

## **Innofactor Plc financial statement 2010**

### **Summary**

On December 3, 2010, Westend ICT Plc and the shareholders of Innofactor Software Oy signed an agreement on the merger of the companies. Requirements for enforcement of the agreement became valid on December 27, 2010 after it was accepted by the General Meeting of Westend ICT Plc. In the arrangement, Westend ICT Plc's name was changed to Innofactor Plc. After the corporate arrangement and at the time of the financial statement, the Innofactor group consists of the subsidiary Innofactor Software Oy and that company's subsidiaries (the former Innofactor group), Innofactor Documenta Oy (former Documenta Oy) and Oy Soloplus Ab. The Innofactor Software subgroup consists of the subsidiaries Innofactor Customer Solutions Oy, Innofactor Visual Management Oy and Venenum Oy.

The corporate arrangement was implemented as an exchange of shares in which Westend ICT Plc directed a share issue with stipulation concerning subscription in kind to the shareholders of Innofactor Oy. The subscription price was paid by handing over 100% of Innofactor Software Oy (former Innofactor Oy) shares. After the arrangement, the former shareowners of Innofactor Software Oy own 70% of Innofactor Plc. The arrangement requires a new prospectus to be drawn up, its acceptance by the Financial Supervisory Authority, the submission of a new listing application to the Nasdaq OMX Helsinki Stock Exchange and handling of the matter in the listing committee. These events are expected to take place in March–April 2011.

According to the applicable IFRS regulations (IFRS 3), the corporate arrangement is a reverse acquisition in which the organization issuing stocks (the judicial buyer, i.e. Westend ICT Plc) is the target of the acquisition from the bookkeeping viewpoint. Correspondingly, the organization whose shares are acquired (Innofactor Software Oy, the judicial target of the acquisition) is the buyer from the bookkeeping viewpoint.

The financial statement has been drawn up taking into account this reverse acquisition. The financial statement relates to the subgroup Innofactor Software for the entire financial period January 1–December 31, 2010, and the parent company Innofactor Plc and its

subsidiary Innofactor Documenta Oy for the period after the merger, i.e. December 27–31, 2010.

The consolidated financial statements have been prepared accordingly

- the income statement covering the period January 1–December 26, 2010 is the income statement for the Innofactor Software Corporation
- the income statement covering the period December 27–December 31 is a consolidated income statement for the Innofactor Software Corporation and the Westend ICT Corporation
- the balance sheet dated December 31, 2010 is a consolidated balance sheet for the Innofactor Software Corporation and the Westend ICT Corporation

On March 1, 2011, Innofactor Plc will publish a separate stock exchange release containing financial information about activities in the Westend ICT Group for the period October 1–October 26, 2010, and January 1–October 26, 2010.

### **The January 1–December 31, 2010 financial period**

Net sales totalled EUR 9,862 thousand (EUR 6,920 in 2009), an increase of 42.5%.

Operating profit before write-offs and potential depreciation (EBITDA) was EUR 979 thousand (EUR 1 309 in 2009), a decrease of 25.2%.

EBITDA was 9.9% of net sales (12.9% in 2009)

Profit totalled EUR 702 thousand (EUR 1,165 in 2009), a decrease of 39.7%.

The business profit percentage was 7.1% (16.8% in 2009).

### **October 1–December 31, 2010 (Q4)**

The net sales totalled EUR 3,312 thousand (EUR 2,484 in 2009), an increase of 33.3%.

Operating profit before write-offs and potential depreciation (EBITDA) was EUR 460 thousand (553 in 2009), a decrease of 16.8%.

EBITDA was 13.9% of net sales (22.3% in 2009)

Profit totalled EUR 391 thousand (EUR 465 in 2009), a decrease of 15.9%.

The business profit percentage was 11.8% (18.7% in 2009).

### **Future outlook in brief**

Net sales by Innofactor Plc in 2011 are expected to total some EUR 17 million, an increase of approximately 70% compared to 2010. Both profit and the business profit percentage before write-offs and potential depreciation (EBITDA) in 2011 are expected to be better than in 2010.

### **Financial reporting conventions**

This financial bulletin has been drawn up in accordance with the IAS 34 Interim Financial Reporting Standard. The effect on the Shareholder equity due to the transferring to IFRS is EUR 62 thousand. The figures presented in the financial statement summary and the appendices are based on the company's audited financial statements. The Auditor's report was submitted on February 28, 2011.

Innofactor Plc operates in a single segment, offering software production and systems together with related services. As the company's main area of operation is Finland, segment-specific and geographical distributions of the company's net sales and result are not presented.

## **Key figures for the Group in 2010**

Net sales EUR 9,862 thousand (EUR 6,920 thousand in 2009)

Operating profit before write-offs and potential depreciation (EBITDA) EUR 979 thousand (EUR 1,309 thousand in 2009)

Percentage of net sales 9.9% (18.9% in 2009)

Business profit EUR 702 thousand (EUR 1,165 thousand in 2009)

Percentage of net sales 7.1% (16.8% in 2009)

Result before taxes EUR 696 thousand (EUR 1,182 thousand in 2009)

Percentage of net sales 7.1% (17.1% in 2009)

Return on equity 6.8% (40.5% in 2009)

Return on investment 9.7% (54.3% in 2009)

Net gearing -14.0% (-63.5% in 2009)

Equity ratio 64.0% (56.1% in 2009)

Personnel at the end of the financial period 171 (89 in 2009)

Average personnel during the year 108 (66 in 2009)

### **Key figures of shares**

Result per share EUR 0.0014 (EUR 0.0027 in 2009)

Equity per share EUR 0.033 (EUR 0.008 in 2009)

## **October 1–December 31, 2010 (Q4)**

### **Net sales**

Net sales by the Innofactor Group in the October 1–December 31, 2010 period totalled EUR 3,312 thousand (EUR 2,484 thousand in 2009), an increase of 33.3%.

### **Result development**

The Innofactor group's business profit before depreciation and potential decrease in value (EBITDA) in the October 1–December 31, 2010 period totalled EUR 460\* thousand (EUR 553 thousand in 2009), a decrease of 16.8%. Business profit as a proportion of net sales was 13.9% (22.3% in 2009).

The business profit of Innofactor group in the October 1–December 31, 2010 period totalled EUR 391\* thousand (EUR 465 thousand in 2009), a decrease of 15.9%. Business profit as a proportion of net sales was 11.8% (18.7% in 2009).

\*The total amount of one-off costs related to the corporate arrangement between Innofactor Oy and Westend ICT Plc have been recorded in the corporation in which they were generated. As the transaction was a reverse acquisition, these one-off costs have only a partial effect on the Innofactor Group's balance sheet.

# The January 1–December 31, 2010 financial period

## Net sales

Net sales by the Innofactor Group in the 2010 financial period totalled EUR 9,862 thousand (EUR 6,920 thousand in 2009), an increase of 42.5%.

