AffectoGenimap

Annual Report 2005

Making business more intelligent

AffectoGenimap
in brief

Net sales 2005:
46.7 million euros

EBIT:
5.2 million euros

Personnel:
534

AffectoGenimap creates demanding customer-specific information system solutions in Finland and in the Baltic region. We work closely with our clients and develop solutions that meet the needs of each client.

In Finland we concentrate specifically on solutions for extended business intelligence (XBI). In terms of XBI, which includes business intelligence solutions, geographical information systems and document management systems, we are the leading focused provider in Finland. We also construct other customer-specific information technology systems for our clients. AffectoGenimap also processes, integrates and publishes cartographic content in various formats.

In the Baltic region we specialize in the construction of operative information systems, in particular for local companies and organizations, in Lithuania, Latvia and Estonia. We are one of the leading providers of operative information systems in the local market.

In Finland as well as in the Baltic states AffectoGenimap's business operation is based on competent personnel, the use of leading IT tools and a thorough understanding of our customers' needs.

The company's net sales in 2005 amounted to 46.7 million euros and operating profit 5.2 million euros. The company employed 534 people in Finland and the Baltic region at year-end.

Stock Exchange releases

www.affectogenimap.fi
> Investors
> Stock exchange releases

The year 2005 in brief:

- Net sales grew some 75 per cent. The strong growth can be attributed mainly to company acquisitions which were effected at the end of 2004.
- In the course of 2005, the separate organizations of Affecto and Genimap were merged. In October Jaakko Hirvola was appointed country manager of Finnish business.
- The Baltic subsidiary was incorporated into Group business operations. Business activities in Finland and those conducted in the Baltic region are managed as country units by local management.
- In May AffectoGenimap was listed on the Helsinki Stock Exchange. On 27 May the company commenced pre-listed trading. Trading on the main list started on 1 June.
- In December, the company acquired Domasoft in order to strengthen the offering of document management solutions.
- In December, the consumer-related mobile positioning solutions business was divested, due to the Group strategy of concentrating on large clients.
- At the end of the year, AffectoGenimap launched the construction of local organization in Estonia.

Balanced Scorecard (BSC) Balanced scorecard methodology is an analysis technique designed to translate an organization's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organization's performance in terms of achieving these goals.

Information for Shareholders

The annual general meeting of AffectoGenimap will be held on Tuesday 4 April 2006 at 15:00. Registrations by 29 March 2006 tel. +358(0)205 777 798 or by e-mail kirsi.laitinen@affectogenimap.fi

Interim reports will be published on following dates:

1–3/2006 Thursday 4 May 2006
1–6/2006 Thursday 3 August 2006
1–9/2006 Thursday 2 November 2006

Annual report and interim reports are published in Finnish and in English and can also be found on company web site: www.affectogenimap.fi

Business Intelligence (BI) Business intelligence (BI) is a broad category of applications and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions.

Close to the customer
– in cooperation with the customer

Competence

AffectoGenimap and the skill and competence it applies to its operations have long traditions. Affecto started putting down its roots in the 1980s in the form of large, customer-specific systems, while Genimap and its predecessors can count on over 80 years of experience. Genimap is a forerunner in the field of digital geographic data.

Our presence in the Baltics started more than ten years ago, immediately following the reforming of independent Baltic states which paved the way for the creation of enterprise and the growth of service industries and opened the demand for information technology. AffectoGenimap has constructed a skills base for extensive and demanding systems projects in Lithuania and Latvia, and currently also in Estonia.

Customer-specific solutions

AffectoGenimap concentrates on demanding customer-specific solutions in the field of information technology. Our competitive edge relies on our employees' high level of project skills as well as our ability to select the most appropriate tools for the job and to deploy them with confidence and know-how.

In every case, the solution is the result of close cooperation with the customer. Our customer base comprises companies and public organizations which process a large amount of information. We exploit our comprehensive, customer-specific project skills in both our Finnish and Baltic operations.

In Finland, we specialize in the creation of extended business intelligence (XBI) solutions for our customers. The applications combine numerical, text and geographic data into an effective and practical package. AffectoGenimap is a clear market leader in the provision of this service. Often the customer initially requires only a certain component of XBI, but later extends its requirement to the other components.

Benefits of a digital environment

As the economy and the rest of society embraces information technology, a huge variety of digital information is produced. In practice, all the data produced can now be stored, thanks to the very rapid decrease in storage costs and the huge increase in the variety of available methods.

Data can now be electronically collected, organized, analyzed and reprocessed more effectively than ever before. However, because there is no harmonization of standards, systems or programs, skilled service provision is in demand, and AffectoGenimap has grasped the opportunity to provide it.

The ability to exploit ever-growing data resources and integrate them with the data already held by the organization is the key to successful management and skilled leadership as well as the optimization of resources. An enterprise which is able to exploit efficiently the information contained in several different systems benefits from a significant, perhaps even decisive, competitive edge and cost-effectiveness.

In Finland, data have been collected and stored in well-maintained public databases extremely systematically and comprehensively. We give our customers the opportunity to exploit these data by providing them with the data in a format that is appropriate to their needs.

In the Baltic states, the digitalization of information is in development phase. We are still engaged in the construction of basic systems in the region, as we prepare for the increase in demand for XBI services, which will happen within the next couple of years.

Growth and profitability

The companies that have merged to form AffectoGenimap can rely on twenty years of experience of strong organic growth and successful corporate acquisitions.

In line with our company strategy, we are currently following two different tracks in our growth. In Finland we are concentrating on the opportunities offered by the expansion of demand for XBI services and the delivery of solutions containing strong national characteristics.

In the Baltic states we are exploiting the rapid growth of information technology. In the Baltic region EU membership has on the one hand created a need and on the other hand an opportunity for the speedy development of information systems.

As a consequence of the corporate acquisitions completed at the end of 2004, net sales for the reporting year practically doubled on that of the previous year. We expect significant profitability from our operations. In 2005, we achieved a good result in relation to the general profitability trend in the sector, but we did not reach our goals. Growth in the Baltic region did not materialize as expected.

Towards the end of the year, we acquired Domasoft which provides document management solutions, with the aim of strenghtening our offering of these XBI services in Finland. In December, we refocused our business operation and sold the consumer-related mobile solutions business.

Local know-how serves local customers

In geographical terms, we now operate in two main areas, one being Finland and the other comprising Estonia, Latvia and Lithuania.

The Baltic countries are located close to each other and close to Finland, but each country supports very different markets. The differences in the cost structures of the countries concerned offer obvious potential, but our services are based on the same premise in each country: local know-how is applied to serve the needs of local customers.

When our product consists of a solution which enters deep into the operation of a company or organization, local competence and a thorough knowledge of the local circumstances and the needs of the customer base, including potential customers, have a decisive significance.

At the end of the year, we launched the construction of our local organization in Estonia. In this short span of time, the company has already grown to employ over 20 people. Establishing in the Baltic states paves the way for AffectoGenimap's advancement further into eastern Europe.

"The ability to exploit ever-growing data resources and integrate them with the data already held by the organization is the key to successful management and skilled leadership as well as the optimization of resources."

Listed company

The key event of 2005 for AffectoGenimap was the spring share issue and the public listing on the Helsinki Stock Exchange main list. In effect, AffectoGenimap was the first company in Helsinki to get a new listing for several years. The listing was a challenging process for the entire personnel of the company, and I would like to extend my thanks to all those involved for their excellent work.

Both the share issue and the listing were successful. The company acquired a considerable number of new stakeholders. AffectoGenimap currently has about 1 300 shareholders. The previous owners continue as principal shareholders.

Our status as a listed company whose shares have a market value provides us with a logical basis for the promotion of growth. The share is a useful payment medium in corporate acquisitions, although we will aim to finance any growth from cash reserves.

Share trading has been fairly active, but the share price development has been unsatisfactory. The share price developed at a level below that of the general index and has remained below the IPO.

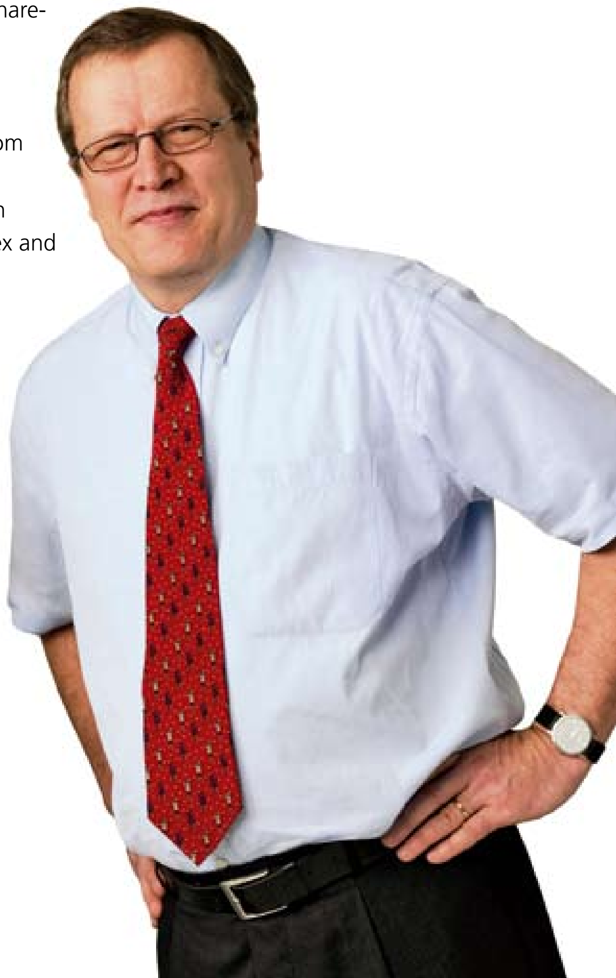
Close cooperation

In order to be successful, an information system solution which is specifically designed to suit the needs of an individual customer needs to be constructed in close and effective cooperation with the customer concerned. The efficiency of AffectoGenimap's customer projects is the best testament to the competence and enthusiasm of our employees and to their proficiency in helping our customers to succeed.

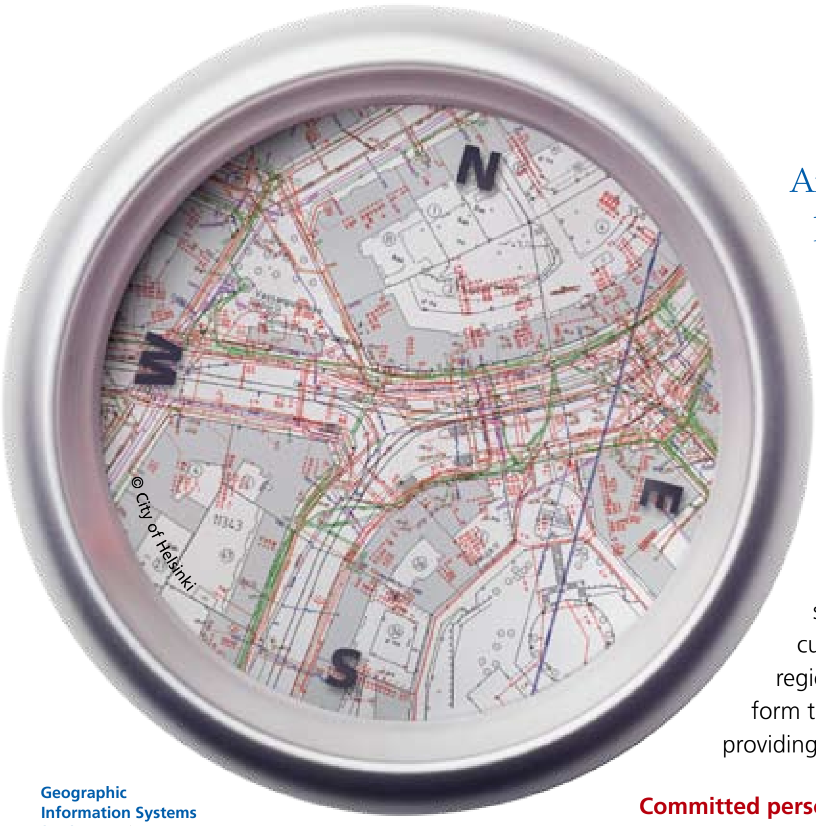
I would like to extend my thanks to the entire personnel of AffectoGenimap for their part in all that we have achieved during the past challenging year. Our customers, business partners and shareholders have earned my gratitude for the trust that they have shown and the encouragement that they have given us.

March 2006

Antti Halila
Managing Director



Strategy and goals based on XBI solutions



AffectoGenimap's strategy comprises profitable growth with emphasis on XBI solutions and related services, while exploiting the customer knowledge and the competence in the sector gained from ERP solutions.

Growth is founded on long-term customer relationships

AffectoGenimap is a leading provider of XBI solutions in Finland and a significant supplier of customer-specific solutions in Finland and the Baltic region. Numerous long-term customer relationships form the basis for understanding customers' needs and providing precisely tailored solutions and follow-on projects.

Geographic Information Systems (GIS) A GIS (geographic information system) is a system for creating and managing spatial data and associated attributes. It is a computer system capable of integrating, storing, editing, analyzing, and displaying geographically-referenced information. Basically, GIS is a "smart map" tool that allows users to create interactive queries (user created searches), analyze the spatial information, and edit data.

Committed personnel with solid skills and expertise forms the core resource

AffectoGenimap's business relies significantly on the competence of its personnel.

Our highly-committed employees are experts in their specialist fields. Staff welfare is a fundamental factor in the implementation of company strategy. Personnel welfare and satisfaction are maintained by means of training and ongoing development of the project management tools as well as improvement of the working environment and tools.

AffectoGenimap's strategy

Emphasis on XBI solutions

Adds value to customers' existing ERP systems.
Global digitalization of data supports our goals.
Leading position in a growing market.

Growth base in the Baltic region

Strong economic growth – EU accession.
Tailored ERP systems and emerging XBI markets.
First steps into eastern Europe.

Wide customer-base

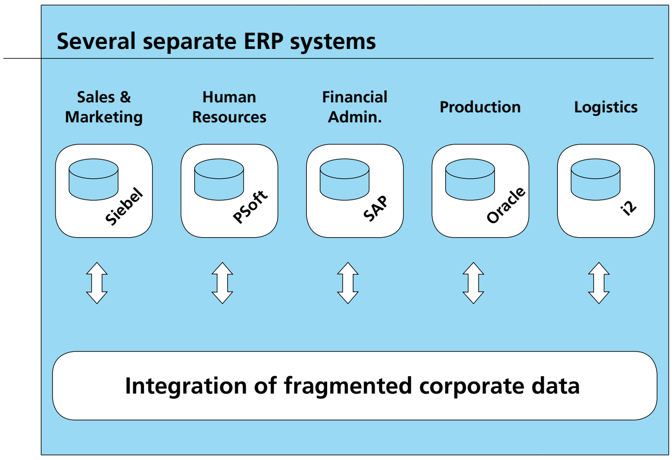
Experienced resources and efficient project management
give us a competitive edge.
Long customer relationships.

Staff loyalty and development

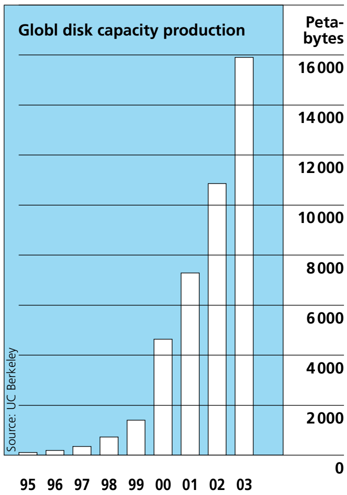
Continuous training on product & project management skills.

Growth drivers for XBI solutions

Utilizing databases from several ERP systems



Increasing amount of digital information



When enterprise resource planning systems were originally devised, the different systems' compatibilities or the external exploitation of their data content were not issues for consideration. Consequently, companies are not able to utilize for their current needs the data mass stored in the ERP systems.

AffectoGenimap can benefit from the growth opportunities offered by the need of major companies and the public sector, in particular, to manage and analyze extensive amounts of data. Other opportunities to be grasped are the strong economic growth in the Baltic region and the rapid development of investments in the IT infrastructure and services there.

There has been a four-fold increase in the global storage capacity since the year 2000. Thanks to ongoing technological advancement the cost of storage capacity is decreasing, and consequently almost all digital information can now be stored. As the data volumes grow, system productivity requirements are also increasing. AffectoGenimap's strategic goal is to consolidate its position as a leading provider of XBI solutions and related services.

Business activities in Finland
A year of development

The value of the Finnish IT markets amounted to just over 5 billion euros in 2005. This figure includes growth of about four per cent on the previous year*. The market segment that is vital in terms of AffectoGenimap's Finnish operations, and is valued at just over one billion euros, consists of consultancy services, application development, software maintenance services and support as well as selected software segments.

Extended Business Intelligence (XBI) Extended Business Intelligence is a method of combining geographic information system technology into Business Intelligence or Document management solutions. It also refers to the use of geographic data as part of business decision support systems.

AffectoGenimap holds a stable market position in the IT services markets. The company is a leading focused supplier of XBI solutions. The range of solutions covers BI, GIS and DM solutions, with AffectoGenimap holding a particularly significant position as the leading Finnish provider of BI and GIS solutions. The DM markets are fragmented in Finland, with no clear market leader.

The markets for cartographic solutions are stable. Companies and other organizations increasingly exploit geographical data in their operations. Demand for digital maps and geographical data has grown along with the increase in popularity of different mobile and GPS solutions.

A typical customer of AffectoGenimap is one of the 200 largest companies or a public sector organization. They share the need to exploit more effectively the existing enterprise resource planning systems, with the objective of increasing efficiency and diversifying the utilization of data. Key customer groups include retail companies, teleoperators, the finance sector and the public sector. The company has numerous customers, of which none holds a significantly dominant position.

Comprehensive XBI solutions for our customers

AffectoGenimap concentrates on the production of customer-specific, tailor-made total solutions for corporate customers and public organizations. The solutions include the requisite utilities software as well as the implementation of the solution. The systems produced are highly customized to suit the specific needs of individual customers. Within the framework of

* Source: Market-Vision

customer-specific systems, the company's core operating segment is XBI solutions. Besides XBI solutions, AffectoGenimap also supplies selected customer sectors with other systems on the basis of the customers' specific needs.

Our XBI provision covers BI, DM and GIS solutions. The BI solution enables the customer to gain extra benefit from the typically numerical data that is contained in the organizations resource planning system. It produces analyzed operational information which can be exploited in the decision-making process. DM, for its part, organizes the processing of documents, enables case management and allows documents containing text, graphics and other data to be archived and processed in an efficient manner. The GIS solution supplements the replies to the "what, who, when, why" questions by answering the question "where". The DM and GIS systems are built mainly for the purpose of operative control, but GIS systems, for instance, can be utilized to enhance the BI and DM solutions by methods based on geographical data and by adding visual elements. The majority of the solutions applied by customers are based on just one of these functions, but an increasing number includes components from several different areas.

XBI systems are in demand largely because of the more widespread use of the enterprise resource planning systems which in the 1980s and 1990s were used specifically for the processing of large amounts of data. There is now a need to exploit the extensive data resources that they contain. AffectoGenimap's XBI solution allows the customer to collect, analyse and report this very rapidly increasing and currently little-exploited data resource, which can then be utilized to justify and support business decisions.

In its XBI business AffectoGenimap has a long and well-established tradition of collaboration with the most successful global suppliers of software in the field. We build our solutions on the basis of the software tools supplied by these companies. Our key technology partners include Business Objects, Informatica, MapInfo, Hummingbird and Oracle. Our long-established partnership agreements with our BI and GIS partners were renewed in 2005.

