



## Digia Plc's third quarter 2008 (IFRS)

### Summary

#### January-September

- Consolidated net sales: EUR 90.4 million, up 20.9 per cent year on year
- Organic growth: 14.5 per cent
- Consolidated operating profit: EUR 10.5 million, up 53.2 per cent year on year
- Profitability (EBIT-%): 11.6 per cent (9.2 per cent 1-9/2007)
- Product business accounted for 14.5 per cent of net sales (17.9 per cent 1-9/2007)
- Earnings per share: EUR 0.30, up 87.5 per cent

#### July-September

- Consolidated net sales: EUR 25.6 million, up 13.2 per cent year on year
- Organic growth: 7.6 per cent
- Consolidated operating profit: EUR 2.6 million, up 67.7 per cent year on year
- Profitability (EBIT-%): 10.0 per cent (6.7 per cent 7-9/2007)
- Product business accounted for 15.7 per cent of net sales (18.7 per cent 7-9/2007)
- Earnings per share: EUR 0.06, up 100.0 per cent

- Concerning year 2008 Digia's organic growth is outpacing the market growth and the profitability is at good level. The company will continue the conservative internationalisation of its business and to increase the business volume in countries with favourable cost level.

### GROUP KEY FIGURES AND RATIOS

	7-9/2008	7-9/2007	Change,%	1-9/2008	1-9/2007	Change,%	2007
Net sales	25,630	22,645	13%	90,442	74,827	21%	105,839
Operating profit	2,556	1,524	68%	10,522	6,868	53%	11,080
- % of net sales	10%	7%		12%	9%		10%
Net profit	1,302	546	138%	6,060	3,216	88%	5,871
- % of net sales	5%	2%		7%	4%		6%
Return on equity, %	7%	3%		12%	7%		9%
Return on investment, %	9%	5%		12%	8%		9%
Interest-bearing liabilities	56,881	56,522	1%	56,881	56,522	1%	56,413
Cash and cash equivalents	15,684	10,807	45%	15,684	10,807	45%	11,739
Net gearing, %	58%	71%		58%	71%		65%
Equity ratio, %	46%	45%		46%	45%		47%
Earnings per share, EUR, undiluted	0.06	0.03	100%	0.30	0.16	88%	0.29
Earnings per share, EUR, diluted	0.06	0.03	100%	0.30	0.16	88%	0.29



## MARKETS AND DIGIA'S BUSINESS

Organic growth surged during the reporting period. Operating profit and earnings per share improved substantially. The third-quarter result was in line with expectations, both in the case of net sales and profitability. Although organic growth was more restrained than in the previous quarter, it continued to outpace market growth.

Market conditions in the company's main business fields were fair in the third quarter in spite of the global financial crisis and the summer holiday season. Uncertainty regarding the development of the global economy and its impact on the investment propensity of Digia's customers mounted after the end of the reporting period.

During the third quarter, Digia started up preparations to reform its organisation. Its sales, product and service range and competencies will be integrated. The organisational reform aims to further enhance the use of the company's resources, increase the invoicing rate and thus improve profitability.

### Telecommunications

During the third quarter, Telecommunications posted higher net sales and retained its profitability on a par with the corresponding period of the previous year. Customer satisfaction is at a good level. Demand has weakened slightly compared with the first half of the year, but remains somewhat better than in the same period last year. The trend in the global economy puts pressure on the telecommunications market as well, but to date this has not been reflected in demand.

The division continued to bolster its delivery capacity by pursuing the active recruiting policy initiated in 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.

### Finance and Services

The third-quarter net sales of Finance and Services were almost at the same level as in the corresponding period of the previous year. However, year-on-year business profitability declined. The reasons underlying the weaker than expected trend in net sales and profitability were that decisions on projects were pushed back due to the uncertain financial markets and ongoing projects were cancelled because of customer reasons.

Demand in Services has remained healthy, particularly in the public sector. The uncertainty caused by the turmoil in the international financial market will be reflected in Finance operations during the remainder of the year.

### Industry and Trade

During the third quarter, Industry and Trade posted slightly higher net sales than in the corresponding period of the previous year and improved its profitability substantially. In the ERP business, Digia signed an agreement for the delivery of a field service system based on Microsoft Dynamics AX software. Digia Enterprise system delivery agreements have been signed with wholesale, food industry and other customers. The order book for Digia Logistics solutions has grown and the company has won many new sales.

The trend in the net sales and profitability of integration solutions has remained favourable. Operations with current key customers have expanded further. The order book for new customer accounts grew during the reporting period.

Market demand in trade and industry was satisfactory during the first three quarters of the year, but the development of the global economy ushers in uncertainty for the rest of the year, which might dampen customers' willingness and ability to invest in information systems.



