digia

Second quarter 2011: Enterprise Solutions Developed positively, extraordinary Items related to Mobile Solutions' restructuring pushed group's bottom line into red

Summary

January-June

- Consolidated net sales: EUR 65.7 (67.8) million, down 3.1 per cent
- Operating profit before extraordinary items EUR 2.9 (9.5) million, down 69.5 per cent
- Extraordinary items include a restructuring provision of EUR 3.2 million related to the closure of offices and a writedown of EUR 25.4 million for customer relationships and goodwill
- Operating profit after extraordinary items EUR -25.6 (9.5) million, down 371.0 per cent
- Profitability (EBIT %) was 4.4 (13.9) per cent before extraordinary items and -39.0 (13.9) per cent after extraordinary items
- Product business accounted for 18.2 (15.6) per cent
- Earnings per share was EUR 0.12 (0.30) before extraordinary items and EUR -1.20 (0.30) after extraordinary items

April-June

- Consolidated net sales: EUR 32.4 (35.0) million, down 7.6 per cent
- Operating profit before extraordinary items EUR 0.6 (4.8) million, down 86.9 per cent
- Operating profit after extraordinary items EUR -27.9 (4.8) million, down 683.9 per cent
- Profitability (EBIT %) was 1.9 (13.6) per cent before extraordinary items and -86.2 (13.6) per cent after extraordinary items
- Product business accounted for 21.9 (14.9) per cent
- Earnings per share was EUR 0.05 (0.15) before extraordinary items and EUR -1.27 (0.15) after extraordinary items

During the review period, a sudden change occurred in the operating conditions of Digia's Mobile Solutions segment. Realigned technology-platform strategies and changes in the competitive situation between phone manufacturers markedly reduced demand for Digia's Contract Engineering Services, particularly for the sale of new services. As a result, the Mobile Solutions segment's net sales fell dramatically year-on-year. At the same time, the salary costs of personnel recruited to fulfil earlier growth targets markedly burdened profit performance, both for the segment and the entire company. During the second quarter, negative impacts clearly grew.

To adapt its cost structure and operations to the Mobile Solutions segment's new market conditions, Digia conducted two sets of personnel negotiations. In conclusion, the company decided to close its units in Pori and Lappeenranta and lay off a maximum of 244 employees by the end of 2011. The extraordinary expenses of EUR 3.2 million arising from these negotiations were recognised in the company's second-quarter profit and loss. This turned the company's operating profit negative for both the second quarter and the review period.

Having followed developments in the Contract Engineering Services' business environment during the period, the Board re-evaluated long-term income expectations for the Mobile Solutions segment. At its meeting of 10 August 2011, the Board decided to make a one-off EUR 25.4 million writedown of customer relationships and goodwill in relation to said segment.

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Net sales for the Enterprise Solutions segment achieved the average organic growth level of the general IT market. Counting in the Qt business acquired in March, it even exceeded market growth. Profitability, excluding extraordinary expenses related to the start up of the Qt business, also attained a healthy level towards the period end.

The company predicts that, in the second half of the year, Mobile Solutions' net sales will fall notably compared to their first-half figures. Despite streamlining measures, operational profitability is expected to remain below the 2010 level. However, continued uncertainty surrounding the Mobile Solutions segment is hampering reliable business forecasting.

With regard to Enterprise Solutions, the company expects its operations to develop positively during the second half. Net sales should grow organically, at least at the moderate growth rate predicted for the IT market. Profitability is expected to remain at the normal good level.

GROUP KEY FIGURES AND RATIOS

	Apr-June/2011	Apr-June/2010	Change %	Jan-June/2011	Jan-June/2010	Change %	2010
Net sales	32,358	35,018	-7.6%	65,715	67,849	-3.1%	130,825
Operating profit before extraordinary items	627	4,776	-86.9%	2,886	9,456	-69.5%	17,164
- % of net sales	1.9%	13.6%		4.4%	13.9%		13.1%
Operating profit	-27,886	4,776	-683.9%	-25,627	9,456	-371.0%	17,164
- % of net sales	-86.2%	13.6%		-39.0%	13.9%		13.1%
Net profit	-26,263	3,152	-933.2%	-24,815	6,135	-504.5%	11,474
- % of net sales	-81.2%	9.0%		-37,8%	9.0%		8,8%
Return on equity, %	-217.5%	21.0%		-99.2%	20.5%		18.3%
Return on investment, %	-152.1%	22.2%		-67,8%	21,8%		19.3%
Interest-bearing liabilities	22,457	24,088	-6.8%	22,457	24,088	-6.8%	23,316
Cash and cash equivalents	5,300	6,492	-18.4%	5,300	6,492	-18.4%	9,682
Net gearing, %	46.1%	28.5%		46.1%	28.5%		20.2%
Equity ratio, %	42.5%	55.4%		42.5%	55.4%		58.8%
Earnings per share, EUR, undiluted	-1.27	0.15	-945.7%	-1.20	0.30	-499.8%	0.56
Earnings per share, EUR, diluted	-1.27	0.15	-945.7%	-1.20	0.30	-499.8%	0.56

The figures for 2011 include extraordinary items comprising a writedown of customer relationships and goodwill of EUR 25.4 million as well as a restructuring provision of EUR 3.2 million related to the closure of offices.