## Result development

The Innofactor Group's operating profit before depreciation and potential decrease in value (EBITDA) totalled EUR 979\* thousand (EUR 1,309 in 2009), a decrease of 25.2%. Business profit as a proportion of net sales was 9.9% (18.9% in 2009).

The business profit of the Innofactor Group was EUR 702\* thousand (EUR 1,165 in 2009), a decrease of 39.7%. Business profit as a proportion of net sales was 7.1% (16.8% in 2009).

\* The total amount of one-off costs related to the corporate arrangement between Innofactor Oy and Westend ICT Plc have been recorded in the corporation in which they were generated. As the transaction was a reverse acquisition, these one-off costs have only a partial effect on the Innofactor Group's balance sheet.

## Financing and investments

The Innofactor Group's balance sheet at the end of the financial period totalled EUR 20,795 thousand (EUR 5,355 thousand in 2009). The group's liquid assets totalled EUR 1,714 thousand (EUR 1,650 thousand in 2009), all held in cash.

Operating cash flow in the 2010 financial period was EUR 167 thousand (EUR 729 thousand in 2009). The investment cash flow was EUR 100 thousand (EUR -373 thousand in 2009).

The equity ratio was 64.0% (56.1% in 2009) and net gearing was -14.0% (-63.5% in 2009). As in 2009, there were no interest-bearing debts. The return on investment in the 2010 financial period was 9.7% (54.3% in 2009) and the return on equity was 6.8% (40.5% in 2009).

Long-term assets in the Innofactor Group balance sheet totalled EUR 13,044 thousand and consisted of the following items:

- tangible assets EUR 472 thousand
- business value EUR 5,609 thousand

- other intangible assets EUR 6,756 thousand
- imputed tax receivables EUR 207 thousand

As explained in the summary above, although the former Westend ICT Plc is the judicial buyer in the acquisition and the judicial target of the acquisition is the former Innofactor Oy, in accordance with IFRS 3, the acquisition is a reverse acquisition in which, from the bookkeeping viewpoint, the former Westend ICT Plc is the target of the acquisition and the former Innofactor Oy is the buyer. In the acquisition, the value of the former Westend ICT Group's customer relationships and software products were set as EUR 6,138 thousand. These intangible assets are included in the other intangible assets in the balance sheet. After taking into account the imputed taxes, the business value of the acquisition was EUR 5,114 thousand.

Innofactor Plc has some EUR 38 million of confirmed losses for the years 2001–2008. As these have not yet been taken into account in calculations of the acquisition cost, no imputed tax receivables have been registered for them. Once use of the losses has been confirmed, the calculation of the acquisition cost can be revised and the imputed tax receivables entered within 12 months of the date of the acquisition. The calculation of the acquisition cost presented here is therefore preliminary.

The company's gross investment in fixed assets during the 2010 financial period consisted of normal additional and replacement investments required by growth of the business and totalled EUR 314 thousand (EUR 167 thousand in 2009).

In accordance with the depreciation tests performed, there are no depreciations in assets. Write-offs for intangible assets in the 2010 financial period totalled EUR 126 thousand (EUR 98 thousand in 2009).

## **Research and product development**

Research and product development costs for the Innofactor Group in 2010 totalled EUR 1,173 thousand (EUR 680 thousand in 2009), an increase of 72.5%. Research and product development work in 2010 was mainly connected with new versions of the INNOFACTOR® Prime™ and INNOFACTOR® Prospekti™ products and implementation of the account for public services. Product development costs have been handled as annual costs.

## **Personnel**

The average number of personnel employed by the Innofactor Group in 2010 was 108 (66 in 2009), an increase of 64%. At the end of the year, the number of personnel employed was 171 (89 at the end of 2009), an increase of 92%.

The acquisition of Visual Management Oy increased the number of personnel employed by the Group by 19 persons and the acquisition of Westend ICT Plc increased the number of personnel employed by 40 persons.

At the end of 2010, the average age of personnel employed in the Innofactor Group was 36.1 years. Higher academic degrees are held by 36.6% of the company's personnel, 34.8% have a lower academic degree or are studying for a higher academic degree, and 28.6% hold another degree. Women make up 19.9% of the Group's personnel and 80.1% are men.

## **Business operations**

The Innofactor Group's business operations were focused on the domestic market in 2010 with 96% of net sales coming from Finland. The balance came from the supply of emissions trading solutions for EU member states and from parish customers in Sweden.

The Innofactor Group implemented software solutions supporting the operation of companies and organizations. The Group's core offering consisted of software and systems divided into three solution areas: Web pages and communication, eServices, and improved operating efficiency. In these areas, Innofactor implemented both ready-made sector-independent solutions and solutions customised for specific fields. Solutions were also customised for individual customers when necessary. Added value services included the provision of consulting, usability, user interface and design, training, support and maintenance, cloud and usage services, all of which were designed to ensure easy software implementation and ensure ease of use.

In contrast to the Group's normal business operations, Innofactor implemented a "Citizen's account for public services" system for Finland's State Treasury. This delivery was implemented at a loss with the goal of gaining a significant quantity of profitable net sales in the future from operating the service.

On December 27, 2010, new solution segments were introduced through the corporate arrangement with Westend ICT Plc. The document, case, archive, quality and contract management systems offered by Innofactor Documenta Oy (former Documenta Oy) - all of which are solutions which improve working efficiency - were added to Innofactor Plc's offering.

The corporate arrangement further strengthened Innofactor's market position as Finland's largest solution provider with a focus on Microsoft solutions.

## **Other events during the financial period**

This section describes events at both Innofactor Plc (which operated under the name Westend ICT Plc in the period January 1–December 31, 2010) the judicial parent company

of the Innofactor Group, and Innofactor Software Oy (which operated under the name Innofactor Oy in the period January 1–December 22, 2010) in chronological order. Information for Innofactor Software Oy has been presented here, according to IFRS 3, it is the buyer in the reverse acquisition from the bookkeeping viewpoint.

On March 24, 2010, the Annual General Meeting of Westend ICT Plc decided to change the terms of the company's convertible loan in accordance with a proposal by the company's Board of Directors. The terms of the convertible loan decided by the Annual General Meeting on March 27, 2003, and altered by the Annual General Meeting on June 18, 2009, (registered on July 17, 2009) were changed so that the loan period was extended until December 31, 2011, with a stipulation that when the loan is converted, the entire subscription price will be booked to the reserve for invested unrestricted equity. Additionally, the Annual General Meeting authorised the Board of Directors to negotiate with the loan's subscribers and agree on changes to the terms of the loan that would improve the company's capital and financing situation. It was decided that no dividend would be paid.

On March 31, 2010, in accordance with a proposition by the company's Board of Directors, Innofactor Oy's Annual General Meeting decided on Warrant Program D for all members of the management team and company personnel. The Annual General Meeting also decided to change the redemption clause of the company's Articles of Association in such a manner that the company has the primary redemption right. It was decided that dividends totalling EUR 222,315.24 would be paid.