Customized solutions

AffectoGenimap is a significant supplier of customer-specific solutions in Finland. Our core competence is based on excellent knowledge of the development tools, a strong base in information technology know-how and good project management skills. Besides XBI solutions, AffectoGenimap also concentrates on providing solutions tailored to the customers' specific individual needs which international off-the-shelf solutions are not able to fulfil. Our customer-specific systems typically entail

Customer information management:

Case K-Plus Oy

Background

K-Plus Oy is in charge of Kesko Group's customer loyalty programme. The company administers the data held in the Plussa customer register. The Plussa customer loyalty programme, which has been in operation since 1997, has become one of the most important systems for the collection of purchase data in Finland.

Delivery

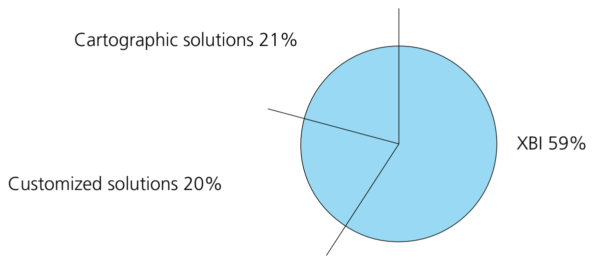
In 2005, K-Plus Oy further expanded the exploitation of data that is collected through the customer loyalty programme. The millions of transactions collected in the Plussa programme are analysed and processed further using a solution provided by AffectoGenimap for the management of business intelligence. The processed and analysed data on the Plussa transactions conducted by the Plussa programme participants and Kesko's own retail outlets are then reported back to the Plussa partners and retailers concerned, for their business needs. The use of the reporting solution means that many Plussa partners gain a better understanding of the significance of the different types of customer relationships and are consequently able to develop their supply base and improve the accuracy and impact of their direct marketing activities. The solution is based on an effective data integration process which uses the Informatica product family. Business Objects is the applicable reporting platform technology.

Business activities in Finland

Million euros	2005	2004*
Net sales	35.7	35.2
EBIT	4.3	4.9
EBIT, %	12	14
Personnel	330	310

* 2004 pro forma

Net sales in Finland



targeted solutions which are precisely tailor-made for an individual customer or sector. Such systems comprise solutions for materials management and medical logistics in the health care sector as well as systems designed for seaport operations.

Cartographic solutions

AffectoGenimap is the leading provider of cartographic solutions in Finland. The solutions cover geographic data in different formats, ranging from electronic data to printed maps. Customers are offered geographic data to suit their needs, either as a separate component or as part of the GIS system. The geographic data can be supplied to the customer as a one-off delivery or as a continuous service.

The proportion of net sales generated by electronic data has increased significantly in recent years, as customers utilize geographical data ever more extensively in their operational resource planning. AffectoGenimap's own data is not the only material provided in the service on offer; customers can also be served by providing them with data that has been acquired externally. Conversely, the material specifically on Finland, which is maintained by AffectoGenimap, is utilized globally, for example in car navigation systems.

The company also continues to offer cartographic products to consumers and is a leading supplier of road maps in Finland. Similarly, the most important providers of directory services base their offering on material supplied by AffectoGenimap. On of the company's growth areas is the provision of customized maps commissioned by corporate customers and the public sector.

An updated and comprehensive cartographic database for the whole of Finland offers the company the opportunity to exploit the location and map data collected during the company's existence. It is also anticipated that the capability to process comprehensive location data will provide the company with a competitive advantage in the market for GIS solutions.

Project implementation in close cooperation with the customer

For customers, projects represent reasonable investments and take on average three to six months, sometimes over 12 months, to complete. The company can have dozens of different projects ongoing simultaneously. Many of them involve updating or further development of existing systems.

AffectoGenimap's project implementation is often based on close cooperation with the customer. Adapting the solution to the customer's own operating environment and processes is an interactive process, with data security an important consideration. For this reason, some of the work is conducted in the customer's own premises. Because the design of the solutions requires in-depth knowledge of information systems and solid project skills, the company's most valued resource is its staff.

Vigorous operational development in 2005

The year's activities have been characterized by the work to harmonize the segments of the new group that was born out of the merger of Affecto and Genimap. Right at the start of the year, the BI and GIS units were merged into one. We were able to strongly develop the XBI concept by exploiting the unit's know-how in the solutions that are common to both units and by cross-selling the solutions through a unified sales organization. The organizational reform's positive impact was seen in the autumn, when the market improved.

In line with the company's strategy, business activities were developed with a view to expand the XBI provision, while in customer relations the focus was on major customers

Geographical information solutions:

Case Fingrid

Background

Fingrid Group maintains the main electricity distribution grid in Finland. It has over 14 000 km of power lines nationally. The company's mission combines the promotion of efficiency in the electricity markets, the maintenance and development of the main grid and, as and when necessary, the responsibilities entrusted to an authority.

Delivery

In 2005, Fingrid extended the application of the geographical information solution supplied by AffectoGenimap to cover all parts of the main grid it maintains. The thousands of elements that form the grid, such as the transmission lines, towers and transformer substations, are all maintained in the extensive geographical information solution. The solution is used to plan and maintain the routes that compose the overall transmission system.

Over the years, AffectoGenimap has delivered to Fingrid geographical information software and diverse material which are used to develop the main grid. The geographical information solution has quickly replaced the hand-drawn maps in paper format which were previously used for the purpose. The solution also assists Fingrid to reply to the almost daily queries concerning different licenses and statements. The geographical information solution is based on the MapInfo technology, and it is used by most of Fingrid's personnel.

and projects. In December, the company acquired Domasoft Oy in order to strengthen the offering of document management solutions. During the year, the company sold the mobile positioning consumer products business to its development partner, Tracker Oy. The business did not fit the company's strategy, due to its consumer orientation.

Restrained growth in business volume

The company's Finnish business grew at a moderate rate in 2005. During the early part of the year customers were careful in their investment decisions. The sales processes were drawn-out. Towards the end of the year, demand picked up considerably and sales of XBI solutions improved.

In 2005, net sales of Finnish business amounted to 35.7 million euros, compared to the previous year's figure of 35.2 million euros pro forma. Operating profit in 2005 was 4.3 million euros.

In the first months of the year the XBI business grew more slowly than expected, but towards the end of the year the net sales trend took a positive turn, and the figure for the year was 21.2 million euros. Overall growth was slowed by the decrease in the sale of licenses for third party tool software which is sold as part of XBI solutions.

There was positive growth at the start of the year in the sales of customer-specific solutions, but the second half of the year produced a weaker result than that of the previous year. Net sales amounted to 7.2 million euros.

Net sales of cartographic solutions amounted to 7.4 million euros.

Extended business intelligence management:

Case YTV

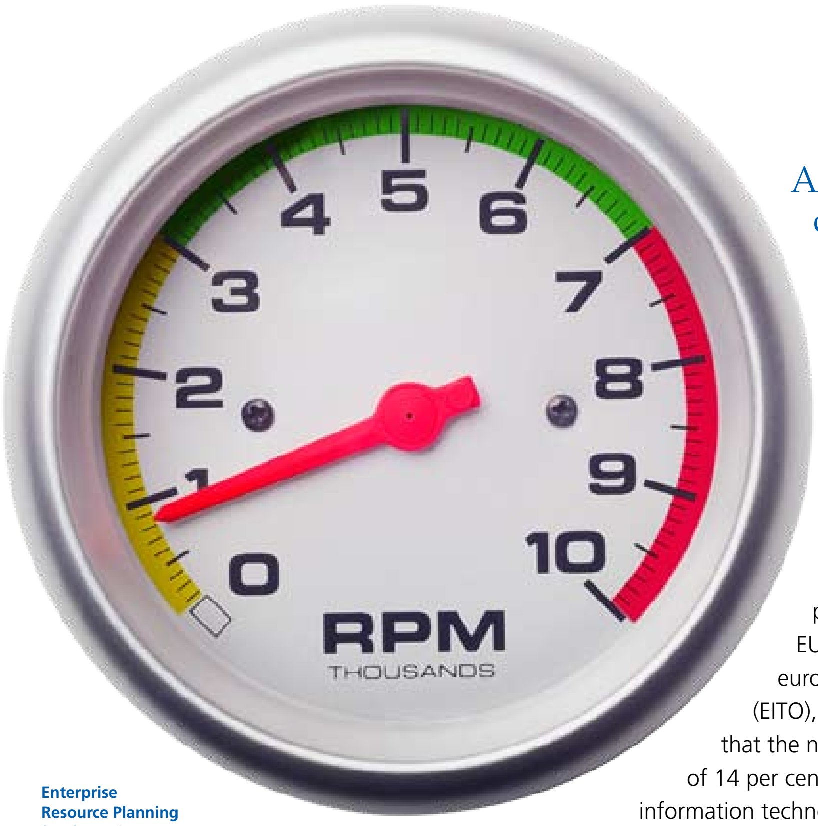
Background

The Helsinki Metropolitan Area Council (YTV) is in charge of the transport system planning and the regional public transport provision as well as the waste management and the air quality monitoring for the municipalities of Helsinki, Espoo, Kauniainen and Vantaa. It also maintains regional databases and conducts studies on regional issues. Besides its member municipalities, YTV also serves a number of nearby municipalities on the basis of separate contracts.

Delivery

In 2005, YTV continued to apply AffectoGenimap's Business Intelligence and geographical information solutions to the deployment of its own travel card system. The YTV travel card scheme is used to collect millions of lines of public transport data each year. The comprehensive analysis and exploitation of the data, for example in the planning of transport schedules, requires an effective data integration platform and the use of a Business Intelligence solution. In addition to these solutions, AffectoGenimap also provided YTV with geographical information software and extensive geographical information material which assist in the production of route maps and distance analyses. YTV is just one of the many major client relationships which have significantly benefited from the merger of Affecto and Genimap, as the collaboration in the field of information technology is becoming ever more centralised. YTV exploits the Business Objects, Informatica and MapInfo technologies.

Business activities in Lithuania, Latvia and Estonia
Towards integrated information



AffectoGenimap relies on local competence in its ERP solutions in rapidly developing markets and is paving the way for its XBI solutions.

Enterprise Resource Planning (ERP) ERP (enterprise resource planning) is an industry term for the broad set of activities supported by multi-module application software that helps a manufacturer or other business manage the important parts of its business, including product planning, parts purchasing, maintaining inventories, interacting with suppliers, providing customer service, and tracking orders.

The national economies of Estonia, Latvia and Lithuania are on a strong growth curve. The region's gross national product is forecast to grow by 5 – 7 per cent annually in the next few years. In 2004, per capita spending on information technology products averaged 100 euros to 150 euros. In the old EU Member States the corresponding figure is over 700 euros. The European Information Technology Observatory (EITO), which studies the European IT markets, anticipates that the next couple of years will see average annual growth of 14 per cent in the Lithuanian, Latvian and Estonian markets for information technology services, while the corresponding growth in the EU is expected to be only about 5 per cent (source: EITO).

The application of information technology is still in development phase in the Baltic region. Consequently, there are variations between the different countries' markets. The majority of the more significant projects still involve the construction of traditional ERP systems. Oracle, TIA Technology and MapInfo are our most important technology suppliers. New enterprise is drawn to the markets by the EU aid arrangements now on offer. The emergence of new opportunities is not without drawbacks, as competition in the sector has increased, and the competitive environment has changed; for example, in the case of public sector projects, even the opportunity to complain has been turned into a competitive tool.

Business activities in Baltic region

Million euros	*2005*	*2004**
Net sales	11.0	11.5
EBIT	1.2	1.8
EBIT, %	11	16
Personnel	204	206

* 2004 pro forma

Net sales in Baltic countries

Baltic business was classified to the Customized solutions segment.

AffectoGenimap has been active in these markets since 2004 when it acquired the Lithuanian IT company ITG which was already established in Latvia, as well. It was a logical step to expand within the Baltic region. The Baltic states are embracing information technology at a fast pace, and the local nature of the business activities provides a good growth basis for AffectoGenimap. The basic systems deployed in private and public companies' operation are increasingly in demand as the region develops. Building of these systems paves the way for potential future demand for our XBI solutions.

The IT service markets are relatively fragmented in the Baltic states, with local enterprise, Nordic information technology providers and global IT companies all active in the markets. This heralds future consolidation.

The Insurance Application (TIA) implementation for BALTA

Insurance group AAS BALTA is a leading provider of insurance service in all the major market segments in Latvia. It is part of Codan group from Denmark. During years 2004–2005 BALTA has modernized its IT infrastructure and installed a new principal operational IT system. The TIA (The Insurance Application) system from TIA Technology provides BALTA with a possibility to develop and implement new insurance business procedures raising effectiveness of BALTA's operations, increasing its competitiveness and adaptability to the evolving Latvian insurance market. The system covers the whole life cycle of an insurance product from policy creation to claim handling.

AffectoGenimap has implemented TIA for BALTA in 2004–2005. The project scope included among other tasks TIA core customization and implementation, policy system implementation, implementation of insurance products, web interfaces, localization and management information systems. The solution is also integrated to the BALTA's main accounting system and to official vehicle and company registers.

Expansion into all the Baltic countries

Our business in the Baltic states comprises individual solutions created for the specific needs of particular customers, reinforced by supplementary services, such as support and training services. The provision is based on local employees' solid competence and good project management skills. We aim to supply locally produced solutions to local customers.

AffectoGenimap owns approximately 74 per cent of ITG and will most likely acquire the remaining shares in 2006.

ITG has its head office in Vilnius in Lithuania. The company started operations in 1991, around the time that Lithuania regained its independence. It initially acted as the Oracle distributor in the Baltic region, but quickly expanded its operation to the construction of ERP systems. The company's customer base comprises financial institutions, telecommunications and energy companies and the public sector.

Currently we have 140 employees in Lithuania. We started operations in Latvia in 2003, and last year we had 60–70 employees serving our customers in Riga. In early 2005, we established a company in Estonia and the construction of a local service organization was commenced towards the end of the year. By the first quarter of 2006 the number of employees was over 20. This means that AffectoGenimap has a presence in every rapidly growing Baltic state: Lithuania, Latvia and Estonia.

In addition to the local operations in the Baltic states, we export projects to Russia and the nearby regions of eastern Europe. With its cultural proximity, this area represents another natural channel of growth for AffectoGenimap. Our personnel's good language skills are also an advantage.

Financial result short of target

Almost one quarter of AffectoGenimap's net sales is generated in the Baltic states. If the Baltic economies grow as expected and the company's growth equals market growth, in the next few years the Baltic region and eastern Europe will start to contribute an increasing proportion of our net sales.

The majority of the ERP projects are large one-off commissions, and their timing has a considerable influence on the net sales for the financial period in question as well as the overall profitability of operations in the Baltic region. There were slightly less projects in 2005 than in the previous year. The slow start-up of new projects in the summer months had a large bearing on this. The way that EU funding is organized also has an influence on the timing of projects. The start-up of large public sector projects, in particular, is often dependent on EU funding.

Net sales generated in the Baltic region in 2005 amounted to 11 million euros. Operating profit was 1.2 million euros.

Report of the board of directors

Data Warehouse (DW) A data warehouse is a central repository for all or significant parts of the data that an enterprise's various business systems collect.

Business

AffectoGenimap is the leading focused provider of extended business intelligence ("XBI") solutions in the Finnish IT services market, including business intelligence ("BI"), geographic information systems ("GIS") and document management ("DM"). In addition, AffectoGenimap processes and integrates cartographic data that is a key element in XBI solutions. AffectoGenimap is a significant provider of customized information technology ("IT") systems and operational solutions in the Finnish market and the Baltic region.

AffectoGenimap's strategic goal is to strengthen its leading position both as a provider of XBI solutions and related services in Finland, to seek further growth from the neighboring areas and to transfer XBI-know-how to neighboring areas according to market developments.

During 2005 AffectoGenimap has carried out its growth strategy both by listing to the Helsinki Stock Exchange in May and by a few small M&A actions during the last quarter.

The group organization and management model was changed during the early part of the year as a consequence of the acquisition done in late 2004. The group's business is managed through two country units, AffectoGenimap Finland and AffectoGenimap Baltics. The Finland and Baltic units are also the primary IFRS segments. AffectoGenimap Finland includes XBI solutions, Customised solutions and Cartographic solutions. AffectoGenimap Baltic serves its customers by Customized solutions.

During the early part of the year, CEO Antti Halila also managed the business in Finland in addition to his group level duties. At the early part of the year the Genimap business was combined to Affecto business. Regarding XBI business, the BI and GIS units were combined already in January to one unit. Jaakko Hirvola started as the leader of that unit in April 2005 and was appointed to the country manager for Finland starting 1 October 2005.

The listing to the stock exchange during the first year-half assists AffetoGenimap in seeking growth, as our share has now a market value, which can be useful in realizing acquisitions. The listing process prevented efficient preparations for acquisitions during the early part of the year, but during the last few months we made one acquisition, divested a non-strategic business (consumer-related mobile positioning solutions) and prepared for launching the local operations in Estonia.

Finland

The IT service market in Finland is estimated to have grown very modestly. The customers continue to be cautious in their investment decisions and the sales process remains time consuming. The operating environment is expected to continue similar also in 2006.

Net sales in Finland was 35.7 million euros (25.4 million euros in 2004) and EBIT was 4.3 million euros (4.5 million euros). Profitability remained below previous year, as personnel costs have risen more rapidly than revenue due to our expectations of higher sales growth. Sales of third-party licenses embedded to our solutions remained below previous year, which also lowered profitability. The profitability of the review period has also been affected by the IPO and the GIS-related R&D expenses booked as costs.

XBI business has developed adequately. Net sales were 21.2 million euros (16.5 million euros in 2004, pro forma 20.5 million euros). The projects in the first half were weighted towards expansion and further development projects, but during the latter part of the year we have received several larger interesting projects, e.g. from KTI, Vapo and Sato. Revenue from project work has grown compared to last year, but the sales of third party licenses embedded to our solutions decreased compared to previous year. Sales of combined solutions containing several XBI components (BI, DM, GIS) developed favorably. Revenue growth was somewhat slowed by the divestment of consumer-related mobile locating solutions business, as significant deliveries were agreed to the year-end. On the other hand, the divestment created a small capital gain.

The volume of Customized Solutions business decreased during the latter year-half. Net sales were 7.2 million euros (7.5 million euros). Deliveries of WebMarela hospital medicine logistics solution, WebHenkari HR-solution and PortOpera port operating system continued. In addition, projects related to other customized solutions were also delivered. However, we had some disturbances in second year-half regarding deliveries of certain projects, which affected revenue and profit negatively.

Cartographic Solutions business grew slightly during the year. Net sales were 7.4 million euros (1.4 million euros, pro forma 7.1 million euros). Sales of customized maps developed positive and the portion of electronic content delivery is steadily growing.

XBI business had lower profitability than the other business areas in Finland. Lower than earlier sales of third-party licenses has contributed to the weakening of profitability. Likewise the work effort related to combining the BI and GIS units during the first year-half had its effect.

Baltics

The Baltic business mostly consists of projects related to large customer-specific systems. The most important client sectors are the financial sector and the public sector, which both correspond to over one third of revenue. Projects are typically larger and tender processes longer than in Finland, which increases the volatility of the business. A new development has surfaced in the local market this year, where the start of a project may be significantly delayed due to longer than earlier contract negotiations and complaints related to tender processes, especially in the public sector. This makes the optimal allocation of resources more difficult. Baltic markets have developed positively, but competition is tough and customers are increasingly demanding.

The Baltic business net sales were 11.0 million euros (1.3 million euros in 2004, pro forma 11.5 million euros). Baltic EBIT was 1.2 million euros (0.2 million euros in 2004, pro forma 1.8 million euros). In 2004, the Baltic business was part of the group only during December. Growth was slowed by delays in starting certain customer projects especially during second and third quarter. Profitability returned to normal level during the last quarter, but revenue development remained modest.

Some of the most important projects received are the system development project with SODRA, the Lithuanian e-health project and support contract with National Paying Agency. The support contract for NPA is strategically important, as our intention is to grow the portion of support services for systems built by ourselves compared to support services offered for third-party products, and thus decrease our exposure to third parties. The company finished the second stage of a TIA implementation project in Latvia during the period and continued projects e.g. in Russia. The current TIA projects are ending in near future, while the new projects are still at offer stage.