MARKETS AND DIGIA'S BUSINESS

During the review period, the Finnish economy continued to grow. In comparison with 2010, Digia predicts modest growth in the Finnish IT market in 2011. However, risks associated with debt issues within the Eurozone and the US may affect demand for IT services and the development of business profitability.

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Demand for smartphones and the entire mobile phone industry are in transition. Realigned technology-platform strategies and changes in the competition between phone manufacturers have markedly shifted the focal points of demand. This has occurred both geographically and in terms of service and solution contents, leading to changes in the operating environment of Digia's Mobile Solutions segment.

Digia's Chinese unit generates product development and maintenance services. This enables the company to serve customers at various points in their product development cycles. The unit's capacity is utilised both in projects within China and for global customer relationships. Reduced demand for Symbian and Meego technologies, caused by the change in the operating environment, will impact on the Chinese units' operations during the second half of 2011.

The Russian unit operates as a near-shore resource for Digia's Finnish customers. It also sells services directly to local customers, an operation which Digia is actively attempting to develop and increase. During the review period, the Russian unit's operations progressed as expected.

Enterprise Solutions

Demand for ERP systems, e-business and customer experience management solutions continued at a reasonable level during the review period. Purchased in March, the QT commercial licensing and services business was successfully launched. Counting in this new business, the Enterprise Solutions business grew faster than the IT market average.

During the period, the company continued to develop systems and services focused on enhancing customers' operational efficiency and customer experience management. Digia also continued to commercialise new multichannel and wireless solutions. In addition, the company invested in developing a license-based toolkit for user experience development and international sales. Digia has a US sales office for serving the local market.

Certain areas of expertise are showing signs of labour shortages and growing staff turnover. This signifies that pressure from higher personnel costs may continue in the future. The company has launched training programmes for competence development and managing personnel turnover.

Digia considers its competences in smartphone applications development and enterprise applications a huge asset in strengthening its position as a provider of multichannel and wireless system solutions.

Mobile Solutions

During the period, realigned technology-platform strategies and the change in competition between phone manufacturers had a negative impact on demand for Digia's Contract Engineering Services.

To adapt its cost structure and operations to the new market conditions, Digia conducted two sets of personnel negotiations during the period. The negotiations terminating in April led to the closure of the Pori unit and layoff of 63 employees. The second set of negotiations was held between 13 May and 28 June 2011. Following these, the company decided to close its Lappeenranta unit by the end of September 2011 and to lay off a maximum of 181 employees. These mainly work in Mobile Solutions in Lappeenranta or in Digia's offices in Helsinki, Jyväskylä, Oulu or Tampere.

Due to the radical changes in the operating environment, the company re-evaluated the operations and related long-term risks of Mobile Solutions. This led to a writedown of EUR 25.4 million related to the segment's customer relationships and goodwill.

In parallel with its Contract Engineering Operations, the company will focus on harnessing its knowhow of wireless systems in the provision of multichannel enterprise solutions and on developing license-based software for the creation of rich user experiences.

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NET SALES

During the reporting period, Digia's consolidated net sales were EUR 65.7 (67.8) million, down 3.1 per cent on the same period in 2010.

The Enterprise Solutions segment's net sales for the period totalled EUR 41.2 (39.3) million, up 4.8 per cent. The Mobile Solutions segment posted net sales of EUR 24.6 (28.6) million, down 14.0 per cent. The lower-than-expected development in Enterprise Solutions' net sales was due to lower licence sales, reflected in the volume of work invoicing. However, from the second quarter onwards, the Qt business boosted the net sales of the Enterprise Solutions segment. In Mobile Solutions, net sales fell due to a sudden and considerable drop in demand for services, following a change in the business environment.

During the reporting period, the product business accounted for EUR 11.9 (10.6) million of consolidated net sales, or 18.2 (15.6) per cent.

International operations accounted for EUR 5.7 (5.9) million of consolidated net sales, or 8.7 (8.7) per cent.

