

Enfo Oyj's interim report 1/2010 (1 January – 31 March 2010)**Key points of the interim report**

- Turnover in January–March fell by 1.0% and stood at EUR 35.6 million (36.0).
- Operating profit (EBIT) increased in January–March by 99.4% and stood at EUR 2.4 million (1.2).
- Profit before taxes in January–March amounted to EUR 1.9 million (0.4).
- Earnings per share in January–March were EUR 2.48 (0.56).
- The twelve-month return on investment was 13.0% (6.9).
- In January–March, Enfo Group employed an average of 667 people (680). At the end of March, the Group employed a total of 656 people (679).
- Business cash flow in January–March stood at EUR -0.2 million (0.8).
- As the company's emphasis is shifting more strongly to continuous IT services, the turnover of hardware and software sales will clearly fall in Finland. However, this will not have any significant impact on the Group's profitability. As a result of the fall in the turnover of Finnish operations, the consolidated turnover is estimated to decrease in 2010. Due to the adjustment measures carried out, profitability is estimated to remain unchanged or increase slightly from the previous year.

Market

The economic situation turned into a slow growth in the Nordic countries during the latter half of last year. However, the growth expectations of Finnish companies remain at a conservative level.

New projects are being launched slowly on the Nordic IT market. Currently, the public sector is making more IT investments than the private sector. The company estimates growth in the Finnish IT service market to be 0.5–1.0% in 2010, compared with the previous year. Market growth in Sweden is estimated to be slightly faster due to, in particular, an increase in the outsourcing market.

Group structure

Enfo Oyj is the Enfo Group's parent company. Enfo's business operations are divided into two separately reported lines of business – IT Services, and Information Logistics Services. Enfo's Swedish business operations are reported as part of the IT Services unit.

Business development

Demand for IT services developed well during the first three months of the year. Even though price competition continued to be tight, Enfo succeeded in strengthening its position on the IT outsourcing market during the reporting period. The extensive outsourcing agreement signed with Etteplan Oyj concerning IT services comprised an important opening on the Nordic IT market. Enfo will be responsible for the operations of Etteplan's IT services in Finland and Sweden. The agreement period is five years, covering workstation services



for 900 Etteplan workstations. In addition, Enfo signed an IT service agreement with Berner Oy. IT expert services are working on a number of Windows 7 projects that advance the development of the expert service operations.

Application service operations are making good progress with speech recognition services, in particular, receiving positive acknowledgement: The speech recognition solution developed by Enfo Oyj for Itella Corporation was selected as the ICT Project of the Year at the 600Minutes Executive IT event on 9 March 2010. According to the jury, the speech recognition project is a pioneering one in Finland and has quickly produced good results. The project contained a speech recognition solution for mail delivery monitoring and Itella's internal switchboard.

Enfo's Information Logistics Services succeeded well in its operations during the reporting period. Demand for Enfo's Information Logistics Services remained at a good level and developed strongly. Enfo signed a large three-year information logistics agreement with Fortum Asiakaspalvelu Oy, amounting to EUR 8.5 million. The agreement covers an extensive number of different information logistics services relating to electronic invoicing and electricity trading. As a new customer, the Helsinki Region Environmental Services Authority signed an agreement with Enfo on electronic invoicing and data transmission regarding its water services.

Enfo's IT operations in Sweden strengthened clearly, and demand for services increased. Price competition will continue to be tough on the Swedish IT market, with cost awareness being at a stronger level than before the economic decline, requiring efficient working methods in the production of services. Demand on the public sector has continued to strengthen, and the number of projects is increasing through the major project to be implemented in the City of Stockholm. Furthermore, many new agreements are being negotiated. Current customers, such as Husqvarna Group and Volvo Cars, have expanded their acquisitions and agreements on new projects have been signed.

On 9 February 2010, Enfo Oyj completed a business transaction with Xerox Oy regarding its scanning operations. According to the agreement, the scanning of Enfo's purchase invoices, the service production of optical scanning, and concerned personnel were transferred to Xerox Oy on 1 March 2010. As a result of the transaction, nine Enfo employees were transferred to Xerox Oy as established employees. In addition, Enfo's 18 leased employees who worked in scanning production continued as Xerox Oy's leased employees.