The Baltic unit has expanded the marketing channel for smaller customers in Lithuania by aqcuiring a 10 per cent minority in Lithuanian company called Proginta. Proginta will market the Oracle ERP add-on components developed by AffectoGenimap for the local market as part of its own offering.

The development in Latvia has been mode modest than in Lithuania. Despite some interesting projects there the sales in Latvia have developed weaker than planned. The launch of local operations in Estonia was prepared during the last quarter and recruitment of local personnel was started.

The Baltic business is currently classified to the "Customized Solutions" secondary IFRS segment. Launching the XBI business is a medium-term strategic goal for the company and investments into starting the GIS business have been begun.

Material changes in the business

Trading with the company's shares in the Helsinki Stock Exchange started on the pre-list on 27 May 2005 and on the main list on 1 June 2005.

The company has acquired the entire share capital of Domasoft Oy in early December 2005. Domasoft Oy offers document management and case management solutions in Finland. Domasoft's net sales were approximately 2.4 million euros in 2005 and operating profit approximately 0.1 million euros. The transaction is believed to improve AffectoGenimap's document management offering and to improve possibilities for delivering significant document management solutions as the delivery capacity grows. Debt-free transaction value was approximately 1.5 million euros.

In December 2005 AffectoGenimap divested the consumer-related mobile locating solutions business to Tracker Oy. Annual net sales of the divested business were approx 1.4 million euros. The divestment is estimated to have a positive impact on profitability. The divestment created capital gains of approximately 0.4 million euros in fourth quarter.

Net sales and profit

Net sales was 46.7 million euros, while last year it was 26.7 million euros. Net sales in Finland was 35.7 million euros (25.4 million euros) and in Baltic countries 11.0 million euros (1.3 million euros).

The personnel costs were 20.2 million euros (11.5 million euros in 2004). The personnel costs have grown faster than revenue (personnel costs pro forma 2004: 18.5 million euros) due to our preparation for higher delivery capabilities required by the targeted revenue growth.

EBIT was 5.2 million euros, while it was 4.7 million euros last year. EBIT margin was 11 per cent.

R&D expenditure totaled 0.8 million euros (0.3 million euros), i.e. 1.6 per cent of net sales. The expenditure has been booked as costs.

Net profit for the period was 3.7 million euros, while it was 3.2 million euros last year.

Order backlog totaled 13.0 million euros at end of period (13.7 million euros in 31 December 2004). Baltic order backlog increased during the year.

Earnings per share (undiluted) were 0.25 euros (0.32 euros). Return on equity was 13.3 per cent (22.5 per cent) and return on capital employed was 11.8 per cent (17.4 per cent).

Finance and investments

At the end of the reporting period, AffectoGenimap's balance sheet totaled 62.4 million euros whereas it was 55.7 million euros previous year. Equity ratio was 57 per cent (previous year 42 per cent).

The interest-bearing net debt is 3.3 million euros. After a long-term debt installments of 3.7 million euros, the financial loans were 12.6 million euros as at 31 December. The put and call option related to ITG acquisition have been booked as debt to minority, which has increased the net debt by 3.4 million euros.

AffectoGenimap Group's investments in non-current assets excluding acquisitions were 0.8 million euros (0.4 million euros) during the period.

The net cash from financing activities of AffectoGenimap increased because of the IPO proceeds being 8.7 million euros after listing expenses. The direct listing expenses net of tax were 1.1 million euros and were reduced from the share premium fund according to IFRS.

AffectoGenimap paid dividends of 0.8 million euros (previous year 1.2 million euros) from the profit of the year 2004. Dividends were paid in May.

Employees

The number of employees was 534 persons at the end of the reporting period (2004: 516 persons). The average number during the reporting period was 526 persons (2004: 217 persons). 204 employees, i.e. 38 per cent of the employees are located outside of Finland.

Share capital and shares

All 1 730 403 serie B-shares were returned to the company without compensation on 12 April 2005 according to the merger agreement made in August 2004 between Affecto and Genimap.

The general meeting held on 20 April 2005 approved following changes to share capital, registered in the Trade Register at 25 April 2005:

1. Share capital was decreased by 311 473.70 euros by canceling 1 384 334 A-Shares held by the company and 1 730 403 B-shares returned to the company on 12 April 2005. After the cancellation of the B-shares, the company has only one share series.
2. The share capital was increased by 5.20 euros by issuing 52 new shares. The increase was done by transferring the amount to share capital from share premium.
3. The number of shares was decreased. In the reverse split transaction three old shares with nominal value of 0.10 euros were converted to one new share with nominal value of 0.30 euros.

After these actions the company had one share series consisting of 13 296 373 shares and the share capital was 3 988 911.90 euros.

An entry has been made on 27 May 2005 into the Trade Register, based on the authorization given on 20 April 2005 by the general meeting and on the decision made by the board of directors on 26 May 2005, to raise the amount of share capital by a subscription issue of 630 000 euros by issuing into circulation 2 100 000 new shares. The decided issue price was 4.80 euros per share.

After issuing new shares in the IPO the company has 15 396 373 shares and the share capital is 4 618 911.90 euros. The company does not have any treasury shares.

The authorizations given to the board of directors

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the increase of share capital or one or more issuance of stock options or convertible bonds so that pursuant to a new subscription and/or subscriptions pursuant to stock options and/or subscriptions in exchange for convertible bonds the share capital may increase by a maximum of 780 000 euros, and in such a manner that the maximum number of shares issued through a new subscription and/or subscribed for pursuant to stock options and/or in exchange for convertible bonds, shall amount to a maximum of 2 600 000 shares with a nominal value of 0.30 euros. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. By the right of this authorization 2 100 000 new shares were issued in the IPO. The authorization is still valid for 500 000 shares.

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the repurchase of a maximum of 500 000 shares, using distributable funds. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. The authorization has not been used.

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the disposal of a maximum of 500 000 shares. The board of directors may decide on the transfer price of the shares and other terms and conditions of the disposal of the shares. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. The authorization has not been used.

Owners

The company has released information about the biggest owners after IPO on 2 June 2005. After this the company has received two flagging announcements: J.P. Morgan Chase & Co informed the company in June that its ownership had exceeded the 5 per cent limit, and in September that its ownership had decreased to below 5 per cent.

The company had total of 1 258 owners on 31 December 2005 and the foreign ownership was 35.1 per cent. The list of the largest owners can be viewed in the company's web site.

Share trading

Trading with the company's shares in the Helsinki Stock Exchange started on the pre-list on 27 May 2005 and on the main list on 1 June 2005.

In 2005, the highest share price was 5.08 euros, lowest price 3.00 euros, average price 4.26 euro and closing price 3.50 euro. At the closing price, the market value of the company was 53.9 million euros.

Trading volume was 24.1 million shares, corresponding to 156 per cent of the number of shares.

Assessment of risks an uncertainties

AffectoGenimap operates in the market that is directly affected by changes in the general economic conditions and the operating environments of its customers. A general economic downturn may lead to a decrease in overall customer demand for services. The competition in market tightens continuously. This could have a negative effect on the business, operating results and financial condition of AffectoGenimap.

AffectoGenimap's continued success depends to a significant extent on its management team and personnel. The loss of the services of any member of its senior management or other key employee could have a negative impact on AffectoGenimap's business and the ability of the Company to implement its strategy. In addition, AffectoGenimap's success depends on its ability to hire, develop, train, motivate and retain skilled professionals on its staff.

AffectoGenimap's success depends also on good customer relationships. AffectoGenimap has a well diversified client base. No single client corresponds to over 10 per cent of revenue. 10 biggest clients made approximately 30 per cent of group revenue in 2005. Seven of these biggest clients were also among the Top10 in year 2004. Ten biggest clients include 6 from Finland, 2 from Lithuania, 1 from Latvia and 1 from Russia. The number of big Baltic customers reflects the fact that the Baltic projects are on average bigger than those in Finland.

Currently, corporate tax rates in Latvia and Lithuania are below those of several other member states of the European Union, and therefore Latvia and Lithuania provide a favorable environment for commercial enterprises. Furthermore, the income tax regulations of Latvia and Lithuania allow for local businesses to structure their operations in a cost-efficient way. For example, certain software development activities are treated as so-called creative activities, which is cost beneficial for the enterprises, and the accounting treatment of which creative activities, under IFRS, the auditors of ITG have noted in their auditor's reports. When joining the European Union on 1 May 2004, Latvia and Lithuania committed to the ongoing harmonization of the laws and regulations of the member states. At present, the European Union leaves regulation relating to taxation to the discretion of its member states. However, there can be no assurances that the European Union will not impose requirements on its member states to harmonize their taxation systems which, in the case of Latvia and Lithuania, could result in an increase in corporate tax rates and restrictions on the opportunities of local businesses to structure their operations to the extent currently possible. Furthermore, there can be no assurances that Latvia and Lithuania will not independently decide to implement tax reforms or that the interpretation of current tax laws by courts or fiscal authorities will not be changed retroactively with similar effects. Harmonization imposed by the European Union or domestic tax reforms or changes in the interpretation of current tax laws by courts or fiscal authorities in Latvia and Lithuania could have a material adverse effect on the business, operating results and financial condition of AffectoGenimap.

In seeking future growth, the strategy of AffectoGenimap is partially based on expansion through acquisitions of other operators in the IT services market. The inability to find new target companies or the lower than expected profitability of acquisitions made could have a material adverse effect on the business, operating results and financial condition of AffectoGenimap.

The board of directors and the audit committee is responsible for AffectoGenimap's internal control and risk management. Company's management is responsible for and performs practically the internal control and risk management.

Board, chief executive officer and auditors

The board of directors consists of Aaro Cantell (chairman of the board), Jukka Hienonen, Pasi Mäenpää, Jukka Mäkinen and Ossi Pohjola. The board had 18 meetings in 2005 and average participation to the meetings was 92 per cent.

Antti Halila is the Chief Executive Officer of the company.

PricewaterhouseCoopers Oy serves as the auditor. KHT Merja Lindh is the responsible auditor and KHT Maria Nikus is the deputy auditor.

Events after the review period

The local organization in Estonia has been built during early 2006. The nomination of Mr. Andrus Altrov to the local manager in Estonia was published in January. Currently there are over 20 employees in Estonia.

Mr. Timo Lehtinen will start as the Chief Financial Officer on 1 March 2006.

The offices in the Helsinki area will be combined in February.

Future outlook

The company's strategic goal and guideline for operational planning is to seek at least the same growth as the markets. The forecasts given by the independent research houses for BI, GIS and DM markets' annual global growth are approximately 7–10 per cent. The Finnish IT services market is believed to grow slower than that. Latest estimate from Market-Visio for growth of Finnish IT services in 2006 is approximately 4 per cent. According to the recent economic survey published by the Federation of the Finnish Information Industries the expectations for IT sector business trend are similar to autumn 2005. The independent forecasts for the Baltic IT service market growth have been slightly over 10 per cent.

AffectoGenimap seeks growth both organically and by M&A activities. Both the acquisition of Domasoft and the launch of the Estonian business help in achieving the growth targets on annual basis.

The net sales in Finland for the first quarter are expected to roughly at similar level as last year as a part of agreed project deliveries are scheduled to next quarters and as certain amount of warrant work needs to be delivered in Q1. Price competition seems to have grown in Finland. The Baltic Q1 net sales are estimated to be lower than last year due to order backlog imbalances between different business areas and also due to high amount of license deliveries in Q1/2005. The launch of Estonian operations will affect Baltic unit's profitability negatively.

The quarterly sales and profit development fluctuate as single projects and timing of license sales may have large impact on results. ○

Consolidated Income statement

1 000 euros	Note	*1 Jan.– 31 Dec. 2005*	*1 Jan.– 31 Dec. 2004*
Net sales	19	46 699	26 734
Other operating income	20	864	21
Changes in inventories of finished goods and work in progress		97	–251
Materials and services	21	–13 926	–5 623
Personnel expenses	22	–20 235	–11 509
Depreciation, amortisation and impairment charges	23	–1 095	–548
Other operating expenses	24	–7 251	–4 083
Operating profit		5 153	4 740
Finance income		207	92
Finance costs		–571	–301
Finance costs (net)	25	–364	–209
Profit before income tax		4 789	4 531
Income tax expense	26	1 089	1 354
Profit for the period		3 700	3 177
Attributable to			
Equity holders of the Company		3 695	3 176
Minority interest		5	1
		3 700	3 177
Earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)			
Basic	27	0.25	0.32
Diluted	27	0.24	0.31

Consolidated
Balance sheet

1 000 euros	Note	31 Dec. 2005	31 Dec. 2004
ASSETS			
Non-current assets			
Property, plant and equipment	8	1 900	1 936
Goodwill	9	30 860	29 570
Other intangible assets	9	2 892	2 846
Deferred tax assets	17	487	244
Available-for-sale financial assets	10	99	80
Other non-current receivables	11	70	0
		36 308	34 676
Current assets			
Inventories	12	2 125	1 728
Trade receivables	13	7 121	8 862
Other receivables	13	3 190	2 040
Current income tax receivables		421	516
Restricted cash and cash equivalents	14	550	
Cash and cash equivalents	14	12 639	7 892
		26 046	21 038
Total assets		62 354	55 714
SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the Company			
Share capital	15	4 619	4 300
Share premium	15	22 856	14 240
Retained earnings		6 078	3 365
		33 553	21 905
Minority interest		20	15
Total shareholders' equity		33 573	21 920
Liabilities			
Non-current liabilities			
Borrowings	16	8 858	15 631
Deferred tax liabilities	17	503	446
		9 361	16 077
Current liabilities			
Borrowings	16	3 696	3 696
Trade payables	18	2 426	2 605
Other liabilities	18	13 143	10 615
Current income tax liabilities		155	801
		19 420	17 717
Total liabilities		28 781	33 794
Total shareholders' equity and liabilities		62 354	55 714

Consolidated
Statement of changes in shareholders' equity

	Shareholders' equity attributable to equity holders of the Company							
1 000 euros	Share capital	Share premium	Other reserves	Tresury shares	Retained earnings & translation differences	Total	Minority interest	Total equity
Shareholders' equity 31 December 2003	2 822	1 948	0	–204	1 685	6 251	–	6 251
IFRS adjustments	–	–	–	–	99	99	–	99
Shareholders' equity 1 January 2004	2 822	1 948	0	–204	1 784	6 350	0	6 350
Translation differences	–	–	–	–	–10	–10	–	–10
Profit for the period	–	–	–	–	3 176	3 176	1	3 177
Total recognised income for 2004	–	–	–	–	3 167	3 167	1	3 167
Dividends paid	–	–	–	–	–1 234	–1 234	–	–1 234
Sale of treasury shares	–	3	–	23	–	26	–	26
Purchase of treasury shares	–	–	–	–171	–	–171	–	–171
Issue of share capital	1 478	12 289	–	–	–	13 767	–	13 767
Business combinations	–	–	–	–	–	–	14	14
	1 478	12 292	–	–148	1 933	15 555	15	15 570
Shareholders' equity 31 December 2004	4 300	14 240	0	–352	3 717	21 905	15	21 920
Shareholders' equity 1 January 2005	4 300	14 240	0	–352	3 717	21 905	15	21 920
Translation differences	–	–	–	–	3	3	–	3
Share options	–	–	55	–	–	55	–	55
Profit for the period	–	–	–	–	3 695	3 695	5	3 700
Total recognised income for 2004	–	–	55	–	3 698	3 753	5	3 758
Dividends paid	–	–	–	–	–798	–798	–	–798
Cancellation of treasury shares	–311	311	–	352	–352	–	–	–
Issue of share capital	630	8 305	–	–	–	8 935	–	8 935
Put/Call treatment (note 7)	–	–	–	–	–243	–243	–	–243
	319	8 616	55	352	2 306	11 648	5	11 653
Shareholders' equity 31 December 2005	4 619	22 856	55	–	6 023	33 553	20	33 573

Consolidated
Cash flow statement

1 000 euros	*31 Dec. 2005*	*31 Dec. 2004*
Cash flows from operating activities		
Profit for the period	3 700	3 177
Adjustments for		
Tax	1 089	1 354
Depreciation and amortisation	1 095	548
Other non-cash income and expenses	–265	60
Interest income	–206	–90
Dividend income	–1	–3
Interest expense	571	301
Profit/loss on the sale of property, plant and equipment	–16	0
	5 967	5 348
Change in working capital		
Decrease (+)/ increase (–) in trade and other receivables	418	–1 568
Decrease (+)/ increase (–) in inventories	–813	268
Decrease (–)/ increase (+) in trade and other payables	–1 995	3 246
Change in working capital	–2 390	1 946
	3 577	7 294
Interest and other finance cost paid	–550	–388
Interest received	204	98
Dividends received	1	3
Income taxes paid	–1 451	–1 511
	1 781	5 496
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	–1 219	–5 771
Purchases of property, plant and equipment	–606	–284
Purchases of intangible assets	–213	–128
Proceeds from sale of property, plant and equipment	22	36
Sale of business	824	0
Proceeds from sale of financial assets	–19	0
Net cash used in investing activities	–1 211	–6 147
Cash flow from financing activities		
Proceeds from issue of share capital	8 671	0
Purchase of treasury shares	0	–171
Sale of treasury shares	0	27
Proceeds from interest-bearing liabilities	0	12 800
Repayments of interest-bearing liabilities	–3 696	–3 364
Repayments of capital loans	0	–4 647
Dividends paid to the Company's shareholders	–798	–1 234
Net cash generated from financing activities	4 177	3 411
(Decrease) / increase in cash and cash equivalents	4 747	2 759
Cash and cash equivalents at beginning of the year	7 892	5 133
Cash and cash equivalents at end of the year	12 639	7 892
Cash and cash equivalents 31 December 2005	12 639	7 892
Restricted cash and cash equivalents	550	0
Total cash and cash equivalents	13 189	7 892

Notes to the consolidated Financial statements

1. General information

AffectoGenimap Oyj (previously Affecto-Genimap Group Oy) is a Finnish limited liability company organised under the laws of Republic of Finland. The shares of the Company have been listed on Helsinki Exchange since May 2005. The Company is domiciled in Helsinki and the address of its head office is Atomitie 2b, FI-00370 Helsinki, Finland.

AffectoGenimap Group is the leading focused provider of extended business intelligence ("XBI") solutions in the Finnish market, including business intelligence ("BI"), geographical information systems ("GIS") and document management ("DM"). In addition, AffectoGenimap processes and integrates cartographic data. AffectoGenimap is a significant provider of customized information technology systems and operational solutions in the markets of Finland and the Baltic countries.

AffectoGenimap Group operates in two principal geographic markets, Finland and the Baltic region. The Group has offices in Finland (Helsinki, Tampere, Turku, Rauma), Lithuania (Vilnius), Latvia (Riga) and Estonia (Tallinn).

These consolidated financial statements have been approved for issue by the Board of Directors on 23 February 2006.

2. Accounting policies for the consolidated financial statements

Basis of preparation

These are the first financial statements of the Group that have been prepared in accordance with the International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the IFRS and IAS standards and SIC and IFRIC interpretations effective at 31 December 2005. With the IFRS are referred to the standards and interpretations upon these that have been endorsed in the EU by the Finnish Accounting Act and regulations issued by virtue to it in accordance with the procedure defined in the EU Regulation (EY) N:o 1606/2002. The notes to the consolidated financial statements have been prepared also in conformity with the Finnish Accounting Legislation and Companies Act.

In 2005 the Group has adopted IFRS accounting principles and has in this context applied the IFRS 1, First Time Adoption of International Financial Reporting Standards. The transition date is 1 January 2004. Reconciliations and descriptions of the effect of the transition from financial statements prepared in accordance with Finnish Accounting Standards to the IFRS opening balance sheet on 1 January 2004 and balance sheet on 31 December 2004 and their effect on equity and profit or loss for the period are provided in Note 5 "Effect of transition to IFRS on previously reported shareholders' equity and result".

