



## Fourth Quarter and 2010 Financial Statement (IFRS): Powerful organic growth with Good Profitability

### Summary

#### Financial Statement 2010

- Consolidated net sales: EUR 130.8 (120.3) million, up 8.7 per cent
- Operating profit: EUR 17.2 (-7.8) million
- The figure for 2009 includes extraordinary items comprising a fourth-quarter goodwill writedown of EUR -23.8 million, as well as a restructuring provision of EUR -0.9 million related to the closure of offices. The operating profit before extraordinary items for 2009 was EUR 16.9 million
- Profitability (EBIT %): 13.1 (-6.5) per cent; profitability before extraordinary items for 2009 was 14.1 per cent
- Product business accounted for 15.1 (15.4) per cent
- Earnings per share: EUR 0.56 (-0.67); EPS before extraordinary items for 2009 was EUR 0.53

#### October-December

- Consolidated net sales: EUR 36.0 (33.2) million, up 8.5 per cent
- Operating profit: EUR 4.8 (-19.3) million; operating profit before extraordinary items for 2009 was EUR 5.4 million
- Profitability (EBIT %): 13.3 (-58.3) per cent; profitability before extraordinary items for 2009 was 16.3 per cent
- Product business accounted for 13.8 (12.5) per cent
- Earnings per share: EUR 0.16 (-1.01); EPS before extraordinary items for 2009 was EUR 0.18

2010 was a good year for Digia. The company's net sales grew significantly faster than the overall market, while Digia was able to maintain a strong positive cash flow and good operational profitability. The operating profit and earnings per share increased slightly from the comparable figures from 2009.

The organic growth of consolidated net sales was strong also in the last quarter of the review period. Operating profit and operational profitability, on the other hand, fell slightly from the same period in 2009, mainly due to recruitment of new professionals, investments into increasing our replicable product business, and geographical moves related to the merger of the company's offices in Helsinki.

Cash flow from operations remained positive, allowing the company to pay off a total of EUR 7.1 million of its liabilities during the review period. This meant that at the end of the period the company only had EUR 22 million left in loans from financial institutions. The company's cash reserves will allow it to continue paying off its debts ahead of schedule or invest in expanding its operations.

For 2011, Digia predicts a continued moderate growth of overall demand for IT services. The company estimates in organic growth in its net sales, at least matching the general market rate, accompanied by continued solid profitability.

## Proposal for Dividend Distribution

At the end of 2010, the distributable shareholders' equity of Digia Plc was EUR 41,919,216.74, of which EUR 2,946,031.47 was the net profit for the year. The Board of Directors will propose at the Annual General Meeting of 16 March 2011 that a dividend of EUR 0,27 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2010. Dividends will be paid to shareholders listed in the shareholder register maintained by Euroclear Finland Oy on the dividend reconciliation date, 21 March 2011. Dividends will be paid on 28 March 2011.

The company's loan covenant terms have been modified to stipulate that the company is allowed to distribute a maximum of 50 per cent of the Group's consolidated net profit for 2010 in dividends in 2011.

## GROUP KEY FIGURES AND RATIOS

	10-12/2010	10-12/2009	Change %	2010	2009	Change %
Net sales	36 025	33 189	8.5 %	130 825	120 335	8.7 %
Operating profit before extraordinary items	4 781	5 396	-11.4 %	17 164	16 936	1.4 %
- % of net sales	13.3 %	16.3 %		13.1 %	14.1 %	
Operating profit	4 781	-19 335		17 164	-7 796	
- % of net sales	13.3 %	-58.3 %		13.1 %	-6.5 %	
Net profit	3 274	-20 850		11 474	-13 664	
- % of net sales	9.1 %	-62.8 %		8.8 %	-11.4 %	
Return on equity, %	19.9 %	-121.6 %		18.3 %	-21.0 %	
Return on investment, %	21.7 %	-74.3 %		19.3 %	-7.1 %	
Interest-bearing liabilities	23 316	30 429	-23.4 %	23 316	30 429	-23.4 %
Cash and cash equivalents	9 682	10 469	-7.5 %	9 682	10 469	-7.5 %
Net gearing, %	20.2 %	34.3 %		20.2 %	34.3 %	
Equity ratio, %	58.8 %	52.3 %		58.8 %	52.3 %	
Earnings per share, EUR, undiluted	0.16	-1.01		0.56	-0.67	
Earnings per share, EUR, diluted	0.16	-1.01		0.56	-0.67	

The figures for 2009 include extraordinary items comprising a fourth-quarter goodwill writedown of EUR -23.8 million, as well as a restructuring provision of EUR -0.9 million related to the closure of offices.