Turnover

Enfo Group's turnover in January–March fell by 1.0% and stood at EUR 35.6 million (36.0). The decline in turnover was significantly affected by poorer demand for IT equipment in Finland. The decrease was evened out by good demand for IT services in Sweden.

Development of turnover by reporting segment

EUR million	1-3/2010	1-3/2009	1-12/2009
IT Services	27.9	28.5	112.8
Information Logistics Services	8.1	7.6	29.9

Turnover of the Enfo IT Services decreased by 2.3% in January–March and stood at EUR 27.9 million (28.5). The decrease in turnover was influenced by poor hardware sales in Finland.

The turnover of Information Logistics Services developed well in January–March, amounting to EUR 8.1 million and showing an increase of 6.6%. The positive development of turnover was affected by strong demand for electronic services: customers made investments in electronic services for running their operations cost-efficiently.

Profitability

Enfo Group's operating profit (EBIT) in January–March increased by 99.4% compared with the previous year and stood at EUR 2.4 million, representing 6.7% of turnover (EUR 1.2 million and 3.3%). The increase in operating profit was largely affected by the strong recovery of demand on the Swedish IT market, and the development measures aimed at IT Services in Finland.

The Group's profit before taxes in January–March stood at EUR 1.9 million, comprising 5.4% of turnover (EUR 0.4 million and 1.2%). The Group's net financing costs in January–March stood at EUR 0.5 million (0.8). The result in January–March was EUR 1.4 million, comprising 3.9% of turnover (EUR 0.3 million and 0.9%). Earnings per share in January–March were EUR 2.48 (0.56).

Development of operating profit by reporting segment

EUR million	1-3/2010	1-3/2009	1-12/2009
IT Services	1.2	0.2	2.9
Information Logistics Services	1.2	1.0	4.1

The operating profit of Enfo's IT Services in January–March improved significantly compared with the same period last year. In Sweden, demand for IT services has clearly picked up during the first three months, and the development looks promising. In Finland, the development of the IT service market seems positive, even though hardware sales have decreased strongly.

The operating profit of Information Logistics Services increased well in January–March. The positive development of operating profit has been affected by good demand for overall services and successes in signing new agreements.

Financing and investments

Enfo's net financing investments in January–March stood at EUR 1.5 million (0.6). Investments were mainly allocated to acquisitions related to the new data center through a financial leasing agreement. The company's equity ratio at the end of March was 36.9% (30.3). Interest-bearing net liabilities at the end of March amounted to EUR 30.7 million (30.7), and net gearing was 85.6% (105.2).

Personnel

In January–March, Enfo Group employed an average of 667 people (680). At the end of March, the Group employed a total of 656 people (679).



Enfo's IT Services unit employed an average of 579 people in January–March (585), and the Information Logistics Services unit employed an average of 74 people (81). Of Enfo's personnel, 361 (418) were employed in Finland and 306 (261) in Sweden.

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; Ossi Saksman, Chairman of the Board of Directors of Osuuskunta KPY; Jorma Tammenaho, Senior Portfolio Manager of Ilmarinen Mutual Pension Insurance Company; and Helena Piispa until 25 March 2010. Marja Liisa Kaario, Partner of Unicus Oy, started as a new member of Enfo Oyj's Board of Directors on 25 March 2010.

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

Annual General Meeting 2010

On 25 March 2010, Enfo Oyj's Annual General Meeting decided that, in accordance with the Board of Directors' proposal, a dividend of EUR 4.45 per each issued share be paid on the basis of the confirmed balance sheet for the financial period ending on 31 December 2009, i.e. a total of EUR 2,508,313.70. The dividend will be paid on 17 May 2010.

According to the proposal of the Nomination Committee, the current members of the Board of Directors, i.e. Tapio Hakakari, Hannu Isotalo, Ossi Saksman and Jorma Tammenaho, and Marja Liisa Kaario as a new member, 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 10,000 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 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 10,000 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.

Shares

On 31 March 2010, the total number of Enfo Oyj shares was 564,256 shares. At the end of March, the company had a total of 93 shareholders. The company has one series of shares. Enfo Oyj has acquired 450 of its treasury shares and, at the end of March 2010, held a total of 590 treasury shares.