For the second quarter, Digia's consolidated net sales came to EUR 32.4 (35.0) million, down 7.6 per cent year-on-year.

Second-quarter net sales for the Enterprise Solutions segment totalled EUR 21.7 (19.9) million, up 8.8 per cent. For the Mobile Solutions segment, second-quarter net sales came to 10.7 (15.1) million, down 29.2 per cent.

The product business accounted for EUR 7.1 (5.2) million of consolidated net sales in the second quarter, or 21.9 (14.9) per cent. These figures include an individual low-margin license deal with a non-recurring impact.

International operations accounted for EUR 3.2 (3.2) million of consolidated net sales in the second quarter, or 9.9 (9.3) per cent.

PROFIT PERFORMANCE AND PROFITABILITY

During the reporting period and the second quarter, extraordinary items had a significant impact on Digia's consolidated profit performance and profitability. These extraordinary items comprised a EUR 3.2 million restructuring provision related to the closure of sites and a EUR 25.4 million writedown of customer relationships and goodwill. The extraordinary items were entirely attributable to the Mobile Solutions segment. Operating profit before extraordinary items indicates the company's operational profitability.

Digia's consolidated operating profit for the reporting period was EUR 2.9 (9.5) million, down 69.5 per cent year-on-year. Profitability (EBIT %) before extraordinary items was 4.4 (13.9) per cent.

During the reporting period, Digia's consolidated operating profit/loss after extraordinary items came to EUR -25.6 (9.5) million, down 371.0 per cent year-on-year. Profitability (EBIT %) after extraordinary items was -39.0 (13.9) per cent.

During the period, the operating profit of the Enterprise Solutions segment was EUR 3.5 (5.8) million, down 40.6 per cent, while profitability (EBIT %) came to 8.4 per cent. Excluding its Qt business involving extraordinary start-up expenses, Enterprise Solutions' operating profit totalled EUR 3.8 million and profitability stood at (EBIT %) 9.4 per cent. The decrease in the Enterprise Solutions segment's net sales was caused by lower-than-expected Finnish license sales and, on the other hand, higher operating expenses. During the period, the cost structure has been particularly burdened by personnel turnover. Recruitment, subcontracting and training expenses related to

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resolving resource shortages in certain competence areas, and the launch expenses for the QT business, were also major costs.

For the Mobile Solutions segment, operating profit/loss totalled EUR -0.6 (3.6) million, down 115.6 per cent, profitability (EBIT %) being -2.3 per cent. Lower profitability in the Mobile Solutions segment was due to recruitment carried out in late 2010 and early 2011 to meet earlier growth targets. Due to the sudden and significant decrease in service demand, Digia has been unable to provide enough work for all of the new employees, while the increased salary costs were a financial burden.

Digia's consolidated second-quarter operating profit before extraordinary items was EUR 0.6 (4.8) million, down 86.9 per cent year-on-year. Profitability (EBIT %) was 1.9 (13.6) per cent.

After extraordinary items, Digia's consolidated second-quarter operating profit came to EUR -27.9 (4.8) million, down 683.9 per cent year-on-year. Profitability (EBIT %) was -86.2 (13.6) per cent.

During the second quarter, the operating profit of the Enterprise Solutions segment was EUR 1.7 (3.0) million, down 43.2 per cent, while profitability (EBIT %) came to 7.9 per cent. Excluding its Qt business involving extraordinary start-up expenses, Enterprise Solutions' operating profit for the second quarter was EUR 2.1 million and profitability (EBIT %) 10.2 per cent, up from the first quarter. During the second quarter, the operating profit of the Mobile Solutions segment was EUR -1.1 (1.8) million, down 160.6 per cent, profitability (EBIT %) being -10.1 per cent.

Consolidated earnings before tax for the period totalled EUR -26.2 (8.7) million, and net profit was EUR -24.8 (6.1) million. Consolidated earnings before tax for the second quarter were EUR -28.1 (4.5) million, and net profit totalled EUR -26.3 (3.2) million.

Consolidated earnings per share for the period were EUR -1.20 (0.30) after extraordinary items and 0.12 (0.30) before extraordinary items. For the second quarter, consolidated earnings per share were EUR -1.27 (0.15) after extraordinary items and 0.05 (0.15) before extraordinary items.

The Group's net financial expenses for the reporting period were EUR 0.5 (0.8) million and for the second quarter EUR 0.2 (0.3) million.

FINANCIAL POSITION AND EXPENDITURE

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 89.5 million (12/2010: EUR 115.4 million) and the equity ratio was 42.5 (12/2010: 58.8) per cent. Net gearing was 46.1 (12/2010: 20.2) per cent. The period-end cash and cash equivalents totalled EUR 5.3 (12/2010: 9.7) million.