On April 9, 2010, Westend ICT Plc agreed on financing arrangements with Tuomo Tilman and Jyrki Salminen, at that time the company's main owners, to improve the company's financial position. The arrangement consisted of four separate judicial actions: (i) a loan instalment which the company used to pay off debts totalling EUR 501,686.20; (ii) a sale of shares in which the company sold a holding of 1,999,357 Group Business Software AG shares for a total price of EUR 1,199,614.20; (iii) the conversion of convertible loans into shares in the company under which EUR 2,356,000 of the company's convertible loans were converted to 15,078,400 new shares in the company; and (iv) a directed share issue in which the company offered a total of 32,000,000 new shares for subscription with a total subscription price of EUR 1,600,000.00. After these arrangements, the ownership stake held by Tilman and the company in which he has a controlling interest was 32.9%, and Salminen's stake totalled 31.3%.

On May 4, 2010, an Extraordinary General Meeting of Westend ICT Plc accepted the arrangement described immediately above.

On May 18, 2010, the new Westend ICT Plc shares accepted by the Extraordinary General Meeting on May 4, 2010 (15,078,400 shares issued on the basis of converting the



convertible loans and 32,000,000 shares issued in the directed issue in accordance with the financing arrangement agreements) were registered in the Trade Register.

On June 3, 2010, an Extraordinary General Meeting of Innofactor Oy decided (i) to pay a total of EUR 800,000.00 in additional dividends for 2010 for the then shareholders; (ii) to rescind that part of the company's Articles of Association which concerned the nominal value of a share; (iii) on a free share issue in which the shares were split 20-for-1; and (iv) on a directed issue of 421,629 shares to be used as a payment in kind for 100% of the shares of Visual Management Oy. Former shareholders in Visual Management Oy thus gained 13.2% ownership in Innofactor Oy.

On June 17, 2010, an Extraordinary General Meeting of Westend ICT Plc (i) accepted the covering of losses with unrestricted equity in such a way that the loss of EUR 5,723,116.11 from previous financial periods as shown in the approved financial statement of December 31, 2009 was covered with EUR 3,956,000.00 from the company's invested unrestricted equity reserve; (ii) accepted lowering of the share capital to cover losses in such a way that the company's share capital of EUR 2,569,853.92 was lowered by EUR 1,767,116.11 to cover losses from previous financial periods. After lowering the share capital, the company's new share capital would become EUR 802,737.81); and (iii) accepted lowering the share capital to transfer funds to the unrestricted equity reserve in such a way that the company's share capital of EUR 802,737.81 was lowered by EUR 702,737.81 by transferring the funds to the invested unrestricted equity reserve. After lowering the share capital, the company's new share capital was EUR 100,000.00.

On July 22, 2010, the lowering of share capital (new share capital EUR 802 737,81), accepted by the Extraordinary General Meeting of Westend ICT Plc on June 17, 2010, was registered in the Finnish Trade Register.

On October 21, 2010, a General Meeting of Innofactor Oy decided, in accordance with a proposal by the Board of Directors, (i) on a directed issue of 95,000 shares to key persons in the company; and (ii) on a directed purchase of 10,000 shares from a person leaving the company.

On November 17, 2010, the lowering of share capital (new share capital EUR 100 000,00), accepted by the Extraordinary General Meeting of Westend ICT Plc on June 17, 2010, was registered in the Finnish Trade Register.

On November 18, 2010, the Board of Directors of Documenta Oy, a subsidiary of Westend ICT Plc, terminated the employment of CEO Asko Ojanen and named Hannu Jokela as the company's new CEO. A General Meeting of Documenta Oy selected a new Board of Directors which consisted of Hannu Jokela, Anneli Saarikoski and Mikko Salminen, with Salminen being selected as Chairman of the Board.

On December 3, 2010, Westend ICT Plc and the shareholders of Innofactor Oy signed an agreement to merge the two companies. The name of the new entity was agreed as Innofactor Plc. It was agreed that the merger should be implemented as an exchange of shares in which Westend ICT Plc would direct to the shareholders of Innofactor Oy a share issue with a stipulation concerning subscription in kind. In this issue, 409,665,891 new shares would be offered at the subscription price of EUR 0.04. The subscription price was to be paid by handing over a minimum of not less than 90% of Innofactor Oy shares. The ownership of the new company would be distributed as follows: the then shareholders in Westend ICT Plc would own 30% of the shares and Innofactor Oy shareholders who were parties to the transaction would own 70% of the shares. The total number of shares in the company was to be 585,236,987. It was agreed that Sami Ensio, the CEO and main owner of Innofactor Oy, would be selected as the CEO of Innofactor Plc. The CEO of Westend ICT Plc, Hannu Jokela, was to continue in his current position and also as the CEO of the Documenta Oy subsidiary until December 27, 2010. It was agreed that a new Board of Directors, consisting of four members, would be selected for the company and the other companies in the group. Sami Ensio, Pekka Puolakka, Mikko Salminen and Ilpo Santala were proposed as members of the Board of Directors. Ensio, Puolakka and Santala were formerly in the Board of Directors of Innofactor Oy (Santala was the Chairman of the Board) and Salminen was the Chairman of the Board for the Westend ICT Plc's Board of Directors. The arrangement is a reverse acquisition in accordance with IFRS 3, in which the organization issuing stocks (the judicial buyer, i.e. Westend ICT Plc) is, on the basis of IFRS 3, the target of the acquisition from the bookkeeping viewpoint. Correspondingly, the organization whose shares are acquired (the judicial target of the acquisition, i.e. Innofactor Oy) is the buyer from the bookkeeping viewpoint. According to the rules of the Nasdaq OMX Helsinki Stock Exchange, this arrangement means that a significant change (reverse takeover) is taking place which affects Westend ICT Plc and compliance with listing criteria must therefore be re-evaluated. For the company, this means that a new listing application must be submitted to the stock exchange and handled by the listing committee. The listing committee re-evaluates the listing prerequisites for the new company to be formed through the arrangement. Should it transpire that the new company is not accepted for listing and that the new shares are not admitted for public trading, the parties have the right to dissolve the arrangement. In the arrangement, the amount of new shares being issued by the company requires the drawing up of a new prospectus and having this accepted by the Financial Supervisory Authority. After such acceptance, the stock exchange decides on admission of the new shares for public trading. It was noted that this is expected to happen in March-April 2011.

On December 16, 2010, a General Meeting of Innofactor Oy decided, in accordance with a proposal by the Board of Directors, (i) to rescind the redemption clause in the Articles of Association; and (ii) to change the company's name to Innofactor Software Oy. In accordance with the agreement, the name was changed in order to take the name Innofactor Plc back into use for the then Westend ICT Plc.

