

AFFECTO PLC -- INTERIM REPORT -- 3 AUGUST 2015 at 11.30

Affecto Plc's Interim Report 1-6/2015

Group key figures

MEUR	4-6/15	4-6/14	1-6/15	1-6/14	2014	last 12m
Net sales	30.8	33.0	59.9	64.2	122.7	118.4
Operational segment result	2.9	3.0	5.0	3.1	10.0	11.8
% of net sales	9.4	9.2	8.3	4.9	8.2	10.0
Operating profit	2.9	2.5	5.0	2.1	0.8	3.8
% of net sales	9.4	7.5	8.3	3.2	0.7	3.2
Profit before taxes	2.8	2.3	4.8	1.7	0.3	3.4
Profit for the period	2.4	1.8	3.8	1.3	-1.6	0.9
Equity ratio, %	58.4	56.0	58.4	56.0	54.6	-
Net gearing, %	5.4	15.7	5.4	15.7	1.8	-
Earnings per share, EUR	0.11	0.09	0.18	0.06	-0.07	0.04
Earnings per share (diluted), EUR	0.11	0.09	0.18	0.06	-0.07	0.04
Equity per share, EUR	2.85	2.99	2.85	2.99	2.80	-

CEO Juko Hakala comments:

Our Q2 net sales decreased by 7%. Baltic net sales grew by 20% but net sales declined in Norway by 21%, in Denmark by 13% and in Finland by 10%. In Denmark and in Finland especially the license sales were lower and utilization rate continued to be low.

The Q2 operational segment result was 2.9 MEUR (3.0 MEUR). Profitability in Baltic was at excellent level 20% (13%). Profitability in Finland was 10% (10%), Norway 8% (10%) and Sweden 7% (6%). In Denmark the profitability was poor -3% (8%).

Our order intake continued to be lower than year ago and the order backlog of 43.3 MEUR was clearly lower than year ago (48.1 MEUR). Due to the changing market demand in Finland and Denmark, we are in the process of reviewing development and recovery actions. In Finland, also employee co-operation negotiations about possible reduction of workforce with the entire personnel will be started.

Year 2015 net sales are estimated to be below last year's level. Operating profit is estimated to grow in 2015.

Additional information:

CEO Juko Hakala, + 358 205 777 450
 CFO Satu Kankare, +358 205 777 202

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

NET SALES

Affecto's net sales in 1-6/2015 were 59.9 MEUR (1-6/2014: 64.2 MEUR). Net sales in Finland were 24.6 MEUR (26.4 MEUR), in Norway 11.0 MEUR (13.3 MEUR), in Sweden 10.1 MEUR (11.3 MEUR), in Denmark 5.6 MEUR (6.6 MEUR) and 10.7 MEUR (8.8 MEUR) in Baltic.

Net sales by reportable segments

Net sales, MEUR	4-6/15	4-6/14	1-6/15	1-6/14	2014	last 12m
Finland	12.4	13.8	24.6	26.4	50.6	48.7
Norway	5.5	7.0	11.0	13.3	25.0	22.7
Sweden	5.5	5.5	10.1	11.3	20.0	18.8
Denmark	2.7	3.1	5.6	6.6	12.0	11.0
Baltic	5.6	4.7	10.7	8.8	19.0	20.9
Other	-1.1	-1.1	-2.1	-2.2	-4.0	-3.9
Group total	30.8	33.0	59.9	64.2	122.7	118.4

In the second quarter the net sales decreased by 7%. Net sales decreased in Norway by 21%, in Denmark by 13% and in Finland by 10%. Especially license sales halved compared to second quarter 2014 and utilization rate continued to be low in Denmark and in Finland. Baltic grew by 20% mainly thanks to the insurance business and Estonia.

Net sales of Information Management Solutions business in 1-6/2015 were 55.7 MEUR (59.6 MEUR) and net sales of Karttakeskus GIS business were 6.2 MEUR (6.2 MEUR).

