

Enfo Oyj's interim report 1 January – 31 March 2008

The reference figures from 2007 are based on comparable figures extracted from the financial statements of Enfo Oyj (Business ID: 1437714-0) which was demerged on 1 July 2007. The operations are examined in accordance with the structure of the group following the demerger.

Key points of the interim report

- Turnover increased by 27.4% and stood at EUR 34.1 million (26.8)
- Operating profit (EBIT) amounted to EUR 2.4 million (1.2)
- Profit before taxes was EUR 2.0 million (1.3)
- Earnings per share were EUR 2.51 (1.81).
- 12-month return on investment was 16.8% (18.2)
- During the first quarter, the Group employed an average of 604 people (465). At the end of March, the Group employed a total of 673 people (468).
- In 2008, Enfo Group's turnover will increase and profitability will clearly improve on Enfo Sweden AB's (Semcon Innovation AB before the corporate acquisition) incorporation into the Group on 8 February 2008. The main emphasis in domestic operations will be placed on actions aimed at improving profitability. As a result of the corporate acquisition, the company's equity ratio will clearly decrease from the level in 2007, while nevertheless remaining at a sufficient level.

Market

The IT services market developed positively in Enfo's market areas in Finland, Sweden and Russia during the first quarter in 2008, even though the first signs of a possible recession are already evident. The key market challenge is related to the availability of personnel resources with special competence.

In Finland, the market in IT services for medium-sized enterprises is still growing more strongly than the general market growth. Price competition in hardware and software services has become increasingly tight. Information logistics services, especially electronic invoicing services, will continue to grow strongly.

Group structure

Enfo Oyj is the parent company of Enfo Group. Enfo's business operations are divided into two lines of business – IT Services and Information Logistics Services. The reporting segments are the System Services and Infrastructure Services profit centres, which make up the IT Services business area, and the Information Logistics Services business area. Enfo Sweden AB was merged into the Enfo Group through a corporate acquisition on 8 February 2008.

Business development

Enfo's position in the Finnish IT services market has improved, which has been clearly evident in the number of new customer agreements. In addition, Enfo expanded its operations into Sweden through the acquisition of Enfo Sweden Ab.

IT outsourcing in Finnish medium-sized enterprises and organisations is still increasing. In recent years, the IT System and Application Services unit has strongly focused on developing the operations and the service

structure. Through the development work, Enfo has created a new modular service structure. Using the new service structure, Enfo can serve its medium-sized customer organisations, in particular, in a more flexible manner as well as more efficiently. As part of the new service model, Enfo outsourced some of its on-site support and maintenance services provided in client premises to Relacom Finland Oy. The outsourcing agreement was signed on 30 January 2008. At the same time, Enfo will merge its Help Desk and a part of its on-site support service to a central Service Desk, which will be the key service channel for Enfo's IT services. During the review period, the System Services unit signed a number of customer agreements, such as an agreement concerning the operations and maintenance of YTV's travel card system.

Enfo has been able to increase its market share in the IT Infrastructure Services unit, even though the growth has slowed. The areas of the IT Infrastructure Services unit that are growing the fastest include software sales and related expert projects. In the IT Infrastructure Services unit, competition over prices and expert personnel continues to be tight.

The transition to electronic services will continue and increase in the Information Logistics Services unit. Electronic invoicing between companies is becoming more common at a steady pace and even smaller companies are transferring to the electronic model in their purchase and sales invoices. Dozens of customer agreements have been signed on the electronic invoicing of customers. Currently, the volumes of electronic consumer invoicing are relatively low. The number paper printouts in Enfo's Information Logistics Services unit is still growing, in contrast to the general market development.

Enfo's first customer agreement for the Russian market was signed with Stockmann on 17 September 2007. The launch of the Russian operations has progressed as planned, albeit slightly behind the original timetable. In addition to Stockmann, Enfo's customers in Russia include Valio and Aberdeen Property Investors.