On December 23, 2010, a total of 141,075 warrants of Innofactor Software Oy's Warrant Series D were subscribed for. On the basis of effective warrant programs, a total of 135,560 new shares in Innofactor Software Oy were subscribed for and these were registered in the Trade Register on December 23, 2010. Additionally, on the basis of the directed share issue decided by the Extraordinary General Meeting of Innofactor Software Oy on October 27, 2010, 67,000 new shares were subscribed for and these were registered in the Trade Register on December 23, 2010. At the end of 2010, the management and personnel of Innofactor Software Oy owned warrants as follows: C series 94,700 warrants and D series 141,075 warrants. These warrants entitle them to subscribe for an equal amount of Innofactor Software Oy shares. In connection with the corporate arrangement between Westend ICT Plc and Innofactor Oy, it was agreed that the Innofactor Software Oy warrants will be transferred to Innofactor Plc's share-based incentive system for management and personnel during 2011. Persons who were parties to the transaction, have agreed to this. The final terms of the new incentive system have not yet been decided.

On December 27, 2010, an extraordinary General Meeting of Westend ICT Plc decided to accept, in accordance with a proposal by the Board of Directors, the arrangement announced on December 3, 2010, and the change of company name to Innofactor Plc. All of Innofactor Oy's shareowners participated in the arrangement. Of the total subscription price EUR 16,386,635.64, EUR 2,000,000 was registered as share capital, making the total share capital EUR 2,100,000. The General Meeting authorized the Board of Directors to repurchase a maximum of 50,000,000 of the company shares at the market price in one or several lots using the company's unrestricted equity. Shares may be purchased to be used in company acquisitions or implementing other arrangements relating to the company's business operations, improving the company's capital or financing structure, as part of the company's incentive system, or otherwise to be handed over or voided. In implementing purchases of the company's own shares, normal derivative contracts, the lending of shares and other contracts that comply with applicable laws and regulations may be entered into. The authorization is valid for 18 months starting from the decision by the General Meeting.

On December 27, 2010, the new Board of Directors of Westend ICT Plc selected Ilpo Santala as Chairman of the Board and named Sami Ensio as the company's CEO.

On December 27, 2010, General Meetings of all companies that belonged to the Westend Group were also held. The companies selected the same Board of Directors for themselves as was selected for the parent company. Meetings of the said companies' Board of Directors were held and selected Sami Ensio as the CEO for those of the said companies in which he was not already the CEO, excluding Oy Soloplus Ab which does not have a CEO.

On December 31, 2010, the 409,665,891 new shares in Innofactor Plc which originated from the arrangement were registered in the Trade Register.

## **Share and shareowners**

The share capital of Innofactor Plc at the end of the financial period was EUR 2,100,000 and the number of shares totalled 585,236,987.

During the financial period, the highest share price was EUR 0.09 (EUR 0,06 in 2009), the lowest share price was EUR 0,04 (EUR 0,02 in 2009) and the closing price was EUR 0,08 (EUR 0,05 in 2009). The average share price during the financial period was EUR 0,06 (EUR 0,04 in 2009). The average share price has been calculated using the weighted average of daily closing prices, including trading performed on the stock exchange.

During the financial period, 13,080,983 shares were traded in the stock exchange (10,892,723 shares in 2009), which is 8.2% (8.5% in 2009) of the average number of shares. In 2010, the average number of shares was 158,893,964 (128,492,696 shares in 2009).

The market value of the share capital at EUR 0.08, the closing rate for the financial period on December 31, 2010, was EUR 46,818,959 (EUR 6,424,635 in 2009), an increase of 62.9%. The market value on December 31, 2010, has been calculated by multiplying the share price by the total number of shares, which was 585,236,987. The market value calculated by the stock exchange differs from the one presented here as it has been calculated by using only the number of shares in public trading, i.e. 175,571,096 shares, which represents only 30% of the total number of shares in the company.

On December 31, 2010, the company had 12,617 shareowners (13,180 in 2009), including administrative registers (7 pcs). The share held by nominee registered ownership was 0.4% of the total number of shares. Of shareowners, 95.0% were Finnish households, 4.3% were Finnish companies, and 0.6% were non-Finnish owners.

Neither Innofactor Plc nor any companies belonging to the Group had Innofactor Plc shares in their possession during the financial period. The Board of Directors of Innofactor Plc was authorized by the General Meeting held on December 27, 2010 to purchase 50,000,000 shares in the company, but this authorization has not yet been used.

On June 18, 2009, The Board of the Innofactor Group authorized the Board to decide on share issue and specific rights related to rights to receive issues. According to this authorization a maximum of 60,000,000 new shares may be issued. The authorization has not been used.

During the financial period, Innofactor Plc issued six flagging notices:

- On May 18, 2010, Jyrki Salminen's ownership of the Westend ICT Plc votes and shares exceeded three tenths (3/10) due to the directed issue of Westend ICT Plc and the conversion of the convertible loan which the company announced in connection with announcing the decisions of the General Meeting on May 4, 2010. Salminen owned 54,949,856 shares, i.e. 31.30% of shares and votes. In ruling number 3/214/2010, issued on April 9, 2010, the Financial Supervisory Authority granted Jyrki Salminen an exception from the obligation to make an offer as defined in Chapter 6, Section 10 of the Securities Markets Act, allowing Salminen's ownership of all company share votes to exceed 3/10 without an obligation to make an offer for all other shares in the company.
- On May 18, 2010, ownership of Westend ICT Plc votes and shares by Tuomo Tilman and the company in which he has a controlling interest exceeded three tenths (3/10) due to the directed issue of Westend ICT Plc and the conversion of the convertible loan which the company announced in connection with announcing the decisions of the General Meeting on May 4, 2010. Tilman and the company in which he has a controlling interest owned 57,735,570 shares in Westend ICT Plc, i.e. 32.88% of the total number of shares and votes. In ruling number 3/214/2010, issued on April 9, 2010, the Financial Supervisory Authority granted Tuomo Tilman an exception from the obligation to make an offer as defined in Chapter 6, Section 10 of the Securities Markets Act, allowing Tilman's ownership of all company share votes to exceed 3/10 without an obligation to make an offer for all other shares in the company.
- On December 29, 2010, ownership of Westend ICT Plc votes and shares by Sami Ensio and his underage children rose to more than one quarter (25%) when the new shares subscribed for in the share issue decided on by the Extraordinary General Meeting on December 27, 2010 were registered in the Trade Register. Sami Ensio and his underage children owned 147,109,255 shares, i.e. 25.14% of the total number of shares and votes.
- On December 29, 2010, ownership of Westend ICT Plc votes and shares by Rami Laiho rose to more than a twentieth part (5%) when the new shares subscribed for in the share issue decided on by the Extraordinary General Meeting on December 27, 2010 were registered in the Trade Register. Rami Laiho owned 29,525,129 shares, i.e. 5.04% of the total number of shares and votes.
- On December 31, 2010, Jyrki Salminen's ownership of Westend ICT Plc votes and shares was reduced to less than one tenth (10%) when the new shares subscribed for in the share issue decided on by the Extraordinary General Meeting on December 27, 2010 were registered in the Trade Register. Jyrki Salminen owned 54,949,856 shares, i.e. 9.39% of shares and votes.
- On December 31, 2010, ownership of Westend ICT Plc votes and shares by Tuomo Tilman and the company in which he has a controlling interest was reduced to less than one tenth (10%) when the new shares subscribed for in the share issue decided

on by the Extraordinary General Meeting on December 27, 2010 were registered in the Trade Register. Tuomo Tilman and the company in which he has a controlling interest owned 57,735,570 shares, i.e. 9.87% of shares and votes.