Our customers in the traditional IT market continued to show interest mainly in shorter and smaller projects and investment decisions continue to take longer. Customers continued to show active interest in the business technology solutions and exciting spearheading projects have started. Customers expect an updated hybrid business technology skillset. In response to this need, we develop our operations by following our updated strategic direction and progressing with a step-by-step evolution program. Business technology market is an exciting growth area but there continues to be uncertainty related to timing of significant revenue growth. The order backlog continued to be below last year's second quarter and decreased to 43.3 MEUR (48.1 MEUR).

PROFIT

Affecto's operating profit in 1-6/2015 was 5.0 MEUR (2.1 MEUR) and the operational segment result was 5.0 MEUR (3.1 MEUR). Operational segment result was in Finland 1.9 MEUR (2.2 MEUR), in Norway 1.0 MEUR (0.4 MEUR), in Sweden 0.5 MEUR (0.0 MEUR), in Denmark -0.0 MEUR (0.6 MEUR) and in Baltic 2.4 MEUR (0.8 MEUR).

Operational segment result by reportable segments

Operational segment result, MEUR	4-6/15	4-6/14	1-6/15	1-6/14	2014	last 12m
Finland	1.3	1.4	1.9	2.2	5.4	5.1
Norway	0.5	0.7	1.0	0.4	2.0	2.6
Sweden	0.4	0.3	0.5	0.0	0.3	0.8
Denmark	-0.1	0.3	-0.0	0.6	0.9	0.3
Baltic	1.1	0.6	2.4	0.8	2.9	4.6
Other	-0.3	-0.2	-0.9	-0.8	-1.5	-1.5
Operational segment result	2.9	3.0	5.0	3.1	10.0	11.8
IFRS3 Amortization	-	-0.5	-	-1.1	-1.8	-0.7
Impairment of goodwill	-	-	-	-	-7.4	-7.4
Operating profit	2.9	2.5	5.0	2.1	0.8	3.8

In the second quarter the operational segment result was 2.9 MEUR (3.0 MEUR). Profitability in Baltic was at excellent level 20% (13%). Profitability in Finland was 10% (10%), Norway 8% (10%) and Sweden 7% (6%). In Denmark the profitability was poor -3% (8%) due to low utilization rate and declined license sales. Affecto's operating profit was 2.9 MEUR (2.5 MEUR).

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 3.8 MEUR, while it was 1.3 MEUR last year.

FINANCE AND INVESTMENTS

At the end of the reporting period Affecto's balance sheet totaled 116.8 MEUR (12/2014: 124.8 MEUR). Equity ratio was 58.4% (12/2014: 54.6%) and net gearing was 5.4% (12/2014: 1.8%).

The financial loans were 20.5 MEUR (12/2014: 22.5 MEUR) at the end of reporting period. According to the current terms, the loan from financial institution will be due in June 2016. The company's cash and liquid assets were 17.2 MEUR (12/2014: 21.4 MEUR). The interest-bearing net debt was 3.3 MEUR (12/2014: 1.1 MEUR).

Cash flow from operating activities for the reported period was 1.4 MEUR (-1.5 MEUR) and cash flow from investing activities was -0.3 MEUR (-0.4 MEUR). Investments in tangible and intangible assets were 0.3 MEUR (0.4 MEUR).

EMPLOYEES

The number of employees was 1012 persons at the end of the reporting period (1040). 425 employees were based in Finland (424), 88 in Norway (101), 115 in Sweden (138), 64 in Denmark (66) and 320 in the Baltic countries (311). The average number of employees during the period was 1014 (1059).

Julius Manni started as the country managing director for Finland on 1 March 2015. Hellen Wohlin Lidgard, the country managing director for Sweden and Rene Lykkeskov, the chief strategy officer, left Affecto during second quarter.

