



## Digia Plc's fourth quarter and 2008 financial statement (IFRS)

### Summary

#### Financial statement 2008

- Consolidated net sales: EUR 123.2 million, up 16.4 per cent year on year
- Organic growth: 11.3 per cent
- Consolidated operating profit: EUR 13.4 million, up 21.3 per cent year on year
- Profitability (EBIT-%) 10.9 per cent (10.5 per cent 1-12/2007)
- Product business accounted for 14.4 per cent of net sales (17.3 per cent 1-12/2007)
- Earning per share EUR 0.36, up 24.1 per cent

#### October-December

- Consolidated turnover EUR 32.8 million, up 5.6 per cent year on year
- Organic growth 3.4 per cent
- Consolidated operating profit EUR 2.9 million, down 30,8 per cent year on year-
- Default credit increase of EUR 1.1 million, after which the profitability (EBIT-%) was 8.9 per cent (13.6 per cent 10-12/2007)
- Product business accounted for 14.1 per cent (15.9 per cent 10-2007)
- Earnings per share EUR 0.07, down 46.2 per cent
- For 2009, the main goal for Digia is to maintain strong cash flow, good profitability and to decrease loan
- Digia will tighten its dividend payment policy in the coming years.

### PROPOSAL FOR DIVIDEND DISTRIBUTION

At the end of fiscal year 2008, the distributable shareholders' equity of the parent company was EUR 37,926,719.11. Digia Plc's Board of Directors will propose at the Annual General Meeting that the Board of Directors would be authorised to allocate dividend and the maximum amount of dividend would be EUR 0.05 per share, and the authorisation would be valid until the beginning of next annual general meeting. (Dividend in 2007: EUR 0.10).

### KEY FIGURES AND RATIOS

|                              | 10-12/2008 | 10-12/2007 | Change % | 2008    | 2007    | Change % |
|------------------------------|------------|------------|----------|---------|---------|----------|
| Net sales                    | 32 762     | 31 012     | 6%       | 123 203 | 105 839 | 16%      |
| Operating profit             | 2 916      | 4 212      | -31%     | 13 437  | 11 080  | 21%      |
| -% of net sales              | 9%         | 14%        |          | 11%     | 10%     |          |
| Profit for the period        | 1 349      | 2 655      | -49%     | 7 409   | 5 871   | 26%      |
| -% of net sales              | 4%         | 9%         |          | 6%      | 6%      |          |
| Return on equity,%           | 8%         | 16%        |          | 11%     | 9%      |          |
| Return on investment,%       | 10%        | 14%        |          | 11%     | 9%      |          |
| Interest-bearing liabilities | 56 950     | 56 413     | 1%       | 56 950  | 56 413  | 1%       |
| Cash and cash equivalents    | 18 879     | 11 739     | 61%      | 18 879  | 11 739  | 61%      |
| Gearing,% (Net Gearing)      | 53%        | 65%        |          | 53%     | 65%     |          |



|                                    |      |      |      |      |      |     |
|------------------------------------|------|------|------|------|------|-----|
| Equity ratio,%                     | 47%  | 47%  |      | 47%  | 47%  |     |
| Earnings per share, EUR, undiluted | 0.07 | 0.13 | -46% | 0.36 | 0.29 | 24% |
| Earnings per share, EUR, diluted   | 0.07 | 0.13 | -46% | 0.36 | 0.29 | 24% |

## MARKETS AND DIGIA'S BUSINESS

The outcome for the 2008 fiscal year was excellent as a whole, and the company reached its most important goals: the strengthening of organic growth and the increase of profitability. Operating profit and earnings per share improved substantially in comparison to the previous fiscal period, and the fourth quarter was also successful although includes increase of default credit with EUR 1.1 million.

The financial crisis which began in the third quarter became more serious during the fourth quarter which resulted in the following: Digia's clients have postponed or cancelled projects. In spite of the turbulence in the markets, Digia has succeeded in increasing its level of activity and clientele.

Digia has during the period followed a moderate and deliberate internationalisation strategy. The development of the unit in China has progressed according to expectations. The business activities in Sweden and Russia also went according to expectations.

The company completed the preparation of the organisation change whereby the company's sales, products and services and competences were unified as of January 1<sup>st</sup>, 2009. The purpose of the organisation change is to further increase the resource utilisation, raise the billability rate and to increase the profitability.

### Telecommunications

The growth and profitability of the telecommunication business was excellent for this fiscal period. The profitability for the fourth quarter was weakened by increase of the default credit with EUR 1.1 million, but the consolidated operating profit continued to be good. The level of demand for the fourth quarter was at a good level, but the global financial crisis has increased the level of risk.

The division has continued to bolster its delivery capacity by continuing the active recruiting policy initiated during the first half of the year. Recruitment is mainly focused on countries with lower cost levels. The unit that was opened in Chengdu, China in April has grown favourably and the initiated customer projects have progressed in line with plans. The project load has grown according to expectations.

### Finance and Services

The net sales of Finance and Services for the fiscal period grew but profitability was significantly weakened compared to the previous fiscal period. The fourth quarter net sales and operating profit were lower than the corresponding period of the previous year. The reasons for this include projects being pushed back and cancellation of ongoing projects because of customer reasons based on financial crisis. The market situation continues to be challenging in both the finance and service sectors.

### Industry and Trade

The increase in business during 2008 for Industry and Trade was at a sufficient level and the operating profit showed excellent growth. The growth in operating profit during the fourth quarter was especially strong.



Also in the Industry and Trade sector, the general economic situation has caused decisions being delayed by clients, even though the company has signed agreements for delivery of service with regard to Microsoft Dynamics AX and Digia Enterprise and Logistics software. In general, however, the level of demand for the Industry and Trade sector is good.