## MARKETS AND DIGIA'S BUSINESS

2010 began in uncertain terms, but economic insecurity abated during the year and the IT market recovered somewhat from the crash following the financial crisis. Thanks to a pickup in general market demand and more effective sales, net sales grew significantly above the previous year. This positive development applied equally to both of the company's reporting segments.



With regard to international operations in 2010, Digia improved the offering and expertise of its units in China and Russia, especially in relation to serving local customers. Digia's Chinese unit generates product development and maintenance services, thanks to which the company is able to serve customers at various points in their product development cycle. The unit's capacity is utilised both in projects within China and for global customer relationships. The Russian unit operates as a near-shore resource for Digia's Finnish customers and also sells services directly to local customers. The company obtained its first local customers in both countries during 2010.

#### **Enterprise Solutions:**

Demand for ERP systems was good throughout the review period. Meanwhile, demand for e-business and customer experience management solutions grew, reaching a good level in the fourth quarter.

Demand for software and IT services also grew in 2010 within the retail and service sectors. The mood in the financial and insurance sector was more cautious, although positive. Demand for system work was low in the public sector.

During the review period, the company focused on creating suitable conditions for growth, for example by recruiting new experts and developing sector-specific solutions for increasing customers' operational efficiency and for customer experience management. Digia began offering its Digia Enterprise ERP system as a cloud service in response to demand for new service models.

#### **Mobile Solutions:**

Demand for software and user experience development for smartphones was higher in 2010 than was forecast in conjunction with the goodwill writedown in 2009. Growth was particularly good within Linux-based software development and user experience-enhancing software development and consulting.

During the year, the company focused on improving delivery capacity for Linux-based software and reinforcing its service selection to cover the entire customer needs cycle. Digia also launched the Device Cloud solution, which allows development teams that are scattered around the world to access the devices under development via the internet.

## **NET SALES**

Digia's consolidated net sales for the reporting period were EUR 130.8 (120.3) million, up 8.7 per cent on the same period in 2009.

The Enterprise Solutions segment posted net sales of EUR 75.7 (70.8) million, up 6.8 per cent. The Mobile Solutions segment had net sales of EUR 55.2 (49.5) million, up 11.4 per cent.

During the reporting period, the product business accounted for EUR 19.7 (18.5) million or 15.1 per cent (15.4 per cent) of consolidated net sales.

International operations accounted for EUR 10.6 (9.7) million or 8.1 (8.1) per cent of consolidated net sales.

Digia's consolidated net sales for the fourth quarter were EUR 36.0 (33.2) million, up 8.5 per cent on the same period in 2009.

The fourth-quarter net sales of the Enterprise Solutions segment were EUR 20.7 (19.2) million, up 7.9 per cent. The Mobile Solutions segment had net sales of EUR 15.3 (14.0) million, up 9.4 per cent. During the fourth quarter, the product business accounted for EUR 5.0 (4.2) million of consolidated net sales, or 13.8 (12.5) per cent.

In that period, the product business accounted for EUR 2.6 (2.5) million of consolidated net sales, or 7.3 (7.6) per cent.

## PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit for the review period was EUR 17.2 (-7.8) million. The comparable operating profit before extraordinary items for 2009 was EUR 16.9 million. The extraordinary non-recurrent items for 2009 comprised a EUR 23.8 million goodwill writedown and a EUR 0.9 million restructuring provision related to the closure of sites, both made in the last quarter.

Profitability (EBIT %) for the period was 13.1 (-6.5) per cent, compared to profitability before extraordinary items for 2009 of 14.1 per cent. Profitability was favourably affected by the organic growth in consolidated net sales and by the relatively high billing rate. However, investments aimed at recruiting new experts and expanding the replicable product business caused a decrease in profitability from the figures before extraordinary items for 2009.