The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss, which have been valued at fair value. Share-based payments have been valued at fair value at the grant date. Goodwill on business combinations that took place prior to 2004 corresponds to the carrying amounts under the previous accounting principles, which have been used as deemed costs under IFRS. The classification and accounting for these business combinations has not been adjusted when preparing the opening IFRS balance sheet. The financial statements are presented in euros unless otherwise stated. The preparation of financial statements in accordance with IFRS requires the use of certain estimates and the exercise of judgment in the process of applying the accounting policies. Information on the exercise of judgment by the management in the process of applying the Company's accounting policies having the most significant effect on the amounts presented in the financial statements are disclosed under "Critical accounting estimates and judgements".

Consolidation

Subsidiaries

The consolidated financial statements include the companies, in which the Group holds the majority of the voting rights or otherwise has the power to govern the financial and operating policies of the company. Subsidiaries are consolidated from the date on which control is transferred to the Group and sold subsidiaries are de-consolidated from the date that control ceases. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

The consolidated financial statements include the parent company AffectoGenimap Oyj and its 100 per cent owned subsidiaries Affecto Oy, BIP Business Intelligence Products Oy, Genimap International Oy, Genimap Oy and 99.62 per cent** owned subsidiary UAB Informacinés Technologijos and its 100 per cent owned subsidiaries Mebius IT and Mebius IT Vilnius UAB and Mebius IT Oü.

Genimap Oy and Genimap International Oy (Genimap Group) have been consolidated from 1 October 2004. UAB Informacines Techonologijos, Mebius IT, Mebius IT Vilnius UAB ja Mebius IT Oü (ITG Group) from 1 December 2004. Domasoft Oy has been consolidated from 1 December 2005.

Inter-company share ownership is eliminated with the purchase method of accounting. All inter-company transactions, receivables and liabilities and unrealized gains, and inter-company distribution of profit are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated, if they are caused

** The effect if the put and call option has been taken into account in determining the percentage of ownership under IFRS.

by impairment of assets. Allocation of profit for the period between the equity holders of the parent company and minority interest is disclosed on the face of the income statement and equity attributable to minority interest is presented separately as a part of shareholders' equity on the balance sheet.

Associates are entities over which the Group has significant influence. Significant influence is achieved, when he Group owns over 20 per cent of the voting rights or when the Group otherwise has significant influence, but not control.

On 31 December 2005, the reporting currencies of all the Group's entities were tied to euro.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currency are translated into the functional currency at the balance sheet date exchange rates. Non-monetary items measured at fair value are translated into functional currency at the exchange rates prevailing at the valuation date. Other non-monetary items are measured at the exchange rates prevailing at the transaction date.

Gains and losses resulting from foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under sales, materials and services or under financial income and expenses based on the nature of transaction.

Income statements and cash flows of foreign entities are translated into the Company's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates on the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as separate asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Other tangible assets comprise artwork and are not depreciated.

Depreciation is calculated using the straight-line method during the estimated useful lives, as follows

Buildings	40 years
Machinery and equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date to reflect changes in the estimates of economic benefits.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income or expenses.

Interest costs on borrowings to finance the construction of property, plant and equipment are expensed as incurred.

Intangible assets

Goodwill

Goodwill, arising from the acquisitions after 1 January 2004, represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. For the goodwill, arising from the acquisitions before 1 January 2004, the carrying amount of goodwill under previous GAAP at the date of transition to IFRSs is used as the deemed cost of goodwill under IFRS at that date.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. (Details in Note 9 Goodwill and other intangible assets).

Research and development

Research expenditure is recognised as an expense as incurred. Development costs are capitalized when the entity can demonstrate the technological and commercial feasibility of the product and cost can be measured reliably. Other development expenditures are recognised as an expense. Currently the development work the entity is performing is of such nature that it does not fulfill the criteria of capitalisation and thus the development costs are recognised as expense as incurred.

Other intangible assets

Intangible assets include technology, a trademark, customer relationships and cartographic content arising from business combinations. The trademark has indefinite useful life and is not amortized but tested for impairment annually. Technology, customer relationships and cartographic content are amortized over their estimated useful life (3 to 15 years).

Other intangible assets (including mainly computer software) are carried at cost less amortisation less any impairment loss. These are amortized over their estimated useful life (3 to 5 years).

Impairment of assets

Goodwill and other assets that have an indefinite useful life are tested annually for impairment. An entity has performed the impairment test of goodwill in accordance with IAS 36 as required by IFRS 1 on the transition date 1 January 2004.

With regard to assets that are subject to amortisation, the Company assesses at each balance sheet date, whether there are indications that the carrying amount may not be recoverable. If there is any indication of impairment, the recoverable amount is estimated as the higher of the net selling price and the value in use with an impairment loss being recognised to income statement whenever the carrying amount exceeds recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. However, previously recognised impairment loss of goodwill is not reversed.

Financial assets

The Company classifies its investments in debt and equity securities into the following categories; financial assets at fair value through profit and loss, held-to-maturity financial assets and available-for-sale financial assets. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of investments at the time of the purchase and re-evaluates such designation on a regular basis. Currently all the financial investments are classified as available-for-sale financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. All unrealized gains and losses arising from changes in the fair value are recognised in equity. When securities classified as available-for-sale are sold or permanently impaired, the accumulated fair value adjustments are included in the income statement in financial income and expenses. The available-for-sale financial assets comprise investments in shares.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes. These include financial assets of the Group that have arisen on transfers of cash, goods or services to the debtor. They are measured at amortized cost and included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Impairment on trade receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand and bank and deposits held at call with banks.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases where the lessee has substantially all the risks and rewards of ownership are classified as finance leases.

The Group has entered into various operating leases, the payments under which are treated as rentals and charged to the income statement on a straight-line basis over the lease term.

Inventories

Purchased products are valued at acquisition cost while self-manufactured products are valued at manufacturing cost including related fixed purchasing and manufacturing costs of the Company. Inventories are stated at the lower of cost or net realisable value or repurchase price at the balance sheet date. Cost is determined using the weighted average cost method. Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that the inventory can be used, provisions are reversed with inventory being revalued up to the lower of its estimated market value, repurchase price or original cost. Unsaleable inventory is fully written off.

Share capital

Share capital consists solely of ordinary shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid and any directly attributable incremental costs (net of taxes) are deducted from equity.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Employee benefits

Pension obligations

The Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through payments to insurance companies. Most of the pension schemes are classified as defined contribution plans.

Defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Under defined contribution plans the payments are accounted for as expenses of the period for which the payment is made.

Share-based payments

Share options have been granted to management and key employees of the subsidiary of AffectoGenimap Oyj based on achievement of predetermined targets and years of service. Options are granted and are exercisable at the nominal value of the shares of the subsidiary. Options are exercisable at 1 July following the end of the financial period. The Group has recorded a charge to personnel expenses in connection with the share options of the subsidiary.

Share options are measured at their fair value at the grant date and recognised as an expense in the income statement on a straight-line basis over the vesting period. The expense determined at the grant date is based on the Group's estimate of the number of options that will vest at the end of the vesting period. The estimate for the final number of options that will vest is revisited at each balance sheet date. Changes in the estimates are recognised in the income statement.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Research and development grants are credited against research and development expenses in the income statement. Government grants relating to the purchase of property, plant and equipment are presented by deducting the grant in arriving at the carrying amounts of the assets and are credited to the income statement in the form of lower depreciation over the estimated useful lives of the related assets.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount to be recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of time value of money is material, the amount of the provision is discounted. The Group has no provisions.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivables of the sale of goods and services, net of value-added tax, rebates and discounts.

Sales of goods/licenses:

Sales of goods/licenses are recognised when a Group entity has delivered the products/licenses to the customer, collectibility of the related receivables is reasonably assured, the selling entity has no significant risks and rewards of ownership and the selling entity retains neither managerial commitment nor control of the sold goods/licenses.

Construction contracts:

In long-term projects contract accounting revenue recognition principles are applied. Long-term projects might include both licenses and consulting sales and modification and customization of software play an important part in the projects.

Contract revenue and cost are recognised based on the percentage of completion method. The state of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

The Group presents as an asset the gross amount due from customers of contract work for all contracts in progress for which costs incurred plus recognised profits exceed progress billings. Progress billings not yet paid by customers are included within trade receivables.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits are presented as a liability.

Other services:

Sales of services (support, maintenance, consulting and training) are recognised in the accounting period in which the services are rendered.

Segment information

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of units operating in other economic environments.

The company's primary segment reporting is based on geographical segments and secondary segment reporting on business segments.

Adoption of new or amended IFRS standards and IFRIC interpretations

The standards and interpretations listed below have been published by the IASB and are mandatory in 2006 or later. The Group has not early adopted these standards and interpretations and will adopt them for future periods.

In 2006, the Group will adopt the following standards and interpretations

- *IAS 19 (Amendment), Employee Benefits*. The amendment introduces the option to recognise the actuarial gains and losses directly in equity. In addition, it concerns multi-employer plans and notes disclosures on employee benefits. The management of the Group assesses that this amendment will not have a material effect on the consolidated financial statements.
- *IAS 21 (Amendment), Net Investment in a Foreign Operation***: The amendment clarifies and changes the requirements of the standard involving receivables from and liabilities to foreign operations that are accounted for as a part of the net investment in the foreign operation. These items can be stated in whatever currency and can either be between the parent and subsidiary or between subsidiaries. The management of the Group assesses that this amendment will affect the accounting for the inter-company monetary items.
- *IAS 39 (Amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions.* The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements. The management of the Group assesses that this amendment will not have a significant effect on the consolidated financial statements, as the Group does not apply hedge accounting on inter-company foreign currency items.
- *IAS 39 (Amendment), The Fair Value Option.* The amendment means that items of financial assets and liabilities can be designated as at fair value through profit or loss if the classification produces more relevant information or it reduces complexity or makes the valuation more reliable. The adoption of the amendments is voluntary and the decision is made at the initial recognition. The Group will not change the principles of classification for its financial instruments in the future financial statements.
- *IAS 39 (Amendment) Financial Instruments: Recognition and measurement and IFRS 4 (Amendment) Insurance Contracts – Financial Guarantee Contracts.* The amendment concerns the accounting for financial guarantees given to third parties. These contracts shall initially be recognised at their fair value and subsequently measured at the higher of: the unamortised balance of the related fees received and deferred, and the expenditure required to settle the commitment at the balance sheet date. The management of the Group assesses that the amendment will not have a significant effect on the consolidated financial statements.
- *IFRIC 4, Determining whether an Arrangement contains a Lease*. The interpretation requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires the assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Group is currently assessing the impact of this interpretation on the financial statements of the Group.

The following standards and interpretations that are effective in 2006 will not have an effect on the consolidated financial statements:

- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources.
- IFRS 6, Exploration for and Evaluation of Mineral Resources.
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- *IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- *IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.***
- IFRIC 8, Scope of IFRS 2**

The Group will adopt the following standard published by the IASB in its consolidated financial statements for 2007:

- *IFRS 7 Financial Instruments: Disclosures and IAS 1 (Amendment) Presentation of Financial Statements – Capital Disclosures*. The standard introduces new disclosures on financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The management of the Group is currently assessing the effects of the standard and complementary amendments and their current assessment is that the most significant new disclosures for the Group will be the expanded quantitative analyses, the disclosure of the sensitivity analysis and the capital disclosures.

** The standard/interpretation in question has not yet been endorsed by the EU.

3. Financial risk management

(1) Financial risks

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and market prices of shares. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by finance department under policies approved by the Audit Committee of the Board of Directors.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising primarily from future commercial transactions, recognised assets and liabilities with respect to the U.S. dollar. The costs incurred by the Company from acquiring software and related products from its principals are mainly denominated in U.S. dollars. The share of U.S. dollar purchases of all purchases is, however, only 12%. In addition, as a consequence of AffectoGenimap's expansion to countries not belonging to the European Economic and Monetary Union ("EMU"), and the generation of increasing international sales to such countries, AffectoGenimap will increasingly become exposed to risks from changes in foreign currency exchange rates. Currency risk exposure, although limited, is encountered in situations where the sales of the Company are denominated in currencies other than those in which its expenses are incurred. Currently, the Company does not hedge its foreign exchange exposure.

Interest rate risk

The Group's cash flow interest rate risk arises mainly from long-term and short-term loans as borrowings are issued at variable interest rate. In accordance with the current risk management policy, the Company does not hedge its interest rate exposure. An increase of 1 percentage point in the interest rates would increase the annual interest expenses by 120 000 euros.

Credit risk

The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Company has significant trade receivables from certain customers, in relation to which the Management and Board of Directors of the Company see no real credit risk as the credit history of these counterparties is flawless. The amount of the allowance for bad debt recognised in income during the period was 8 812 euros, which is not a significant amount.

Liquidity risk

The liquidity position of the Company is good, the cash and cash equivalents of the Company include 10 498 thousand euros in short-term demand deposits. The company applies prudent liquidity risk management, as there are fluctuations in cash flows based on the nature of business. With relation to long-term projects the liquidity risk management involves the amount and timing of advance payments on the projects.

(2) Derivative instruments and hedging

The Company does not have any derivative instruments.

(3) Fair value estimation

The carrying amounts of the Company's financial instruments, which include cash equivalents, trade receivables, trade payables and accrued expenses approximate their fair values due to their short maturities. Based on borrowing rates currently available to the Company for capital loans, and borrowings from financial institutions with similar conditions, the carrying amounts approximate their fair values.

4. Critical accounting estimates and judgements

Estimates and judgment are based on historical experience and other factors, including expectations of future events. Estimates and judgment are continually evaluated. Most critical accounting estimates and judgment are discussed below.

Purchase price allocation

IFRS 3 requires the acquirer to recognise separately an intangible asset of the acquiree if the recognition criteria are met. The recognition of intangible assets at their fair value required management's estimates of future cash flows. When feasible, the management has used as a basis for such allocations the readily available market values to determine the fair value basis. However, when this has not been possible, as often is the case especially with intangible assets, the valuation has been based on past performance of such asset and its intended future use in our business. The valuations, which have been based on discounted cash flows, estimated selling prices or replacement costs, require management to make estimates and assumptions of the future use of those assets and the their impact on the company's financial position. Any change in the company's future business priorities and orientations may affect the planned outcome of initial valuations. (Note 7)

Impairment testing

The group tests annually whether goodwill or other intangible assets with indefinite useful lives have suffered any impaired. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. While the management believes that assumptions are appropriate, the recoverable amounts estimated could differ materially from what will actually occur in the future. (Note 9)

Revenue recognition

The group uses the percentage of completion method for long-term contracts. The percentage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing the particular project. Recognised revenues and profit are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable.

Inventory valuation

Management's policy is to maintain an allowance for slow moving and obsolete inventory based on the management's best estimate of the amounts that are potentially uncollectible at the balance sheet date. Management bases its estimate on a systematic, on-going review and evaluation.

5. Effect of transition to IFRS on previously reported shareholders' equity and result

As discussed in the Basis of preparation, these are the first financial statements of AffectoGenimap Group prepared in accordance with IFRS. Prior to the adoption of IFRS standards AffectoGenimap Group prepared its financial statements in accordance with Finnish Accounting Standards.

The transition to IFRS reporting has resulted in changes in the financial statements, in the notes to the financial statements and accounting policies as compared to previously reported financial statements. The following reconciliations and explanatory notes describe the differences between the IFRS and reporting under Finnish Accounting Standards (FAS) for the financial year 2004 and at the date of transition to IFRS, 1 January 2004.

The effect of transition to IFRS on previously reported shareholders' equity:

1 000 euros	Note	FAS 31 Dec. 2003	IFRS adjustment	IFRS 1 Jan. 2004	FAS 31 Dec. 2004	IFRS adjustment	IFRS 31 Dec. 2004
ASSETS							
Non-current assets							
Property, plant and equipment		465	–	465	1 894	41	1 935
Goodwill	a)	9 419	–	9 419	23 447	6 123	29 570
Other intangible assets	a)	80	–	80	293	2 553	2 846
Deferred tax assets	b)	–	99	99	529	–285	244
Financial assets		26	–	26	80	–	80
Current assets							
Inventories	a)	28	–	28	1 491	237	1 728
Trade receivables		2 936	–	2 936	8 862	–	8 862
Other receivables	c)	2 977	–2 090	887	7 318	–5 278	2 040
Current income tax receivables		712	–	712	517	–	517
Cash and cash equivalents		5 133	–	5 133	7 892	–	7 892
Total assets		21 776	–1 991	19 785	52 323	3 391	55 714

1 000 euros	Note	FAS 31 Dec. 2003	IFRS adjustment	IFRS 1 Jan. 2004	FAS 31 Dec. 2004	IFRS adjustment	IFRS 31 Dec. 2004
SHAREHOLDERS' EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital		2 822	–	2 822	4 300	–	4 300
Share premium		1 948	–	1 948	9 981	4 259	14 240
Retained earnings		1 481	99	1 580	1 515	1 849	3 365
Capital loan	d)	4 648	–4 648	–	–	–	–
		10 898	–4 548	6 350	15 796	6 108	21 905
Minority interest	a)	–	–	–	977	–962	15
Total shareholders' equity		10 898	–4 548	6 350	16 773	5 146	21 920
Liabilities							
Non-current liabilities							
Borrowings	a) d)	1 682	4 648	6 329	12 554	3 076	15 630
Deferred tax liabilities	a) b)	–	–	–	–	446	446
Current liabilities							
Borrowings		1 682	–	1 682	3 696	–	3 696
Trade payables		455	–	455	2 606	–	2 606
Other liabilities	c)	6 307	–2 090	4 217	15 893	–5 278	10 615
Current income tax liabilities		752	–	752	801	–	801
Total liabilities		10 878	2 557	13 435	35 549	–1 756	33 793
Total shareholders' equity and liabilities		21 776	–1 991	19 785	52 323	3 391	55 714

The effect of transition to IFRS on previously reported net income:

2004		FAS	IFRS	IFRS
1 000 euros	Note	1 Jan.– 31 Dec.	Effect	1 Jan.– 31 Dec.
Net sales		26 734	–	26 734
Other operating income		21	–	21
Changes in inventories of finished goods and work in progress	a)	–172	–79	–251
Materials and services		–5 623	–	–5 623
Personnel expenses		–11 510	–	–11 510
Depreciation, amortisation and impairment charges	e)	–2 424	1 876	–548
Other operating expenses		–4 083	–	–4 083
Operating profit		2 943	1 797	4 740
Finance income		92	–	92
Finance cost		–293	–8	–301
Profit before income tax		2 742	1 789	4 531
Income tax expense	b)	–1 285	–69	–1 354
Profit for the period		1 457	1 720	3 177
Attributable to				
Equity holders of the Company		1 424	–	3 176
Minority interest		33	–32	1

	1 Jan. 2004	31 Dec. 2004
Reconciliation of equity		
Total equity under FAS	10 898	16 774
Effect of transition to IFRS		
IAS 32 & IAS 39 Financial instruments	–4 648	–
IAS 12 Income taxes	99	30
IFRS 3 Business combinations	–	5 116
Total IFRS adjustments	–4 548	5 146
Total equity under IFRS	6 350	21 920

Explanatory notes to IFRS adjustments.

a) Business combinations
There were two significant acquisitions in 2004, the accounting for which differs under FAS and IFRS.

IFRS requires an acquirer to recognise separately the acquiree's identifiable assets (incl. possibly previously unrecognised intangible assets), liabilities and contingent liabilities at fair value if the recognition criteria are met. Under FAS those intangible assets are not recognised separately from goodwill. In addition the cost of business combination differs under IFRS when compared to FAS.

As the result of the acquisitions new intangible assets of 2.6 million euros was recognised under IFRS and the amount of goodwill is 6.1 million euros higher under IFRS than under FAS. Details of the business combinations done in 2004 can be found in Note 7 Business Combinations.

