111
31.3.2015	21 583 526	5 105	47 718	-2 111

Affecto Plc owns 867 219 treasury shares, which correspond to 3.9% of the total amount of the shares. The amount of registered shares is 22 450 745 shares.

2.5. Interest-bearing liabilities

(1 000 EUR)	31.3.2015	31.12.2014
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	18 460	18 452
Loans from financial institutions, current portion	4 000	4 000
	22 460	22 452

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)	31.3.2015	31.12.2014
Not later than one (1) year	3 317	3 333
Later than one (1) year,	3 112	3 421

but not later than five (5) years

Later than five (5) years

	-	-
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Total	6 429	6 755
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Guarantees given:

(1 000 EUR)	31.3.2015	31.12.2014
Liabilities secured by a mortgage		
Financial loans	22 500	22 500

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)	31.3.2015	31.12.2014
Pledges	37	33
Other guarantees	1 971	2 118

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)	1-3/2015	1-3/2014	1-12/2014
Salaries and other short-term employee benefits	700	645	2 312
Post-employment benefits	88	77	283
Termination benefits	121	-	80
Share-based payments	1	2	3
Total	909	724	2 678

Purchases from related party:

(1 000 EUR)	1-3/2015	1-3/2014	1-12/2014
Purchases from the entity that are controlled by key management personnel of the group	-	-	3

3. Key figures

	1-3/15	1-3/14	2014	last 12m
Net sales, 1 000 eur	29 062	31 187	122 693	120 568
EBITDA, 1 000 eur	2 384	437	11 227	13 174
Operational segment result, 1 000 eur	2 107	125	10 009	11 990
Operating result, 1 000 eur	2 107	-424	833	3 363
Result before taxes, 1 000 eur	1 987	-604	270	2 861
Profit attributable to the owners of the parent company, 1 000 eur	1 440	-551	-1 591	400
EBITDA, %	8.2 %	1.4 %	9.2 %	10.9 %
Operational segment result, %	7.2 %	0.4 %	8.2 %	9.9 %
Operating result, %	7.2 %	-1.4 %	0.7 %	2.8 %
Result before taxes, %	6.8 %	-1.9 %	0.2 %	2.4 %
Net income for equity holders of the parent company, %	5.0 %	-1.8 %	-1.3 %	0.3 %
Equity ratio, %	59.2 %	56.0 %	54.6 %	
Net gearing, %	0.9 %	14.1 %	1.8 %	
Interest-bearing net debt, 1 000 eur	546	9 373	1 071	
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	193	135	740	
Gross investments, % of net sales	0.7 %	0.4 %	0.6 %	
Order backlog, 1 000 eur	41 527	47 523	49 645	
Average number of employees	1 017	1 078	1 041	
Earnings per share, eur	0.07	-0.03	-0.07	0.02
Earnings per share (diluted), eur	0.07	-0.03	-0.07	0.02
Equity per share, eur	2.90	3.11	2.80	
Average number of shares, 1 000 shares	21 584	21 437	21 519	21 555
Number of shares at the end of period, 1 000 shares	21 584	21 463	21 584	21 584

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, %	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Total equity}}$	*100
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents	
Earnings per share (EPS)	=	$\frac{\text{Profit attributable to owners of the parent company}}{\text{Weighted average number of ordinary shares in issue during the period}}$	
Equity per share	=	$\frac{\text{Total equity}}{\text{Adjusted number of shares at the end of the period}}$	
Market capitalization	=	Number of shares at the end of period (excluding company's own shares held by the company) x share price at closing date	