Interest-bearing liabilities amounted to EUR 22.5 (12/2010: 23.3) million. Interest-bearing liabilities comprised EUR 21.0 million in loans from financial institutions and EUR 1.4 million in financial leasing liabilities.

The Group's cash flow from operations for the period was positive by EUR 3.6 (5.5) million, cash flow from investments was negative by EUR 1.4 (0.6) million and cash flow from financing was negative by EUR 6.6 (8.9) million. Cash flow from financing was negatively affected by the repayment of loans for a total sum of EUR 1.0 million, as well as the payment of EUR 5.6 million in dividends.

The Group's total investments in fixed assets during the review period were EUR 1.4 (0.6) million Acquisitions of tangible fixed assets totalled EUR 0.9 (0.3) million.

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Return on investment (ROI) for the period was -67.8 (21.8) per cent and return on equity (ROE) was -99.2 (20.5) per cent.

The Group carries out quarterly impairment testing on goodwill and intangible assets with an indefinite useful life. By business segment, the table below shows goodwill and values subject to testing at the end of the reporting period:

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Enterprise Solutions	4,088	442	43,244	6,205	53,537
Mobile Solutions	0	4,941	1,299	3,779	5,078
Group total	4,088	5,383	44,543	9,984	58,615

In the second quarter, the company recorded a EUR 25.4 million goodwill writedown for its Mobile Solution segment's customer relationships and goodwill. The writedown was based on the company's revision of Mobile Solutions' expected future income in the long term, as required by the applicable legislation. This revised expectation is due to a sudden and significant transition in Contract Engineering Services' operating environment. In the company's view, this has markedly and permanently reduced demand for Symbian and Meego related services. In future, the Mobile Solutions business will focus on technologies and services in which the company can maintain at least a reasonable level of profitability.

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.

The amount of goodwill for Enterprise Solutions requires average annual growth of two per cent for business operations and five per cent profitability. The management sees no risk of goodwill impairment for Enterprise Solutions.

Present values for the Mobile Solutions segment were calculated for the forecast period, based on the following assumptions: net sales for 2011 and 2012 according to the latest forecast, after which annual growth of 2 per cent; operating profit for 2011 in accordance with the latest forecast and after that 11 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.

HUMAN RESOURCES, MANAGEMENT AND ADMINISTRATION

At the end of the period, the number of Group personnel totalled 1,512, representing a decrease of 46 employees or 3.0 per cent since the end of 2010 (1,558 employees). During the reporting period, the number of employees averaged 1,560, an increase of 52 employees or 3.4 per cent over the 2010 average (1,508).

Employees by function at the end of the period:

Enterprise Solutions	54%
Mobile Solutions	43%
Administration and management	3%

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As of the end of the period, 225 (12/2010: 196) employees were working abroad.

Digia Plc's Annual General Meeting of 16 March 2011 re-elected Robert Ingman, Kari Karvinen, Pertti Kyttälä, Martti Mehtälä, Pekka Sivonen, Tommi Uhari and Marjatta Virtanen as members of the Board. At the organisation meeting of the Board, Pertti Kyttälä was elected as Chairman of the Board and Martti Mehtälä as Vice Chairman.

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

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

RISKS AND UNCERTAINTIES

The company's short-term business risks and uncertainties were described in the Financial Statements for 2010. These are mainly unchanged. However, the business risk associated with the mobile market was realised during the period, fundamentally changing the operating environment. Developments in the mobile market and their forecasting remain subject to more pronounced uncertainty and risks.

FUTURE PROSPECTS

The company's original objective for 2011 was to focus on increasing net sales. This had to be updated due to the changes in the operating environment for Mobile Solutions. In spite of the changed environment – and because of it – the company will focus even more intensely on developing its sales and implementing efficiency-enhancing measures. The company aims to reinforce its organisation and competencies through training programmes and targeted recruitment. These measures are intended to adjust Digia's Mobile Solutions operations as well and rapidly as possible to future demand, to further enhance Enterprise Solutions' operations and to recover the segment's sound profitability. In addition to its core business operations, the company will continue to invest in expanding its scalable product business. Digia will also continue to develop its international operations, particularly in China and Russia.

As a whole, the company expects the IT market to continue growing moderately in 2011 from its 2010 levels. In terms of Digia's net sales, the company expects a clear drop in second-half net sales for the Mobile Solutions segment, in comparison to their first-half level. Similarly, despite the streamlining measures taken, Mobile Solutions' profitability is predicted to fall from its 2010 level. However, reliable forecasting of business operations is hampered by continued major uncertainty surrounding the Mobile Solutions segment.