According to the share register maintained by Euroclear Finland Oy, share ownership by persons belonging to the public insider register was as follows on December 31, 2010:

- Board of Directors
  - o Ilpo Santala, 2,791,079 shares, 0.48%
  - o Sami Ensio (and underage children), 147,109,255 shares, 25.14%
  - o Pekka Puolakka, 0 shares, 0%
  - o Mikko Salminen, 7,000 shares 0.001%
- CEO
  - o Sami Ensio (and his underage children), 147,109,255 shares, 25.14%
- Management Team
  - o Henrikki Hervonen, 2,677,615 shares, 0.46%
  - o Mikko Lampi, 20,872,413 shares, 3.57%
  - o Aleksi Mattila, 2,912,430 shares, 0.50%
  - o Mika Nurmi, 2,791,079 shares, 0.48%
  - o Tuomas Riski, 20,872,414 shares, 3.57%
  - o Anneli Saarikoski, 2,330 shares, 0.0004%
  - o Vesa Tiirikainen, 2,515,004 shares, 0.43%
- Auditors
  - o Juha Nenonen, 0 shares, 0.0%
  - o Juha Hilmola, 0 shares, 0.0%

According to the share register maintained by Euroclear Finland Oy, share ownership by Innofactor Plc's 20 largest shareowners was as follows on December 31, 2010:

- Sami Ensio and children, 147,109,255 shares, 25.14%
- Tuomo Tilman and the company in which he has a controlling interest, 57,735,570 shares, 9.87%
- Jyrki Salminen 54,949,856 shares, 9.39%
- Rami Laiho 29,525,129 shares, 5.04%
- R. Linturi Oyj and Risto Linturi directly 28,032,137 shares, 4.79%
- Antti-Jussi Mäki 26,476,414 shares, 4.52%
- Tuomas Riski, 20,872,414 shares, 3.57%
- Mikko Lampi, 20,872,413 shares, 3.57%
- Juha Luostarinen, 18,588,773 shares, 3.18%
- Matias Ärje 17,942,994 shares, 3.07%
- Klaus Jokinen 17,538,773 shares, 3.00%
- Teemu Muukkonen 10,193,504 shares, 1.74%
- Janne-Olli Järvenpää 8,069,858 shares, 1.38%

- Heikki-Harri Kukkonen 7,281,074 shares, 1.24%
- Ementor Norge As 5,385,998 shares, 0.92%
- Jari Laiho 5,337,028 shares, 0.91%
- Lasse Tolvanen 4,074,975 shares, 0.70%
- Timo Kallioniemi 3,640,537 shares, 0.62%
- Petri Salminen 3,640,537 shares, 0.62%
- Aleksi Mattila, 2,912,430 shares, 0.50%

## **Corporate Governance**

At the Annual General Meeting of Westend ICT Plc held on March 24, 2010 the number of members of the Board of Directors was confirmed as three. The General Meeting decided to accept a proposal that Hannu Jokela, Jörg Ott and Mikko Salminen be again selected as members of the Board of Directors. The Board of Directors selected Mikko Salminen as their Chairman. The General Meeting also accepted a proposal that Ernst & Young Oy, an auditing firm authorized by Finland's Central Chamber of Commerce, be selected as the company's auditor, with Juha Nenonen (CA) as the main responsible auditor.

At the Extraordinary General Meeting of Westend ICT Plc on December 27, 2010, the number of the members of the Board of Directors was confirmed as four. The General Meeting decided to accept a proposal that Sami Ensio, Pekka Puolakka, Mikko Salminen and Ilpo Santala be selected as members of the Board of Directors. The Board of Directors selected Ilpo Santala as their Chairman.

Innofactor Plc complies with the recommendations of *Corporate Governance for Finnish Listed Companies in 2010*, published by the Securities Market Association. The company will publish a Corporate Governance Statement for 2010 drawn up in accordance with Corporate Governance Recommendation 51 and Chapter 2, Section 6 of the Securities Markets Act. The Corporate Governance Statement will be published separately from the Innofactor Plc Annual Report.

Full details of Innofactor Plc's Corporate Governance is available on the company's website at: [http://www.innofactor.com/investors/corporate\\_governance](http://www.innofactor.com/investors/corporate_governance)

## **Short term risks and risk management**

The operation, financial arrangements and shares of the Innofactor group are subject to risks that may affect the company and the value of its shares. The Board of Directors of Innofactor Plc assesses these risks four times each year as a part of the strategy and business planning process.

## **Operational risks**

In 2010, risks connected with dependency on key customers were reduced as, by virtue of the corporate arrangements, the Innofactor Group's customer base expanded and the proportion of net sales made to the largest individual companies fell. It is estimated that risks from dependency on key customers will have no significant effect in 2011.

In 2010, risks connected with market competition grew as general price competition in the company's markets tightened, and such tightening is also expected in 2011. As prices go down, risks of low project profitability increase. The Innofactor Group is expected to do well in situations of price competition. If prices reductions continue and are significant, however, the group will have to consider increasing the amounts of work performed in countries where labour costs are lower, or transferring an increasing amount of the work carried out in Finland outside the metropolitan region. Such actions carry the risk of lower levels of customer satisfaction.

Research and product development play a central role in the operation of the Innofactor Group. In 2010, these activities represented 11.9% of net sales (10% in 2009), an increase on the level in the previous year. In 2011, spending on research and product development is expected to be at approximately 2010 levels. Each research and product development project includes the risk that the project results do not yield the desired financial benefit. To reduce such risks, the Innofactor Group will be monitoring its product development projects even more closely and will terminate such projects when it becomes clear that they do not represent adequate commercial potential.

In accordance with its strategy, Innofactor will seek additional growth in global markets. Global operations typically involve higher risks than operations in the company's home market. As the profitable initiation of global business operations is very hard, it is probable that the Group's global business activities will be unprofitable in 2011. On the other hand, investments in global operations will not be so large that they compromise the Innofactor Group's ability to make profits.

With regard to other aspects, there have been no significant changes in the Innofactor Group's short-term operational risks and uncertainty factors during the 2010 financial period and no such changes are expected.

## **Financial risks**

There have been no significant changes in Innofactor's short-term financial risks and uncertainty factors during the 2010 financial period and no such changes are expected.