In connection with the acquisition of Informacines Technologijos UAB (ITG), the net present value of the joint put and call option with minority shareholders and the Group has been accounted for as a deferred consideration and recorded as a loan payable to minority at the date of acquisition at 30 November 2004.

The company has used the exemption allowed by IFRS 1 not to restate the business combinations occurred before the transition to IFRS.

b) Deferred taxes
Deferred taxes were not recognised on temporary differences under FAS as of 1 January 2004. That resulted in a 99 thousand euros IFRS adjustment in the opening IFRS balance sheet. As of 31 December 2004, the adjustment to deferred taxes is related to different accounting for acquisitions that occurred in 2004.

c) Contract revenue
Under IFRS an entity shall present the gross amount due from customers for contract work being the net amount for all contracts in progress for which costs incurred plus recognised profits exceeds progress billings; and the amount due to customers for all contracts in progress for which progress billings exceed costs incurred plus recognised profits. Under FAS the receivables and advances are presented on gross basis.

d) Reclassification of capital loan
Under FAS capital loan (4.6 million euros) is included in shareholders' equity. Under IFRS capital loan is classified as long-term liability. The capital loan has been repaid in 2004.

e) Goodwill
Under IFRS goodwill is not amortised but is tested annually for impairment. Under FAS goodwill is amortised over 5 to 10 years. The reversal of goodwill amortisation has an 1.9 million euros impact on year 2004 income statement.

6. Segment information

Primary reporting format – geographical segments

AffectoGenimap's operations are organised through two country units, AffectoGenimap Finland and AffectoGenimap Baltic. AffectoGenimap Finland comprises the business areas XBI solutions, Customised solutions and Cartographic solutions. AffectoGenimap Baltic serves its customers through the Baltic solutions business area.

In segment reporting geographical segment is defined as the primary and business segment as secondary segment format. Segment reporting reflects the Group's internal organisational and management structure. The reportable geographical segments are Finland and the Baltic countries. Geographical segments are presented based on the location of assets.

Segment results for the year ended 31 December 2005 are as follows:

1 000 euros	Finland	Baltic countries	Eliminations	Group
Total external sales	35 713	11 022	–36	46 699
Segment result (operating profit)	4 281	1 218		5 499
Unallocated costs				–346
Operating profit				5 153
Finance income and costs				–364
Profit before income taxes				4 789
Income tax expense				–1 089
Profit for the period				3 700

Unallocated costs represent general administrative expenses, head-office expenses and other expenses that arise at the entity level and relate to the entity as a whole.

Inter-segment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated parties. All inter-segment sales are eliminated in consolidation.

Non-cash expenses included in the income statement for the year ended 31 December 2005 are as follows:

1 000 euros	Finland	Baltic countries	Group
Depreciation and amortisation	850	245	1 095

Segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

1000 euros	Finland	Baltic countries	Other	Group
Assets	39 292	16 339	6 723	62 354
Liabilities	9 886	2 258	16 637	28 781
Capital expenditure (incl. business combination)	2 389	235	0	2 624

Segment assets consist primary of property, plant and equipment, intangible assets, inventories and receivables. They exclude tax assets, financial assets (incl. cash) and assets relating to corporate function. Segment liabilities comprise operating liabilities such as trade and other payables, accrued liabilities and customer advances. They exclude items such as taxation and borrowings.

Unallocated items are presented in segment "Other".

Segment results for the year ended 31 December 2004 are as follows:

1 000 euros	Finland	Baltic countries	Group
Total external sales	25 404	1 330	26 734
Segment result (operating profit)	4 526	192	4 718
Unallocated costs			22
Operating profit			4 740
Finance income and cost			–209
Profit before income tax			4 531
Income tax expense			–1 354
Profit for the period			3 177

Non-cash expenses included in the income statement for the year ended 31 December 2004 are as follows:

1 000 euros	Finland	Baltic countries	Group
Depreciation and amortization	523	25	548

Segment assets and liabilities at 31 December 2004 and capital expenditure for the year then ended are as follows:

1000 euros	Finland	Baltic countries	Other	Group
Assets	33 377	11 475	8 734	53 586
Liabilities	9 945	3 275	17 497	30 717
Capital expenditure	14 303	8 511	0	22 814

Secondary reporting format – business segments:

XBI: AffectoGenimap's XBI operations are divided into three principal areas; business intelligence, geographic information systems and document management. The solutions these three areas offer are separate but they can also be complementary. AffectoGenimap's XBI projects are based on third party software and the Company serves as an integrator providing the customer-specific solution.

Customised Solutions include businesses in Finland and in the Baltic countries. In Finland, AffectoGenimap builds highly customized operational solutions for large Finnish organizations, both public and private. AffectoGenimap is specialized in areas requiring high customisation needed because of significant national characteristics of the solutions. In the Baltic region AffectoGenimap provides a complete IT service suite. It focuses on serving large corporate and public sector clients in the region.

Cartographic Solutions: The unit offers cartographic content in various forms to customers. The publishing of the content also as maps offers AffectoGenimap an additional way of benefiting from the location and map data collected during the Company's existence, as AffectoGenimap holds a comprehensive map database for Finland. AffectoGenimap has also created a uniform global map database from various European data sources. AffectoGenimap offering include a number of maps and related products such as books, CD-ROMs and nautical charts. AffectoGenimap also provides tailored maps mostly for corporate users.

Segment revenue, assets and capital expenditure for the year ended 31 December 2005 are as follows:

1 000 euros	XBI	Customized solutions	Cartographic solutions	Other	Group
Sales	21 160	18 255	7 383	–99	46 699
Assets	17 644	30 847	7 140	6 723	62 354
Capital expenditure	2 069	463	92	0	2 624

Segment revenue, assets and capital expenditure for the year ended 31 December 2004 are as follows:

1 000 euros	XBI	Custom-ised solutions	Carto-graphic solutions	Other	Group
Sales	16 500	8 853	1 386	–5	26 734
Assets	18 627	16 296	9 929	8 734	53 586
Capital expenditure	6 601	8 871	7 342	0	22 814

Unallocated assets (tax assets, financial assets (incl. cash) and assets relating to corporate function) are presented in segment "Other".

7. Business combinations

On 30 November 2005, the Group acquired 100 per cent of the share capital and voting rights of Domasoft Oy. Domasoft offers document management, work management and data capture solutions. The solutions are mainly based on own solution frameworks, which are then tailored for customers. Data collection solutions are mainly built on third party tools. The acquired business contributed revenues of 0.2 million euros and net profit of 0.0 million euros to the Group for the period it was consolidated, that is from 1 December 2005 to 31 December 2005. The entire purchase consideration was settled in cash. 0.3 million euros of the consideration has been paid in the beginning of year 2006.

Details of net assets acquired and goodwill are as follows:

1 000 euros	
Purchase consideration:	
Cash paid (2005 and 2006)	1 780
Direct costs relating to the acquisition	82
Total purchase consideration	1 862
Fair value of net assets acquired	360
Goodwill	1 502

The goodwill is attributable to the significant synergies expected to arise after the acquisition and the assembled and skilled workforce.

The assets and liabilities arising from the acquisition are as follows:

1 000 euros	Fair value	Acquiree's carrying amount
Non-current assets		
Intangible assets		
Customer relationships	148	–
Technology	95	–
Goodwill	–	–
Other intangible assets	16	19
Property, plant and equipment	44	44
Current assets		
Trade and other receivables	376	376
Cash and cash equivalents	275	275
Total assets	954	714
Non-current liabilities		
Deferred tax liabilities	64	–
Current liabilities		
Trade and other payables	530	530
Total liabilities	594	530
Net assets	360	184
Purchase consideration settled in cash		–1 493
Cash and cash equivalents in subsidiary acquired		275
Cash outflow (net) on acquisition		–1 218

If the 2005 acquisitions had occurred on 1 January 2005 the revenue and operating profit of the Group would have increased by 2.2 million euros and 0.1 million euros, respectively.

On 24 September 2004, the Group acquired 100 per cent of the share capital and voting rights of Genimap International Oy. Genimap operates in the field of digital location-based information systems and cartographic services and products in Finland. The acquired business contributed revenues of 3.4 million euros and net loss of 0.3 million euros to the Group for the period it was consolidated, that is from 1 October 2004 to 31 December 2004. The cost of business combination consists of shares (11 208 662 Series A shares) issued and direct costs related to the acquisition. In connection with the business combinations the purchaser issued 1 730 403 additional Series B shares in order to entitle an adjustment in the shareholding if needed. The fair value of the shares issued was estimated by reference to the proportional interest in fair value of AffectoGenimap Oyj. The value of shares issued was estimated to be 1.02 euros per share.

Details of net assets acquired and goodwill are as follows:

1 000 euros	
Purchase consideration:	
Cash paid	0
Direct costs relating to the acquisition	482
Fair value of shares issued	11 434
Total purchase consideration	11 916
Fair value of net assets acquired	1 216
Goodwill	10 700

Goodwill is attributable to the significant synergies expected to arise after the acquisition and the assembled and skilled workforce of the acquiree.

The assets and liabilities arising from the acquisition are as follows:

1 000 euros	Fair value	Acquiree's carrying amount
Non-current assets		
Intangible assets		
Customer relationships	508	–
Trademarks	551	–
Cartographic content	1 532	–
Goodwill	–	7 982
Other intangible assets	183	183
Property, plant and equipment	417	417
Financial assets	3	3
Deferred tax assets	177	177
Current assets		
Inventories	2 043	1 728
Trade and other receivables	2 097	2 097
Cash and cash equivalents	699	699
Total assets	8 211	13 287
Non-current liabilities		
Borrowings	3 450	3 450
Deferred tax liabilities	756	–
Current liabilities		
Trade and other payables	2 789	2 789
Total liabilities	6 995	6 239
Net assets	1 216	7 048
Purchase consideration settled in cash		–482
Cash and cash equivalents in subsidiary acquired		699
Cash outflow (net) on acquisition		217

On 30 November 2004, the Group acquired 75.34 per cent of the share capital and voting rights of UAB "Informacines Technologijos" Group ("ITG") domiciled in Lithuania. The minority shareholders jointly have a put option to sell and Group has a call option to buy the shares held by minority on or after 1 April 2006. The net present value of the joint put and call option with minority shareholders and the Group has been accounted for as a deferred purchase consideration and recorded as a loan payable to minority at the date of acquisition at 30 November 2004. The 2004 special purpose IFRS financial information has been retrospectively revised to account for this change. The change was made during third quarter of 2005. After the recognition of the option, the Group's share of ownership of ITG was increased to 99.62 per cent. During 2005 the debt to minority grew by 0.3 million euros due to ITG share emissions. In connection to the emission, the new shareholders have signed similar put and call options.

ITG offers a full range of IT-services including system development, deployment, support, training and consultation in Baltic countries. The acquired business contributed revenues on 1.3 million euros and net profit of 0.1 million euros to the Group for the period from 1 December 2004 to 31 December 2004.

The purchase consideration consists of cash paid, shares (1 843 739 pcs) issued and direct costs relating to the acquisition.

The fair value of the shares issued is based on the value of ITG shares paid in cash in the business combination.

Details of net assets acquired and goodwill are as follows:

Purchase consideration:		
Cash paid		7 582
Direct costs relating to the acquisition		320
Fair value of shares issued		2 339
Deferred consideration (put/call option)		3 068
Total purchase consideration		13 309
Fair value of net assets acquired	3 873	
% ownership acquired	99.62	3 859
Goodwill		9 450

The goodwill is attributable to the geographical presence, significant synergies expected to arise after the acquisition and the assembled and skilled workforce.

The assets and liabilities arising from the acquisition are as follows:

1 000 euros	Fair value	Acquiree's carrying amount
Non-current assets		
Intangible assets		
Other intangible assets	28	28
Property, plant and equipment	1 161	1 120
Deferred tax assets	218	218
Current assets		
Inventories	9	9
Trade and other receivables	3 276	3 276
Cash and cash equivalents	1 920	1 920
Total assets	6 611	6 570
Non-current liabilities		
Borrowings	0	0
Deferred tax liabilities	6	0
Current liabilities		
Trade and other payables	2 731	2 731
Total liabilities	2 738	2 731
Net assets	3 873	3 838
of which 99.62% ownership	3 859	3 823
Minority interest	15	–
Purchase consideration settled in cash		–7 902
Cash and cash equivalents in subsidiary acquired		1 920
Cash outflow (net) on acquisition		–5 982

If the 2004 acquisitions had occurred on 1 January 2004 Group revenue and result would have been (an estimate):

1 000 euros	Revenue	Result
AffectoGenimap Oyj (reported)	26 734	3 177
Genimap Group (pro forma)	9 748	74
ITG (pro forma)	10 144	1 028
	46 626	4 279*

* Profit for the period. Profit attributable to equity holders of the company would be 4 274 thousand euros.

8. Property, plant and equipment

1 000 euros	Buildings	Machinery and equip- ment	Other property, plant and equipment	Total
Acquisition cost 1 January 2005	748	2 145	5	2 898
Exchange differences	0	0	0	0
Acquired subsidiaries	0	44	0	44
Additions	0	606	0	606
Disposals	0	–119	0	–119
Acquisition cost 31 December 2005	748	2 676	5	3 429
Accumulated depreciation 1 January 2005	2	961	0	963
Exchange differences	0	0	0	0
Disposals	0	–103	0	–103
Depreciation for the period	22	647	0	669
Impairment charges	0	0	0	0
Accumulated depreciation 31 December 2005	24	1 505	0	1 529
Carrying amount 1 January 2005	746	1 184	5	1 935
Carrying amount 31 December 2005	724	1 171	5	1 900

Acquisition cost 1 January 2005	0	1 905	5	1 911
Exchange differences	0	0	0	0
Acquired subsidiaries	748	828	0	1 576
Additions	0	284	0	284
Disposals	0	–873	0	–873
Acquisition cost 31 December 2004	748	2 145	5	2 898
Accumulated depreciation 1 January 2004	0	1 446	0	1 446
Exchange differences	0	–2	0	–2
Disposals	0	–864	0	–864
Depreciation for the period	2	381	0	383
Impairment charges	0	0	0	0
Accumulated depreciation 31 December 2004	2	961	0	963
Carrying amount 1 January 2004	0	459	5	464
Carrying amount 31 December 2004	746	1 184	5	1 935

9. Goodwill and other intangible assets

1 000 euros	Goodwill	Other intangible assets					
		Tech-nology	Customer relation-ships	Trade-mark*	Carto-graphic content	Other	Total other intangible assets
Acquisition cost 1 January 2005	29 570	0	508	551	1 532	413	3 004
Exchange differences	0	0	0	0	0	0	0
Acquired subsidiaries	1 502	95	148	0	0	16	259
Additions	0	0	0	0	0	213	213
Disposals **	–212	0	0	0	0	0	0
Acquisition cost 31 December 2005	30 860	95	656	551	1 532	642	3 476
Accumulated amortisation 1 January 2005	0	0	13	0	26	120	159
Exchange differences	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation for the period	0	3	52	0	102	268	425
Impairment charges	0	0	0	0	0	0	0
Accumulated amortisation 31 December 2005	0	3	65	0	128	388	584
Carrying amount 1 January 2005	29 570	0	495	551	1 507	293	2 846
Carrying amount 31 December 2005	30 860	92	591	551	1 404	254	2 892
Goodwill	30 860						
Other intangible assets	2 892						
Total intangible assets 31 December 2005	33 752						

** Goodwill of 0.2 million euros was allocated to the divested consumer-related mobile locating and tracking operations.

1 000 euros	Goodwill	Other intangible assets				
		Customer relation-ships	Trade-mark *	Carto-graphic content	Other	Total other intangible assets
Acquisition cost 1 January 2004	9 419	0	0	0	419	419
Exchange differences	0	0	0	0	0	0
Acquired subsidiaries	20 151	508	551	1 532	211	2 802
Additions	0	0	0	0	128	128
Disposals	0	0	0	0	–345	–345
Acquisition cost 31 December 2004	29 570	508	551	1 532	413	3 004
Accumulated amortisation 1 January 2004	0	0	0	0	339	339
Exchange differences	0	0	0	0	–4	–4
Disposals	0	0	0	0	–343	–343
Amortisation for the period	0	13	0	26	128	166
Impairment charges	0	0	0	0	0	0
Accumulated amortisation 31 December 2004	0	13	0	26	120	158
Carrying amount 1 January 2004	9 419	0	0	0	80	80
Carrying amount 31 December 2004	29 570	495	551	1 507	293	2 846
Goodwill	29 570					
Other intangible assets	2 846					
Total intangible assets 31 December 2004	32 416					

* Trademark is treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. Therefore, the trademark is not amortised until its useful life is determined to be finite.

Impairment test for goodwill

At each balance sheet date, the Group assesses whether there are indications that the carrying amount of an asset may not be recoverable. If there is any indication of impairment, the recoverable amount is estimated. In addition, the recoverable amount is estimated annually for certain assets regardless of whether there have been indications of impairment or not. The need for impairment is assessed at the level of cash generated units, that is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For goodwill impairment test the goodwill has been allocated to the following cash-generating units. Goodwill has been tested for impairment on the transition date to IFRS 1 January 2004 as required by IFRS 1.

Summary of goodwill allocated to the cash-generating units is presented below:

	2005			
1 000 euros	XBI	Customized solutions	Cartographic solutions	Total
Finland	13 358	2 920	5 132	21 410
Baltic	0	9 450	0	9 450
	13 358	12 370	5 132	30 860

Trade mark (551 thousand euros in 2004 and 2005), which has an indefinite useful life, has been allocated to the cash-generating unit Cartographic solutions, Finland.

The recoverable amount of a CGU is determined based on value-in-use calculations. The calculations use cash flow projection based on financial budgets and forecasts approved by management covering five year period. Cash flows beyond the five-year-period are extrapolated using estimated growth rates stated below. The growth rate does not exceed the long-term average actual growth rate within the industry.

Key assumptions used for value-in-use calculations:

	Cash-generating unit			
1 000 euros	XBI	Customized solutions Finland	Customized solutions Baltic	Cartographic solutions
Pre-tax discount, rate	10.9	11.5	12.8	10.9
Growth rate	2	2	3	2

The management has based its cash flow projections for the period covered by most recent budgets to assumption of the market performance of the business. Assumptions used reflect past experience and future expectations, and are consistent with external sources of information. With regards to XBI, the realisation of the estimated cash flows as forecasted is a significant factor when it comes to possible impairment. A change of 1 per cent in the growth expectations of revenues and cost levels used in the value-in-use calculations would have the most significant effect on the value-in-use.

10. Available-for-sale financial assets

Financial assets include shares and other financial investments. Currently all investments are classified as available-for-sale financial assets.

Available-for-sale financial assets

1 000 euros	*2005*	*2004*
At 1 January	80	26
Subsidiaries acquired	0	54
Additions	19	0
At 31 December	99	80
Non-current portion	99	80

Available-for-sale financial assets include the following:

Unlisted shares, 1 000 euros	*2005*	*2004*
Icefire	51	51
Telecommunication companies	23	23
Proginta	19	0
Other shares	6	6
	99	80

11. Other non-current receivables

1 000 euros	*2005*	*2004*
At 1 January	0	0
Additions	70	0
At 31 December	70	0

12. Inventories

1 000 euros	*2005*	*2004*
Materials and supplies	1 277	977
Work in progress	134	90
Finished goods	713	661
	2 124	1 728

In 2005, the Group recognised 79 thousand euros (72 thousand euros during 2004) as write-down of inventories. The sale of inventories related to reorganisation of business operations (Note 19) which was carried out as a sale of balance sheet items. The purchase consideration received on inventories was recognised directly on the balance sheet as reduction of inventories. Because of this, the change of inventories in the income statement is not equal to the change in the value of inventories in the balance sheet.