## RISKS AND UNCERTANTIES

Digia's short-term uncertainties are related to any major changes occurring in the company's core markets and the impact of the unpredictable economic situation on Digia customers' investment decisions and their liquidity. In particular, the global financial crisis, which started in the third quarter, may have a significant negative impact on Digia's business in case the continuing crisis significantly weakens customers' financial positions, which could lead to credit loss and default on assets. Even with the market situation strongly weakened and signs of the financial situation impacting investment decisions and customer liquidity has been perceivable in some sectors, the general demand of the company has nevertheless remained at a good level.

Furthermore, the growth in customer project size and scope increases the risks related to projects and their profitability. A more detailed description of Digia's risk management is provided in its annual report and on the company website.

## CREDIT FACILITY 2009-2011

Digia has on January 29, 2009 decreased the loan from its earlier EUR 55 million to EUR 50 million. In addition, on February 3 2009, the company agreed on three years credit facility, which arrangement will pay off the loan stock in its entirety.

The new credit facility will be financed by Pohjola and Nordea Banks as well as Varma. It includes a three-year, bank-financed package of EUR 42 million. In addition, it includes the re-borrowing of the employees' pensions, totalling a maximum of EUR 8 million. As part of the finance package, the company has agreed on the covenants regarding the company's solvency and liquidity. The Board of Directors has agreed with the banks to tighten its dividend policy during the years to come as part of the finance package; the company will, at the most, distribute 15 per cent of the profit of the period in dividends. Previously the policy had been to distribute 30 per cent of the profit in dividends. Also, the share buy back program was terminated with Board's decision on February 3, 2009. One of the key elements of the financial package is the repayment of the loan, which amounts to about EUR 6 million per year during the loan repayment period.

## PROSPECTS FOR THE FUTURE

Concerning 2009, the main goal for Digia is to maintain strong cash flow, good profitability and to decrease loan. The company will continue the conservative internationalization of its businesses and to increase the business volume in countries with favourable cost level.

In light of the global financial crisis, it is estimated that investments in information systems by customers may somewhat decrease, but the company is attempting to maintain good profitability, development of its services and the satisfaction of its personnel. The company intends to increase its operational efficiency while pursuing a strict cost policy.

The long-term focus for Digia is to firstly strengthen its organic growth and the upkeep of strong cash flow. Digia is now focused on developing its competences and organic business activity by developing current competencies and products with a view to improve profitability, earnings per share and the balance sheet figures.



## NEW ORGANIZATION AND REPORTING SEGMENTS, 2009

Since the beginning of 2009, the new organization has been in force, merging the company's sales, product, services and competences. The business activities of the company are divided into two main areas: Mobile Solutions and Enterprise Solutions.

The business activity areas for Mobile Solutions include Contract Engineering Services and User Experience Services. The business activity areas for Enterprise Solutions include ERP and Financial administration, Digital services and Integration Solutions.

The restructured company will begin reporting from the first quarter in 2009.

## NET SALES

Digia's consolidated net sales for the 2008 period was EUR 123.2 million with a growth of 16.4 per cent (1-12/2007: EUR 105.8 million). This includes EUR 2.2 million of net sales of Sunrise Resources Ltd, a subsidiary acquired on 14 January 2008.

Net sales posted by Telecommunications for the period were EUR 60.9 million, up 27.1 per cent (1-12/2007: EUR 48.0 million). Net sales of Finance and Services totalled EUR 32.3 million for the period, up 10.4 per cent (1-12/2007: EUR 29.3 million). Industry and Trade recorded net sales of EUR 29.9 million for the period, up 4.7 per cent (1-12/2007: EUR 28.6 million).

During the reporting period, the product business accounted for EUR 17.7 million (1-12/2007: EUR 18.3 million) of consolidated net sales, or 14.4 per cent (1-12/2007: 17.3 per cent).

International operations accounted for EUR 14.2 million (1-12/2007: EUR 9.4 million) of consolidated net sales during the reporting period, representing 11.6 per cent (1-12/2007: 8.9 per cent).

Digia's fourth quarter consolidated net sales amounted to EUR 32.8 million, up 5.6 per cent (10-12/2007: EUR 31.0 million). This includes EUR 0.6 million of net sales of Sunrise Resources Ltd, a subsidiary acquired on 14 January 2008.

Net sales by Telecommunications for the fourth quarter were EUR 16.1 million, up 15.1 per cent (10-12/2007: EUR 14.0 million). Finance and Services posted net sales of EUR 8.4 million, down 9.8 per cent (10-12/2007: EUR 9.3 million). Industry and Trade reported net sales of EUR 8.3 million, an increase of 7.3 per cent (10-12/2007: EUR 7.7 million).

During the fourth quarter, the product business accounted for EUR 4.6 million (10-12/2007: EUR 4.9 million) of consolidated net sales, or 14.1 per cent (10-12/2007: 15.9 per cent).

International operations accounted for EUR 3.7 million (10-12/2007: EUR 3.5 million) of consolidated net sales in the fourth quarter, or 11.3 per cent (10-12/2007: 11.1 per cent).

## PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit (EBIT) for the 2008 reporting period amounted to EUR 13.4 million, up 21.3 per cent on a year earlier (2007: EUR 11.1 million). This includes EUR 0.3 million of operating profit of Sunrise Resources Ltd. Profitability (EBIT-%) was 10.9 per cent (2007: 10.5 per cent). The operating profit of the Group includes a EUR 2.1 million default credit which weakened profitability (EBIT-%) by 1.7 percentage points.