Within Enterprise Solutions, net sales are expected to grow organically during the rest of the year, at least matching the moderate rate predicted for the IT market. Profitability is expected to develop favourably and remain at the normal good level. The commercial Qt-licensing and service operations acquired in Spring have made a promising start. Positive net sales development is also expected for the second half of the year. Digia believes that the Qt business will increase its contribution to the company's future profitability.

The long-term cornerstones of Digia's success will be strengthening organic growth and maintaining good cash flows and profitability.

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OTHER EVENTS DURING THE REVIEW PERIOD

Convening on 16 March 2011, Digia Plc's Annual General Meeting (AGM) adopted the financial statements for 2010, released the Board members and the CEO from liability, determined Board emoluments, resolved to raise the number of Board members to seven (7), and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2010, the AGM approved the Board's proposal to pay a dividend of EUR 0.27 per share to all shareholders listed in the shareholder list maintained by Euroclear Finland Ltd on the reconciliation date of 21 March 2011. The dividend payment date was 28 March 2011.

The AGM granted the following authorisations to the Board:

Authorisation of the Board of Directors to decide on buying back own shares and/or accepting them as collateral

The AGM authorised the Board to decide on the buyback and/or acceptance as collateral of a maximum of 2,000,000 shares in the company. This buyback can only be executed using the company's unrestricted equity. The Board shall decide on how these shares are bought. Own shares can be bought back in disproportion to the holdings of the shareholders. The authorisation also includes the acquisition of shares through public trading organised by NASDAQ OMX Helsinki Oy in accordance with the rules and instructions of NASDAQ OMX Helsinki and Euroclear Finland Ltd, or through offers made to shareholders. Shares may be acquired in order to improve the company's capital structure, to fund acquisitions or other business transactions, to offer share-based incentive schemes, to sell on or to be annulled. The shares must be acquired at the market price in public trading. This authorisation replaces that granted by the Shareholders' Meeting on 3 March 2010 and is valid for 18 months, i.e. until 16 September 2012.

Authorising the Board of Directors to decide on a share issue and granting of special rights

The AGM authorised the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments, as follows: the issue can total a maximum of 4,000,000 shares. The authorisation applies both to new shares and treasury shares held by the company. By virtue of the authorisation, the Board has the right to decide on share issues and the granting of special rights, waiving the pre-emptive subscription rights of the shareholders (directed issue). The authorisation can be used to fund or complete acquisitions or other business transactions, to offer share-based incentive schemes, to develop the company's capital structure, or for other purposes. The Board was authorised to decide on all terms relating to the share issue or special rights, including the subscription price, its payment in cash or partly or wholly in capital contributed in kind, or by writing it off against the subscriber's receivables, and its recognition in the company's balance sheet. This authorisation replaces that granted by the Shareholders' Meeting on 3 March 2010 and is valid for 18 months, i.e. until 16 September 2012.

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SHARE CAPITAL AND SHARES

On 30 June 2011, the number of Digia Plc shares totalled 20,875,645.

On 30 June 2011, Digia had 6,499 shareholders according to Finnish Central Securities Depository Ltd.

The ten major shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	14.8%
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)	1.7%
OMXBS/Skandinaviska Enskilda Banken (nominee-registered)	1.0%
Etola Oy	1.0%
Olli Ahonen	0.9%

Distribution of holdings by number of shares held on 30 June 2011

Number of shares	Holding (%)	Shares and votes
1 – 100	21.5%	0.5%
101 – 1,000	59.7%	8.6%
1,001 – 10,000	17.4%	14.8%
10,001 – 100,000	1.1%	9.6%
100,001 – 1,000,000	0.3%	16.3%
1,000,001 – 3,000,000	0.1%	50.2%

Shareholding by sector on 30 June 2011

	Holding (%)	Shares
Non-financial corporations	4.9%	20.4%
Financial and insurance corporations	0.2%	3.7%
General government	0.0%	3.6%
Non-profit institutions serving households	0.2%	0.5%
Households	94.2%	70.6%
Rest of the world	0.4%	1.1%

Adjusted for share issues, the weighted average number of shares during the reporting period totalled 20,687,073. The number of outstanding shares totalled 20,716,069 at the end of the review period.

At the end of the period, the company held a total of 129,964 treasury shares. The accounting counter value of these treasure shares is EUR 0.10 per share. Relating to the company's performance-based incentive system, Digia has financed the acquisition of 300,000 own shares. At the end of the review period, part of said shares remained undistributed and Evli Alexander Management Ltd held 29,612 shares. As of 30 June 2011, the company held around 0.8 per cent of the capital stock.