The Enterprise Solutions segment's operating profit was EUR 11.0 (12.2) million, down 9.9 per cent. Operating profit before extraordinary items for 2009 was EUR 12.3 million. The Mobile Solutions segment's operating profit was EUR 6.2 (-20.0) million, while its operating profit before extraordinary items for 2009 was EUR 4.6 million.

Digia's consolidated operating profit for the fourth quarter of 2010 was EUR 4.8 (-19.3) million. Operating profit before extraordinary items for Q4 2009 was EUR 5.4 million. Profitability (EBIT %) was 13.3 (-58.3) per cent. Profitability before extraordinary items for Q4 2009 was 16.3 per cent. In addition to the factors mentioned above for the whole year, the reduction in the profitability of operations was due in the fourth quarter to the costs incurred from merging the company's three offices in Helsinki.

The fourth-quarter operating profit of the Enterprise Solutions segment was EUR 2.8 (3.4) million, which was down 17.9 per cent. Operating profit before extraordinary items for Q4 2009 totalled EUR 3.5 million. The Mobile Solutions segment's operating profit was EUR 2.0 (-22.7) million, and its operating profit before extraordinary items for Q4 2009 totalled EUR 1.9 million.

Consolidated earnings before tax for the period totalled EUR 15.7 (-10.1) million, and net profit was EUR 11.5 (-13.7) million. Consolidated earnings before tax for the fourth quarter were EUR 4.5 (-19.8) million, and net profit totalled EUR 3.3 (-20.9) million.

Consolidated earnings per share were EUR 0.56 (-0.67). Earnings per share before extraordinary items for 2009 totalled EUR 0.53. Consolidated earnings per share for the fourth quarter were EUR 0.16 (-1.01). Earnings per share before extraordinary items for Q4 2009 totalled EUR 0.18.

The Group's net financial expenses for the reporting period were EUR 1.4 (2.3) million and for the fourth quarter EUR 0.3 (0.5) million.

## FINANCIAL POSITION AND EXPENDITURE

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 115.4 (112.8) million and the equity ratio was 58.8 (52.3) per cent. Net gearing was 20.2 (34.3) per cent. The period-end cash and cash equivalents totalled EUR 9.7 (10.5) million.

Interest-bearing liabilities amounted to EUR 23.3 (30.4) million. Interest-bearing liabilities comprised EUR 22.0 million in loans from financial institutions, EUR 1.2 million in financial leasing liabilities and EUR 0.1 million in product development loans. During the reporting period, the company repaid EUR 7 million in loans from financial institutions.

The Group carries out quarterly impairment testing on goodwill and intangible assets with an indefinite useful life.

**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
Enterprise Solutions	3 515	715	43 244	4 552	51 311
Mobile Solutions	4 941	1 167	22 301	4 411	31 654
Group total	8 456	1 881	65 545	8 963	82 964

Present values for the Enterprise Solutions segment were calculated for the forecast period based on the following assumptions: net sales for 2011 according to the latest forecast, after which annual growth of 3 per cent; operating profit for 2011 in accordance with the latest forecast and then growth of 10 per cent, with discount rates of 11.2 per cent. Cash flows following the forecast period are estimated by extrapolating the cash flows, using the assumptions given above.

Present values for the Mobile Solutions segment were calculated for the forecast period based on the following assumptions: net sales for 2011 according to the latest forecast, after which annual growth of 0 per cent; operating profit for 2011 in accordance with the latest forecast and then growth of 8 per cent, with discount rates of 14.7 per cent. Cash flows following the forecast period are estimated by extrapolating the cash flows, using the assumptions given above.

Net sales growth is reckoned to constitute the most critical factor in calculating the present values of cash flows. The amount of goodwill for Enterprise Solutions requires average annual growth of two per cent for business operations and five per cent profitability. For Mobile Solutions, the goodwill requires business to be maintained at the current level, with seven per cent profitability.

Digia's management sees no need for goodwill write-downs in either segment.

The Group's cash flow from business operations for the period was positive by EUR 11.1 million (positive by EUR 20.2 million), cash flow from investments was negative by EUR 2.0 million (negative by EUR 1.3 million) and cash flow from financing was negative by EUR 9.9 million (negative by EUR 27.3 million). Cash flow from operations was lower than in the same period last year due to the fact that some receivables had been received in advance, before the end of the previous financial year. Cash flow from investments was negatively impacted in the last quarter by furniture purchases for the sum of EUR 0.5 million, made in conjunction with the merger of the three Helsinki offices. Cash flow from financing was negatively affected by the repayment of loans for a total sum of EUR 7.0 million, as well as the payment of EUR 2.9 million in dividends.