## **Risks related to shares**

Since the number of shareowners has grown, the liquidity of Innofactor Plc shares has increased. On the other hand, share ownership continues to be concentrated in a small group of main owners in such a manner that on December 31, 2010, the 20 largest owners owned 83.8% of the company's shares, making share liquidity small. Risks are reduced by the existence of a large group of 12,600 shareowners. The low price of the Innofactor Plc share may mean that efforts to determine the share value are ineffective. The share price has however clearly risen during the 2010 financial period (from about EUR 0,04 to about EUR 0,08) and also strengthened after the end of the financial period (to about EUR 0,11), which decreases risk. The share price is however still low.

In order to reduce risk associated with the company's share, its meeting on February 28, 2011, the Innofactor Plc Board of Directors decided to propose in the notice to the Annual General Meeting an arrangement under which the number of Innofactor shares will be decreased without lowering the total share capital by combining shares in such a manner that a minimum of 20 and a maximum of 100 Innofactor Plc shares are combined into one share. The goal of this arrangement is to improve reliability in determining the Innofactor Plc share price. A separate stock exchange release in this connection will be published on March 1, 2011.

With regard to other aspects, there have been no significant changes in the Innofactor group's short-term share-related risks and uncertainty factors during the 2010 financial period nor are any such changes expected.

## **Acquisitions and changes in Group structure**

On June 2, 2010, a subsidiary of Innofactor Plc, Innofactor Software Oy (earlier Innofactor Oy) and the shareholders of Visual Management Oy signed an agreement on the merger of the companies which became valid after the Innofactor Oy General Meeting held on June 3, 2010 accepted it. The transaction concerned 100% ownership of Visual Management Oy, and the company name was changed to Innofactor Visual Management Oy. Following the acquisition, the Innofactor Software Group consisted of Innofactor Management Oy, Innofactor Customer Solutions Oy, and Venenum Oy. The acquisition was paid for with shares in Innofactor Software Oy and the former owners of Visual Management Oy thus acquired a 13.2% ownership stake in Innofactor Software Oy as a result of the transaction. Innofactor Software Oy's 19 employees were transferred as part of the arrangement.

On December 3, 2010, Westend ICT Plc and shareholders in Innofactor Oy signed an agreement on a merger of the two companies which became valid after it was accepted by a General Meeting of Westend ICT Plc on December 27, 2010. In this arrangement, Westend ICT Plc changed its name to Innofactor Plc, Innofactor Oy changed its name to Innofactor Software Oy, and the Westend ICT Plc subsidiary Documenta Oy changed its

name to Innofactor Documenta Oy. Following the acquisition, the Innofactor Group consisted of the Innofactor Software subgroup, Innofactor Documenta Oy, and Soloplus Oy. The merger was implemented as an exchange of shares in which Westend ICT Plc directed to the shareholders of Innofactor Oy a share issue with a stipulation concerning subscription in kind. In this issue, 409,665,891 new shares were offered at the subscription price of EUR 0,04. The subscription price was paid in full by handing over shares in Innofactor Oy. At the time of merger, the Westend ICT Group had 40 employees and the Innofactor Software Group had 131 employees.

## **Responsibility for the environment and to society**

Operations in the Innofactor Group are guided by the company strategy, values, quality system, environmental policy, and applicable legislation. The Group is committed to achieving profitable operation and to increasing the level of its net sales while taking into account associated environmental effects.

The Innofactor Group ensures the well-being of its personnel by maintaining a stable, safe and communicative working atmosphere and by building reliable future development paths.

In its operations, the Innofactor Group adheres to the principles of sustainable development and the environmental guidelines of the Federation of Finnish Technology Industries. Through the solutions it has developed, the Group has helped its customers achieve their environmental goals and had a positive effect on sustainable development in society. The Group's electronic case and document management and client transaction solutions are examples of products created by the group that help reduce environmental impacts. Emissions trading systems supplied to several European countries help in work designed to avoid climate change.

The Innofactor Group strives to establish long-term cooperation with its clients and partners and to allow know-how in different fields to disseminate and create new kinds of solutions. The Group's mission includes offering its employees and partners an innovative and supportive environment in which they can continue their personal development.

## **Strategy**

Innofactor Plc published its renewed strategy on January 10, 2011 in a separate stock exchange release. In accordance with its strategy, Innofactor Plc is striving to continue its growth as the Finland's largest software provider focused on Microsoft solutions. Innofactor Plc is also seeking growth in both areas neighbouring Finland and global cloud applications.

The Innofactor Group's mission is:

- to help its customers to offer their customers even better services and to improve their own operations
- to import and modify global Microsoft solutions into entities that match customers' needs
- to develop new innovative and globally-competitive software and components for the Microsoft cloud
- to offer its employees and partners an innovative and supportive environment in which they can continue their personal development.

The Innofactor Group's vision is:

- to continue operating in markets whose size does not set restrictions on the Group's growth
- to grow both organically and through acquisitions as Microsoft's most important integrator in Finland and, in the future, also in neighbouring regions in such a manner that the Innofactor Group will be significantly larger in 2015
- to utilize the radical change offered by cloud technology in such a way that the Innofactor Group can implement globally-competitive software and components for the Microsoft cloud, which will in turn help to create significant business for the Group in global markets by 2015.

The Innofactor Group's strategy is to be a leading Microsoft solution provider and the most important strategic choices in this connection are:

- maintaining the best ability to innovate new solutions in the markets
- operating with a tight focus on customer-orientation
- offering customers leading, comprehensive Microsoft solutions from a single provider
- operating in a cost-effective manner, for example by utilising reconfigurable product lines and available resources in an optimised manner.

## **Management and auditors**

### **Board of Directors**

In the January 1–December 27, 2010 period, the Innofactor Plc Board of Directors consisted of Hannu Jokela, Jörg Ott and Mikko Salminen, with Mikko Salminen as Chairman.

The Extraordinary General Meeting of Innofactor Plc on December 27, 2010 selected a new Board of Directors. In the December 27–31, 2010 period, the Innofactor Plc Board of Directors consisted of Sami Ensio, Pekka Puolakka, Mikko Salminen and Ilpo Santala, with Ilpo Santala as Chairman.

In the January 1–December 31, 2010 period, the Board of Directors of the Innofactor Plc subsidiary Innofactor Software Oy consisted of Sami Ensio, Pekka Puolakka and Ilpo Santala, with Ilpo Santala as Chairman. Risto Linturi was a Board member from January 1, 2010 to December 27, 2010, Vesa Tiirikainen was a Board Member from June 3, 2010 to December 27, 2010, and Mikko Salminen was a Board Member from December 27, 2010 to December 31, 2010.

The following persons were members of the Board of Directors of the Innofactor Plc subsidiary Innofactor Documenta Oy during January 1-December 27: Hannu Jokela and Mikko Salminen, Hannu Jokela as Chairman January 1-November 18 and Mikko Salminen as Chairman from November 18, 2010 to December 26, 2010. Additional Board members were Asko Ojanen from January 1, 2010 to November 18, 2010, and Anneli Saarikoski from November 18, 2010 to December 27, 2010. From December 27, 2010 to December 31, 2010, the Board of Directors of Documenta Oy was the same as that of the parent company.