Enfo Oyj and Swedish Semcon AB (plc) signed a corporate acquisition agreement on 31 December 2007, through which Enfo purchased all the shares of Semcon Innovation AB, a subsidiary of Semcon AB operating in the information technology field. Before the agreement, Enfo AB operated under the marketing name Zpider as part of the listed Swedish company Semcon AB. Enfo's customers in Sweden include SonyEricsson, AstraZeneca, Volvo IT and E.ON. In Sweden, Enfo Sweden AB is responsible for providing Enfo's services. Each of Enfo AB's operational subsidiaries, Zipper by Enfo, Zystems by Enfo, Zingle by Enfo and Zuite by Enfo, has specialised in its own sharply-defined service area. Enfo's services in Sweden include IT infrastructure services, IT system integration services and application services related to ERP systems and user management. Enfo Sweden AB was consolidated into the Group as of 8 February 2008.

Enfo's business operations in Sweden developed in a very positive manner in February–March, increasing profitably through new and existing customer relationships. Enfo's Swedish business operations act as an independent country organisation within Enfo. Administrative and data system-related integration will be completed during spring and early summer.

Turnover

The Group's turnover increased by 27.4% in January–March and stood at EUR 34.1 million (26.8). The merger of Enfo Sweden AB into the Group as of 8 February 2008 had a significant impact on the increase in the turnover of the Group and the IT System and Application Services unit. Turnover of the IT Infrastructure Services and the Information Logistics Services units developed as predicted.

Development of turnover by reporting segment

EUR million	Turnover 1–3/2008	Turnover 1–3/2007
IT System and Application Services	15.2	8.1
IT Infrastructure Services	12.0	11.5
Information Logistics Services	7.6	6.7

Turnover of the IT System and Application Services unit increased by 88.0% in January–March amounting to EUR 15.2 million (8.1). The increase in turnover was largely the result of the incorporation of Enfo Sweden AB into the Group on 8 February 2008. All of Enfo's Swedish operations are reported as part of the IT System and Application Services unit. The increase in turnover of the IT System and Application Services unit was also influenced by the growth in the Finnish business operations, which was quicker than the market and which was created through new customer agreements.

Turnover of the IT Infrastructure Services unit increased by 4.7% in January–March, amounting to EUR 12.0 million (11.5). The growth of the IT Infrastructure Services unit was slower than predicted. This was caused by tight competition, turnover in personnel and challenges in the recruitment of new employees with specialist expertise.

Turnover of the Information Logistics Services unit increased by 13.8% in January–March amounting to EUR 7.6 million (6.7). The increase in turnover was affected by the increase in electronic services between companies and the increase in printing services.

Profitability

The Group's profitability improved in January–March with operating profit totalling EUR 2.4 million, comprising 6.9% of turnover (EUR 1.2 million and 4.4%). The merger of Enfo Sweden AB into the Group as of 8 February 2008 had a large impact on the increase in the profitability of the Group and the IT System and Application Services unit.

The Group's profit before taxes in January–March stood at EUR 2.0 million and was 5.9% of turnover (EUR 1.3 million and 5.0%). Net financing income was EUR -0.4 million (0.1) within the Group. The result for the review period was EUR 1.4 million or 4.1% of turnover (EUR 1.0 million and 3.7%). Earnings per share in January–March were EUR 2.51 (1.81).

Development of operating profit by reporting segment

EUR million	Operating profit 1–3/2008	Operating profit 1–3/2007
IT System and Application Services	1.7	0.8
IT Infrastructure Services	-0.3	0.4
Information Logistics Services	1.0	0.6

The operating profit of the IT System and Application Services unit improved significantly in January–March. The increase in profitability was largely due to the merger of Enfo Sweden AB into the Group on 8 February 2008. All of Enfo's Swedish operations are reported as part of the IT System and Application Services unit.

The operating profit of the IT Infrastructure Services unit showed a loss in January–March. The poor profitability resulted from tight competition and expenses related to the launch of in operations in Russia, which are allocated to the IT Infrastructure Services unit.

The profitability of the Information Logistics Services unit improved better than expected during the review period.

Financing and investments

Enfo's net financing investments in January–March stood at EUR 44.5 million (1.1). The investments were mainly allocated to the acquisition of Enfo Sweden AB's shares.

Enfo's financing position changed significantly through the acquisition of Enfo Sweden AB. A total of EUR 49.2 million has been entered as Enfo Sweden AB's acquisition cost. The company's equity ratio decreased by 30.2% (66.7). Interest-bearing net liabilities amounted to EUR 38.0 million (-10.2) and net gearing was 124.5% (-31.3).

Personnel

In January–March, the Group employed an average of 604 people (465). At the end of March, the Group employed a total of 673 people (468).