Telecommunications posted an operating profit of EUR 7.7 million for the period, representing a year-on-year increase of 35.3 per cent (2007: EUR 5.7 million), and profitability (EBIT-%) was 12.6 per cent (2007: 11.8 per cent). Finance and



Services recorded an operating profit of EUR 1.6 million, down 38.2 per cent (2007: EUR 2.6 million), and profitability was 5.0 per cent (2007: 8.9 per cent). Industry and Trade posted an operating profit of EUR 4.1 million, representing a year-on-year increase of 18.1 per cent (2007: EUR 3.5 million), and profitability was 13.9 per cent (2007: 12.3 per cent).

Fourth quarter consolidated operating profit (EBIT) amounted to EUR 2.9 million, representing a year-on-year decrease of 30.8 per cent (10-12/2007: EUR 4.2 million). This includes EUR 0.1 million of operating profit of Sunrise Resources Ltd. Profitability (EBIT-%) was 8.9 per cent (10-12/2007: 13.6 per cent). A default credit of EUR 1.1 million was added during the fourth quarter which weakened the profitability for the quarter (EBIT-%) by 3.3 percentage points.

Telecommunications reported an operating profit of EUR 0.8 million for the fourth quarter, representing a year-on-year decrease of 57.5 per cent (10-12/2007: EUR 1.8 million), and profitability (EBIT-%) was 4.7 per cent (10-12/2007: 12.7 per cent). Finance and Services posted an operating profit of EUR 0.7 million, down 52.9 per cent (10-12/2007: EUR 1.4 million), and profitability was 7.9 per cent (10-12/2007: 15.1 per cent). Industry and Trade recorded operating profit of EUR 1.5 million, representing a year-on-year increase of 45.3 per cent (10-12/2007: EUR 1.0 million), and profitability was 18.1 per cent (10-12/2007: 13.4 per cent).

The Group's reported earnings before tax stood at EUR 10.4 million for the period, representing growth of 31.8 per cent (1-12/2007: EUR 7.9 million), and net profit totalled EUR 7.4 million, up 26.2 per cent (1-12/2007: EUR 5.9 million).

Earnings per share for the period were EUR 0.36, up 24.1 per cent (1-12/2007: EUR 0.29). Fourth quarter earnings per share were EUR 0.07, a decrease of 46.2 per cent (10-12/2007: EUR 0.13).

The Group's net financial expenses for the reporting period were EUR 3.0 million (1-12/2007: EUR 3.2 million).

## FINANCIAL POSITION AND CAPITAL EXPENDITURE

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 153.4 million (2007: EUR 149.6 million) and the equity ratio was 47.1 per cent (2007: 46.5 per cent). Net gearing stood at 52.8 per cent (2007: 65.1 per cent). The period-end cash and cash equivalents totalled EUR 18.9 million (2007: EUR 11.7 million), and interest-bearing liabilities amounted to EUR 56.9 million (2007: EUR 56.4 million).

The Group carries out annual impairment tests for goodwill and intangible assets with an indefinite useful life, in accordance with the IAS 36 standard.

The table below shows, by business segment, goodwill and values subject to testing, at the end of the reporting period:

| EUR 1,000            | Specified intangible assets | Depreciation during the reporting period | Goodwill | Other items | Total value subject to testing |
|----------------------|-----------------------------|--|----------|-------------|--------------------------------|
| Telecommunications   | 7 586                       | 1 201                                    | 49 546   | 5 343       | 62 475                         |
| Finance and Services | 1 860                       | 313                                      | 13 692   | 2 619       | 18 172                         |
| Industry and Trade   | 2 901                       | 585                                      | 26,410   | 2 372       | 31 684                         |
| Group total          | 12 347                      | 2 098                                    | 89 649   | 10 335      | 112 331                        |

Present values are determined on the basis of actual operating profit and five-year forecasts by the CGU, with growth being three per cent and the operating margin between 8 and 11 per cent.

Cash flows following the forecast period are estimated by extrapolating the cash flows, using a steady net sales growth forecast of three per cent, with operating profit estimated at 8-10 per cent of net sales. Discount rates have been determined in view of the industry's general risk level, corresponding to an annual interest rate of 11 per cent.

Net sales growth is reckoned to constitute the most critical factor in calculating the present values of cash flows. The amount of goodwill for Telecommunications requires average annual long-term growth of around two per cent for business operations and 9 per cent profitability before amortisation of intangible assets. The amount of goodwill for



Finance and Services requires average annual growth of two per cent for business operations and five per cent profitability before amortisation of intangible assets. The amount of goodwill for Industry and Trade requires average annual long-term growth of two per cent for business operations and ten per cent profitability before amortisation of intangible assets.

Based on a reasonable estimate, any change in key variables used in calculations during the reporting period would not lead to a situation in which the segment's carrying amount would exceed its recoverable amount. Consequently, in the management's view, there is no need to recognise impairment losses.

The division of goodwill will change according to the new segments beginning 1 January 2009, focusing on the business activities of Mobile Solutions and Enterprise Solutions.

The Group's cash flow from business operations for the period was positive by EUR 15.5 million (1-12/2007: positive cash flow of EUR 6.2 million), cash flow from investments was negative by EUR 5.3 million (1-12/2007: negative EUR 4.3 million) and cash flow from finance was negative by EUR 3.0 million (1-9/2007: negative EUR 1.6 million). Cash flow from investments was negatively influenced by the acquisition of Sunrise Resources Ltd, with a negative impact of EUR 2.8 million. Cash flow from finance was negatively affected by the acquisition of own shares, with a negative effect of EUR 1.0 million, and payment of dividends, with a negative impact of EUR 2.0 million.

