

Enfo Oyj's interim report 2/2009 (1 January–30 June 2009)**Key points of the interim report**

- Turnover in April–June fell by 16.0% and stood at EUR 34.4 million (40.9). In January–June, turnover fell by 6.2% to EUR 70.4 million (75.0).
- Operating profit (EBIT) in April–June reduced by 30.1% and stood at EUR 1.7 million (2.5). In January–June, operating profit amounted to EUR 2.9 million (4.8).
- Profit before taxes in April–June stood at EUR 1.2 million (1.8). In January–June, profit before taxes stood at EUR 1.6 million (3.8).
- Earnings per share in April–June were EUR 1.58 (2.40). In January–June, earnings per share were EUR 2.14 (4.91).
- Twelve-month return on investment was 7.8% (17.2).
- In January–June, the Group employed an average of 682 people (697). At the end of June, the Group employed a total of 682 people (716).
- Uncertainty continues in the IT market, and price competition is hampering market growth in the industry. While the general financial uncertainty continues, the company's turnover and profitability will probably decrease from the figures for 2008. The aim is to retain sufficient cash flow for the company and develop internal operations to improve profitability.

Market

The estimates that the downtrend in the economy would reach a turning point were becoming more common during the second quarter of 2009. However, businesses' expectations for the economic trend are at a historic low, particularly in the service sector. Customers' IT investments will continue to be directed at services that serve to achieve cost savings in the short term. According to the company's estimate, the Finnish and Swedish IT market will be reduced by about 3% in 2009. In particular, the demand for hardware sales and IT consultation services will decrease significantly.

Group business operations

Enfo Oyj is the parent company of Enfo Group. Enfo's business operations are divided into two separately reported lines of business – IT Services and Information Logistics Services. In the new management and reporting model, IT System and Application Services and IT Infrastructure Services, which were previously reported separately, are now combined into the single IT Services and Solutions segment. Enfo's Swedish business operations are reported as part of the IT Services and Solutions unit.

Business development

Enfo IT Services and Solutions' business in the domestic market developed according to plan during the period under review. IT service customers expanded their purchases of IT services, and the real estate service company Are Oy and the infrastructure and construction service company Destia Oy were among those that transferred their data centre operations to Enfo. No signs of picking up were seen in hardware sales, however. Customers have extended the life cycle of their infrastructure, which has a negative impact on the demand for IT consultation services. Price competition continues to be tight in expert services and projects. In terms of application services, demand has grown noticeably and business is advancing smoothly.

As for Information Logistics Services, the business trend has been positive in the second quarter. Electronic services are growing steadily, and demand has remained at a very good level. E-invoices have attracted

extensive interest, and a large number of new electronic service agreements have been concluded in the energy sector, for example. The volumes of paper printing have also remained steady.

Enfo's Swedish business was hampered by the poor situation in the Swedish IT market during the reporting period. Businesses arranged competitive tendering for their IT agreements to reduce their IT expenses. As a result, price competition is fierce in almost all IT service areas, particularly in IT consultation and related projects. Enfo Sweden AB expanded its business in the public sector by winning several major public administration IT contracts together with its partners in Stockholm and Karlstad, for example. The contracts will have a crucial impact on growth in the long-term.

Turnover

Enfo Group's turnover in April–June fell by 16.0% and stood at EUR 34.4 million (40.9). In January–June, turnover fell by 6.2% and stood at EUR 70.4 million (75.0). One of the reasons behind falling turnover was the weaker demand for IT Services and Solutions. Turnover of Information Logistics Services developed as predicted.

Development of turnover by reporting segment

EUR million	4-6/2009	4-6/2008	1-6/2009	1-6/2008	1-12/2008
IT Services and Solutions	27.4	34.0	56.3	61.2	115.3
Information Logistics Services	7.4	7.6	15.1	15.2	31.0

Enfo IT Services and Solutions' turnover decreased by 19.3% in April–June and stood at EUR 27.4 million (34.0). In January–June, turnover decreased by 8.0% and stood at EUR 56.3 million (61.2). Turnover was particularly affected by the weak demand for IT Services and Solutions in Sweden due to the poor economic conditions and the noticeable slowing down of domestic hardware sales.