Enfo's IT System and Application Services unit employed an average of 443 people in January–March (302), the IT Infrastructure Services unit employed 80 people (70) and the Information Logistics Services unit employed an average of 67 people (61). Of Enfo's personnel, 432 (465) were employed in Finland and 172 (0) in Sweden.

Enfo outsourced some of its on-site support and maintenance services provided in client premises to Relacom Finland Oy. The outsourcing agreement was signed on 30 January 2008 and as a result 39 Enfo on-site support employees transferred to Relacom as transferring employees as of 1 February 2008.

Board of Directors and management

Enfo Oyj's Chairman of the Board of Directors is Tapio Hakakari, Managing Director of Webstor Oy. The other members of the Board of Directors are Hannu Isotalo, Chairman of the Board of Directors of Lujatalo Oy, Helena Piispa, Managing Director of Oy Scantarp Ab, Ossi Saksman, Managing Director of Carlson Oy and Jorma Tammenaho, Portfolio Manager of Ilmarinen Mutual Pension Insurance Company.

The members of the Group's management team are Managing Director Arto Herranen, Finance Director Kati Kokkonen, Director Timo Lipiäinen (Director of the IT Infrastructures Services unit), Deputy Managing Director Juha Nurmi (Russian operations), Development Director Pertti Silén, Director Ari Voutilainen (Director of the Information Logistics Services business area), and Director Osmo Wilska (Director of the IT Services business area). Systems Expert Riija-Liisa Korpikallio acts as the personnel representative on the Management Team. Johan de Verdier, Managing Director of Enfo Sweden AB, is responsible for the Swedish operations.

Shares

The company had a total of 561,256 shares on 31 December 2007. The company has one series of shares. On 31 March 2008, Enfo Oyj did not own any of its own shares.

Annual General Meeting 2008

Enfo Oyj's Annual General Meeting, which was held on 27 March 2008, decided, in accordance with the Board of Directors' proposal, that a dividend of EUR 3.57 per each issued share be paid on the basis of the confirmed balance sheet for the financial period ending on 31 December 2007, i.e. a total of EUR 2,003,683.92. The dividend was paid on 8 April 2008.

According to the proposal of the Nomination Committee, the current members of the Board of Directors Tapio Hakakari, Hannu Isotalo, Helena Piispa, Ossi Saksman and Jorma Tammenaho were elected as members of Enfo Oyj's Board of Directors. At the organisation meeting held after the Annual General Meeting, the Board of Directors elected Tapio Hakakari as the Chairman and Hannu Isotalo as the Deputy Chairman.

Forecast of likely future developments

In 2008, the Group's turnover will increase and profitability will clearly improve on the incorporation of Enfo Sweden AB into the Group. The main emphasis in domestic operations will be placed on actions aimed at improving profitability. As a result of the corporate acquisition, the company's equity ratio will clearly decrease from the level in 2007, while nevertheless remaining at a sufficient level.

Risks and uncertainties

The most significant uncertainties and business risks in 2008 are associated with the general economic development, pricing pressures created through the internationalisation of the IT services market, and the availability of personnel resources with special expertise. The acquisition of Enfo Sweden AB will change Enfo's financing position significantly. The share of interest-bearing debt will increase, and consequently so will the risks relating to the development of interest rates. Likewise, as Enfo Group's international operations grow, so too will currency risks. Enfo Sweden AB was merged into the Enfo Group on 8 February 2008.

Timetable for financial reporting in 2008

The interim report for the second quarter of 2008 will be published on 30 July 2008 and the interim report for the third quarter of 2008 will be published on 29 October 2008.

Tables

This interim report has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) and the accounting principles published in the Financial Statements in 2007. The figures for the earlier financial periods (1–3/07 and 1-12/07) presented as comparative information have been amended to correspond to the structure of the present Enfo Group created as a result of the demerger on 1 July 2007. The figures in the tables have been rounded off to the nearest million euros and may not sum to totals. The figures presented in the tables are unaudited.