Gross capital expenditure during the period totalled EUR 2.5 million (1-12/2007: EUR 1.8 million). Acquisitions of tangible fixed assets totalled EUR 2.0 million (1-12/2007: EUR 1.4 million).

Return on investment (ROI) for the period stood at 11.3 per cent (12/2007: 9.4 per cent) and return on equity (ROE) was 10.5 per cent (12/2007: 8.9 per cent).

## HUMAN RESOURCES, MANAGEMENT AND ADMINISTRATION

At the end of the period, the number of Group personnel totalled 1,337 – representing an increase of 182 employees, or 15.8 per cent, since 31 December 2007 (2007: 1,155). During the reporting period, the number of employees averaged 1,314 – an increase of 198 employees, or 17.7 per cent compared to the same period a year earlier (2007: 1,116).

### Employees by function at the end of the period:

|                               |     |
|-------------------------------|-----|
| Telecommunications            | 56% |
| Finance and Services          | 21% |
| Industry and Trade            | 19% |
| Administration and Management | 4%  |

As of the end of the period, a total of 123 employees were working abroad (2007: 26).

The Annual General Meeting (AGM) of 11 March 2008 elected the following Board members: Pekka Sivonen (Full-time Chairman), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Harri Koponen and Martti Mehtälä. Pekka Sivonen requested leave of absence regarding his full-time position as Chairman of the Board in spring 2008. On his return, the Board re-appointed him as full-time Chairman of the Board from 6 October 2008 until the end of the next AGM in accordance with a separately drawn up employment contract. Sivonen's duties include investigating potential strategic partnerships and business relationships, analysing markets in Digia's core business areas, participating in strategy planning, and developing the company's capital structure. Harri Koponen resigned as a member of Digia's Board of Directors on 4 August 2008 after he was appointed CEO of telecom operator Tele2.

Juha Varelius has been Digia's President and CEO since 1 January 2008.



Ernst & Young Oy, a firm of authorised public accountants, is the Group's auditor, with Heikki Ilkka, Authorised Public Accountant, as chief auditor.

### Related party transactions

The Digia Group's related parties include the CEO and the members of the Board of Directors and the Group Management Team. The Group had no significant transactions with related parties during the reporting period.

## GROUP STRUCTURE AND ORGANISATION

As of the end of the period, the Digia Group consisted of parent company Digia Plc and its active subsidiaries: Digia Finland Ltd (parent company holding 100%); Digia Sweden AB (100%); Digia Estonia Oü (100%); Sunrise Resources Ltd (100%), which has an active subsidiary, OOO Sunrise-r Spb (100%), in Russia; and Digia Hong Kong Ltd (100%), which has a wholly-owned company, Digia Software (Chengdu) Co. Ltd, operating in China. Digia Finland Ltd also has the wholly-owned active subsidiaries Digia Service Ltd (100%) and Digia Financial Software Ltd (100%). The company intends to merge Digia Service Ltd into Digia Finland Ltd during 2009.

## SHAREHOLDERS' MEETINGS

### Annual General Meeting on 11 March 2008

Convening on 11 March 2008, Digia Plc's Annual General Meeting (AGM) adopted the financial statements for 2007, released the Board members and the CEO from liability, approved the distribution of profit for 2007 as proposed by the Board of Directors, determined Board emoluments, and elected the company's Board of Directors for a new term. In addition, the AGM decided to change the company name to Digia Plc and selected a new auditor for the company.

The AGM granted the Board authorisation to carry out a share issue and buy back the company's own shares. At a meeting held after the AGM of 11 March 2008, the Board of Directors decided to continue the buyback of its own shares in accordance with the terms of the General Meeting's authorisation and the terms published on 13 February 2008. In addition, the Board continued the buy back with decision on November 28, 2008.

## SHARE CAPITAL AND SHARES

As of the end of the period, the number of Digia shares totalled 20,853,645.

According to Finnish Central Securities Depository Ltd, Digia had 3,281 shareholders on 31 December 2008. The ten major shareholders were:

| Shareholder                                       | Percentage of shares and votes |
|---|--------------------------------|
| Pekka Sivonen                                     | 24.4                           |
| Kari Karvinen                                     | 7.6                            |
| Matti Savolainen                                  | 6.3                            |
| OP-Suomi Pienyhtiöt mutual fund                   | 3.6                            |
| Varma Mutual Pension Insurance Company            | 3.6                            |
| Nordea Bank Finland Plc / Nominee-registered      | 3.5                            |
| UBVIEW Non-Ucits Fund                             | 3.4                            |
| Veikko Laine Oy                                   | 2.8                            |
| Scandinaviska Enskilda Banken /Nominee-registered | 1.9                            |
| Digia Plc   | 1.5                            |



## Distribution of holdings by number of shares held on 31 December 2008

| Number of shares      | Holding (%) | Shares and votes (%) |
|-----------------------|-------------|----------------------|
| 1 – 100               | 22.2        | 0.3                  |
| 101 – 1,000           | 50.8        | 3.8                  |
| 1,001 – 10,000        | 23.4        | 10.7                 |
| 10,001 – 100,000      | 2.8         | 12.8                 |
| 100,001 – 1,000,000   | 0.7         | 34.1                 |
| 1,000,001 – 3,000,000 | 0.1         | 38.3                 |

## Shareholding by sector on 31 December 2008

|  | Holding (%) | Shares (%) |
|--|-------------|------------|
| Companies                                      | 6.2         | 15.0       |
| Financial institutions and insurance companies | 0.5         | 11.9       |
| Non-corporate public sector                    | 0.1         | 3.8        |
| Non-profit organisations                       | 0.4         | 0.4        |
| Households                                     | 92.3        | 67.5       |
| Foreign ownership                              | 0.5         | 1.4        |

## REPORTED SHARE PERFORMANCE ON THE HELSINKI STOCK EXCHANGE

Digia Plc shares are listed on the Nordic Exchange under Information Technology IT Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 1.73 and the highest was EUR 3.35. The share closed at EUR 1.86 on the period's last trading day. The trade-weighted average amounted to EUR 2.83. The Group's market capitalisation totalled EUR 38,787,780 at the end of the period.