The turnover of Information Logistics Services developed steadily in April–June, amounting to EUR 7.4 million and showing a decrease of 2.0%. In January–June, turnover decreased by 0.6% and stood at EUR 15.0 million (15.1). The stable development of turnover was contributed to by the positive market progress of electronic services and printing services. The demand for electronic services, in particular, is at a very high level, and continues to show healthy growth.

Profitability

Enfo Group's operating profit fell by 30.1% in April–June and stood at EUR 1.7 million (2.5), representing 5.0% of turnover (6.0%). Profitability was weaker in January–June compared with the same period last year. The Group's operating profit in January–June amounted to EUR 2.9 million (4.8), comprising 4.2% of turnover (6.4%). Profitability was affected by the slowing down of the Swedish IT market and weaker demand. Internal efficiency measures and savings in travel expenses, for example, continued to have a positive impact on the entire Enfo Group's profitability. A write-off of intangible rights worth EUR 1.2 million related to the acquisition of Enfo Sweden AB is recognised in the Group's operating profit (IFRS 3).

The Group's profit before taxes in April–June stood at EUR 1.2 million (1.8), comprising 3.6% of turnover (4.4%). In January–June, profit before taxes amounted to EUR 1.6 million (3.8), comprising 2.3 % of turnover (5.1%). The Group's net financing costs stood at EUR 0.5 million (0.7) in April–June and EUR 1.3 million (1.0) in January–June. The result in April–June was EUR 0.9 million (1.3). In January–June, the result was EUR 1.2 million (2.8), comprising 1.7% of turnover (3.7%). Earnings per share in April–June were EUR 1.58 (2.40), while the figure in January–June was EUR 2.14 (4.91).

Development of operating profit by reporting segment

EUR million	4-6/2009	4-6/2008	1-6/2009	1-6/2008	1-12/2008
IT Services and Solutions	0.8	2.2	1.0	3.6	5.3
Information Logistics Services	1.0	0.7	2.0	1.6	3.2

Enfo IT Services and Solutions' operating profit weakened considerably compared with the same period last year. Operating profit was reduced by the poor situation in the Swedish IT market, in particular. Price competition has grown tighter compared with the existing IT projects, and companies are not investing in information technology as previously. In Finland, the situation in the IT service market is more positive, and the demand for outsourced services has remained moderate.

Information Logistics Services increased their profitability healthily compared with the same period last year. Businesses are clearly looking for cost savings and efficiency by making their services electronic, which has a positive impact on the demand for Enfo's Information Logistics Services.

Financing and investments

Enfo's net investments stood at EUR 0.2 million (1.6) in April–June and EUR 0.8 million (46.1) in January–June. The company's equity ratio was 31.7% (28.8%) at the end of June. Interest-bearing net liabilities at the end of June amounted to EUR 32.4 million (38.8) and net gearing was 105.6% (114.6%).

In May, Enfo published its investment in new, energy-efficient data centre facilities located in Kuopio. The new facilities will be completed by the end of 2009. The project is being implemented by Technopolis Plc.

Personnel

In January–June, the Group employed an average of 682 people (697). At the end of June, the Group employed a total of 682 people (716).

Enfo's IT Services and Solutions unit employed an average of 584 people in January–June (590), and the Information Logistics Services unit employed an average of 84 people (93). Of Enfo's personnel, 420 (433) were employed in Finland and 262 (264) in Sweden.

On 13 May 2009, Enfo announced that it will lay off 13 people in the Expert Services unit of IT Services and Solutions for a period of 90 days. The reason behind the lay-offs was the weakening demand for expert work due to the general economic conditions.