At the end of March, the company's ten largest shareholders were Osuuskunta KPY, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Enfo Oyj's Personnel Fund HR, Einari Vidgrén Oy, Keski-suomalainen Oyj, Kuopio Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 85.5%.

Forecast for likely future development

As the company's emphasis is shifting more strongly to continuous IT services, the turnover of hardware and software sales will clearly fall in Finland. However, this will not have any significant impact on the Group's profitability.

As a result of the fall in the turnover of Finnish operations, the consolidated turnover is estimated to decrease in 2010. Due to the adjustment measures carried out, profitability is estimated to remain unchanged or increase slightly from the previous year.

Risks and uncertainties

Short-term risks and uncertainties are related to increased price competition in the slowly-growing IT market. The conservative growth expectations of customer companies will continue to affect customers' willingness to make investments. Through its growth and internationalisation, Enfo Group is exposed to currency and interest rate risks.

In the long-term, the termination of the commitment arrangements for the key personnel in the Swedish operations may expose the company to a key personnel risk, which is typical in the industry.

Timetable for financial reporting in 2010

The 2010 Q2 interim report will be published on 28 July 2010, and the Q3 interim report on 28 October 2010.

Tables

This financial statements bulletin 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. At the beginning of 2010, the company adopted new standards and interpretations related to financial statements, but their adoption does not have any significant impact on the company's 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 million	1-3/10	1-3/09	1-12/09
Turnover	35.6	36.0	140.8
Other operating income	0.0	0.0	0.1
Materials and services	-16.3	-18.6	-70.4
Employee benefit expenses	-12.4	-11.9	-45.9
Depreciation, amortisation and impairment	-1.1	-1.3	-5.2
Other operating expenses	-3.4	-3.0	-12.3
Operating profit	2.4	1.2	7.0
Financial income	0.1	0.1	0.3
Finance costs	-0.5	-0.8	-2.2
Profit before taxes	1.9	0.4	5.0
Income tax	-0.5	-0.1	-1.5
Profit for the period	1.4	0.3	3.5
Attributable to			
Equity-holders of the parent company	1.4	0.3	3.5
Minority interests	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	2.48	0.56	6.29

Statement of comprehensive income			
EUR million	1-3/10	1-3/09	1-12/09
Profit for the period	1.4	0.3	3.5
Translation difference	2.2	-0.3	2.1
Other comprehensive income for the period	3.6	0.0	5.6
Attributable to			
Equity-holders of the parent company	3.6	0.0	5.6
Minority interests	0.0	0.0	0.0

Consolidated statement of financial position			
EUR million	31 Mar. 10	31 Mar. 09	31 Dec. 09
Assets			
Non-current assets			
Tangible assets	4.2	4.1	3.4
Goodwill	53.9	49.4	51.8
Other intangible assets	5.6	7.6	5.7
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	0.4	1.0	0.4
Non-current assets, total	64.2	62.3	61.5

Current assets			
Inventories	0.2	0.5	0.4
Trade receivables	22.0	21.7	25.3
Other receivables	6.4	3.5	4.5
Available-for-sale investments	0.3	0.2	0.3
Cash and cash equivalents	5.8	9.7	12.9
Total current assets	34.7	35.7	43.5
Total assets	99.0	98.0	105.0
Equity and liabilities			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Other funds	0.2		0.2
Retained earnings	22.1	15.6	21.1
Equity attributable to equity-holders of the parent company, total	35.9	29.2	34.9
Minority interest	0.0	0.0	0.0
Total equity	35.9	29.2	34.9
Non-current liabilities			
Interest-bearing debt	29.9	36.7	35.8
Other liabilities	1.7	5.3	1.7
Non-current liabilities, total	31.5	42.0	37.6
Current liabilities			
Interest-bearing debt	6.9	4.0	6.4
Trade payables	6.4	8.3	10.2
Other liabilities	18.2	14.5	15.9
Current liabilities, total	31.5	26.8	32.5

Total liabilities	63.0	68.8	70.1
Total equity and liabilities	99.0	98.0	105.0

Abridged cash flow statement	1-3/10	1-3/09	1-12/09
EUR million			
Cash flow from operations			
Profit for the period	1.4	0.3	3.5
Adjustments to the profit for the period	2.1	2.1	8.6
Change in working capital	-2.9	0.5	-1.4
Interest paid and received	-0.5	-0.6	-1.6
Taxes paid	-0.3	-1.5	-2.4
Cash flow from operations	-0.2	0.8	6.8