13. Trade and other receivables

Trade receivables

1 000 euros	*2005*	*2004*
Trade receivables	7 121	8 862
Less provision for impairment of receivables	0	0
Trade receivables – net	7 121	8 862

Other receivables

1 000 euros	*2005*	*2004*
Prepaid expenses and accrued income		
Accrued income		
Amounts due from customers for contract work	570	280
Other accrued income	805	307
Prepaid expenses	1 455	1 282
Other receivables	360	171
Total other receivables	3 190	2 040

The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress at the balance sheet date were 8 270 thousand euros (2004 5 558 thousand euros)

The carrying amounts of trade and other receivables approximate their fair value.

14. Cash and cash equivalents

1 000 euros	*2005*	*2004*
Restricted cash and cash equivalents	550	0
Cash at bank and in hand	2 141	2 952
Short-term bank deposits	10 498	4 940
	13 189	7 892

Restricted cash and cash equivalents are pledged financial assets related to a delivery agreement. The effective interest rate on short-term bank deposits was between 1.9 per cent and 2.3 per cent. The maturity of the demand deposits varies from 1 to 30 days.

15. Share capital and share premium

	Number of shares A 1 000	Number of shares B 1 000	Share capital A 1 000 euros	Share capital B 1 000 euros	Total share capital 1 000 euros	Treasury shares 1 000	Treasury shares 1 000 euros	Share premium 1 000 euros
1 January 2004	28 221	0	2 822	0	2 822	864	–205	1 948
Purchase of treasury shares	–	–	–	–	–	620	–170	–
Sale of treasury shares	–	–	–	–	–	–100	23	3
Share issue 1.	13 052	1 730	1 305	173	1 478	–	–	12 289
31 December 2004	41 273	1 730	4 127	173	4 300	1 384	352	14 240
1 January 2005	41 273	1 730	4 127	173	4 300	1 384	–352	14 240
Series B shares to the Company 2.	–	–	–	–	–	1 730	–	–
Bonus issue 3.	0	–	0	–	0	–	–	0
Reduction of share capital 4.	–1 384	–1 730	–138	–173	–311	–3 115	352	311
Reverse split 5.	13 296	–	–	–	–	–	–	–
Share issue 6.	2 100	–	630	–	630	0	–	8 305
31 December 2005	15 396	–	4 619	–	4 619	0	–	22 856

Share capital (ordinary shares) consists of Series A shares, the par value of which is EUR 0.30 per share on 31 December 2005. Previously, the parent company had both Series A and Series B shares.

During the financial year 2004 there were changed in the share capital as follows:

1. Based on the extraordinary general meeting held at 24 September 2004 the Company decided to issue 11 208 662 new Series A shares and 1 730 403 new Series B shares in connection with the acquisition of Genimap International. Based on the extraordinary general meeting held at 18 November 2004 the Company decided to issue 1 843 739 new Series A shares in connection with the acquisition of UAB Informacines Technologijosin.

During the financial year 2005 there were changed in the share capital as follows:

2. All 1 730 403 series B shares were returned to the company without compensation on 12 April 2005 in accordance with the merger agreement made in August 2004 between Affecto and Genimap.
3. The share capital was increased by 5euros by issuing 52 new shares. The increase was done by transferring the amount to share capital from share premium. The entry into the Trade Register was made on 25 April 2005.
4. Share capital was decreased by 311 473 euros by cancelling the 1 384 334 Series A and 1 730 403 Series B shares held by the Company. After the cancellation of the B-shares, the company has only one share series. The entry into the Trade Register was made on 25 April 2005.
5. The number of shares was decreased. In the reverse split transaction three (3) old shares with nominal value of 0.10 euros were converted into one (1) new share with nominal value of 0.30 euros.
6. Based on the authorisation given on 20 April 2005 by the General Meeting and on the decision made by the Board of Directors on 26 May 2005, to raise the amount of share capital by a subscription issue of 630 000 euros by issuing into circulation 2 100 000 new shares. At the same time, the share of the Company was listed on the main list of the Helsinki Exchange. The decided issue price was 5 euros per share. The portion of the issue price that exceeded the share capital (0.30 euros) has been recorded in the share premium after adjusting it for the IPO net expenses of 1.1 million euros.

All issued shares are fully paid.
The Company has not purchased treasury shares in 2005.

The company purchased treasury shares in 2004 as follows:

Date	No.	Par value (total), euros	Consideration euros
26 April 2004	40 000	4 000	9 215
16 August 2004	580 000	58 000	159 215

The company sold its treasury shares in 2004 as follows:

Date	No.	Par value (total), euros	Consideration euros
24 March 2004	100 000	10 000	27 000

Share-based payments

Share options to the shares of Informacines Technologijos ("ITG") have traditionally been granted to directors and employees of ITG (a subsidiary of AffectoGenimap Oyj) on the basis of the profit of the company. The number of the options granted is based on the profit for the preceding financial period.

Based on the profit for 2005 the management of ITG has tentatively decided on a grant of 40 options. Each option entitles to the subscription of one share of Informacines Technologios.

Options are granted at the nominal value of the shares of ITG, which is LTL 100 (28.96 euros).

The grant of the share options is conditional on the receiver (employee) signing the put/call agreement on the shares with AffectoGenimap Oyj, based on which the holder of the shares can demand AffectoGenimap Oyj to purchase the shares and correspondingly, AffectoGenimap Oyj can demand the holder of the shares to sell those shares to the Company.

With relation to the grant of share options during 2005 a compensation cost of 55 thousand euros has been recognised on the income statement.

The fair value of the share options has been determined based on the terms of the put/call agreement. Based on the terms, the redemption price can vary between 1 407.03 euros and 2 137.57. The redemption price is determined in accordance with the non-market conditions established in the agreement either based on either actual revenue or profit before taxes. The cost recognised in 2005 is based on an estimate by the management according to which the redemption price will be set at the lower end of the range presented above.

The redemption of the shares on the basis of the put/call agreement can be settled either with cash or shares of AffectoGenimap Oyj.

Movement in the number of share options outstanding during the period are as follows:

	2005	*2004*
1 January	200	–
Additions through business combinations	–	200
Options exercised	100	–
Options expired	60	–
31 December	40	200

The option rights outstanding on 31 December 2005 expire by the end of year 2006.

16. Interest-bearing liabilities

Interest-bearing non-current liabilities

1 000 euros	*2005*	*2004*
Loans from financial institutions, non-current portion	8 858	12 554
Loans from financial institutions, current portion	3 696	3 696
	12 554	16 250

The maturity of non-current interest-bearing liabilities is as

2005	0	3 696
2006	3 696	3 696
2007	3 696	3 696
2008	2 953	2 953
2009	2 209	2 209
After 2009	0	0
Total	12 554	16 250

The weighted average effective interest rates of interest-bearing liabilities (including current interest-bearing liabilities):

Loans from financial institutions, %	3.18	2.95

The interest-bearing liabilities of the Group comprise euro currency variable interest liabilities. The carrying value of the interest-bearing liabilities approximates their fair value, because there have not been movements in the credit margin of the Company.

In addition the Company has recognised interest-bearing liabilities amounting to 3 424 668.90 euros in relation to acquisition of subsidiaries and share options. The liability that relates to the acquisition of subsidiary shares can be settled in cash or own shares. The number of shares is variable. The liability was included in non-current liabilities in 2004. It has been included in short-term liabilities in 2005.

17. Deferred tax assets and liabilities

The movement in deferred tax assets and liabilities during the period is as follows:

2005 1 000 euros	1 Jan.	Acquisitions/ Disposals of subsidiaries	Charged to income statement	Charged to equity	31 Dec.
Deferred tax assets:					
Temporary differences:					
Differences in tax and accounting depreciations	426	0	129	0	555
Accruals	29	0	3	0	32
Tax losses and tax credit carried forward	93	0	–4	0	89
Total deferred tax assets	548	0	128	0	676
Deferred tax liabilities:					
Temporary differences:					
Accrued income	18	0	–18	0	0
Fair valuation (business combinations)	731	63	–102	0	692
Total deferred tax liabilities	750	63	–120	0	692
2004					
Deferred tax assets:					
Temporary differences:					
Differences in tax and accounting depreciations	99	366	–39	0	426
Accruals	0	8	21	0	29
Tax losses and tax credit carried forward	0	91	2	0	93
Total deferred tax assets	99	465	–16	0	548
Deferred tax liabilities:					
Temporary differences:					
Accrued income	0	70	–52	0	18
Fair valuation (business combinations)	0	762	–30	0	731
Total deferred tax liabilities	0	832	–82	0	750

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

1 000 euros	2005	2004
Total deferred tax assets	676	548
Offset against deferred tax liabilities	–189	–304
Deferred tax assets on the balance sheet	487	244
Total deferred tax liabilities	692	750
Offset against deferred tax assets	–189	–304
Deferred tax liabilities on the balance sheet	503	446

Deferred tax assets

1 000 euros	2005	2004
Deferred tax asset to be recovered after more than 12 months	183	57
Deferred tax asset to be recovered within 12 months	304	188
	487	244

Deferred tax liabilities

1 000 euros	2005	2004
Deferred tax liability to be recovered after more than 12 months	357	57
Deferred tax liability to be recovered within 12 months	146	389
	503	446

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

18. Trade and other payables

1 000 euros	2005	2004
Trade payables	2 426	2 605
Other payables		
Deferred income		
Advances received for contract work (net)	696	1 188
Advances received for maintenance contracts	2 604	1 768
	3 300	2 955
Accrued expenses		
Personnel expenses	3 077	3 093
Interest expenses	39	126
Other accrued expenses	1 449	2 554
	4 565	5 773
Other short-term liabilities	1 854	1 887
Liability related to the acquisition of a subsidiary and share options	3 425	0
Total other payables	13 144	10 615

The carrying amounts of trade and other payables approximate their fair value.

19. Analysis of sales by category

1 000 euros	2005	2004
Contract revenue	8 956	4 928
Service revenue *	32 894	20 791
Revenue from sale of goods	4 849	1 014
	46 699	26 734

* includes software revenue

The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress were 9.0 million euros on 31 December 2005 (4.9 million euros on 31 December 2004). The balance sheet includes 0.7 million euros of advances received for contract work on 31 December 2005 (1.2 million euros on 31 December 2004).

20. Other operating income

1 000 euros	2005	2004
Capital gains on disposal of non-current assets	16	18
Other	848	3
	864	21

Other operating income for the period includes among others:

- Compensation of 329 thousand euros received based on a settlement agreement
- Contingent receivable of 70 thousand euros related to a business combination during a prior period
- Net purchase consideration of 423 thousand euros related to a business combination

In 2000, Affecto Oy lodged an application for a summons with the Pori magistrates' court relating to damages based on a contract and damages due to a breach of copyright in a civil case. In September 2004, the defendant lodged a counter claim, based on breach of contract, against Affecto Oy with the Pori magistrates' court. In March 2005, the parties settled the case.

In December 2000, the company agreed to divest its consumer-related mobile locating and tracking business to Tracker Oy. The sales of the divested operations were approximately 1.4 million euros on a yearly level. The divestment is estimated to have a positive impact on company's profitability. A gain on sale of approximately 0.4 million euros was credited to the income statement. Goodwill of 0.2 million euros was allocated to the divested operations.

21. Materials and services

1 000 euros	2005	2004
Materials and services		
Purchases	11 084	4 791
Change in inventories	–478	96
External services	3 320	736
	13 926	5 623

External services comprise purchases from subcontractors.

22. Personnel expenses

1 000 euros	2005	2004
Wages and salaries	16 668	9 470
Social charges	886	585
Pension expenses – defined contribution plans *	2 681	1 454
	20 235	11 509

* The future disability benefit of Finnish Statutory Employment Pension Scheme ("TEL") qualifies as a defined benefit plan under IFRS (until 2006) but due to the limited sise of the Group the additional defined benefit obligation would be immaterial and therefore the Group has decided to account for the TEL disability as defined contribution plan.

23. Depreciation, amortisation and impairment charges

1 000 euros	2005	2004
Depreciation of property, plant and equipment		
Buildings	22	2
Machinery and equipment	647	381
	669	383
Amortisation of intangible assets	425	166
Total depreciation and amortisation	1 094	548

24. Other operating expenses

1 000 euros	2005	2004
Rental expenses (operating leases)	1 620	990
Other operating expenses	5 631	3 093
	7 251	4 083

Research and development expenses of 761 thousand euros less 211 thousand euros of grants related to research and development are charged to the income statement. The aggregate amount of research and development expenditure recognised as expense during the year 2004 was 326 thousand euros.

25. Finance income and cost

1 000 euros	2005	2004
Interest expenses		
Bank borrowings	551	297
Exchange gains and losses	20	4
	571	301
Interest income		
Bank deposits	206	90
Dividend income	1	3
	207	92
Finance costs – net	364	209

The aggregate exchange differences charged/credited to the income statement are as follows:

1 000 euros	2005	2004
Sales	0	0
Materials and services	0	0
Finance costs	20	4
	20	4

26. Income tax expense

Major components of tax expenses

1 000 euros	2005	2004
Current tax expense	1 478	1 419
Adjustments recognised for current tax of prior periods	–140	1
Change in deferred taxes	–249	–66
	1 089	1 354

Reconciliation of tax expense

1 000 euros	2005	2004
Profit before tax	4 789	4 539
Tax calculated at 26% (29% in 2004)	1 245	1 316
Differences in tax rates in other countries	–301	–26
Expenses not deductible for tax purposes	388	55
Income not subject to tax	–100	0
Utilisation of tax losses carried forward	–3	0
Effect of change in tax rate*	0	8
Prior year tax expense	–140	1
Tax charge	1 089	1 354

* Tax rate to be applied in Finland is 26 per cent from 1 January 2005 onwards.
The deferred tax assets and liabilities have been calculated using the tax rate of 26 per cent.

27. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2005	2004
Profit attributable to equity holders of the Company (1 000 euros)	3 695	3 176
Weighted average number of ordinary shares in issue (thousands)*	14 556	10 048
Basic earnings per share (EUR per share)	0.25	0.32

* For 2004 earning per share has been calculated using the number of shares after reverse split proposed by the Board of Directors at 31 March 2005.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In relation to the acquisition of ITG, the deferred consideration payable based on the put option to sell of the minority shareholders jointly and the call option of the Group to buy the shares held by minority can be settled either in cash or as shares of the Company. The agreement has a dilutive effect on the earnings per share of the Company.

	2005	2004
Profit attributable to equity holders of the Company (1 000 euros)	3 695	3 176
Weighted average number of ordinary shares in issue (thousands) *	14 556	10 048
Weighted average number of ordinary shares for diluted earnings per share (thousands)	853	69
Effect of settlement of the purchase consideration as own shares (thousands)	15 409	10 117
Diluted earnings per share (euros per share)	0.24	0.31

* For 2004 earning per share has been calculated using the number of shares after reverse split proposed by the Board of Directors at 31 March 2005.

28. Dividend distribution

The dividends paid in 2005 were 798 thousand euros (0.02 euros per share outstanding, the number of shares as before the reverse split). The dividends paid in 2004 were 1 234 thousand euros (0.045 euros per share)

29. Related party transactions

The following transactions were carried out with related parties:

Key management compensation

1 000 euros	2005	2004
Salaries and other short-term employee benefits	1 314	957
Post-employment benefits	207	141
	1 521	1 098

In addition to these, the Group purchased services from the key management at an amount of 32 thousand euros in 2005 and 4 thousand euros in 2004.

30. Subsidiaries as at 31 December 2005

Name of the subsidiary	Ownership of Group (%)	Country of incorporation
Affecto Oy	100	Finland
BIP Business Intelligence Products Oy	100	Finland
Genimap International Oy	100	Finland
Genimap Oy	100	Finland
Domasoft Oy	100	Finland
UAB Informacinės Technologijos	99.62	Lithuania**
Mebius IT	99.62	Latvia
Mebius IT Vilnius	99.62	Lithuania
Mebiut IT Oü	99.62	Estonia

** Put/call option taken into account in IFRS ownership percentage.

31. Contingencies and commitments

Operating lease commitments – where the Group is the lessee

The group leases offices, machinery and cars under non-cancelable operating lease agreements.

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

1 000 euros	2005	2004
Not later than 1 year	1 557	1 214
Later than 1 year and not later than 5 years	4 699	475
	6 256	1 688

Guarantees:

Debts secured by a mortgage		
Bank borrowings	12 554	16 250

The above-mentioned debts are secured by a total of 20 bearer bonds with capital value of 11 367 275.16 euros. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on the bondable assets of the companies. In addition, the shares in the subsidiary Affecto Oy have been given as security for the leans. Affecto Oy bearer bonds with total capital of 3 000 000.00 euros also serve as security for the loans. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on the movable assets of the company.

Other securities given on own behalf:

1 000 euros	2005	2004
Pledges (short-term receivables)	8	13
Pledges (long-term receivables)	1 100	0

The above mentioned pledges given on own behalf are secured by restricted cash of 550 000 euros and trade receivables at an amount of 868 860 euros.

32. Events after the balance sheet date

The Board of Directors proposes to the Annual General Meeting dividend distribution of 0.10 euros per share that is a total of 1 539 637.30 euros based on the number of shares on the balance sheet date. The remainder will be left in retained earnings.

The local Estonian organisation has been built during the early part of 2006. The appointment of Andrus Altrov as the managing director of the local subsidiary was published in January. Currently the Group has over 20 employees in Estonia.

Timo Lehtinen will start as the Chief Financial Officer of the Group on 1 March 2006.

During February, the locations in the Helsinki area in Espoo and Vantaa will be combined.