## **CEO**

From January 1, 2010 to December 27, 2010, the CEO of Innofactor Plc was Hannu Jokela.

From December 27, 2010 to December 31, 2010, the CEO of Innofactor Plc was Sami Ensio, who has held the position of CEO of Innofactor Software Oy, an Innofactor Plc subsidiary, since 2000. Sami Ensio and his underage children constitute Innofactor Plc's largest individual owner with an ownership stake of 25.14%. From December 27, 2010 to December 31, 2010, Sami Ensio was also the CEO of all other companies in the Innofactor Group.

From January 1, 2010 to November 18, 2010, the CEO of Innofactor Documenta Oy, an Innofactor Plc subsidiary, was Asko Ojanen. Hannu Jokela was the company's CEO from November 18, 2010 to December 27, 2010, and Sami Ensio held the position from December 27, 2010 to December 31, 2010.

## **Management Team**

Innofactor Plc had no management team in the period from January 1, 2010 to December 27, 2010. Anneli Saarikoski was the CFO during this period.

December 27, 2010 the Board of Directors nominated the Innofactor Plc Management Team acting from January 1 and it consisted of the following persons:

- Sami Ensio, CEO
- Henrikki Hervonen, Corporate Customers
- Tuomas Riski, Public Administration and Third-Sector Customers
- Mikko Lampi, Software and Systems
- Mika Nurmi, Services
- Anneli Saarikoski, Financial Management
- Aleksi Mattila, Internal Support Services
- Vesa Tiirikainen, Business Development and Acquisitions

## **Auditor**

Innofactor Plc's Auditor was Ernst & Young Oy, an auditing firm authorised by the Central Chamber of Commerce, with Juha Nenonen (CA) as the auditor with primary responsibility.

Innofactor Software Oy's Auditor was Ernst & Young Oy, an auditing firm authorised by the Central Chamber of Commerce, with Juha Hilmola (CA) as auditor with primary responsibility.

## **Events following the financial period**

The change of company name to Innofactor Plc came into effect on January 5, 2010 when the new company name was registered in the Finnish Trade Register. An Extraordinary General Meeting of Innofactor Plc decided on the change of name on December 27, 2010.

Innofactor Plc published its new strategy on January 10, 2011. According to this, Innofactor Plc is striving to continue its growth as Finland's largest software provider focused on Microsoft solutions. Innofactor Plc is also seeking growth in areas neighbouring Finland and in global cloud applications.

On February 11, 2011, Nokia and Microsoft made an announcement regarding significant cooperation. As Finland's largest software provider with a focus on Microsoft solutions, Nokia's move to using a Microsoft operating system in its smartphones could offer the Innofactor Group significant opportunities in coming years, with a profound effect on levels of growth.

The INNOFACTOR® Prime™ software version implemented in Microsoft's Azure Cloud was granted "Platform Ready" status by Microsoft on February 24, 2011. This achievement is a crucial milestone in implementing global cloud services in accordance with the Innofactor Group's strategy.

The Innofactor Group's order volume has developed positively in 2011 and levels of activity in the first two months of the year offer support for the expectation that the Group will be able to achieve its goals in 2011.

## **Future outlook**

Net sales by Innofactor Plc in 2011 are expected to total some EUR 17 million, an increase of approximately 70% compared to 2010. Both profit and the business profit percentage before write-offs and potential depreciation (EBITDA) in 2011 are expected to be better than in 2010.

In other aspects, the Innofactor Group abides by the goals stated in the company's stock exchange release dated January 10, 2010, according to which the Group's financial goal is profitable growth:

- to achieve average annual growth of 30% in 2011-2015 through both organic growth and acquisitions
- to achieve an average annual business profit of 15% in 2011-2015 as a proportion of net sales
- to maintain a positive cashflow and secure the company's good financial standing in all situations.

## **Board of Directors' dividend proposal**

At the end of the 2010 financial period, Innofactor Plc's distributable assets totalled EUR 14,629,135.92.

The Board of Directors proposes that Innofactor Plc does not pay a dividend for the January 1–December 31, 2010 financial period.

## **Financial statement summary and appendixes**

Innofactor Plc's financial statement summary and appendixes are presented in their entirety in a separate appendix to this release.

Espoo, March 1, 2011

INNOFACTOR PLC  
Board of Directors

Additional information:  
CEO Sami Ensio, Innofactor Plc  
Tel. +358 (0) 50 584 2029  
sami.ensio@innofactor.com

Distribution:  
NASDAQ OMX Helsinki  
Main media  
www.innofactor.com

## **Financial releases in 2011**

The Innofactor Group's annual report for 2010, including an audited financial statement, will be published on the company's website in Week 13/2011.

Interim reports by Innofactor Plc will be published in 2011 as follows:

- Interim report for January–March on May 10, 2011, at 8:30 Finnish time
- Interim report for January–June on August 9, 2011, at 8:30 Finnish time
- Interim report for January–September on November 1, 2011, at 8:30 Finnish time

The company should be notified of any issues for discussion at the Annual General Meeting by 10:00 (Finnish time) on March 31, 2011. The preliminary timetable for the company's Annual General Meeting is for it to be held on April 28, 2011 at 10:00 Finnish time. Publication of the invitation to the General Meeting is expected to take place on April 5, 2011.

## CONSOLIDATED PROFIT AND LOSS STATEMENT, IFRS

(eur thousand)	<u>1.1.-31.12.2010</u>	<u>1.1.-31.12.2009</u>
<b>Net sales</b>	<b>9 862</b>	<b>6 920</b>
Other operating income	4	3
Materials	-557	-508
Employee benefits expenses	-6 230	-3 684
Depreciations (-)	-278	-144
Other operating expenses (-)	-2 099	-1 422
<b>Operating profit</b>	<b>702</b>	<b>1 165</b>
Financial income	17	21
Financial expenses (-)	-22	-4
Profit before taxes	696	1 182
Income taxes	-191	-307
<b>Profit for the period</b>	<b>505</b>	<b>875</b>
<b>Total comprehensive income</b>	<b>505</b>	<b>875</b>
<b>Total comprehensive income distributable to equity holders of the parent</b>	<b>505</b>	<b>875</b>
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share (undiluted)	0,0014	0,0027
Earnings per share (diluted)	*)	*)

\*)Diluted earnings per share has not been calculated, because it has been agreed that stock option program related to Innofactor Software Oy will be compensated in connection with the Westend ICT acquisition.