The company did not receive any new flagging notifications during the reporting period.

## STOCK OPTION SCHEMES

Digia Plc's current option schemes include the stock option scheme 2005A-C, on the basis of which a maximum number of 900,000 Digia shares can be subscribed.

On 31 December 2008, the remaining number of warrants issued by Digia totalled 900,000. Shares subscribed for using the warrants represent a maximum of 4.13 per cent of the company's share capital and voting rights after any potential increase in share capital. On 31 December 2008, the number of valid warrants still held by Digia totalled 527,000. The maximum dilution effect of the issued warrants stood at 1.8 per cent on 31 December 2008.

Helsinki, 3 February 2008

Digia Plc

Board of Directors

## BRIEFING FOR MEDIA AND ANALYSTS

Digia will hold a briefing on its 2008 Financial Statement for analysts and the media on Tuesday, 3 February 2009 at 3.00 p.m. at the Simonkentän Tapiola Cabinet of the Scandic Hotel, Simonkatu 9, Helsinki, Finland. All are welcome.





## FURTHER INFORMATION

Juha Varelius, President and CEO

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The Interim Report and access to the related live briefing for the media and analysts (in Finnish) will be available in the 'Investors' section at [www.digia.com](http://www.digia.com) beginning at 3 p.m.

## DISTRIBUTION

NASDAQ OMX Helsinki

Key media

## ATTACHMENTS

Consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in shareholders' equity

Notes to the accounts

The Financial Statement has been prepared in compliance with IFRS and standard IAS 34. This Financial Statement is based on unaudited figures.

## CONSOLIDATED INCOME STATEMENT, EUR 1,000

|                             | 10-12/2008 | 10-12/2007 | Change,% | 2008      | 2007      | Change,% |
|-----------------------------|------------|------------|----------|-----------|-----------|----------|
| Net sales                   | 32,761.6   | 31,012.5   | 6%       | 123,203.4 | 105,839.4 | 16%      |
| Other operating income      | 32.9       | -5.2       | -735%    | 59.6      | 211.6     | -72%     |
| Materials and services      | -1,958.5   | -2,706.7   | -28%     | -10,048.7 | -8,363.5  | 20%      |
| Depreciation and impairment | -1,169.7   | -1,285.6   | -9%      | -4,762.6  | -4,893.5  | -3%      |
| Other operating expenses    | -26,750.8  | -22,803.1  | 17%      | -95,014.3 | -81,713.9 | 16%      |
| Operating profit            | 2,915.5    | 4,211.9    | -31%     | 13,437.4  | 11,080.1  | 21%      |
| Financial expenses (net)    | -820.6     | -858.2     | -4%      | -3,031.3  | -3,182.5  | -5%      |
| Pre-tax profit              | 2,094.9    | 3,353.7    | -38%     | 10,406.1  | 7,897.6   | 31.8%    |
| Direct tax                  | -745.5     | -699.0     | 7%       | -2,997.1  | -2,026.4  | 48%      |
| Net profit                  | 1,349.4    | 2,654.7    | -49%     | 7,409.0   | 5,871.2   | 26.2%    |
| Allocation:                 |            |            |          |           |           |          |
| Parent company shareholders | 1,349.4    | 2,654.7    | -49%     | 7,409.0   | 5,871.2   | 26%      |
| Minority shareholders       | 0.0        | 0.0        | 0.0      | 0.0       | 0.0       |          |



|                                     |      |      |        |      |      |       |
|-------------------------------------|------|------|--------|------|------|-------|
| Earnings per share,<br>EUR          | 0.07 | 0.13 | -46.2% | 0.36 | 0.29 | 24.1% |
| Earnings per share,<br>EUR, diluted | 0.07 | 0.13 | -46.2% | 0.36 | 0.29 | 24.1% |

## CONSOLIDATED BALANCE SHEET, EUR 1,000

| Assets                                   | 31 Dec. 2008 | 31 Dec. 2007 | Change,% |
|--|--------------|--------------|----------|
| Fixed and other non-current assets       |              |              |          |
| Intangible assets                        | 103,045.2    | 102,107.6    | 1%       |
| Tangible assets                          | 3,125.6      | 2,935.5      | 6%       |
| Financial assets                         | 628.0        | 660.3        | -5%      |
| Deferred tax assets                      | 1,756.1      | 2,312.0      | -24%     |
|  |              |              |          |
| Total fixed and other non-current assets | 108,554.9    | 108,015.4    | 0%       |
|  |              |              |          |
| Current assets                           |              |              |          |
| Current receivables                      | 25,957.4     | 29,889.0     | -13%     |
| Available-for-sale financial assets      | 273.2        | 5,180.4      | -95%     |
| Cash and cash equivalents                | 18,605.6     | 6,558.4      | 184%     |
|  |              |              |          |
| Total current assets                     | 44,836.3     | 41,627.8     | 8%       |
|  |              |              |          |
| Total assets                             | 153,391.2    | 149,643.2    | 3%       |