REPORTED SHARE PERFORMANCE ON THE HELSINKI STOCK EXCHANGE

Digia Plc shares are listed on the NASDAQ OMX Nordic Exchange under IT, IT Consulting & Other Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 2.79 and the highest was EUR 5.79. The share officially closed at EUR 3.42 on the last trading day. The trade-weighted average was EUR 4.55. The Group's market capitalisation totalled EUR 71,394,706 at the end of the period.

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The company received no flagging notifications during the reporting period.

STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 11 August 2011

Digia Plc

Board of Directors

BRIEFING FOR ANALYSTS

Digia will hold a briefing on its Interim Report for analysts on Thursday 11 August 2011 at 11 a.m., in the Marski Hall of WTC Sodexo in the World Trade Center, Aleksanterinkatu 17, 00100 Helsinki, Finland. All are welcome.

FURTHER INFORMATION

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

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.fi from 11 a.m.

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 interim report has been prepared in compliance with IFRS and the IAS 34 standard.
This interim report is based on unaudited figures.

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CONSOLIDATED INCOME STATEMENT, EUR 1,000

	4-6/2011	4-6/2010	Change %	Jan-June/2011	Jan-June/2010	Change %	2010
NET SALES	32,358.3	35,018.0	-7.6%	65,715.1	67,848.7	-3.1%	130,825.2
Other operating income	28.5	37.8	-24.6%	52.7	100.4	-47.5%	317.5
Materials and services	-3,906.6	-2,942.1	32.8%	-6,390.2	-5,718.3	11.7%	-10,156.9
Depreciation, amortisation and impairment	-26,387.2	-905.1	2815.5%	-27,314.0	-1,841.7	1383.1%	-3,719.1
Other operating expenses	-29,979.1	-26,432.4	13.4%	-57,690.3	-50,933.0	13.3%	-100,102.3
Operating profit	-27,886.1	4,776.2	-683.9%	-25,626.7	9,456.1	-371.0%	17,164.4
Financial expenses (net)	-185.6	-323.0	-42.5%	-528.3	-802.2	-34.1%	-1,438.8
Earnings before tax	-28,071.8	4,453.1	-730.4%	-26,155.0	8,653.9	-402.2%	15,725.7
Income taxes	1,809.2	-1,301.3	-239.0%	1,340.3	-2,518.9	-153.2%	-4,251.3
NET PROFIT	-26,262.6	3,151.9	-933.2%	-24,814.7	6,135.0	-504.5%	11,474.3
Other comprehensive income:							
Exchange differences on translating foreign operations	-121.0	50.9	-337.7%	-0.6	180.0	-100.3%	292.3
TOTAL COMPREHENSIVE INCOME	-26,383.6	3,202.8	-923.8%	-24,815.3	6,314.9	-493.0%	11,766.6
Distribution of net profit:							
Parent company shareholders	-26,262.6	3,151.9	-933.2%	-24,814.7	6,135.0	-504.5%	11,474.3
Minority interest	0.0	0.0		0.0	0.0		0.0
Distribution of total comprehensive income:							
Parent company shareholders	-26,383.6	3,202.8	-923.8%	-24,815.3	6,314.9	-493.0%	11,766.6
Minority interest	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR	-1.27	0.15	-945.7%	-1.20	0.30	-499.8%	0.56
Earnings per share (diluted), EUR	-1.27	0.15	-945.7%	-1.20	0.30	-499.8%	0.56

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CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	30 June 2011	31 Dec 2010	Change %
Non-current assets			
Intangible assets	49,129.1	74,514.2	-34.1%
Tangible assets	3,256.4	2,925.9	11.3%
Financial assets	640.8	628.0	2.0%
Long-term receivables	14.0	14.0	0.0%
Deferred tax assets	1,820.1	875.7	107.9%
Total non-current assets	54,860.4	78,957.8	-30.5%
Current assets			
Current receivables	29,371.3	26,798.9	9.6%
Available-for-sale financial assets	305.9	299.6	2.1%
Cash and cash equivalents	4,994.1	9,382.1	-46.8%
Total current assets	34,671.3	36,480.5	-5.0%
Total assets	89,531.7	115,438.3	-22.4%