Cash flow from investment activities			
Investments in tangible and intangible assets	-1.5	-0.6	-1.4
Changes in other investments	0.0	0.0	0.0
Cash flow from investment activities	-1.5	-0.6	-1.4
Cash flow from financing activities			
Changes in loans	-5.5	-7.9	-9.3
Changes in equity	0.0	0.0	-0.5
Cash flow from financing activities	-5.5	-7.9	-9.8
Changes in cash and cash equivalents	-7.2	-7.6	-4.4
Cash and cash equivalents at the beginning of the period	12.9	17.4	17.4
Cash and cash equivalents at the end of the period	5.8	9.7	12.9

Key ratios	1-3/10	1-3/09	1-12/09
Turnover (EUR million)	35.6	36.0	140.8
Operating profit (EUR million)	2.4	1.2	7.0
% of turnover	6.7	3.3	5.0
Profit before taxes (EUR million)	1.9	0.4	5.0
% of turnover	5.4	1.2	3.6
Profit for the period (EUR million)	1.4	0.3	3.5
% of turnover	3.9	0.9	2.5
Earnings per share, EUR	2.48	0.56	6.29
Return on investment, %	13.0	6.9	9.3
Return on equity, %	15.8	4.3	11.0
Equity ratio, %	36.9	30.3	33.7
Net gearing, %	85.6	105.2	83.3
Interest-bearing net debt (EUR million)	30.7	30.7	29.1
Equity/share, EUR	63.7	52.0	61.8
Average number of employees	667	680	685
Number of shares	564,256	561,256	564,256

Consolidated statement of changes in equity	Share capital	Share premium account	Reserve for invested unrestrict ed equity	Retained earnings	Total
Equity on 1 Jan. 2009	0.3	13.3	0.0	16.0	29.7
Items related to owners				-0.6	-0.6
Comprehensive income				0.0	0.0
Equity on 31 Mar. 2009	0.3	13.3	0.0	15.6	29.2
Equity on 1 Jan. 2010	0.3	13.3	0.2	21.1	34.9
Items related to owners				-2.5	-2.5
Comprehensive income				3.6	3.6
Equity on 31 Mar. 2010	0.3	13.3	0.2	22.1	35.9

Turnover by business segments	1-3/10	1-3/09	1-12/09
EUR million			
IT Services	27.9	28.5	112.8
Information Logistics Services	8.1	7.6	29.9
Eliminations and others	-0.4	-0.1	-2.0
Group total	35.6	36.0	140.8

Operating profit by business segments	1-3/10	1-3/09	1-12/09
EUR million			
IT Services	1.2	0.2	2.9
Information Logistics Services	1.2	1.0	4.1
Group items and others	0.0	-0.1	0.0
Group total	2.4	1.2	7.0

Changes in tangible fixed assets	1-3/10	1-3/09	1-12/09
EUR million			
Book value at the beginning of the period	3.4	4.2	4.2
Increases	1.3	0.3	0.9
Decreases	0.0	0.0	-0.0
Depreciation and amortisation	-0.4	-0.4	-1.8
Book value at the end of the period	4.2	4.1	3.4

Commitments and contingencies	31 Mar. 10	31 Mar. 09	31 Dec. 09
EUR million			
Liabilities with business mortgage as security			
Loans from financial institutions	31.5	40.3	38.4
Mortgage amount	11.4	11.4	11.4
<i>Other liabilities</i>			
Leasing liabilities	2.5	1.8	3.2
Other rental liabilities	7.6	10.9	8.7
Other contingent liabilities	0.1	0.1	0.1
Total other liabilities	10.2	12.8	12.0



For additional information, please contact: Arto Herranen, Managing Director, tel. +358 44 7193 000 and Kati Kokkonen, Finance Director, tel. +358 44 7193 015 (e-mail format: firstname.lastname@enfo.fi)

Enfo is a Nordic IT service company which provides companies and organisations with easy-to-use IT services. In its services, Enfo utilises more than 45 years of experience in IT and the competence of its expert IT professionals. Approximately 700 top 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.

Distribution: Principal 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: 020 54321

Fax: 020 543 2355

E-Mail: firstname.lastname@enfo.fi