Mikko Eerola has been appointed as managing director, B2C and Customer Front-Office Reinvention and the member of the group management team. Eerola will lead Affecto's business technology and design services in these growing areas and he will start on 10 August 2015. CFO Satu Kankare has decided to resign and she will leave Affecto on 7 August 2015. Sami Lehtinen will be the interim CFO and will serve in the position during the CFO recruitment process.

Sakari Knuutti has been appointed as the Director, Legal & IR and his employment started on 27 July 2015.

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. Evolution meetings practice with employees has been implemented in order to activate and continually involve everyone for being part of the change in line with the strategic direction. Recruitment of people with new business-technology-hybrid skills has been performed both from inside and outside Affecto. We have received direct positive feedback from customers on the increased focus on industry knowledge and customer value oriented solutions created in our day-to-day services. Development of capabilities in design, user interface and usability solutions have been intensified in the Nordic countries.

The Affecto Industrial growth program, which was started in first quarter, has been well-received by the market. During the second quarter we had exciting dialogue with new customers in Finland, Sweden and Denmark. This dialogue has produced new opportunities for us to help our Industrial customers for example

in the way they interact with their customers using Industrial internet capabilities. We continue building our own expertise in this area decisively.

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 4-6/2015 net sales in Finland decreased by 10% to 12.4 MEUR (13.8 MEUR). Resource utilization continued to be low and license sales decreased. Operational segment result was 1.3 MEUR (1.4 MEUR) and profitability was 10% (10%). The negative effect of lower net sales was partially offset by expected lower incentives. The order intake continued to decline and the order backlog is significantly below last year's level.

In 4-6/2015 net sales of Karttakeskus GIS business, reported as part of Finland, increased by 2% to 3.3 MEUR (3.3 MEUR) and its profitability was good. In Karttakeskus the order intake continued to decline and the order backlog is significantly below last year's level.

Especially the Finnish market is experiencing growing interest in new business technology areas and on the other hand declining trend in new orders related to traditional IT market. Therefore we are investing in growth capabilities, streamlining our operations and restructuring our organization and personnel structure to align with market demand.

In 4-6/2015 net sales in Norway were 5.5 MEUR (7.0 MEUR) and operational segment result was 0.5 MEUR (0.7 MEUR). Net sales decreased by 21% and profitability was 8% (10%). Lower number of employees in Norway has partly been offset by increasing use of group resources. In second quarter the order intake improved and the order backlog is above last year's level.

In 4-6/2015 net sales in Sweden were 5.5 MEUR (5.5 MEUR) and operational segment result 0.4 MEUR (0.3 MEUR). Net sales increased by 1% due to a significant license deal. The lower amount of employees and high people churn resulted to the lower consulting revenue. Profitability was 7% (6%). Order backlog is below last year's level. Sweden is participating in a streamlined leadership pilot where regional leaders are members of the extended group leadership team. The search for the new country managing director and group leadership team member is also in process.

In 4-6/2015 net sales in Denmark were 2.7 MEUR (3.1 MEUR) and operational segment result was -0.1 MEUR (0.3 MEUR). Net sales decreased by 13% due to low resource utilization and low license sales. The profitability was poor - 3% (8%). Significant business recovery actions are ongoing including alignment of customer and industry focus. The order intake continued to decline and the order backlog is below last year's level.

In 4-6/2015 net sales in Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) were 5.6 MEUR (4.7 MEUR). Operational segment result was 1.1 MEUR (0.6 MEUR). The net sales increased by 20% and profitability was at excellent level 20% (13%). A few large projects were in final stages which increased resource utilization and impacted positively on profit. The insurance business and Estonia are performing well. The slow preparation of new EU funded projects still negatively impacts the public sector market in Lithuania. 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

2013 options have been listed on Nasdaq OMX Helsinki since 11 May 2015. During the review period no shares have been subscribed with the 2013 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 867 219 treasury shares, approx. 3.9 % of the total amount of the shares.