| Shareholders' equity and liabilities                | 31 Dec. 2008 | 31 Dec. 2007 | Change,% |
|---|--------------|--------------|----------|
| Shareholders' equity                                |              |              |          |
| Share capital                                       | 2 085,4      | 2 085,4      | 0%       |
| Issue premium fund                                  | 7 899,5      | 7 892,5      | 0%       |
| Other reserves                                      | 5 203,8      | 5 203,8      | 0%       |
| Unrestricted invested shareholders' equity          | 34 938,2     | 38 110,6     | -8%      |
| Translation difference                              | -254,3       | -11,8        | 2051%    |
| Retained earnings/loss                              | 14 801,0     | 9 450,3      | 57%      |
| Net profit  | 7 409,0      | 5 871,2      | 26%      |
| Equity attributable to parent company share holders | 72 082,6     | 68 602,0     | 5%       |
| Minority interest                                   | 0,0          | 0,0          |          |
|   |              |              |          |
| Total shareholders' equity                          | 72 082,6     | 68 602,0     | 5%       |
| Liabilities   |              |              |          |
| Long-term, interest-bearing liabilities             | 935,2        | 55 646,7     | -98%     |
| Deferred tax liabilities                            | 3 137,8      | 3 442,4      | -9%      |
| Total long-term liabilities                         | 4 073,0      | 59 089,1     | -93%     |
|   |              |              |          |
| Current interest-bearing liabilities                | 56 014,8     | 766,3        | 7210%    |
| Other short-term debt                               | 21 220,8     | 21 185,8     | 0%       |
| Total short-term liabilities                        | 77 235,6     | 21 952,1     | 252%     |
|   |              |              |          |
| Total liabilities                                   | 81 308,6     | 81 041,2     | 0%       |
|   |              |              |          |
| Shareholders' equity and liabilities                | 153 391,2    | 149 643,2    | 3%       |



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

| Cash flow from business operations:                             | 1 Jan. 2008 – 31 Dec. 2008 | 1 Jan. 2007 – 31 Dec. 2007 |
|---|----------------------------|----------------------------|
| Net profit  | 7 409                      | 5 871                      |
| Adjustments to profit for the period                            | 10 821                     | 10 165                     |
| Change in working capital                                       | 1 321                      | -4 566                     |
| Income tax paid   | -3 533                     | -3 329                     |
| Net cash flow from investments                                  | 596                        | 250                        |
| Income tax paid   | -1 141                     | -2 233                     |
| Net cash flow from investments                                  | 15 473                     | 6 157                      |
|   |                            |                            |
| Cash flow from investments:                                     |                            |                            |
| Purchase of property, plant and equipment and intangible assets | -2 512                     | -1 979                     |
| Proceeds from sale of intangible assets and PPE                 | -                          | -                          |
| Acquisition of subsidiary, net of cash acquired                 | -2 803                     | -2 339                     |
| Proceeds of sale of other investments                           | -                          | -                          |
| Dividends received  | -                          | -                          |
| Cash flow from investments                                      | -5 315                     | -4 318                     |
|   |                            |                            |
| Cash flow from financing:                                       |                            |                            |
| Proceeds from share issue                                       | 7                          | 1 241                      |
| Acquisition of own shares                                       | -951                       | -                          |
| Equity financing of share-based bonus scheme                    | -                          | -971                       |
| Repayment of current loans                                      | -33                        | -                          |
| Repayment of non-current loans                                  | -                          | -252                       |
| Withdrawal of current loans                                     | -                          | -                          |
| Withdrawal of non-current loans                                 | -                          | -                          |
| Dividends paid and other profit distribution                    | -2 041                     | -1 625                     |
| Cash flow from financing  | -3 019                     | -1 606                     |
|   |                            |                            |
| Change in cash and cash equivalents                             | 7 140                      | 234                        |
|   |                            |                            |
| Cash and cash equivalents at the beginning of the period        | 11 739                     | 11 506                     |
| Change in fair value of cash and cash equivalents               | -                          | -                          |
| Change in cash and cash equivalents                             | 7 140                      | 234                        |
| Cash and cash equivalents at the end of the period              | 18 879                     | 11 739                     |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR 1,000

|  | a     | b     | c      | d  | e | F     | g   | h      |
|--|-------|-------|--------|----|---|-------|-----|--------|
| Balance<br>1 Jan. 2007                                 | 2 031 | 6 729 | 44 939 | -7 | 0 | 9 312 | 114 | 63 119 |
| Available for sale<br>investments:                     |       |       |        |    |   |       |     | 0      |
| Fair value gains/losses                                |       |       |        |    |   |       |     | 0      |
| Other  |       |       |        |    |   |       |     |        |
| Items recognized directly in<br>equity                 | 0     | 0     | 0      | 0  | 0 |       | 0   |        |
| Net profit   |       |       |        |    |   | 5 871 | 0   | 5 871  |
| Total recognized income and<br>expenses for the period | 0     | 0     | 0      | 0  | 0 | 5 871 | 0   | 5 871  |



|  |       |       |        |     |   |        |      |        |
|--|-------|-------|--------|-----|---|--------|------|--------|
| Increase of share capital                  | 5     | 117   |        |     |   |        |      | 121    |
| Dividend payment                           |       |       | -1625  |     |   |        |      | -1 625 |
| Share-based transactions settled in equity |       |       |        |     |   | 112    |      | 112    |
| Used share options                         | 49    | 1070  |        |     |   |        |      | 1120   |
| Other                                      |       | -23   |        | -5  |   | 26     | -114 | -114   |
| Balance 31 Dec. 2007                       | 2 085 | 7 893 | 43 314 | -12 | 0 | 15 321 | 0    | 68 602 |