Consolidated income statement			
EUR million	1–3/08	1–3/07	1–12/07
Turnover	34.1	26.8	104.4
Other operating income	0.0	0.4	1.4
Production for own use	0.0	0.1	0.3
Materials and services	-17.1	-15.6	-63.2
Expenses from employee benefits	-10.5	-6.7	-25.7
Depreciation, amortisation and impairment	-0.5	-0.8	-2.3
Other operating expenses	-3.7	-3.0	-11.5
Operating profit	2.4	1.2	3.4
Financial income	0.1	0.3	2.6
Finance costs	-0.5	-0.2	-0.3
Profit before taxes	2.0	1.3	5.8
Income tax	-0.6	-0.3	-1.6
Profit for the period	1.4	1.0	4.2
Distribution to			
Equity-holders of the parent company	1.4	1.0	4.2
Minority interests	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	2.51	1.81	7.48

Consolidated balance sheet			
EUR million	31 March 08	31 March 07	31 March 07
Assets			
Non-current assets			
Tangible assets	3.7	3.3	3.7
Goodwill	52.9	12.5	12.3
Other intangible assets	11.0	2.0	2.1
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	1.0	0.1
Deferred tax assets	0.5	0.1	0.4
Non-current assets, total	68.3	19.0	18.7

Current assets			
Inventories	0.5	0.8	0.5
Trade receivables	20.9	11.9	12.9
Other receivables	10.7	5.4	2.7
Available-for-sale investments	0.3	0.6	0.3
Cash and cash equivalents	10.1	10.9	11.8
Total current assets	42.5	29.6	28.2
Total assets	110.7	48.6	46.9
Equity and liabilities			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Retained earnings	19.0	18.7	19.6
Equity attributable to equity-holders of the parent company, total	32.6	32.3	33.2
Minority interest	0.0	0.1	0.0
Total equity	32.6	32.3	33.2
Non-current liabilities			
Interest-bearing debt	0.2	1.0	0.2
Other liabilities	4.3	0.2	0.4
Non-current liabilities, total	4.5	1.2	0.6
Current liabilities			
Interest-bearing debt	48.2	0.2	0.2
Trade payable	7.6	5.9	6.6
Other payables	17.9	8.9	6.4
Current liabilities, total	73.7	15.1	13.1
Total liabilities	78.1	16.3	13.7
Total equity and liabilities	110.7	48.6	46.9

Abridged cashflow statement	1–3/08	1–3/07	1–12/07
EUR million			
Cash flow from operations			
Profit for the period	1.4	1.0	4.2
Adjustments to the profit for the period	1.5	0.9	1.1
Change in working capital	-7.0	-1.7	-1.7
Interest paid and received	-0.3	0.1	2.3
Taxes paid	-0.6	-0.3	-0.7
Cash flow from operations	-5.0	0.0	5.2

Cash flow from investments			
Investments in tangible and intangible assets	-0.4	-1.2	-3.1
Subsidiary investments deducted by liquid assets	-44.1		
Changes in other investments	0.0	0.1	0.2
Cash flow from investments	-44.5	-1.1	-2.9
Cash flow from financing			
Changes in loans	47.9	-1.3	-2.1
Changes in equity	0.0	3.5	1.7
Cash flow from financing	47.9	2.2	-0.4
Changes in cash and cash equivalents	-1.7	1.0	2.0
Cash and cash equivalents at the beginning of the period	11.8	9.9	9.9
Cash and cash equivalents at the end of the period	10.1	10.9	11.8

Key ratios	1-3/08	1-3/07	1-12/07
Turnover (EUR million)	34.1	26.8	104.4
Operating profit (in millions of euros)	2.4	1.2	3.4
% of turnover	6.9%	4.4%	3.3%
Profit before taxes (EUR million)	2.0	1.3	5.8
% of turnover	5.9%	5.0%	5.5%
Profit for the period (EUR million)	1.4	1.0	4.2
% of turnover	4.1%	3.7%	4.0%
Earnings per share, EUR	2.51	1.81	7.48
Return on investment, 12 months, %	16.8	18.2	18.9
Return on equity, 12 months, %	17.1	13.0	13.8
Equity ratio, %	30.2	66.7	71.4
Net gearing, %	124.5	-31.3	-34.3
Interest-bearing net debt (EUR million)	38.0	-10.2	-11.8
Equity/share, EUR	58.1	57.6	59.2
Employees on average	604	465	476
Number of shares	561,256	561,256	561,256