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; Ossi Saksman, Chairman of the Board of Directors of Osuuskauppa KPY; and Jorma Tammenaho, Portfolio Manager of Ilmarinen Mutual Pension Insurance Company.

The Management Team of Enfo Group includes: Managing Director Arto Herranen, Finance Director Kati Kokkonen, HR Director Maria Lundell, Development Director Pertti Silén, Director of Finnish Operations Osmo Wilksa and the Director of Swedish Operations Johan de Verdier.

Annual General Meeting 2009

On 25 March 2009, Enfo Oyj's Annual General Meeting decided, in accordance with the Board of Directors' proposal, that a dividend of EUR 1.00 per each issued share be paid on the basis of the confirmed balance

sheet for the financial period ending on 31 December 2008, i.e. a total of EUR 560,656.00. The dividend was paid on 6 April 2009.

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.

Furthermore, the Annual General Meeting authorised Enfo Oyj's Board of Directors to decide upon the acquisition of the company's shares using the company's unrestricted equity. The authorisation applies to the acquisition of a maximum of 5,000 shares at a minimum share price of EUR 1.00 and a maximum share price of EUR 120. The Board of Directors can decide upon the acquisition price and other acquisition terms.

The Annual General Meeting also authorised Enfo Oyj's Board of Directors to decide upon a share issue. The authorisation applies to the assignation and/or new issue of no more than 5,000 shares through a share issue. The shares may be used as consideration when the company acquires property for its business operations or as consideration for financing or implementing potential corporate acquisitions. Shares can be used as part of the company's salary and incentive scheme for the company's personnel and the personnel fund. The Board of Directors may decide upon the price and other terms of assignment. Enfo Oyj's Board of Directors was also authorised by the Annual General Meeting to decide upon the special rights as referred to in Chapter 10 of the Limited Liability Companies Act and the issue of a negotiable debenture. The maximum number of new shares in Enfo Oyj relating to the debenture is 100,000 shares.

Shares

On 30 June 2009, the total number of Enfo Oyj shares was 561,256 shares. At the end of June, the company had a total of 97 shareholders. The company has one series of shares. The company owned 140 of its treasury shares at the end of June 2009.

Enfo Oyj has offered a share issue to Enfo Oyj's Personnel Fund HR as part of the company's incentive scheme. Enfo Oyj's Personnel Fund HR has subscribed for 3,000 of Enfo Oyj's shares at a price of EUR 159,000.

At the end of June, the company's ten largest shareholders were Osuuskunta KPY, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Einari Vidgren Oy, Keskisuomalainen Oyj, Enfo Oyj's Personnel Fund HR, Kuopio Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 86%.

Forecast of likely future development

Uncertainty continues in the IT market, and price competition is hampering market growth in the industry. While the general economic uncertainty continues, the company's turnover and profitability will probably decrease from the figures for 2008. The aim is to retain sufficient cash flow for the company and develop internal operations to improve profitability.

Risks and uncertainties

The uncertainty factors and risks in the near future are related to the lengthening and deepening of the economic downtrend, as well as the tightening of price competition in the reducing IT market. The investment ability and liquidity of customer companies may also be affected by the lengthening of the economic uncertainty. Through its growth and internationalisation, Enfo Group is exposed to currency and interest rate risks.

Timetable for financial reporting in 2009

The interim report for January–September 2009 will be published on 29 October 2009.

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. The figures in the tables have been rounded off to the nearest million euros and may not add up to exact totals. The figures presented in the tables are unaudited.