During the review period 1-6/2015 the highest share price was 3.84 euro, the lowest price 2.91 euro, the average price 3.43 euro and the closing price 3.15 euro. The trading volume was 2.0 million shares, corresponding to 18% (annualised) of the number of shares at the end of the period. The market value of shares was 68.0 MEUR at the end of the period excluding the treasury shares.

SHAREHOLDERS

The company had a total of 3 165 owners on 30 June 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 utilization rate.

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. High people churn may create inefficiencies in the business and temporarily decrease the utilization rate.

Affecto sells third party software licenses and maintenance 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 company announced on 3 August that the Finnish business activities will be streamlined and employee co-operation negotiations about possible reduction of workforce with the entire personnel will be started.

FUTURE OUTLOOK

Year 2015 net sales are estimated to be below last year's level. Operating profit is 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 13.00 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)	4-6/2015	4-6/2014	1-6/2015	1-6/2014	2014	last 12m
Net sales	30 812	33 018	59 874	64 205	122 693	118 361
Other operating income	1	23	1	23	27	5
Changes in inventories of finished goods and work in progress	69	17	110	26	-83	1
Materials and services	-6 611	-8 172	-11 467	-14 171	-26 560	-23 856
Personnel expenses	-16 765	-17 081	-34 329	-37 216	-67 630	-64 743
Other operating expenses	-4 354	-4 472	-8 653	-9 096	-17 221	-16 777
Other depreciation and amortisation	-271	-309	-549	-622	-1 218	-1 145
IFRS3 amortisation	-	-549	-	-1 098	-1 753	-655
Impairment	-	-	-	-	-7 423	-7 423
Operating profit	2 881	2 475	4 988	2 051	833	3 769
Financial income and expenses	-83	-183	-202	-363	-563	-402
Profit before income tax	2 798	2 292	4 785	1 688	270	3 367
Income tax	-446	-445	-993	-392	-1 861	-2 462
Profit for the period	2 353	1 847	3 792	1 297	-1 591	905
Profit for the period attributable to:						
Owners of the parent company	2 353	1 847	3 792	1 297	-1 591	905
Earnings per share (EUR per share):						
Basic	0.11	0.09	0.18	0.06	-0.07	0.04
Diluted	0.11	0.09	0.18	0.06	-0.07	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1 000 EUR)	4-6/2015	4-6/2014	1-6/2015	1-6/2014	2014	last 12m
Profit for the period	2 353	1 847	3 792	1 297	-1 591	905
Other comprehensive income						
Items that may be reclassified subsequently to the statement of income:						
Translation difference	-36	-765	661	-809	-2 141	-672
Total Comprehensive income for the period	2 317	1 082	4 453	488	-3 732	233
Total Comprehensive income attributable to:						
Owners of the parent company	2 317	1 082	4 453	488	-3 732	233

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	6/2015	6/2014	12/2014
Non-current assets			
Property, plant and equipment	1 349	1 745	1 505
Goodwill	63 384	71 377	62 814
Other intangible assets	192	988	254
Deferred tax assets	1 061	1 588	1 263
Trade and other receivables	-	2	-
	65 986	75 701	65 836
Current assets			
Inventories	610	628	493
Trade and other receivables	32 040	34 749	36 736
Current income tax receivables	1 039	599	393
Cash and cash equivalents	17 161	14 308	21 380
	50 849	50 284	59 002
Total assets	116 835	125 985	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	47 710	47 718
Other reserves	858	800	835
Treasury shares	-2 111	-2 165	-2 111
Translation differences	-3 609	-2 937	-4 269
Retained earnings	13 497	16 046	13 159
Total equity	61 459	64 559	60 437
Non-current liabilities			
Loans and borrowings	-	20 436	18 452
Deferred tax liabilities	95	185	190
	95	20 621	18 642
Current liabilities			
Loans and borrowings	20 468	4 000	4 000
Trade and other payables	33 709	34 753	40 254
Current income tax liabilities	706	1 467	927
Provisions	398	585	578
	55 281	40 805	45 759
Total liabilities	55 376	61 426	64 401
Equity and liabilities	116 835	125 985	124 838