Consolidated Key figures

	1 January–31 December Reported				
	FAS	FAS	FAS	IFRS	IFRS
1 000 euros, except percentages	2001	2002	2003	2004	2005
Net sales	22 239	22 905	18 288	26 734	46 699
EBITDA	4 757	5 873	3 417	5 288	6 247
EBITDA, % of sales	21.4	25.6	18.7	19.8	13.4
Operating profit	2 735	3 843	1 379	4 740	5 153
Operating profit, % of sales	12.3	16.8	7.5	17.7	11.0
Profit before extraordinary items	2 013	3 583	1 170	4 531	4 789
Profit before extraordinary items, % of sales	9.1	15.6	6.4	16.9	10.3
Profit before income taxes	2 013	3 583	1 170	4 531	4 789
Profit before income taxes,% of sales	9.1	15.6	6.4	16.9	10.3
Net income for equity holders of the parent company	1 140	2 044	320	3 176	3 695
Net income for equity holders, % of sales	5.1	8.9	1.8	11.9	7.9
Return on equity, %	27.0	34.8	4.9	22.5	13.3
Return on capital employed, %	17.8	24.8	9.9	17.4	11.8
Equity ratio, %	23.3	31.5	34.5	41.5	56.9
Gross investment in non-current assets	450	279	262	412	819
Gross investment, % of sales	2.0	1.2	1.4	1.5	1.8
Research and development costs	–	–	–	326	761
Research and development costs, % of sales	–	–	–	1.2	1.6
Order backlog	4 900	4 800	5 600	13 666	13 027
Number of employees, average during the period	174	176	171	218	526
Gearing, %	34.2	–11.2	–16.2	52.2	9.9
Gearing (capital loan as debt), %	161	49.1	46.0	52.2	9.9
Interest-bearing net debt (excl. capital loan)	3 278	–1 290	–1 769	11 434	3 340
Interest-bearing net debt (incl. capital loan)	7 926	3 357	2 878	11 434	3 340
Earnings per share	0.12	0.22	0.03	0.32	0.25
Equity per share	0.52	0.73	0.69	1.65	2.18
Dividend per share	0.01	0.07	0.14	0.06	0.10*
Dividend per earnings, %	12.4	34.1	391.7	19.0	39.4*
Average number of shares **	9 293 082	9 407 000	9 266 492	10 048 288	14 556 367
Number of shares at end of period **	9 407 000	9 407 000	9 118 889	13 296 356	15 396 373

* Board's proposal on 23 February 2006
** Reverse split 3:1 in April 2005 has been taken into account in the number of shares

Calculation of key figures

EBITDA	=	Earnings before interest, taxes, depreciation and amortization	
EBITDA, % of sales	=	Earnings before interest, taxes, depreciation and amortization / Net sales	× 100
Operating profit, % of sales	=	Operating profit / Net sales	× 100
Profit before extraordinary items, % of sales	=	Profit before extraordinary items / Net sales	× 100
Profit before income taxes, % of sales	=	Profit before income taxes / Net sales	× 100
Net income for equity holders of the parent comp., % of sales	=	Net income for equity holders of the parent company / Net sales	× 100
Return on equity, %	=	Profit before extraordinary items – taxes / Shareholders' equity (capital loan excluded) + minority interest	× 100
Return on capital employed, %	=	Profit before extraordinary items + interest and other financial expenses / Total assets – interest-free liabilities	× 100
Equity ratio, %	=	Shareholders' equity (capital loan excluded) + minority interest / Total assets – advance payments	× 100
Gross investment in non-current assets	=	Acquisition cost of tangible and intangible assets and investments included under non-current assets, including loan receivables entered in non-current assets (excluding business acquisitions).	
Gross investment, % of sales	=	Gross investment / Net sales	× 100
Research and development costs, % of sales	=	Research and development costs / Net sales	× 100
Gearing, %	=	Interest-bearing liabilities – cash, bank receivables and securities held as financial assets / Shareholders' equity (capital loan included) + minority interest	× 100
Gearing (capital loan included as debt), %	=	Interest-bearing liabilities + capital loan – cash, bank receivables and securities held as financial assets / Shareholders' equity (capital loan excluded) + minority interest	× 100
Interest-bearing net debt (excl. capital loan)	=	Interest-bearing liabilities – cash and bank receivables	
Interest-bearing net debt (incl. capital loan)	=	Interest-bearing liabilities + capital loan – cash and bank receivables	
Earnings per share (EPS)	=	Profit before extraordinary items – taxes +/– minority interest / Average number of shares during the period	
Equity per share	=	Shareholders' equity (capital loan excluded) / Number of shares at the end of the financial year	
Dividend per share	=	Dividend for the financial year / Number of shares at the end of the financial year	
Dividend per earnings, %	=	Dividend per share / Earnings per share	× 100

Parent company Financial statement

PARENT COMPANY INCOME STATEMENT

1 000 euros	1 Jan.– 31 Dec. 2005	1 Jan.– 31 Dec. 2004
Net sales	1 387	667
Employee benefit expenses		
Wages and salaries	455	251
Social security expenses		
Pension expenses	64	24
Other social security expenses	19	16
	538	291
Depreciation, amortization and impairment charges		
Depreciation according to plan	3	1
Other operating expenses	2 242	376
Operating loss	–1 396	–1
Finance income and expenses		
Other interest and finance income		
Interest income from group companies	24	1
Interest income from others	92	18
Interest and other finance expenses		
Interest expense to group companies	–21	–5
Interest expense to others	–354	–237
	–259	–224
Loss before extraordinary intems	–1 655	–225
Extraordinary items		
Group contribution	2 000	2 300
Profit before income tax	345	2 075
Income taxes	–97	–611
Profit for the year	248	1 464

PARENT COMPANY BALANCE SHEET

1 000 euros	31 Dec. 2005	31 Dec. 2004
ASSETS		
Non-current assets		
Property, plant and equipment		
Machinery and equipment	5	6
Investments		
Shares in subsidiaries	37 618	35 755
Total non-current assets	37 623	35 761
Current assets		
Receivables		
Short-term		
Receivables from group companies	900	366
Other receivables	183	94
Prepaid expenses and accrued income	7	5
	1 090	465
Cash and cash equivalents	5 718	1 234
Total current assets	6 808	1 699
Total assets	44 431	37 460
EQUITY AND LIABILITIES		
Equity		
Share capital	4 619	4 300
Share premium	19 364	9 981
Retained earnings	8 560	7 894
Profit for the year	248	1 464
Total equity	32 792	23 639
Liabilities		
Long-term		
Loans from credit institutions		
Bank loan	9 794	12 800
Transfer to short-term loans	–3 006	–3 006
	6 788	9 794
Short-term		
Loans from credit institutions	3 006	3 006
Trade payables	192	179
Payables to group companies	1 000	2
Other payables	15	9
Accrued expenses	638	830
	4 851	4 027
Total liabilities	11 639	13 821
Total equity and liabilities	44 431	37 460

PARENT COMPANY CASH FLOW STATEMENT

1 000 euros	1 Jan.– 31 Dec. 2005	1 Jan.– 31 Dec. 2004
Cash flows from operating activities		
Profit before extraordinary items	–1 655	–225
Adjustments for:		
Depreciation	3	1
Finance income and expenses	259	224
Cash flows before change in working capital	–1 393	0
Change in working capital:		
Increase in short-term non interest-bearing receivables	–625	–443
Increase in short-term non interest-bearing payables	1 068	210
Cash flows from operating activities before finance cash flows and taxes	–950	–233
Interest paid and payments for other operating finance expenses	–473	–273
Dividends received from operations	0	0
Interest received from operations	116	19
Direct taxes paid	–612	–751
Cash flows used in operating activities	–1 919	–1 238
Cash flows from investing activities:		
Investments in tangible and intangible assets	–3	–6
Shares acquired in subsidiaries	–1 493	–8 390
Cash flows used in investing activities	–1 496	–8 396
Cash flows from financing activities:		
Share issue	630	0
Increase in share premium	9 072	0
Purchases and sales of treasury shares	0	–144
Dividends paid and other distribution of profits	–798	–1 234
Group contributions	2 000	5 300
Increase in long-term loans	0	12 800
Repayment of long-term loans	–3 006	–3 364
Repayment of capital loans	0	–4 647
Cash flows from financing activities	7 898	8 711
Net increase (decrease) in cash and cash equivalents	4 483	–923
Cash and cash equivalents at beginning of the year	1 234	2 157
Cash and cash equivalents at end of the year	5 717	1 234

Parent company accounting policies

Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation according to plan. Depreciation is calculated over the useful lives of the assets as follows.

Machinery and equipment	3–5 years

Financial assets

Financial securities are measured at their cost.

Pension expense

Retirement benefits for personnel have been arranged with insurance companies.

Foreign currency items

Foreign currency receivables and payables are translated using the closing rate at the balance sheet date.

Notes to the Parent company
Income statement and Balance sheet

1. Revenue by business area

1 000 euros	2005	2004
Non-allocated	1 387	667
	1 387	667

2. Long-term projects

The parent company does not have long-term projects.

3. Average number of employees

	2005	2004
Full-time employees	4	2
Hourly staff	0	0
Total	4	2

4. Number of employees at end of year

	2005	2004
Full-time employees	5	2
Hourly staff	0	0
Total	5	2

5. Key management compensation

1 000 euros	2005	2004
Managing Director and the Board of Directors:		
Antti Halila, Managing Director	157	
Aaro Cantell, Chairman of the Board	24	
Hienonen Jukka, Member of the Board	8	
Järvi Jouko, Member of the Board	5	
Mielonen Jari, Member of the Board	2	
Mikkola Juha, Member of the Board	5	
Mäenpää Pasi, Member of the Board	8	
Mäkinen Jukka, Member of the Board	14	
Pohjola Ossi, Member of the Board	14	
Räsänen Tuomo, Member of the Board	4	
Managing Director and the Board of Directors	241	178

In addition, the members of the board were paid 28 350.54 euros for consulting services.

6. Extraordinary items

A group contribution of 2 000 000.00 euros received from Affecto Oy for the year ended 31 December 2005 is included in the extraordinary items of the parent company. The group contribution received from Affecto Oy for the year ended December 31, 2004 amounted to 2 300 000.00 euros.

7. Depreciation according to plan

1 000 euros	2005	2004
Machinery and equipment	3	1

Depreciation according to plan is calculated on the historical acquisition cost based on the useful life of the assets.

8. Income taxes

1 000 euros	2005	2004
Tax on extraordinary items	520	667
Current tax	–423	–56
Tax relating to previous periods	0	0
Total	97	611

For the year ended 31 December 2004, tax on the profit on sale of treasury shares amounting to 1 095.00 euros was recorded as a tax liability and as a reduction of the profit on sale in the share premium account.

9. Intangible and tangible assets

Machinery and equipment

1 000 euros	2005	2004
Acquisition cost as of 1 January	9	3
Additions	2	6
Disposals		
Acquisition cost as of 31 December	11	9
Accumulated depreciation as of 1 January	3	2
Depreciation charge	3	1
Accumulated depreciation as of 31 December	6	3
Net book amount as of 31 December	5	6

10. Shares in subsidiaries

	No.	Ownership, %	Nom. value 1 000 euros	Book value 1 000 euros
Affecto Oy, Helsinki	241 639	100	406	17 857
Genimap International Oy, Vantaa	1 299 117	100	130	7 652
UAB "Informacines technologijos"	7 053	73.92	204	10 247
Domasoft Oy	81 000	100	81	1 862

11. Receivables from group companies

1 000 euros	2005	2004
Trade receivables	0	115
Other receivables	900	251
	900	366

12. Prepaid expenses and accrued income

1 000 euros	2005	2004
Advances on purchase invoices	6	5
Other receivables	1	0
	7	5

13. Changes in equity

1 000 euros	2005	2004
Share capital as of 1 January	4 300	2 822
Share issue on 1 October		1 294
Share issue on 7 December		184
Cancellation of B shares on 25 April	–173	
Cancellation of treasury shares on 25 April	–138	
Capitalization issue on 25 April	0	
Share issue on 27 May	630	
Share capital as of 31 December	4 619	4 300
Share premium as of 1 January	9 981	1 948
Treasury shares sold on 24 March		4
Tax on profit on sale of treasury shares		–1
Contribution in kind on 1 October Genimap		5 873
Contribution in kind on 7 December ITG		2 158
Cancellation of B shares on 25 April	173	
Cancellation of treasury shares on 25 April	138	
Capitalization issue on 25 April	0	
Share issue on 27 May	9 072	
Share premium as of 31 December	19 364	9 981
Retained earning as of 1 January	9 358	9 276
Dividends paid	–798	–1 234
Change in treasury shares		–148
Retained earnings as of 31 December	8 560	7 894
Profit for the year	248	1 464
Capital loans as of 1 January		4 648
Repayment of capital loans on 26 August		–4 648
Capital loans as of 31 December		
Total equity as of 31 December	32 792	23 639

Movements in the number of shares during the financial year:

	A Series	B Series
At 1 January 2005	41 273 401	1 730 403
Cancellation of treasury shares	–1 384 334	–1 730 403
Capitalization issue	52	–
Number of shares	39 889 119	0
Reverse share split	13 296 373	
Share issue	2 100 000	
At 31 December 2005	15 396 373	

The company does not hold treasury shares.

14. The powers of the Board of Directors regarding share issues

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the increase of share capital or one or more issuance of stock options or convertible bonds so that pursuant to a new subscription and/or subscriptions pursuant to stock options and/or subscriptions in exchange for convertible bonds the share capital may increase by a maximum of 780 000 euros, and in such a manner that the maximum number of shares issued through a new subscription and/or subscribed for pursuant to stock options and/or in exchange for convertible bonds, shall amount to a maximum of 2 600 000 shares with a nominal value of 0.30 euros. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. The board of directors may decide on the terms and conditions of subscription of the new shares, stock options or convertible bonds, including the subscription price. The board of directors may deviate from shareholders' pre-emptive subscription right, provided that such deviation is justified by a significant financial reason for the company.

The Board of Directors may deviate from shareholders' pre-emptive subscription rights, provided that such deviation is justified by a significant financial reason for the company. As a result, the annual general meeting decided that the shareholders' pre-emptive right to subscribe for new shares may be deviated from if the Company has a significant financial reason such as to provide incentives to the group's key employees and to strengthen their commitment to the company or to finance an acquisition or other transactions or to increase the shareholder base or to increase liquidity of the shares or to strengthen the balance sheet to correspond to the Company's goals or to secure the Company's financing alternatives. The Board of Directors has the authority to decide on who may subscribe for shares. A related party may not benefit from the decision.

By the right of this authorization 2 100 000 new shares were issued in the IPO. The authorization is still valid for 500 000 shares.

15. Calculation of distributable earnings

Parent company's distributable earnings are:

1 000 euros	Group	Parent Company
Retained earnings	8 560	7 894
Profit for the period	248	1 464
Total distributable earnings	8 808	9 358

The Group's distributable earnings amounting to 6 067 757.00 euros as of 31 December 2005 limit the distributable earnings of the Company.

16. Capital loans of AffectoGenimap Plc

AffectoGenimap Plc repaid its capital loans, as defined in Chapter 5 of the Finnish Companies Act, amounting to 4 647 500 euros to Fenno Rahasto Ky and Eqvitec Teknologiarahasto I Ky on 26 August 2004.

Accrued interest of 91 400.83 euros on the capital loans for 2004 were paid after the approval of the 2004 financial statements on 13 May 2005.

17. Loans from credit institutions

1 000 euros	2005	2004
Loans from credit institutions as of 1 January	12 800	3 364
Changes during the year:		
Increase in loans		12 800
Repayment of loans	–3 006	–3 364
Loans from credit institutions as of 31 December	9 794	12 800
Repayment schedule:		
Year 2005	0	3 006
Year 2006	3 006	3 006
Year 2007	3 006	3 006
Year 2008	2 263	2 263
Year 2009	1 520	1 520

18. Payables to group companies

1 000 euros	2005	2004
Trade payables	0	0
Other debts	1000	2

19. Accrued expenses

1 000 euros	2005	2004
Personnel costs	123	78
Income tax payable	97	612
Accrued interest	28	126
Deferred consideration	369	
Purchases	21	14
	638	830

20. Pledges and guarantees

1 000 euros	2005	2004
Debts secured by a mortgage		
on own behalf		
Loans from credit institutions	9 794	12 800

The above-mentioned debts are secured by a total of 10 bearer bonds with a nominal value of 10 100 000.00 euros. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on the bondable assets of the Company. In addition, shares in the subsidiary Affecto Oy have been given as a security for the loans. Affecto Oy bearer bonds with a total nominal amount of 300 000.00 euros also serve as a security for the loans. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on the Company's bondable assets.

1 000 euros	2005	2004
Debts secured by specific guarantees		
on behalf of a subsidiary		
Loans from credit institutions	2 760	3 450

The parent company has given a special guarantee to Nordea Pankki Suomi Oyj as a security for a loan amounting to 2 760 000.00 euros to Genimap International Corporation.

21. Other commitments

The parent company does not have any business premise or maintenance lease agreements. The parent company has given an guarantee to Immobilien-Institut GmbH related to a lease contract of business premises at Atomitie 2 entered by the subsidiary company Genimap International Oy.

Board's dividend proposal

Distributable funds according to the group's balance sheet on 31 December 2005 are 6 077 847.00 euros and the distributable funds at the parent company are 8 808 431.69 euros.

Board of directors proposes that from the financial year 2005 a dividend of 0.10 euros per share will be paid, a total of 1 539 637.30 euros with the number of shares at the end of the financial period and that the rest is carried forward to the retained earnings account.

Espoo 23 February 2006

Aaro Cantell Chairman of the Board	Jukka Hienonen	Pasi Mäenpää
Ossi Pohjola	Jukka Mäkinen	Antti Halila Managing Director

Auditor's report

To the shareholders of AffectoGenimap Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of AffectoGenimap Plc for the period 1 January – 31 December 2005. The Board of Directors and the Managing Director have prepared the consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the report of the Board of Directors as well as the parent company's financial statements prepared in accordance with prevailing rules and regulations in Finland that include the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements, and the report of the Board of Directors as well as on the administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation and the report of the Board of Directors. The purpose of our audit of administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, the report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of such report in Finland. The report is consistent with the financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the consolidated results of operations and the parent company's results of operations as well as of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable funds is in compliance with the Companies' Act.

Helsinki 3 March 2006
PricewaterhouseCoopers Oy
Authorised Public Accountants
Merja Lindh
Authorised Public Accountant

AffectoGenimap

Share and shareholders

Corporate form and company name

The decision to change the company to a public limited company and to change the name to AffectoGenimap Plc was made in the general meeting held on 20 April 2005.

Share capital and shares

All 1 730 403 serie B-shares were returned to the company without compensation on 12 April 2005 according to the merger agreement made in August 2004 between Affecto and Genimap.

The general meeting held on 20 April 2005 approved following changes to share capital:

1. Share capital was decreased by 311 473.70 euros by canceling 1 384 334 A-Shares held by the company and 1 730 403 B-shares returned to the company on 12 April 2005. After the cancellation of the B-shares, the company has only one share series.
2. The share capital was increased by 5.20 euros by issuing 52 new shares. The increase was done by transferring the amount to share capital from share premium.
3. The number of shares was decreased. In the reverse split transaction three old shares with nominal value of 0.10 euros were converted to one new share with nominal value of 0.30 euros.

After these actions the company had one share series, which consisted of 13 296 373 shares and the share capital was 3 988 911.90 euros.

An entry has been made on 27 May 2005 into the Trade Register, based on the authorization given on 20 April 2005 by the general meeting and on the decision made by the board of directors on 26 May 2005, to raise the amount of share capital by a subscription issue of 630 000 euros by issuing into circulation 2 100 000 new shares in the Initial Public Offering. The decided issue price was 4.80 euros per share.

After issuing new shares in the IPO the company has 15 396 373 shares and the share capital is 4 618 911.90 euros. The company does not have any treasury shares.

The authorizations given to the board of directors

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the increase of share capital or one or more issuance of stock options or convertible bonds so that pursuant to a new subscription and/or subscriptions pursuant to stock options and/or subscriptions in exchange for convertible bonds the share capital may increase by a maximum of 780 000 euros, and in such a manner that the maximum number of shares issued through a new subscription and/or subscribed for pursuant to stock options and/or in exchange for convertible bonds, shall amount to a maximum of 2 600 000 shares with a nominal value of 0.30 euros. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. By the right of this authorization 2 100 000 new shares were issued in the IPO. The authorization is still valid for 500 000 shares as at 31 December 2005.

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the repurchase of a maximum of 500 000 shares, using distributable funds. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. The authorization has not been used by 31 December 2005.

On 20 April 2005, the annual general meeting of shareholders of the company authorized the board of directors to decide on the disposal of a maximum of 500 000 shares. The board of Directors may decide on the transfer price of the shares and other terms and conditions of the disposal of the shares. The authorization is effective for one year commencing from the date of the annual general meeting of shareholders granting the authorization. The authorization has not been used by 31 December 2005.

Share trading

Trading with the company's shares in the Helsinki Stock Exchange started on the pre-list on 27 May 2005 and on the main list on 1 June 2005.

In 2005, the highest share price was 5.08 euros, lowest price 3.00 euros, average price 4.26 euros and closing price 3.50 euros. Trading volume was 24.1 million shares, corresponding to 156 per cent of the number of shares.

Owners

The company has released information about the biggest owners after IPO on June 2, 2005. After this the company has received two flagging announcements: J.P. Morgan Chase & Co informed the company in June that its ownership had exceeded the 5 per cent limit, and in September that its ownership had decreased to below 5 per cent.

The company had total of 1 258 owners on 31 December 2005 and the foreign ownership was 35.1 per cent. The list of the largest owners can be viewed in the company's web site.