|   | a     | b     | c      | d    | e | f      | g | H      |
|---|-------|-------|--------|------|---|--------|---|--------|
| Balance 1 Jan. 2008                                 | 2 085 | 7 893 | 43 314 | -12  | 0 | 15 321 | 0 | 68 602 |
| Available-for-sale investments:                     |       |       |        |      |   |        |   | 0      |
| Fair value gains/losses                             |       |       |        |      |   |        |   | 0      |
| Other   |       |       |        |      |   |        |   |        |
| Items recognized directly in equity                 | 0     | 0     | 0      | 0    | 0 | 0      | 0 | 0      |
| Net profit  |       |       |        |      |   | 7 409  | 0 | 7 409  |
| Total recognized income and expenses for the period | 0     | 0     | 0      | 0    | 0 | 7 409  | 0 | 7 409  |
| Increase of share capital                           |       | 7     |        |      |   |        |   | 7      |
| Dividend payment                                    |       |       | -2 041 |      |   |        |   | -2 041 |
| Own share redemption reserve                        |       |       | -1 131 |      |   | 169    |   | -962   |
| Share-based transactions settled in equity          |       |       |        |      |   | -690   |   | -690   |
| Other   |       |       |        | -242 |   |        |   | -242   |
| Balance 31 Dec. 2008                                | 2 085 | 7 899 | 40 142 | -254 | 0 | 22 210 | 0 | 72 083 |

a = share capital

b = share premium

c = other reserves and invested unrestricted equity

d = currency translation difference

e = fair value reserve

f = retained earnings

g = minority interest

h = total shareholders' equity

## NOTES TO THE ACCOUNTS

### Accounting principles:

The accounting principles and calculation methods used in the previous year-end accounts have been applied to this Interim Report.

The subsidiary acquired in the first quarter, Sunrise Resources Ltd, has been included in the consolidated financial statement as of 1 January 2008.

### Seasonal nature of business:

The Group's business is affected by the number of workdays each month as well as by holiday seasons.



### Dividends paid:

A per-share dividend of EUR 0.10, or a total of EUR 2,041,426.80, was paid based on the decision of the AGM of 11 March 2008. The dividend payment date was 25 March 2008.

### Interest hedge of non-current loans:

The Group had on December 31, 2008 a total of EUR 55,000,000.00 in non-current loans. Of this amount, EUR 25,000,000.00 has been hedged with a cap agreement in which the cap on the interest on the loan is 5.0 per cent and 12.5 million with floor agreement. The agreement is valid until 9 November 2009. Hedge accounting has not been applied to this financial instrument.

### Events after the balance sheet date:

The company has reduced its old loan stock of EUR 55 million to EUR 50 million on January 29 2009. In addition the company has agreed on a EUR 50 million credit facility with which the old loan stock will be paid off in entirety.

### Segment information:

| NET SALES, EUR 1,000 | 10-12/2008 | 10-12/2007 | Change% | 2008    | 2007    | Change % |
|----------------------|------------|------------|---------|---------|---------|----------|
| Telecommunications   | 16 064     | 13 956     | 15%     | 60 945  | 47 963  | 27%      |
| Finance and Services | 8 429      | 9 349      | -10%    | 32 348  | 29 298  | 10%      |
| Industry and Trade   | 8 268      | 7 708      | 7%      | 29 910  | 28 578  | 5%       |
| Group total          | 32 761     | 31 012     | 6%      | 123 203 | 105 839 | 16%      |

| OPERATING PROFIT EUR 1000 | 10-12/2008 | 10-12/2007 | Change% | 2008   | 2007   | Change % |
|---------------------------|------------|------------|---------|--------|--------|----------|
| Telecommunications        | 754        | 1 772      | -57%    | 7 673  | 5 671  | 35%      |
| Finance and Services      | 663        | 1 408      | -53%    | 1 617  | 2 617  | -38%     |
| Industry and Trade        | 1 498      | 1 031      | 45%     | 4 147  | 3 511  | 18%      |
| One-off items             |            |            |         |        | -719   |          |
| Group total               | 2 915      | 4 211      | -31%    | 13 437 | 11 080 | 21%      |

### Acquired Business operations:

Digia Plc acquired all the shares in Sunrise Resources Ltd on 14 January 2008. The acquisition price was EUR 3.6 million paid as a cash consideration, and Digia financed the transaction through its cash reserves. In addition, the sellers have a right to receive an additional purchase price which is about EUR 0.6 million that may be paid in cash or Digia's shares and will be paid during the month of March. The acquisition generated EUR 2.7 million of goodwill, in addition to which EUR 0.6 million of the acquisition price was allocated for the acquired customers.

| EUR 1,000                     | Fair value recognized upon combination | Book value before combination |
|-------------------------------|--|-------------------------------|
| Property, plant and equipment | 50                                     | 50                            |
| Intangible assets             | 636                                    | 4                             |
| Financial assets              | 32                                     | 32                            |
| Receivables                   | 479                                    | 479                           |
| Cash and cash equivalents     | 865                                    | 865                           |
| Total assets                  | 2 062                                  | 1 430                         |
|                               |  |                               |
| Income tax liabilities        | 191                                    | 27                            |
| Other creditors               | 277                                    | 277                           |
| Total liabilities             | 468                                    | 304                           |
|                               |  |                               |
| Net assets                    | 1 594                                  | 1 126                         |
| Acquisition costs             | 4 311                                  |                               |
| Net assets                    | -1 594                                 |                               |
| Goodwill                      | 2 717                                  |                               |
|                               |  |                               |



|  |        |  |
|--|--------|--|
| Total acquisition cost                               | -4 311 |  |
| Additional purchase price, conditional               | 630    |  |
| Cash and cash equivalents of the acquired subsidiary | 865    |  |
| Cash flow effect                                     | -2 816 |  |