Shareholders' equity and liabilities	30 June 2011	31 Dec 2010	Change %
Share capital	2,087.6	2,126.2	-1.8%
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	35,525.0	35,486.4	0.1%
Translation difference	165.7	166.3	-0.4%
Retained earnings	11,187.6	5,054.4	121.3%
Net profit	-24,814.7	11,474.3	-316.3%
Equity attributable to parent company shareholders	37,254.4	67,411.0	-44.7%
Minority interest	0.0	0.0	
Total shareholders' equity	37,254.4	67,411.0	-44.7%
Liabilities			
Long-term interest-bearing liabilities	15,785.1	16,609.4	-5.0%
Other long-term liabilities	611.3		
Deferred tax liabilities	793.0	2,177.6	-63.6%
Total long-term liabilities	17,189.4	18,786.9	-8.5%
Short-term interest-bearing liabilities	6,671.5	6,706.2	-0.5%
Other short-term liabilities	28,416.4	22,534.1	26.1%
Total short-term liabilities	35,087.9	29,240.4	20.0%
Total liabilities	52,277.3	48,027.3	8.8%
Total shareholders' equity and liabilities	89,531.7	115,438.3	-22.4%

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CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1 Jan-30 June 2011	1 Jan-30 June 2010	1 Jan-31 Dec 2010
Cash flow from operations:			
Net profit	-24,815	6,135	11,474
Adjustments to net profit	29,615	5,162	9,409
Change in working capital	2,223	-3,344	-5,828
Interest paid	-370	-382	-703
Interest income	19	3	21
Taxes paid	-3,025	-2,040	-3,306
Cash flow from operations	3,646	5,534	11,066
Cash flow from investments:			
Purchases of tangible and intangible assets	-1,407	-581	-1,965
Cash flow from investments	-1,407	-581	-1,965
Cash flow from financing:			
Proceeds from share issue	0	0	79
Acquisition of own shares	0	0	0
Repayment of current loans	-1,044	-5,044	-6,082
Repayments of non-current loans	0	-1,000	-1,000
Withdrawals of current loans	0	0	0
Withdrawals of non-current loans	0	0	0
Dividends paid and other profit distribution	-5,577	-2,885	-2,885
Cash flow from financing	-6,621	-8,929	-9,887
Change in liquid assets	-4,382	-3,976	-786
Liquid assets at beginning of period	9,682	10,469	10,469
Change in fair value			
Change in liquid assets	-4,382	-3,976	-786
Liquid assets at end of period	5,300	6,492	9,682

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

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 Jan 2010	2,085	0	7,899	35,448	5,204	-126	7,673	58,184
Net profit							6,135	6,135
Other comprehensive income						180		180
Distribution of dividends							-2,885	-2,885
Share-based payments recognised against equity							130	130
SHAREHOLDERS' EQUITY 30 June 2010	2,085	0	7,899	35,448	5,204	54	11,053	61,743

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	a	b	c	d	e	f	g	h
Shareholders' equity, 1 Jan 2011	2,086	40	7,899	35,486	5,204	166	16,529	67,411
Net profit							-24,815	-24,815
Other comprehensive income						-1		-1
Distribution of dividends							-5,577	-5,577
Share-based payments recognised against equity	1	-40		39			236	236
Shareholders' equity, 30 June 2011	2,088	0	7,899	35,526	5,204	165	-13,627	37,254

a = share capital
b = rights issue
c = share premium
d = unrestricted invested shareholders' equity
e = other reserves
f = currency translation differences
g = retained earnings
h = total shareholders' equity

NOTES TO THE ACCOUNTS

Accounting principles:

The interim report has been drafted in line with IFRS, applying the same accounting principles as in the 2010 financial statements. The accounting principles and formulas for the calculation of key figures and ratios are unchanged and are presented in the 2010 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 5,576,834.34.

Events after the review period:

In its meeting on 10 April 2011, Company's Board of Directors decided to initiate new co-operation negotiations to complete its mobile business adaptation activities. Company issues a separate Stock Exchange Release on the matter on 11 April 2011 at 9:01 a.m.

Related party transactions:

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

Concluded M&A transactions:

On 7 March 2011 Digia concluded an agreement with Nokia Plc for the acquisition of commercial Qt-business. The acquisition came into effect on 22 March 2011. The transaction included a right to sell commercial software licenses for Qt-technology, exclusively for the first three years.

The purchase price for the acquired business includes fixed and variable components. Fixed components amount to EUR 150,000, which was paid with the company's cash reserves. In addition to fixed components, the seller is entitled to an additional purchase price in the event that the sales targets agreed for said business for 2011-2013 are met. It is estimated that the additional purchase price amounts to EUR 0.6 million, to be paid in cash as realised.

On the basis of the initial purchase price allocation, the main portion of the acquisition price (EUR 0.8 million) related to acquired exclusive sales rights and customer relationships. The transaction carried no goodwill.