The Group's total investments into fixed assets in the review period were EUR 2.0 (1.3) million. Acquisitions of tangible fixed assets totalled EUR 1.7 (1.1) million.

Return on investment (ROI) for the period was 19.3 (-7.1) per cent and return on equity (ROE) was 18.3 (-21.0) per cent.

## HUMAN RESOURCES, MANAGEMENT AND ADMINISTRATION

At the end of the period, the number of Group personnel totalled 1,558, representing an increase of 87 employees or 5.9 per cent since the end of 2009 (1,471 employees). During the reporting period, the number of employees averaged 1,508, an increase of 121 employees or 8.7 per cent over the 2009 average (1,387).

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

Enterprise Solutions	47 %
Mobile Solutions	50 %
Administration and management	3 %

As of the end of the period, 196 (219) employees were working abroad. The reduction in personnel since the end of 2009 was due to the closure of the Yaroslavl unit in Russia and to the natural turnover of personnel in Chengdu, China.

Digia Plc's Annual General Meeting of 3 March 2010 re-elected Kari Karvinen, Pertti Kyttälä, Martti Mehtälä and Pekka Sivonen as members of the Board, and elected Robert Ingman, Tommi Uhari and Marjatta Virtanen as new members. At the organisation meeting of the Board, Pertti Kyttälä was elected as Chairman of the Board and Martti Mehtälä as Vice Chairman. The separate employment contract applying to Pekka Sivonen's term as full-time Chairman of the Board ended upon the conclusion of the Annual General Meeting.

Juha Varelius has been Digia Plc's President and CEO since 1 January 2008. Harri Savolainen began as the new CFO in September 2010.

Ernst & Young Oy, authorised public accountants, are the Group's auditors, with Heikki Ilkka, Authorised Public Accountant, as the chief auditor.

## RISKS AND UNCERTAINTIES

The main risks and uncertainties of the company's business have remained unchanged, although there is more uncertainty in the development of the mobile market.

Short-term uncertainties are related to any major changes occurring in the company's core markets. Certain customer segments are still recovering from the long global recession, and this may affect the customers' investment decisions and liquidity, and therefore also Digia's net sales and profit. Furthermore, the growth in customer project sizes increases the risks related to projects and their profitability.

Risks and their management are described on the company's website at [www.digia.fi](http://www.digia.fi).

## FUTURE PROSPECTS

The company's main objective for 2011 is to increase its net sales. To do this, it will continue to increase its human resources, develop its sales operations and implement efficiency-enhancing measures. In addition to carrying out its core business operations, the company will continue to invest into expanding its replicable product business. Digia will also continue to develop its international operations, particularly in China and Russia.

Despite these growth efforts, the main pillar of the company's operations will be to maintain a positive cash flow and a good level of profitability.

The company predicts continued moderate growth in the sales of ERP systems in 2011.

The increase in popularity of smartphones and their related services will create opportunities for favourable development of the company's sales. The current technology revolution, leading to the arrival of new technologies on the market, and the fact that customers are buying increasingly large packages of products and services will help to uphold demand for Digia's offering. On the other hand, the development of the mobile market is marked by greater uncertainty than before.

The outsourcing of testing and maintenance services to low-cost countries continues. Digia is making long-term efforts in improving its delivery capacity for new technologies. It will continue to increase its competence in producing conceptualisation and user experience services, and its ability to provide services that cover entire life cycles on various technological platforms for global clients.

As a whole, the company predicts that the IT market will continue growing moderately from 2010 levels. The company expects its net sales to grow organically, at least at the predicted market level, and estimates that it will maintain its good level of operational profitability.

## OTHER EVENTS DURING THE REVIEW PERIOD

Digia Plc's Annual General Meeting (AGM) was held on 3 March 2010. The decisions of the AGM were published in the interim report of 29 April 2010, which can be seen at [www.digia.fi](http://www.digia.fi).