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-6/2015	1-6/2014	2014
Cash flows from operating activities			
Profit for the period	3 792	1 297	-1 591
Adjustments to profit for the period	1 692	2 471	12 878
	5 485	3 767	11 287
Change in working capital	-2 199	- 3 543	348
Interest and other financial cost paid	-169	-228	-418
Interest and other financial income received	35	35	68
Income taxes paid	-1 768	-1 511	-2 946
Net cash from operating activities	1 384	- 1 479	8 339
 Cash flows from investing activities			
Acquisition of tangible and intangible assets	-325	-440	-740
Proceeds from sale of tangible and intangible assets	-	-	1
Net cash from investing activities	-325	-440	-739
 Cash flows from financing activities			
Repayments of non-current borrowings	-2 000	-2 000	-4 000
Proceeds from share options exercised	-	262	262
Dividends paid to the owners of the parent company	-3 453	-3 434	-3 434
Net cash from financing activities	-5 453	-5 172	-7 172
(Decrease)/increase in cash and cash equivalents	-4 395	-7 092	429
Cash and cash equivalents at the beginning of the period	21 380	21 469	21 469
Foreign exchange effect on cash	175	-70	-518
Cash and cash equivalents at the end of the period	17 161	14 308	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						3 792	3 792
Translation differences					661		661
Total comprehensive income					661	3 792	4 453
Share-based payments			23				23
Dividends paid						-3 453	-3 453
Equity at 30 June 2015	5 105	47 718	858	-2 111	-3 609	13 497	61 459

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						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

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 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)	4-6/2015	4-6/2014	1-6/2015	1-6/2014	2014	last 12m
Total net sales						
Finland	12 439	13 810	24 579	26 393	50 564	48 750
Norway	5 540	7 005	10 976	13 279	25 028	22 725
Sweden	5 526	5 452	10 114	11 278	19 985	18 820
Denmark	2 734	3 127	5 596	6 585	12 038	11 049
Baltic	5 639	4 696	10 727	8 831	19 032	20 928
Other	-1 067	-1 072	-2 118	-2 162	-3 954	-3 911
Group total	30 812	33 018	59 874	64 205	122 693	118 361
Operational segment result						
Finland	1 281	1 359	1 920	2 220	5 441	5 141
Norway	455	714	1 040	421	1 966	2 586
Sweden	366	311	481	33	304	752
Denmark	-80	260	-21	554	865	290
Baltic	1 129	597	2 437	757	2 944	4 625
Other	-270	-217	-870	-835	-1 511	-1 546
Total operational segment result	2 881	3 024	4 988	3 149	10 009	11 847
IFRS3 amortisation	-	-549	-	-1 098	-1 753	-655
Impairment of goodwill	-	-	-	-	-7 423	-7 423
Operating profit	2 881	2 475	4 988	2 051	833	3 769
Financial income and expenses	-83	-183	-202	-363	-563	-402
Profit before income tax	2 798	2 292	4 785	1 688	270	3 367

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

Net sales by business lines

(1 000 EUR)	4-6/2015	4-6/2014	1-6/2015	1-6/2014	2014	last 12m
Information Management						
Solutions	28 522	30 526	55 684	59 581	114 008	110 110
Karttakeskus GIS business	3 338	3 264	6 214	6 229	11 868	11 853
Other	-1 048	-773	-2 024	-1 605	-3 183	-3 602

Group total	30 812	33 018	59 874	64 205	122 693	118 361
-------------	--------	--------	--------	--------	---------	---------

2.3. Changes in intangible and tangible assets

(1 000 EUR)	1-6/2015	1-6/2014	1-12/2014
Carrying amount at the beginning of period	64 573	76 185	76 185
Additions	325	440	740
Disposals	-2	-	-1
Depreciation and amortization for the period	-549	-1 719	-2 971
Impairments	-	-	-7 423
Exchange rate differences	577	-796	-1 957
Carrying amount at the end of period	64 926	74 110	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	132 141	-	260	-
Payment for share options	-	-	2	-
30.6.2014	21 563 193	5 105	47 710	-2 165
1.1.2015	21 583 526	5 105	47 718	-2 111
30.6.2015	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)	30.6.2015	31.12.2014
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	-	18 452
Loans from financial institutions, current portion	20 468	4 000
	20 468	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. According to the current terms, the loan from financial institution will be due in June 2016.