Consolidated statement of changes in equity	Share capital	Share premium account	Retained earnings	Total	Minority interest	Total equity
Equity on 1 January 2007	0.3	13.3	14.2	27.8	0.2	28.0
Operating profit 1–3/2007			1.0	1.0	0.0	1.0
Acquisition of minority interests			-0.5	-0.5		-0.5
Carve-out balancing			1.7	3.1	0.0	3.1
Equity on 31 March 2007	0.3	13.3	18.7	32.3	0.1	32.3
Equity on 1 January 2008	0.3	13.3	19.6	33.2	0.0	33.2
Operating profit 1–3/2008			1.4	1.4		1.4
Distributed dividends			-2.0	-2.0		-2.0
Equity on 31 March 2008	0.3	13.3	19.0	32,6	0.0	32,6

Turnover by business segments	1–3/08	1–3/07	1–12/07
EUR million			
IT System and Application Services	15.2	8.1	34.5
IT Infrastructure Services	12.0	11.5	46.6
Information Logistics Services	7.6	6.7	25.9
Eliminations	-0.7	-0.7	-5.2
Sold companies	0.0	1.2	2.6
Group total	34.1	26.8	104,4

Operating profit by business segments	1–3/08	1–3/07	1–12/07
EUR million			
IT System and Application Services	1.7	0.8	2.9
IT Infrastructure Services	-0.3	0.4	0.7
Information Logistics Services	1.0	0.6	1.3
Consolidated items	0.0	-0.5	-1.3
Sold companies	0.0	-0.1	-0.2
Group total	2.4	1.2	3.4

Changes in tangible fixed assets	1–3/08	1–3/07	1–12/07
EUR million			
Book value at the beginning of the period	3.7	2.9	2.9
Increases	0.2	0.9	2.6
Increases from the corporate acquisition	0.1		
Decreases	0.0	0.0	-0.1
Depreciation and amortisation	-0.4	-0.5	-1.6
Book value at the end of the period	3.7	3.3	3.7

Commitments and contingencies	31 March 08	31 March 07	31 Dec. 07
EUR million			
Debt with a business mortgage as collateral			
Loans from financial institutions	0.0	0.9	0.0
Business mortgage	0.0	1.0	0.0
Leasing liabilities	1.1	1.8	1.1
Other rental liabilities	13.2	13.7	13.3
Other commitments	0.1	0.1	0.1
Total commitments and contingencies	14.4	16.6	14.5

Business combinations		
Acquired company: Semcon Innovation AB, 100%		
Acquisition date: 8 January 2008		
Acquisition registered preliminarily		
EUR million		
<i>Acquisition cost</i>		
Acquisition cost (paid in cash)	48.6	
Direct expenses	0.7	
Total acquisition cost	49.2	
Acquired company's assets and liabilities in current value	8.4	
Goodwill*	40.9	
Acquired company's assets and liabilities	Current value	Book value
<i>Assets</i>		
Intangible assets		
Customer relationships	8.6	0.0
Trademarks	0.4	0.0
Tangible assets	0.1	0.1
Sales and other receivables	7.2	7.2
Cash and cash equivalents	5.2	5.2



Total assets	21.5	12.5
Interest-bearing debt	1.5	1.5
Deferred tax liabilities	2.5	0.0
Trade payables and other current liabilities	9.1	9.1
Total liabilities	13.1	10.6
Acquired company's assets – liabilities	8.4	1.9

* Goodwill components include the acquired company's personnel, geographical market position, cross-sales potential with other Enfo country organisations and future business expectations.

For additional information please contact: Managing Director Arto Herranen +358 20 5432 000, Finance Director Kati Kokkonen +358 20 5432 015 and Communications Director Sebastian Linko +358 20 5432 003 (e-mails are in the form firstname.lastname@enfo.fi)

Enfo provides companies and communities with easy-to-use IT services in Finland, Sweden and Russia. In its services, Enfo utilises its more than 40 years of experience in the development of IT services and uses the best hardware and software available. Approximately 700 IT experts ensure that Enfo's customers get the best out of their IT. Enfo's annual turnover is approximately EUR 140 million. For further information about Enfo, please visit www.enfo.fi, www.enfo.se and www.enfo.ru.

Distribution: Major media and www.enfo.fi

Enfo Oyj

Business ID: 2081212-9

Visiting address: Kiveläntie 4, Kuopio, Finland

Postal address: P.O. Box 1582, FI-70461 Kuopio, Finland

Billing address: P.O. Box 5005, FI-70701 Kuopio, Finland

Switchboard: +358 20 54321

Fax: +358 20 543 2355

E-Mail: firstname.lastname@enfo.fi