Based on authorisation received from the AGM, the Board of Directors decided to establish a new stock-based incentive scheme for the Chief Executive Officer and the other members of the Group Management Team. The scheme comprises four earning periods, which are the calendar years 2010-2013. The earnings principles are the consolidated earnings per share and the growth in consolidated net sales compared to the budget, according to formulae settled separately by the Board. According to the scheme, rewards totalling a maximum value equivalent to 40,000 shares will be paid for the 2010 earning period, and a maximum value of 200,000 shares will be paid for each of the earning periods from 2011 to 2013. Of the rewards paid, one half will be awarded to the CEO and one half to the other management team members in total. The reward will be paid as a 50/50 combination of shares and cash. The cash portion of the bonus will primarily be used to cover taxes and other comparable costs of the scheme.

## SHARE CAPITAL AND SHARES

On 31 December 2010, the number of Digia Plc shares totalled 20,864,645.

At the end of the period, according to Finnish Central Securities Depository Ltd, Digia had 5,540 shareholders. The ten major shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	14.4 %
Pekka Sivonen	12.6 %
Jyrki Hallikainen	10.2 %
Kari Karvinen	6.5 %
Matti Savolainen	6.1 %
Varma Mutual Pension Insurance Company	3.6 %
Nordea Bank Finland Plc (nominee-registered)	3.1 %
OMXBS/Skandinaviska Enskilda Banken (nominee-registered)	1.7 %
Etola Oy	1.0 %
Olli Ahonen	0.9 %

### Distribution of holdings by number of shares held on 31 December 2010

Number of shares	Holding (%)	Shares and votes
1 - 100	21.6 %	0.4 %
101 - 1 000	59.1 %	7.2 %
1 001 - 10 000	17.5 %	12.7 %
10 001 - 100 000	1.4 %	10.8 %
100 001 - 1 000 000	0.3 %	19.1 %
1 000 001 - 3 000 000	0.1 %	49.8 %

### Shareholding by sector on 31 December 2010

	Holding (%)	Shares (%)
Companies	5.0 %	19.6 %
Financial institutions and insurance companies	0.3 %	7.1 %
Non-corporate public sector	0.1 %	3.6 %
Non-profit organizations	0.3 %	0.6 %
Households	94.0 %	68.0 %
Foreign ownership	0.3 %	1.1 %

## REPORTED SHARE PERFORMANCE ON THE HELSINKI STOCK EXCHANGE

Digia Plc shares are listed on NASDAQ OMX Helsinki exchange under IT Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 3.36 and the highest was EUR 5.89. The share officially closed at EUR 5.03 on the last trading day. The trade-weighted average was EUR 5.01. The Group's market capitalisation totalled EUR 104,949,164 at the end of the period.

The company received no flagging notifications during the reporting period.





## STOCK OPTION SCHEMES

During the reporting period, Digia Plc had a stock option scheme from 2005 as part of its key personnel incentive scheme. The number of warrants under that scheme totalled 900,000, of which 300,000 were marked as 2005A, 300,000 as 2005B and 300,000 as 2005C. The warrants entitle their holders to subscribe a maximum total of 900,000 Digia Plc shares.

At the end of the 2010 financial year, all A options in the 2005 scheme had expired. 11,000 B options were held by previous employees of the company, while all the rest had been returned to the company. All C options had been returned. The returned options will not be exercised for subscribing shares. The maximum dilution effect of the outstanding options was only 0.1 per cent on 31 December 2010. After the end of the reporting period, the remaining 11,000 B options were returned to the company and therefore as of the press release date the company had no outstanding options.

Helsinki, 3 February 2011

Digia Plc

Board of Directors

## BRIEFING FOR ANALYSTS

Digia will hold a briefing on its Financial Statement for analysts on Friday 4 April 2011 at 11 am, at WTC Sodexo in the Marski cabinet of the World Trade Center, Aleksanterinkatu 17, 00100 Helsinki, Finland. All are welcome.

The Annual General Meeting will take place on Wednesday 16 March 2011 from 10 am at the company's headquarters at Valimotie 21, 00380 Helsinki.

The company's financial statements and annual report for 2010 will be available on the website at [www.digia.fi](http://www.digia.fi) under Investors as of the week beginning 21 February.