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Segment information:

Digia's business operations are 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	Apr-June/2011	Apr-June/2010	Change %	Jan-June/2011	Jan-June/2010	Change %	2010
Enterprise Solutions	21,662	19,919	8.8%	41,165	39,289	4.8%	75,674
Mobile Solutions	10,696	15,099	-29.2%	24,550	28,560	-14.0%	55,152
Digia Group	32,358	35,018	-7.6%	65,715	67,849	-3.1%	130,825

OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS, EUR 1,000	4-6/2011	4-6/2010	Change %	Jan-June/2011	Jan-June/2010	Change %	2010
Enterprise Solutions	1,704	3,000	-43.2%	3,454	5,810	-40.6%	11,001
Mobile Solutions	-1,077	1,776	-160.6%	-568	3,646	-115.6,%	6,164
Digia Group	627	4,776	-86.9%	2,886	9,456	-69.5%	17,164

OPERATING PROFIT, EUR 1,000	Apr-June/2011	Apr-June/2010	Change %	Jan-June/2011	Jan-June/2010	Change %	2010
Enterprise Solutions	1,704	3,000	-43.2%	3,454	5,810	-40.6%	11,001
Mobile Solutions	-29,590	1,776	-1,766.1%	-29,081	3,646	-897.6%	6,164
Digia Group	-27,886	4,776	-683.9%	-25,627	9,456	-371.0%	17,164

ASSETS, EUR 1,000	30 June 2011	31 Dec 2010
Enterprise Solutions	69,043	63,762
Mobile Solutions	12,714	40,491
Unallocated	7,775	11,185
Digia Group	89,532	115,438

Consolidated income statement by quarter:

EUR 1,000	Apr-June/2011	Jan-Mar/2011	Oct-Dec/2010	July-Sept/2010	Apr-June/2010
Net sales	32,358.3	33,356.7	36,025.4	26,951.0	35,018.0
Other operating income	28.5	24.2	32.3	184.8	37.8
Materials and services	-3,906.6	-2,483.6	-2,749.0	-1,689.6	-2,942.1
Depreciation, amortisation and impairment	-26,387.2	-926.8	-954.6	-922.8	-905.1
Other operating expenses	-29,979.1	-27,711.1	-27,573.3	-21,596.0	-26,432.4
Operating profit	-27,886.1	2,259.5	4,780.9	2,927.5	4,776.2
Financial expenses (net)	-185.6	-342.7	-286.5	-350.1	-323.0
Earnings before tax	-28,071.8	1,916.8	4,494.3	2,577.4	4,453.1
Income taxes	1,809.2	-468.9	-1,220.3	-512.1	-1,301.3
Net profit	-26,262.6	1,447.9	3,274.1	2,065.3	3,151.9
Allocation:					
Parent company shareholders	-26,262.6	1,447.9	3,274.1	2,065.3	3,151.9
Minority interest		0	0	0	0
Earnings per share, EUR	-1.27	0.07	0.16	0.10	0.15
Earnings per share (diluted), EUR	-1.27	0.07	0.16	0.10	0.15

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Group key figures and ratios:

	Jan-June/2011	Jan-June/2010	2010
Extent of business			
Net sales	65,715	67,849	130,825
- change from previous year	-3.1%	-48.1%	8.7%
Average capital invested	75,219	87,222	89,700
Personnel at period-end	1,512	1,519	1,558
Average number of personnel	1,560	1,489	1,508
Profitability			
Operating profit before extraordinary items and impairment	2,886	9,456	17,164
- % of net sales	4.4%	13.9%	13.1%
Operating profit	-25,627	9,456	17,164
- % of net sales	-39.0%	13.9%	13.1%
Earnings before tax	-26,155	8,654	15,726
- % of net sales	-39.8%	12.8%	12.0%
Net profit	-24,815	6,135	11,474
% of net sales	-37.8%	9.0%	8.8%
Return on equity, %	-99.2%	20.5%	18.3%
Return on investment, %	-67.8%	21.8%	19.3%
Financing and financial standing			
Interest-bearing liabilities	22,457	24,088	23,316
Short-term investments & cash and bank receivables	5,300	6,492	9,682
Net gearing	46.1%	28.5%	20.2%
Equity ratio	42.5%	55.4%	58.8%
Net cash flow from operations	3,646	5,534	11,066
Earnings per share, undiluted (EUR)	-1.20	0.30	0.56
Earnings per share, diluted (EUR)	-1.20	0.30	0.56
Equity per share	1.78	2.96	3.23
Lowest share price	2.79	3.36	3.36
Highest share price	5.79	5.89	5.89
Average share price	4.55	4.87	5.01
Market capitalisation	71,395	107,396	104,949

Formulas for key figures and ratios are available from the 2010 financial statements. These formulas remained unchanged during the reporting period.

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