Consolidated income statement					
EUR millions	4-6/09	4-6/08	1-6/09	1-6/08	1-12/08
Turnover	34.4	40.9	70.4	75.0	143.4
Other operating income	0.0	0.2	0.0	0.2	1.7
Production for own use	0.0	0.2	0.0	0.2	0.0
Materials and services	-17.2	-20.0	-35.8	-37.0	-71.3
Employee benefit expenses	-11.2	-13.1	-23.1	-23.6	-45.7
Depreciation, amortisation and impairment	-1.3	-1.7	-2.5	-2.3	-4.9
Other operating expenses	-3.0	-4.0	-6.0	-7.7	-15.8
Operating profit	1.7	2.5	2.9	4.8	7.5
Financial income	0.0	0.2	0.0	0.3	0.8
Finance costs	-0.5	-0.9	-1.3	-1.3	-2.8
Profit before taxes	1.2	1.8	1.6	3.8	5.5
Income tax	-0.3	-0.4	-0.4	-1.0	-1.5
Profit for the period	0.9	1.3	1.2	2.8	4.0
Attributable to					
Equity-holders of the parent company	0.9	1.3	1.2	2.8	4.0
Minority interests	0.0	0.0	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	1.58	2.40	2.14	4.91	7.05

Statement of comprehensive income			
EUR millions	1-6/09	1-6/08	1-12/08
Profit for the period	1.2	2.8	4.0
Change in the fair value of available-for-sale investments			
Translation difference	0.1	-0.2	-5.5
Other comprehensive income for the period	1.3	2.6	-1.5
Attributable to			
Equity-holders of the parent company	1.3	2.6	-1.5
Minority interests	0.0	0.0	0.0

Consolidated statement of financial position			
EUR millions	30 Jun. 09	30 Jun. 08	31 Dec. 08
Assets			
Non-current assets			
Tangible assets	3.7	4.3	4.2
Goodwill	49.8	54.5	49.7
Other intangible assets	7.0	10.1	8.3
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	0.9	0.5	0.9
Non-current assets, total	61.6	69.6	63.3

Current assets			
Inventories	0.6	0.5	1.2
Trade receivables	21.4	27.5	22.9
Other receivables	3.7	9.1	3.8
Available-for-sale investments	0.2	0.3	0.2
Cash and cash equivalents	11.2	12.8	17.4
Total current assets	37.1	50.1	45.5
Total assets	98.7	119.7	108.8
Equity and liabilities			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Reserve for invested unrestricted equity	0.2	0.0	0.0
Retained earnings	16.9	20.3	16.1
Equity attributable to equity-holders of the parent company, total	30.7	33.9	29.7
Minority interest	0.0	0.0	0.0
Total equity	30.7	33.9	29.7
Non-current liabilities			
Interest-bearing debt	39.8	3.7	3.1
Other payables	2.1	2.5	2.4
Non-current liabilities, total	41.9	6.1	5.6
Current liabilities			
Interest-bearing debt	4.0	48.3	48.4
Trade payables	7.8	10.0	9.2
Other payables	14.3	21.4	16.0
Current liabilities, total	26.1	79.6	73.6
Total liabilities	68.0	85.7	79.2
Total equity and liabilities	98.7	119.7	108.8

Abridged cash flow statement	1-6/09	1-6/08	1-12/08
EUR millions			
Cash flow from operations			
Profit for the period	1.2	2.8	4.0
Adjustments to the profit for the period	4.3	4.3	8.4
Change in working capital	0.2	-4.9	-0.2
Interest paid and received	-1.1	-0.8	-1.4
Taxes paid	-1.5	-0.1	-1.7
Cash flow from operations	3.1	1.2	9.0

Cash flow from investment activities			
Investments in tangible and intangible assets	-0.8	-1.6	-3.6
Subsidiary investments deducted by liquid assets	0.0	-44.4	-46.0
Cash flow from investment activities	-0.8	-46.1	-49.6
Cash flow from financing activities			
Changes in loans	-8.0	48.0	48.1
Changes in equity	-0.5	-2.2	-2.0
Cash flow from financing activities	-8.5	45.8	46.1
Changes in cash and cash equivalents	-6.2	1.0	5.5
Cash and cash equivalents at the beginning of the period	17.4	11.8	11.8
Cash and cash equivalents at the end of the period	11.2	12.8	17.4