## FURTHER INFORMATION

Juha Varelius, President and CEO, Mobile: +358 400 855 849, E-mail: [juha.varelius@digia.com](mailto:juha.varelius@digia.com)

The Financial Statement Bulletin and will be available in the Investors section at [www.digia.fi](http://www.digia.fi) from 9 am and a live briefing will begin at 11 am.

## DISTRIBUTION

NASDAQ OMX Helsinki

Key media

## ABBREVIATED FINANCIAL STATEMENTS AND 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 Bulletin was prepared in compliance with IFRS and the IAS 34 standard.

This report is based on the audited financial statements, of which an auditors' report was given on 3 February 2011.

## CONSOLIDATED INCOME STATEMENT, EUR 1,000

	10-12/2010	10-12/2009	Change %	2010	2009	Change %
NET SALES	36 025.4	33 189.4	8.5 %	130 825.2	120 335.2	8.7 %
Other operating income	32.3	90.6	-64.4 %	317.5	219.7	44.5 %
Materials and services	-2749.0	-2 041.9	34.6 %	-10 156.9	-7 996.5	27.0 %
Depreciation and impairment	-954.6	-24 826.4	-96.2 %	-3 719.1	-28 051.3	-86.7 %
Other operating expenses	-27 573.3	-25 747.1	7.1 %	-100 102.3	-92 303.1	8.4 %
Operating profit	4 780.9	-19 335.4		17 164.4	-7 796.1	
Financial expenses (net)	-286.5	-477.8	-40.0 %	-1 438.8	-2 323.2	-38.1 %
Pre-tax profit	4 494.3	-19 813.1		15 725.7	-10 119.3	
Direct tax	-1 220.3	-1 037.1	17.7 %	-4 251.3	-3 544.6	19.9 %
NET PROFIT	3 274.1	-20 850.3		11 474.3	-13 663.9	
Components of statement of comprehensive income:						
Exchange differences on translating foreign operations	-2.1	-0.7	210.5 %	292.3	128.3	127.8 %
TOTAL COMPREHENSIVE INCOME	3 271.9	-20 850.9		11 766.6	-13 535.6	
Distribution of net profit:						
Parent company shareholders	3 274.1	-20 850.3		11 474.3	-13 663.9	
Minority shareholders	0.0	0.0		0.0	0.0	
Distribution of comprehensive income:						
Parent company shareholders	3 271.9	-20 850.9		11 766.6	-13 535.6	
Minority shareholders	0.0	0.0		0.0	0.0	
Earnings per share, EUR	0.16	-1.01		0.56	-0.67	
Earnings per share (diluted), EUR	0.16	-1.01		0.56	-0.67	

## CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	31/12/2010	31/12/2009	Change %
Non-current assets			
Intangible assets	74 514.2	76 577.3	-2.7 %
Tangible assets	2 925.9	2 616.7	11.8 %
Financial assets	628.0	628.0	0.0 %
Long-term receivables	14.0	202.9	-93.1 %
Deferred tax assets	875.7	1 211.6	-27.7 %
Total fixed and other non-current assets	78 957.8	81 236.6	-2.8 %
Current assets			
Current receivables	26 798.9	21 048.3	27.3 %
Available-for-sale financial assets	299.6	293.4	2.1 %
Cash and cash equivalents	9 382.1	10 175.2	-7.8 %
Total current assets	36 480.5	31 517.0	15.7 %
Total assets	115 438.3	112 753.5	2.4 %

Shareholders' equity and liabilities	31/12/2010	31/12/2009	Change %
Share capital	2 086.5	2 085.4	0.1 %
Rights issue	39.7	0	
Issue premium fund	7 899.5	7 899.5	0.0 %
Other reserves	5 203.8	5 203.8	0.0 %
Unrestricted invested shareholders' equity	35 486.4	35 447.8	0.1 %
Translation difference	166.3	-126.0	
Retained earnings	5 054.4	21 337.1	-76.3 %
Net profit	11 474.3	-13 663.9	
Equity attributable to parent company shareholders	67 411.0	58 183.7	15.9 %
Minority interest	0.0	0.0	
Total shareholders' equity	67 411.0	58 183.7	15.9 %
Liabilities			
Long-term interest-bearing liabilities	16 609.4	23 601.3	-29.6 %
Deferred tax liabilities	2 177.6	2 672.3	-18.5 %
Total long-term liabilities	18 786.9	26 273.7	-28.5 %
Short-term interest-bearing liabilities	6 706.2	6 827.4	-1.8 %
Other short-term liabilities	22 534.1	21 468.7	5.0 %
Total short-term liabilities	29 240.4	28 296.1	3.3 %
Total liabilities	48 027.3	54 569.8	-12.0 %
Shareholders' equity and liabilities	115 438.3	112 753.5	2.4 %

## CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1/1/2010 - 30/12/2010	1/1/2009 - 31/12/2009
Cash flow from business operations:		
Net profit	11 474	-13 664
Adjustments to net profit	9 409	33 919
Change in working capital	-5 828	6 817
Interest paid	- 703	-1 929
Interest received	21	91
Income tax paid	-3 306	-5 002
Net cash flow from operating activities	11 066	20 232
Cash flow from investments:		
Purchase of tangible and intangible assets	-1 965	-1 342
Cash flow from investments	-1 965	-1 342
Cash flow from financing:		
Proceeds from share issue	79	-
Acquisition of own shares	-	-33
Repayment of current term loans	-6 082	-58 242
Repayments of non-current loans	-1 000	-18 000
Withdrawals of current loans	-	5 000
Withdrawals of non-current loans	-	45 000
Dividends paid and other profit distribution	-2 885	-1 024
Cash flow from financing	-9 887	-27 300
Change in liquid assets	-786	-8 410
Liquid assets at beginning of period	10 469	18 879
Change in fair value of liquid assets	-	-
Change in liquid assets	-786	-8 410
Liquid assets at end of period	9 682	10 469

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

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY 1 January 2009	2 085	0	7 899	34 938	5 204	-254	22 210	72 083
Net profit							-13 664	-13 664
Items of comprehensive income						128		128
Dividends							-1 024	-1 024
Own share redemption fund				510			-169	340
Share-based payments recognized against equity							321	321
SHAREHOLDERS' EQUITY 31 December 2009	2 085	0	7 899	35 448	5 204	-126	7 673	58 184

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY 1								
January 2010	2 085	0	7 899	35 448	5 204	-126	7 673	58 184
Net profit							11 474	11 474
Items of comprehensive income						292		292
Dividends							-2 885	-2 885
Share-based payments recognized against equity	1	40		39			267	346
SHAREHOLDERS' EQUITY 31								
December 2010	2 086	40	7 899	35 486	5 204	166	16 529	67 411

a = share capital

b = rights issue

c = share premium

d = unrestricted invested shareholders' equity reserve

e = other reserves

f = currency translation differences

g = retained earnings

h = Total shareholders' equity

## NOTES TO THE ACCOUNTS

### Accounting principles:

The Financial Statement has been drafted in line with IFRS. At the beginning of the fiscal year, the company adopted certain new or updated IFRS standards and IFRIC interpretations, as described in the 2009 Annual Report. These changes have not yet had any visible effect on the reported figures. In other respects, the same accounting principles have been applied as in the 2009 financial statements. The accounting principles and formulas for the calculation of key figures and ratios are unchanged and are presented in the 2009 financial statements.

### 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:

Dividends paid during the reporting period totalled EUR 2,885,461.88.

### Events after the review period:

There have been no major events since the end of the reporting period.

### Related party transactions:

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

### Segment information:

Digia's business operations are now divided into two main business segments: Enterprise Solutions and Mobile Solutions. Enterprise Solutions is divided into ERP and Financial Administration, Digital Services and Integration Solutions. The Mobile Solutions segment is divided into Contract Engineering Services and User Experience Services.

NET SALES, EUR 1,000	10-12/2010	10-12/2009	Change %	2010	2009	Change %
Enterprise Solutions	20 744	19 226	7.9 %	75 674	70 841	6.8 %
Mobile Solutions	15 281	13 962	9.4 %	55 152	49 494	11.4 %
Digia Group	36 025	33 189	8.5 %	130 825	120 335	8.7 %

OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS, EUR 1,000	10-12/2010	10-12/2009	Change %	2010	2009	Change %
Enterprise Solutions	2 782	3 477	-20.0 %	11 001	12 301	-10.6 %
Mobile Solutions	1 999	1 919	4.2 %	6 164	4 636	33.0 %
Digia Group	4 781	5 396	-11.4 %	17 164	16 936	1.4 %