**PROFIT AND LOSS STATEMENT BY QUARTER**

<i>EUR thousand</i>	1.1.–31.3.2010	1.4.–30.6.2010	1.7.–30.9.2010	1.10.–31.12.2010	1.1.–31.12.2010	1.10.–31.12.2009	1.1.–31.12.2009
	3 kk	3 kk	3 kk	3 kk	12 kk	3 kk	12 kk
<b>Net sales</b>	<b>2 210</b>	<b>2 148</b>	<b>2 192</b>	<b>3 312</b>	<b>9 862</b>	<b>2 484</b>	<b>6 920</b>
Other operating income	0	3	0	0	4	0	3
Materials (–)	-122	-137	-112	-187	-557	-192	-508
Employee benefits expenses			-1 540	-2 027	-6 230	-1 271	-3 684
Depreciations (–)		-70	-70	-69	-278	-88	-144
Other operating expenses (–)		-562	-447	-638	-2 099	-468	-1 422
<b>Operating profit</b>	<b>279</b>	<b>8</b>	<b>23</b>	<b>391</b>	<b>702</b>	<b>465</b>	<b>1 165</b>
Financial income		0	1	16	17	7	21
Financial expenses (–)		-1	-1	-20	-22	0	-4
Profit before taxes	278	7	24	387	696	471	1 182
Income taxes	-76	-2	-6	-106	-191	-129	-307
Profit for the period	202	5	17	281	505	342	875
<b>Profit for period</b>	<b>202</b>	<b>5</b>	<b>17</b>	<b>281</b>	<b>505</b>	<b>342</b>	<b>875</b>
<b>Total comprehensive income distributable to equity holders of the parent</b>	<b>202</b>	<b>5</b>	<b>17</b>	<b>281</b>	<b>505</b>	<b>342</b>	<b>875</b>

# CONSOLIDATED BALANCE SHEET, IFRS

	31.12.	31.12.	IFRS-transfer
(EUR thousand)	<u>2010</u>	<u>2009</u>	<u>1.1.</u> <u>2009</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	472	295	124
Goodwill	5 609	240	240
Other capitalized expenditure	6 756	284	252
Deferred tax assets	207	324	0
	<b>13 044</b>	<b>1 144</b>	<b>616</b>
<b>Current assets</b>			
Trade receivables	6 037	2 562	1 536
Cash and cash equivalent	1 714	1 650	1 344
	<b>7 752</b>	<b>4 212</b>	<b>2 880</b>
<b>TOTAL ASSETS</b>	<b>20 795</b>	<b>5 355</b>	<b>3 496</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	2 100	12	11
Share premium reserve	72	72	72
Other reserves	59	59	59
Fund for invested unrestricted equity	8 344	275	124
Retained earnings	1 703	2 179	1 454
<b>Total shareholders' equity</b>	<b>12 278</b>	<b>2 597</b>	<b>1 720</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	1 736	37	0
<b>Long-term liabilities</b>	<b>1 736</b>	<b>37</b>	<b>0</b>
<b>Current liabilities</b>			
Trade payables	6 781	2 722	1 724
Loans	0	0	52
<b>Current liabilities total</b>	<b>6 781</b>	<b>2 722</b>	<b>1 776</b>
<b>Liabilities total</b>	<b>8 517</b>	<b>2 758</b>	<b>1 776</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20 795</b>	<b>5 355</b>	<b>3 496</b>

# CONSOLIDATED CASH FLOW

<b>EUR thousand)</b>	<u>1.1.-31.12.2010</u>	<u>1.-31.12.2009</u>
<b>Cash flow from operating activities</b>		
Operating profit	702	1 165
Amendments:		
Depreciations	278	144
Change in working capital		
Change in trade and other receivables	-1 242	-796
Change in trade and other payables	626	506
Interests paid (-)	-22	-4
Interests received	17	21
Taxes paid (-)	-191	-307
<b>Cash flow from operating activities total</b>	<b>167</b>	<b>729</b>
 <b>Cash flow/investments</b>		
Investment in daughter companies	558	-92
Investments in intangible and tangible assets	-458	-280
<b>Cash flow/investments total</b>	<b>100</b>	<b>-373</b>
 <b>Cash flow/financing</b>		
Repayment of loans	0	-52
Payments received from share issue	441	152
Purchase of own shares (-)	-20	0
Paid dividends (-)	-623	-151
<b>Cash flow/financing total</b>	<b>-202</b>	<b>-51</b>
 <b>Change in liquid funds (+/-)</b>	<b>65</b>	<b>306</b>
Liquid funds opening balance	1 650	1 344
<b>Liquid funds closing balance</b>	<b>1 714</b>	<b>1 650</b>

## KEY FIGURES, IFRS

	1.1.-31.12.2010	1.1.-31.12.2009
	12 kk	12 kk
Net sales, EUR million	9,862	6,920
Operating profit, EUR million	0,702	1,165
% of net sales	7,1 %	16,8 %
Profit before taxes, EUR million	0,696	1,182
% net sales	7,1 %	17,1 %
Return on equity, %	6,8 %	40,5 %
Return on investment, %	9,7 %	54,9 %
Net debt to equity (Net Gearing), %	-14,0 %	-63,5 %
Equity ration, %	64,0 %	56,1 %
Personnel at the end of the period	171	89
Personnel average	108	66
<b>Key figures per share</b>		
Earnings per share, euro	0,0014	0,0027
Shareholders' equity per share, euro	0,021	0,008

## Statement of change in shareholders' equity

		Total comprehensive income distributable to equity holders of the parent						
		Share capital	Share premium	Other reserve	Fund for invested unrestricted equity	Own shares	Retained earnings	TOTAL
<b>EUT thousand</b>								
<b>Shareholders' equity 1.1.2010</b>		12	72	59	275	0	2 179	<b>2 597</b>
<b>Total comprehensive income</b>							505	
Profit for the period							505	
<b>Total comprehensive income total</b>		0	0	0	0	0	505	505
<b>Transactions with the owners</b>								
Distributed dividend	24						-962	
Share issue	24				766			
Exercised share options	24	1			307		1	
Reverse takeover		2 088			6 995			9 083
Purchase of own shares	24					-20		
<b>Transactions with the owners total</b>		2 088	0	0	8 069	-20	-961	9 176
	24							
<b>Shareholders' own equity 31.12.2010</b>		<b>2 100</b>	<b>72</b>	<b>59</b>	<b>8 344</b>	<b>-20</b>	<b>1 723</b>	<b>12 278</b>
		Total comprehensive income distributable to equity holders of the parent						
		Share capital	Share premium	Other reserve	Fund for invested unrestricted equity	Own shares	Retained earnings	TOTAL
<b>EUR thousand</b>								
<b>Shareholders' equity 1.1.2009</b>		11	72	59	124		1 454	<b>1 720</b>
<b>Comprehensive income</b>							875	
Profit for the period							875	
<b>Comprehensive income total</b>		0	0	0	0	0	875	0
<b>Transactions with the owners total</b>								
Distributed dividend	24						-151	
Share issue	24	0			66			
Exercised share options					85			
Exercised share options	24						1	
<b>Transactions with the owners total</b>		0	0	0	151	0	-150	0
<b>Shareholders' own equity 31.12.2009</b>		<b>12</b>	<b>72</b>	<b>59</b>	<b>275</b>	<b>0</b>	<b>2 179</b>	<b>2 597</b>