2.6. Contingencies and commitments

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

(1 000 EUR)	30.6.2015	31.12.2014
Not later than one (1) year	3 313	3 333
Later than one (1) year, but not later than five (5) years	2 741	3 421
Later than five (5) years	-	-
Total	6 053	6 755

Guarantees given:

(1 000 EUR)	30.6.2015	31.12.2014
Liabilities secured by a mortgage		
Financial loans	20 500	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)	30.6.2015	31.12.2014
Pledges	36	33
Other guarantees	1 943	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)	1-6/2015	1-6/2014	1-12/2014
Salaries and other short-term employee benefits	1 334	1 203	2 312
Post-employment benefits	162	138	283
Termination benefits	134	80	80
Share-based payments	1	1	3
Total	1 631	1 422	2 678

Purchases from related party:

(1 000 EUR)	1-6/2015	1-6/2014	1-12/2014
Purchases from the entity that are controlled by key management personnel of the group	63	-	3

3. Key figures

	4-6/2015	4-6/2014	1-6/2015	1-6/2014	2014	last 12m
Net sales, 1 000 eur	30 812	33 018	59 874	64 205	122 693	118 361
EBITDA, 1 000 eur	3 152	3 333	5 536	3 771	11 227	12 992
Operational segment result, 1 000 eur	2 881	3 024	4 988	3 149	10 009	11 847
Operating result, 1 000 eur	2 881	2 475	4 988	2 051	833	3 769
Result before taxes, 1 000 eur	2 798	2 292	4 785	1 688	270	3 367
Profit attributable to the owners of the parent company, 1 000 eur	2 353	1 847	3 792	1 297	-1 591	905
EBITDA, %	10.2 %	10.1 %	9.2 %	5.9 %	9.2 %	11.0 %
Operational segment result, %	9.4 %	9.2 %	8.3 %	4.9 %	8.2 %	10.0 %
Operating result, %	9.4 %	7.5 %	8.3 %	3.2 %	0.7 %	3.2 %
Result before taxes, %	9.1 %	6.9 %	8.0 %	2.6 %	0.2 %	2.8 %
Net income for equity holders of the parent company, %	7.6 %	5.6 %	6.3 %	2.0 %	-1.3 %	0.8 %
Equity ratio, %	58.4 %	56.0 %	58.4 %	56.0 %	54.6 %	
Net gearing, %	5.4 %	15.7 %	5.4 %	15.7 %	1.8 %	
Interest-bearing net debt, 1 000 eur	3 307	10 128	3 307	10 128	1 071	
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	132	305	325	440	740	
Gross investments, % of net sales	0.4 %	0.9 %	0.5 %	0.7 %	0.6 %	
Order backlog, 1 000 eur	43 327	48 113	43 327	48 113	49 645	
Average number of employees	1 010	1 040	1 014	1 059	1 041	
Earnings per share, eur	0.11	0.09	0.18	0.06	-0.07	0.04
Earnings per share (diluted), eur	0.11	0.09	0.18	0.06	-0.07	0.04
Equity per share, eur	2.85	2.99	2.85	2.99	2.80	
Average number of shares, 1 000 shares	21 584	21 479	21 584	21 458	21 519	21 581
Number of shares at the end of period, 1 000 shares	21 584	21 563	21 584	21 563	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, %	=	$\frac{\text{Interest-bearing liabilities – cashand cash equivalents}}{\text{Total equity}}$	*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	