### Consolidated income statement by quarter:

| EUR 1,000                        | 10-12/2008 | 7-9/2008  | 4-6/2008  | 1-3/2008  | 10-12/2007 |
|----------------------------------|------------|-----------|-----------|-----------|------------|
| Net sales                        | 32 761,6   | 25 630,2  | 33 133,1  | 31 678,4  | 31 012,5   |
| Other operating income           | 32,9       | 17,5      | 4,0       | 5,3       | -5,2       |
| Materials and Services           | -1 958,5   | -1 996,5  | -3 271,2  | -2 822,5  | -2 706,7   |
| Depreciation and impairment      | -1 169,7   | -1 156,8  | -1 159,4  | -1 276,8  | -1 285,6   |
| Other operating expenses         | -26 750,8  | -19 938,7 | -24 967,9 | -23 356,9 | -22 803,1  |
| Operating profit                 | 2 915,5    | 2 555,7   | 3 738,6   | 4 227,6   | 4 211,9    |
| Financial expenses (net)         | -820,6     | -692,2    | -721,4    | -797,1    | -858,2     |
| Pre-tax profit                   | 2 094,9    | 1 863,4   | 3 017,2   | 3 430,5   | 3 353,7    |
| Direct tax                       | -745,5     | -561,3    | -731,6    | -958,6    | -699,0     |
| Net profit                       | 1 349,4    | 1 302,1   | 2 285,6   | 2 471,9   | 2 654,7    |
| Allocation                       |            |           |           |           |            |
| Parent company shareholders      | 1 349,4    | 1 302,1   | 2 285,6   | 2 471,9   | 2 654,7    |
| Minority shareholders            | 0,0        | 0         | 0,0       | 0         | 0,0        |
| Earnings per share, EUR          | 0,07       | 0,06      | 0,11      | 0,12      | 0,13       |
| Earnings per share, EUR, diluted | 0,07       | 0,06      | 0,11      | 0,12      | 0,13       |

### Group Key figures and ratios:

|  | 2008    | 2007    | 2006    |
|--|---------|---------|---------|
| Extent of business                                 |         |         |         |
| Net sales  | 123 203 | 105 840 | 84 968  |
| - change from previous year                        | 16%     | 25%     | 40%     |
| Average capital invested                           | 127 023 | 123 994 | 119 783 |
| Personnel at period end                            | 1 337   | 1 155   | 1 087   |
| Average number of personnel                        | 1 314   | 1 116   | 981     |
| Profitability                                      |         |         |         |
| Operating profit                                   | 13 437  | 11 080  | 8 354   |
| -% of net sales                                    | 11%     | 10%     | 10%     |
| Earnings before taxes                              | 10 406  | 7 898   | 6 695   |
| -% of net sales                                    | 8%      | 7%      | 8%      |
| Net profit   | 7 409   | 5 871   | 4 867   |
| -% of net sales                                    | 6%      | 6%      | 6%      |
| Return on equity, %                                | 11%     | 9%      | 8%      |
| Return on investment, %                            | 11%     | 9%      | 9%      |
| Financing and financial position                   |         |         |         |
| Interest-bearing liabilities                       | 56 950  | 56 413  | 56 664  |
| Short-term investments & cash and bank receivables | 18 879  | 11 739  | 11 506  |
| Net gearing, %                                     | 53%     | 65%     | 72%     |
| Equity ratio, %                                    | 47%     | 47%     | 44%     |
| Net cash flow from operating activities            | 15 473  | 6 157   | 5 756   |
| Earnings per share, EUR, undiluted                 | 0,36    | 0,29    | 0,25    |
| Earnings per share, EUR, diluted                   | 0,36    | 0,29    | 0,25    |



|                                |          |        |        |
|--------------------------------|----------|--------|--------|
| Equity per share               | 3,46     | 3,32   | 3,10   |
| Dividend/share (2008 proposal) | (*) 0,05 | 0,10   | 0,08   |
| Dividend/earnings              | (*) 14%  | 35%    | 32%    |
| Effective dividend yield       | (*) 3%   | 3%     | 2%     |
| Price/earnings ratio           | 5,17     | 10,39  | 13,70  |
| Lowest share price             | 1,73     | 2,93   | 3,00   |
| Highest share price            | 3,35     | 4,26   | 4,97   |
| Average share price            | 2,83     | 3,77   | 3,75   |
| Market capitalization          | 38 788   | 61 079 | 69 669 |

(\*) According to proposed Board maximum authorisation.

The formulae for the key figures and ratios are available in the presentation of the previous year-end accounts. These formulae remained unchanged during the reporting period.

The weighted average number of shares during the reporting period, adjusted for share issues, totalled 20,853,645. The weighted average number of shares during the reporting period, adjusted for dilution, totalled 20,853,645. The number of outstanding shares totalled 20,853,645 at the end of the reporting period.

The company held a total of 316,620 treasury shares at the end of the reporting period. All shares have been acquired during the reporting period. The book value of own shares is at EUR 0.10 per share. The company held 1.5 per cent of the capital stock as of 31 December 2008. In accordance with the decision of the Board of Directors, the company bought back 300,000 of its own treasury shares; in addition the Board of Directors decided on a new program to buy back its own shares until it holds at most 400,000 or has used at most EUR 2,000,000 for the buyback of 300,000 shares. The buy back program was terminated by the Board at the February 3 2009 meeting.

Relating to the company's performance-based incentive system, Digia has financed the acquisition of 300,000 own shares. In the coming years, these shares are intended for distribution to key personnel as rewards for targets achieved as per the conditions of the performance-based incentive system. In accordance with the Board of Directors' decision, performance-based incentives to key personnel will be paid in company shares. In June and July 2008, 62,110 of said 300,000 shares were distributed to key personnel as performance-based rewards for 2007.