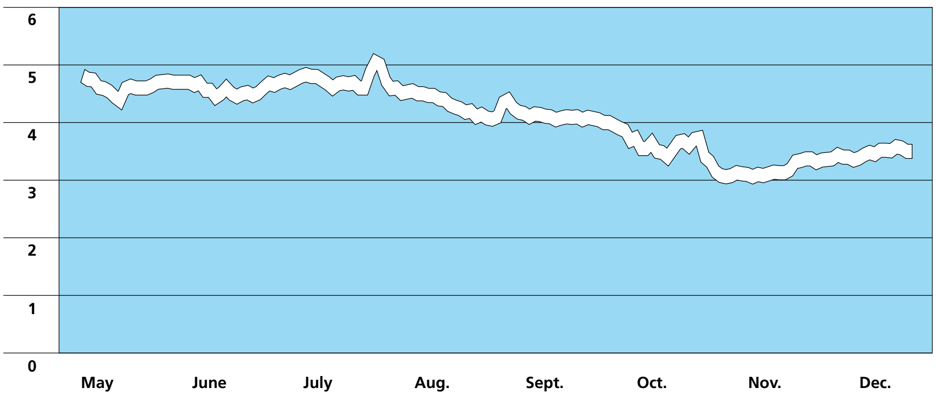
Dividend policy

The board of directors has adopted a dividend policy whereby the board intends to propose to the general meeting dividends up to one-half of earnings per share on average over the longer term.

Share trading

Trading with the company's shares in the Helsinki Stock Exchange started on the pre-list on 27 May 2005 and on the main list on 1 June 2005.		
Highest price in 2005	5.08	euros
Lowest price in 2005	3.00	euros
Closing price at the end of 2005	3.50	euros
Market capitalization 31 December 2005	53 887 306	euros
Trading volume 27 May 2005–31 December 2005	24 092 577	shares
Average price 27 May 2005–31 December 2005	4.26	euros
Trading volume % of number of shares	156	%
Number of shares 31 December 2005	15 396 373	shares
The company does not own treasury shares.		

Share price development 27 May–30 December 2005



Owners by sectors 31 December 2005

	Owners		Shares	
	No.	%	No.	%
Non-financial corp. and housing corp.	112	8.9	5 469 646	35.5
Financial and insurance corporations	12	1.0	1 041 500	6.8
General government	5	0.4	858 500	5.6
Households	1 098	87.3	2 141 461	13.9
Non-profit institutions	7	0.6	475 957	3.1
Foreign owners (registered)	20	1.6	461 485	3.0
Nominee registered	4	0.3	4 947 824	32.1
Total	1 258	100.0	15 396 373	100.0

Largest owners 31 December 2005

		Osakkeita	%
1	Eqvitec Teknologiarahasto II Ky	2 588 314	16.8
2	Fenno Rahasto Ky	1 913 044	12.4
3	Keskinäinen Työeläkevakuutusyhtiö Varma	507 000	3.3
4	FIM Fenno Sijoitusrahasto	408 757	2.7
5	EQ Pikkujättiläiset	350 000	2.3
6	Sijoitusrahasto Alfred Berg Small Cap	289 400	1.9
7	Keskinäinen Vakuutusyhtiö Eläke-Fennia	250 000	1.6
8	Halila Antti	200 001	1.3
9	Sijoitusrahasto Alfred Berg Finland	198 700	1.3
10	Sijoitusrahasto Nordea Nordic Small Cap	197 000	1.3
11	Uzpalis Kestutis	171 804	1.1
12	Lazauskas Darius	169 093	1.1
13	Fondita 2000 + Placeringsfond	160 000	1.0
14	Erikoissijoitusrahasto Avenir	150 000	1.0
15	Nordea Pankki Suomi Oyj	140 000	0.9
16	Järvi Jouko Juhani	120 834	0.8
17	Mattila Pekka Kalervo	100 000	0.6
18	Maijala Eeva	90 000	0.6
19	Eqvitec Technology Mezzanine Fund I	84 228	0.5
20	Chemec Oy Ab	80 000	0.5
Top 20 together		8 168 175	53.1
Nominee registered		4 947 824	32.1
Others		2 280 374	14.8
Total		15 396 373	100.0

Distribution of shares 31 December 2005

	Owners		Shares	
Number of shares	No.	%	No.	%
1 – 100	171	13.6	16 596	0.1
101 – 500	569	45.2	191 173	1.2
501 – 1 000	209	16.6	175 227	1.1
1 001 – 5 000	212	16.9	493 105	3.2
5 001 – 10 000	30	2.4	231 184	1.5
10 001 – 50 000	39	3.1	897 181	5.8
50 001 – 100 000	9	0.7	657 483	4.3
100 001 – 500 000	14	1.1	2 908 150	18.9
500 001 –	5	0.4	9 826 274	63.8
Total	1 258	100.0	15 396 373	100.0

Corporate Governance

General information

The duties of the different company organs are organized in line with the provisions of the Finnish Companies Act and the Finnish Securities Markets Act as well as other Finnish legislation.

AffectoGenimap complies with the rules and recommendations of the Helsinki Stock Exchange as applicable. The company's Board of Directors is responsible for compliance with corporate governance principles.

Group structure

The Group parent company is AffectoGenimap Plc. Operational business is handled mainly by the Group subsidiaries in Finland: Affecto Oy, Genimap International Oy, Genimap Oy and Domasoft Oy. Business in the Baltic states is conducted by Informacines Technologijos UAB and its subsidiary companies. The company's operational business is managed principally through the country business units. Finland and the Baltic states form the two country units of the Group.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body. The Annual General Meeting confirms the company's income statement and balance sheet and decides on the distribution of profit, elects the Board and the auditors and determines their fees.

The Board convenes the Annual General Meeting within six months of the end of the financial period.

Board of Directors

The Board of Directors has overall responsibility for the appropriate administrative and operational organization of AffectoGenimap Plc and its subsidiaries. The Board ratifies the principles that govern company strategy, organization, accounts and financial management. The Board also appoints the Group Chief Executive Officer.

The shareholders of AffectoGenimap elect the Board of Directors annually at the Annual General Meeting. The Board consists of three to seven members. The term of office of the Board members ends at the conclusion of the first Annual General Meeting which is convened after the election.

The Board convenes regularly at least 11 times a year, and whenever required. At the beginning of each year the Board agrees in advance the thematic issues for discussion at the Board meetings, in addition to the requirements of normal financial supervision. In 2005, the Board convened a total of 18 times, and average attendance level was at 92 per cent.

The Chairman of the Board of Directors receives a monthly remuneration of 2 500 euros and a member 1 200 euros.

As at the end of 2005, the Board of Directors comprised the following members: Aaro Cantell (chair), Jukka Hienonen, Pasi Mäenpää, Jukka Mäkinen and Ossi Pohjola.

All members of the Board are independent of the company. Messrs. Hienonen, Mäenpää and Pohjola are independent of the company and of the owners.

Duties of the Board of Directors

The Board has drafted its own rules of procedure, with the principal duties defined as follows:

- Take responsibility for duties which the Companies Act, the articles of association or some other instance has bindingly decreed on the Board of Directors
- Ratify the strategy
- Ratify the company's management system on the submission of the CEO
- Ratify the annual action plan and monitor its enforcement
- Ratify the procedures for company internal control and risk management and monitor their implementation
- Interim reports, financial statements and annual report – processing, approval and communication
- Group finance policy
- Propose the dividend policy to the General Meeting
- Decide on company and business acquisitions and sales
- Decide on significant individual investments and contingent liabilities
- Ratify Group incentive scheme and policy
- Appoint and release from duties company senior management and decide on their employment terms and bonuses

on the basis of proposals made by the Nominations and compensation committee
- Establishment of subsidiaries
- Supervise and develop the company's corporate governance procedures
- Evaluate and develop the operation of the Board of Directors
- Evaluate the work of the CEO and feedback on it

Committees of the Board

Audit Committee

The task of the Audit Committee, which is appointed by the Board, is to supervise the efficiency of the company's accounting and economic reporting system as well as monitoring the company's audit function. The committee is also charged with the supervision of matters and practices relating to sound corporate governance and, where necessary, propose to the Board any required measures to develop corporate governance.

Committee members: Ossi Pohjola (chair), Jukka Hienonen and Aaro Cantell.

Duties of the Audit Committee:
- Monitor the company's financial standing
- Monitor financial reports (balance sheets, interim reports)
- Assess the sufficiency and appropriateness of internal control and risk management
- Process the plans and reports connected with internal control
- Evaluate compliance with laws and regulations
- Prepare the decision to elect an auditor
- Communicate with auditor and review audit reports
- Evaluate advisory services provided by auditor
- Monitor and evaluate the company's management and control system and propose development measures to the Board

Nominations and Compensation Committee

The company has a joint committee for nominations and compensation which is in charge of planning the procedures for rewarding employees as well as selecting the candidates for Board membership.

Committee members: Jukka Mäkinen (chair) and Pasi Mäenpää.

The committee's rules of procedure determine its duties as follows:
- Preparatory work for the motion to the Annual General Meeting concerning the election of Board members
- Preparatory work relating to the remuneration of Board members
- Finding candidates to replace Board members
- Preparatory work relating to the salaries and other benefits of the company CEO and Deputy CEO
- Preparatory work relating to the compensation paid to other company managers
- Preparatory work relating to the appointments of the company CEO and Deputy CEO as well as other company managers and the identification of their successors
- Preparatory work relating to the company rewards schemes

Chief Executive Officer

Antti Halila (b.1945) has been AffectoGenimap's Chief Executive Officer since 2002. Before he joined AffectoGenimap, Mr Halila worked as Chief Executive Officer of Sonera Juxto Oy from 2000 to 2002 and as Senior Vice President of the International Division of Sonera Corporation from 1998 to 2000. In the period from 1974 to 1998 Mr Halila was employed by Digital Equipment Corporation in several different managerial positions in Switzerland, Denmark and Finland. Antti Halila is a Bachelor of Economic Sciences.

In the financial period ending 31 December 2005, the CEO's salary and other benefits amounted to a total of 157 thousand euros. In the financial period, the CEO was not awarded any shares or share derivative rights as remuneration. The CEO is subject to statutory pension arrangements. The CEO's employment contract prescribes a six-month period of notice which applies to both parties. The CEO's employment contract does not contain any separate conditions relating to the payment of salary during the period of notice.

Group management

The following people are in charge of joint Group operations:

Chief Executive Officer Antti Halila

Chief Financial Officer Timo Lehtinen, finance and administration (as from 1 March 2006)

Director Hannu Nyman, mergers and acquisitions and investment relations

The company is managed through the country organizations, and the Finnish and Baltic subsidiaries form separate management entities. The Finnish business is managed by Jaakko Hirvola and the Baltic business by Kestutis Užpalis.

The Group Executive Committee (GEC) assists the Group CEO in the management of Group companies and business development activities. GEC consists of the Group CEO, CFO, the director responsible for mergers and acquisitions and the Country Manager, Sales Director and Finance Director of both country business units.

The company web site includes information of management shareholdings.

Audit

The company has one regular auditor, which must be a firm of independent public accountants approved by the Central Chamber of Commerce, and one deputy auditor approved by the Central Chamber of Commerce. The term of office of the auditors ends at the conclusion of the first Annual General Meeting held after the election.

On 20 April 2005, the Annual General Meeting elected as auditor PricewaterhouseCoopers Oy (APA). The auditor with principal responsibility is Merja Lindh (APA) and deputy auditor is Maria Nikus (APA).

The 2005 consolidated financial statements include audit fees of 64 thousand euros paid to PwC as well as 397 thousand euros in fees for advice, mainly relating to completed acquisitions and the Stock Exchange listing.

Internal audit and risk management

The function of internal control and risk management is to ensure that the company operates efficiently and profitably, the information is reliable and regulations and operating principles are observed.

The Board of Directors of the company and the Audit Committee, which is appointed by the Board, supervise internal control and risk management, while the overall responsibility for them is the company management's.

The company's financial administration is the body which mainly implements internal control, but where necessary it also employs external specialists.

The function of internal audit is to assess the appropriateness of company internal control, risk management and operations.

It has not been considered appropriate to evolve a separate organization for internal audit. The function is generally carried out by financial administration staff. Any audit results are reported by the CFO to the Board's Audit Committee and to the CEO. If necessary, reports can also be addressed directly to the entire Board of Directors.

Risk management forms part of the company's control system. The purpose of risk management is to ensure that the risks affecting company business are identified, monitored and managed as appropriate. Risk management safeguards the continuity of business operations.

Risk management does not require its own separate staff as it can be implemented as part of the normal business activities. The company employs documented procedures for enforcing internal control, for example in connection with approval, task differentiation and the drafting of agreements.

Insiders

AffectoGenimap complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange. In addition to the Stock Exchange guidelines the company also applies its own set of instructions. Permanent insiders are entitled to trade in company shares for no longer than one month from the date of the publication of results.

The statutory permanent insiders of the company are the members of the Board, the CEO and the auditors of the company. In addition, the company has specified other members of company management who are public insiders. Other persons from the company's management and financial administration teams have been identified as permanent company-specific insiders (not public).

Project-specific insider registers are maintained on company acquisitions and other projects which might have a significant impact on the value of shares.

The shareholdings of company employees who are public insiders may be viewed on the company's Internet web pages.

Bonus system

Key personnel in the company are covered by an incentive scheme which is based on the attainment of annually set targets. The targets set for individuals vary in accordance with their duties and status. On the whole, the targets are linked to the individuals' performance in relation to the net sales and results of the whole company or the profit centre and/or the individual concerned. The employees also have their own qualitative targets, the attainment of which is assessed separately from the financial targets.

The Board of Directors has set the targets for the Chief Executive Officer. The Board's Nominations and Compensation Committee has set the targets for the CEO's direct subordinates on the submission of the CEO. The targets for other key personnel have been set in the line organization under the direction of the CEO.

In 2005, the Group paid approximately 0.5 million euros in the form of bonuses on the basis of bonus agreements.

AffectoGenimap
Board of directors

Jukka Hienonen, Jukka Mäkinen, Aaro Cantell, Pasi Mäenpää and Ossi Pohjola.

Aaro Cantell (b. 1964), chairman
Board member 2000–
M.Sc.(Eng.)
Managing director, Fenno Management Oy. Chairman of board, Normet Group Oy
Mr. Cantell with his family owns 4400 AffectoGenimap shares.
Fenno Rahasto owns 1 913 044 shares.

Jukka Hienonen (b. 1961), member
Board member 2005–
M.Sc.(Econ.)
CEO, Finnair Oyj
Mr. Hienonen owns 400 AffectoGenimap shares.

Pasi Mäenpää (b. 1965), member
Board member 2005–
B.Sc.(Tech.), MBA
Executive Vice President, Sales, Business Customers, Elisa Oyj
Mr. Mäenpää does not own AffectoGenimap shares.

Jukka Mäkinen (b. 1954), member
Board member 1999–
B.Sc.(Econ.)
Managing director, Eqvitec Partners Oy
Mr. Mäkinen does not own AffectoGenimap shares.
Funds managed by Eqvitec own 2 708 302 shares.

Ossi Pohjola (b. 1957), member
Board member 2004–
B.Sc.
Managing director, Business Integration Group BIG Oy. Board member, Basware Oyj
Mr. Pohjola does not own AffectoGenimap shares.

AffectoGenimap Management

Group functions Timo Lehtinen, Satu Kankare, Antti Halila and Hannu Nyman.

Baltic countries Darius Lazauskas, Ignas Murauskas, Rita Paskeviciute, Kestutis Uzpalis and Steve Grossman.

Finland Satu Kankare, Jouko Järvi, Stig-Göran Sandberg, Jaakko Hirvola, Antero Vuorio, Ray Byman, Sakari Viertiö and Pekka Mattila.

Group functions

Antti Halila, (b. 1945), B.Sc.(Econ.)
CEO

Timo Lehtinen, (b. 1964), M.Sc.(Econ.)
CFO, 1.3.2006–

Hannu Nyman, (b. 1969), M.Sc.(Tech.), M.Sc.(Econ.)
Director, Mergers & Acquisitions, Investor relations

Finland

Jaakko Hirvola (b. 1960), M.Sc.(Tech.)
Country manager for Finland

Satu Kankare, (b. 1966), M.Sc.(Econ.)
Director, Finance, 2006–
CFO 1999–2006

Ray Byman (b. 1959), M.Sc.(Econ.)
Director, Document management

Jouko Järvi (b. 1949), graduate degree from commercial college
Director, Customized solutions
Board member 1999–2005

Pekka Mattila (b. 1964), technical college degree
Director, Business Intelligence and GIS solutions

Stig-Göran Sandberg (b. 1957), M.Sc.(Phil.)
Director, Service delivery

Sakari Viertiö (b. 1952), M.Sc.(Tech.)
Director, Cartographic solutions

Antero Vuorio (b. 1965), M.Sc.(Tech.), MBA
Director, Sales

Baltic countries

Kestutis Užpalis (b. 1960), M.Sc.(Eng.)
Country manager for Baltic countries

Darius Lazauskas (b. 1963), M.Sc.(Math.)
Director, Sales and marketing

Steve Grossman (b. 1967), B.A. (Eng.)
Director, Sales

Ignas Murauskas (b. 1982), M.Sc.(Econ.)
Director, Finance

Andrus Altrov (b. 1973), M.Sc.(Eng.)
Director, Estonia

Rita Paskeviciute (b. 1971), M.Sc.(Tech.)
Director, Latvia

Glossary for AffectoGenimap's annual report

Balanced Scorecard (BSC)
Balanced scorecard methodology is an analysis technique designed to translate an organization's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organization's performance in terms of achieving these goals.

Business Intelligence (BI)
Business intelligence (BI) is a broad category of applications and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions.

Cartography
The art and science of mapmaking. Using cartographic methods it is possible to show the ball shaped surface of the earth as a plane in given scale and using agreed map symbols and signs. In addition to the preparation on traditional maps on paper the knowledge of cartography is needed to produce digital map products in web world and GIS solutions.

Data Integration – Extract-Transform-Load (ETL)
In managing databases, data integration or extract, transform, load (ETL) refers to three separate functions combined into a single programming tool. ETL can be used to acquire a temporary subset of data for reports or other purposes, or a more permanent data set may be acquired for other purposes such as: the population of a data mart or data warehouse; conversion from one database type to another; and the migration of data from one database or platform to another.

Data Mart
A data mart is a repository of data gathered from operational data and other sources that is designed to serve a particular community of knowledge workers.

Data Warehouse (DW)
A data warehouse is a central repository for all or significant parts of the data that an enterprise's various business systems collect.

Document Management (DM)
DM (Document Management) system takes care of all kinds of electronic documents in an organization throughout their lifecycle. A DM system allows the organization to create a document, store, edit, print, process, and otherwise manage documents in image, video, and audio, as well as in text form.

Enterprise Resource Planning (ERP)
ERP (enterprise resource planning) is an industry term for the broad set of activities supported by multi-module application software that helps a manufacturer or other business manage the important parts of its business, including product planning, parts purchasing, maintaining inventories, interacting with suppliers, providing customer service, and tracking orders.

Extended Business Intelligence (XBI)
Extended Business Intelligence is a method of combining geographic information system technology into Business Intelligence or Document management solutions. It also refers to the use of geographic data as part of business decision support systems.

Geocoding
Geocoding is the process of assigning geographic coordinates (e.g. latitude-longitude) to street addresses, as well as other points and features. With geographic coordinates, the features can then be mapped and entered into Geographic Information Systems.

Geographic Data
Geographic data is about much more than electronic pictures of maps. Typically data is represented by coordinates or with a reference, like street address, that can be assigned coordinates. Geographic data combines location information with attributes information. Geographic data is processed with geographic information system (GIS) software which can, as one aspect of its functioning, produce visible maps.

Geographic Information Systems (GIS)
A GIS (geographic information system) is a system for creating and managing spatial data and associated attributes. It is a computer system capable of integrating, storing, editing, analyzing, and displaying geographically-referenced information. Basically, GIS is a "smart map" tool that allows users to create interactive queries (user created searches), analyze the spatial information, and edit data.

Human Resource Management Systems (HRMS)
Human Resource management solution streamlines the basic HR functions and provides information for strategic planning, especially for large-scale industry. HRMS systems cover all HR functions from personnel development to payroll and reporting.

Material Management Solutions
Solutions for managing materials. Solutions cover the entire logistic chain: invitations to tenders, offer comparisons, contracts, purchases, invoice handling, stock control, ward orders and deliveries.

KREAB / F.G. LÖNNBERG 2006

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