OPERATING PROFIT, EUR 1,000	10-12/2010	10-12/2009	Change %	2010	2009	Change %
Enterprise Solutions	2 782	3 387	-17.9 %	11 001	12 211	-9.9 %
Mobile Solutions	1 999	-22 722		6 164	-20 007	
Digia Group	4 781	-19 335		17 164	-7 796	

ASSETS, EUR 1,000	31/12/2010	31/12/2009
Enterprise Solutions	63 762	61 240
Mobile Solutions	40 491	39 205
Unallocated	11 185	12 308
Digia Group	115 438	112 753

## Consolidated income statement by quarter:

EUR 1000	10-12/2010	7-9/2010	4-6/2010	1-3/2010	10-12/2009
Net sales	36 025.4	26 951.0	35 018.0	32 830.8	33 189.4
Other operating income	32.3	184.8	37.8	62.6	90.6
Materials and services	-2 749.0	-1 689.6	-2 942.1	-2 776.2	-2 041.9
Depreciation and impairment	-954.6	-922.8	-905.1	-936.7	-24 826.4
Other operating expenses	-27 573.3	-21 596.0	-26 432.4	-24 500.6	-25 747.1
Operating profit	4 780.9	2 927.5	4 776.2	4 679.9	-19 335.4
Financial expenses (net)	-286.5	-350.1	-323.0	-479.1	-477.8
Pre-tax profit	4 494.3	2 577.4	4 453.1	4 200.8	-19 813.1
Direct tax	-1 220.3	-512.1	-1 301.3	-1 217.7	-1 037.1
NET PROFIT	3 274.1	2 065.3	3 151.9	2 983.1	-20 850.3
Allocation:					
Parent company shareholders	3 274.1	2 065.3	3 151.9	2 983.1	-20 850.3
Minority shareholders	0	0	0	0	0
Earnings per share, EUR	0.16	0.10	0.15	0.14	-1.01
Earnings per share (diluted), EUR	0.16	0.10	0.15	0.14	-1.01

## Group key figures and ratios:

	2010	2009
Extent of business		
Net sales	130 825	120 335
- change from previous year	8,7 %	-2,3 %
Average capital invested	89 700	108 823
Personnel at period-end	1 558	1 471
Average number of personnel	1 508	1 387
Profitability		
Operating profit before extraordinary items and impairment	17 164	16 936
- % of net sales	13,1 %	14,1 %
Operating profit	17 164	-7 796
- % of net sales	13,1 %	-6,5 %
Pre-tax profit	15 726	-10 119
- % of net sales	12,0 %	-8,4 %
Net profit	11 474	-13 664
% of net sales	8,8 %	-11,4 %
Return on equity, %	18,3 %	-21,0 %
Return on investment, %	19,3 %	-7,1 %
Financing and financial standing		
Interest-bearing liabilities	23 316	30 429
Short-term investments & cash and bank receivables	9 682	10 469
Net gearing	20,2 %	34,3 %
Equity ratio	58,8 %	52,3 %
Net cash flow from operating activities	11 066	20 232
Basic earnings per share (EUR)	0,56	-0,67
Earnings per share, diluted (EUR)	0,56	-0,67
Equity per share	3,23	2,79
Lowest share price	3,36	1,39
Highest share price	5,89	3,88
Average share price	5,01	2,72
Market capitalization	104 949	71 528

The formulae for the key figures and ratios are available in the financial statements section. These formulae remained unchanged during the reporting period.

The weighted average number of shares during the reporting period, adjusted for share issues, totalled 20,855,020. The weighted average number of shares during the reporting period, adjusted for dilution, was 20,860,207. The number of outstanding shares totalled 20,643,942 at the end of the review period.



The company held a total of 129,964 treasury shares at the end of the reporting period. The accounting counter value of own shares is EUR 0.10 per share. The company held about 0.6 per cent of the capital stock as of 31 December 2010. The buyback program was terminated by the Board at its meeting on 3 February 2009.

Relating to the company's performance-based incentive system, Digia has financed the acquisition of 300,000 own shares. Said shares were not distributed at the end of the review period and Evli Alexander Management Ltd held 90,739 shares.