Key ratios	1-6/09	1-6/08	1-12/08
Turnover (EUR million)	70.4	75.0	143.4
Operating profit (EUR million)	2.9	4.8	7.5
% of turnover	4.2	6.4	5.2
Profit before taxes (EUR million)	1.6	3.8	5.5
% of turnover	2.3	5.1	3.8
Profit for the period (EUR million)	1.2	2.8	4.0
% of turnover	1.7	3.7	2.8
Earnings per share, EUR	2.14	4.91	7.05
Return on investment, 12 months, %	7.8	17.2	14.4
Return on equity, 12 months, %	8.0	16.4	12.6
Equity ratio, %	31.7	28.8	27.3
Net gearing, %	105.6	114.6	114.5
Interest-bearing net debt (EUR million)	32.4	38.8	34.0
Equity/share, EUR	54.7	60.4	52.8
Average number of employees	682	697	703
Number of shares	561,256	561,256	561,256

Consolidated statement of changes in equity	Share capital	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 08	0.3	13.3	0.0	19.6	33.2	0.0	33.2
Items related to owners				-2.0	-2.0		-2.0
Comprehensive income				2.6	2.6	0.0	2.6
Equity on 30 Jun. 08	0.3	13.3	0.0	20.3	33.9	0.0	33.9
Equity on 30 Jan. 09	0.3	13.3	0.0	16.0	29.7	0.0	29.7
Items related to owners			0.2	-0.6	-0.4		-0.4
Comprehensive income				1.3	1.3		1.3
Equity on 30 Jun. 09	0.3	13.3	0.2	16.9	30.7	0.0	30.7

Turnover by business segments	4-6/09	4-6/08	1-6/09	1-6/08	1-12/08
EUR millions					
IT Services and Solutions	27.4	34.0	56.3	61.2	115.3
Information Logistics Services	7.4	7.6	15.1	15.2	31.0
Eliminations and others	-0.5	-0.8	-1.0	-1.5	-2.9
Group total	34.4	40.9	70.4	75.0	143.4

Operating profit by business segments	4-6/09	4-6/08	1-6/09	1-6/08	1-12/08
EUR millions					
IT Services and Solutions	0.8	2.2	1.0	3.6	5.3
Information Logistics Services	1.0	0.7	2.0	1.6	3.2
Group items and others	-0.1	-0.4	-0.1	-0.4	-1.0
Group total	1.7	2.5	2.9	4.8	7.5

Changes in tangible fixed assets	1-6/09	1-6/08	1-12/08
EUR millions			
Book value at the beginning of the period	4.2	3.7	3.7
Increases	0.4	1.2	2.4
Increases from the corporate acquisition	0.0	0.1	0.1
Decreases	0.0	0.0	-0.1
Depreciation and amortisation	-0.9	-0.8	-1.7
Exchange rate differences	0.0	0.0	-0.1
Book value at the end of the period	3.7	4.3	4.2



Commitments and contingencies	30 Jun. 09	30 Jun. 08	31 Dec. 08
EUR millions			
Liabilities with business mortgage as security			
Loans from financial institutions	40.3	48.0	48.0
Leasing liabilities	2.1	2.4	1.8
Other rental liabilities	10.1	12.7	11.6
Other contingent liabilities	0.1	0.1	0.1
Total other liabilities	12.3	15.2	13.5

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Enfo provides companies and corporations with easy-to-use IT services in Finland and Sweden. In its services, Enfo utilises its more than 45 years of experience in the development of IT services and uses the best hardware and software available from its partners. Approximately 700 IT experts ensure that Enfo's customers get the best out of their IT. Enfo's annual turnover is more than EUR 140 million. For further information about Enfo, please visit www.enfo.fi and www.enfo.se.

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