## RISKS AND UNCERTAINTIES

Digia's short-term uncertainties are related to any major changes occurring in the company's core markets, the availability and cost of skilled personnel, employee turnover and the impact of the unpredictable economic situation on Digia customers' investment decisions. Especially, 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 position.

Furthermore, the growth in customer project size and scope increases 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.

## PROSPECTS FOR 2008 AND COMPANY OBJECTIVES

Digia's main targets for 2008 have been organic growth while maintaining profitability at a good level. The company's management focuses on customers, personnel and the conservative further internationalisation of operations. On the heels of the global financial crisis, it is expected that customers will slightly scale back their investments in information systems, but the company seeks to maintain good profitability, develop its service offerings and enhance customer satisfaction. The company intends to continue increasing its operational efficiency while pursuing a strict cost policy.

In the long run, Digia seeks primarily to concentrate on strengthening organic growth. During the second quarter, Digia renounced its revolving credit facility, announced on 9 November 2006, meant for financing possible acquisitions. By renouncing the credit facility, the company will save over EUR 100,000 annually. While the company is still able to execute strategically important acquisitions, reaching the net sales target of EUR 200 million for 2010 as announced earlier is no longer the company's main focus. Instead, the company now focuses on organic growth of the businesses by developing current competencies and products with a view to improving profitability, earnings per share and the balance sheet figures.

Concerning year 2008 Digia's organic growth is outpacing the market growth and the profitability is at good level. The company will continue the conservative internationalisation of its business and to increase the business volume in countries with favourable cost level.

## NET SALES

Digia's consolidated net sales for the period 1-9/2008 were EUR 90.4 million, up 20.9 per cent (1-9/2007: EUR 74.8 million). This includes EUR 4.2 million of net sales of Sunrise Resources Ltd, a subsidiary acquired on 14 January 2008, and Capital C AB, a subsidiary acquired on 31 August 2007.

Net sales posted by Telecommunications for the period were EUR 44.9 million, up 32.0 per cent (1-9/2007: EUR 34.0 million). Net sales of Finance and Services totalled EUR 23.9 million for the period, up 19.9 per cent (1-9/2007: EUR 19.9 million). Industry and Trade recorded net sales of EUR 21.6 million for the period, up 3.7 per cent (1-9/2007: EUR 20.9 million).

During the reporting period, the product business accounted for EUR 13.1 million (1-9/2007: EUR 13.4 million) of consolidated net sales, or 14.5 per cent (1-9/2007: 17.9 per cent).

International operations accounted for EUR 12.8 million (1-9/2007: EUR 6.0 million) of consolidated net sales during the reporting period, representing 14.2 per cent (1-9/2007: 8.1 per cent).

Digia's third-quarter consolidated net sales amounted to EUR 25.6 million, up 13.2 per cent (7-9/2007: EUR 22.6 million). This includes EUR 1.2 million of net sales of Sunrise Resources Ltd, a subsidiary acquired on 14 January 2008, and Capital C AB, a subsidiary acquired on 31 August 2007.



Net sales by Telecommunications for the third quarter were EUR 12.4 million, up 22.1 per cent (7-9/2007: EUR 10.2 million). Finance and Services posted net sales of EUR 6.7 million, up 5.4 per cent (7-9/2007: EUR 6.4 million). Industry and Trade reported net sales of EUR 6.5 million, an increase of 6.4 per cent (7-9/2007: EUR 6.1 million).

During the third quarter, the product business accounted for EUR 4.0 million (7-9/2007: EUR 4.2 million) of consolidated net sales, or 15.7 per cent (7-9/2007: 18.7 per cent).

International operations accounted for EUR 1.9 million (7-9/2007: EUR 1.3 million) of consolidated net sales in the third quarter, or 7.5 per cent (7-9/2007: 5.8 per cent).

## PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit (EBIT) for the reporting period amounted to EUR 10.5 million, up 53.2 per cent on a year earlier (1-9/2007: EUR 6.9 million). This includes EUR 0.4 million of operating profit of Sunrise Resources Ltd and Capital C AB. Profitability (EBIT-%) was 11.6 per cent (1-9/2007: 9.2 per cent).

Telecommunications posted an operating profit of EUR 6.9 million for the period, representing a year-on-year increase of 77.4 per cent (1-9/2007: EUR 3.9 million), and profitability (EBIT-%) was 15.4 per cent (1-9/2007: 11.5 per cent). Finance and Services recorded an operating profit of EUR 1.0 million, down 21.1 per cent (1-9/2007: EUR 1.2 million), and profitability was 4.0 per cent (1-9/2007: 6.1 per cent). Industry and Trade posted an operating profit of EUR 2.6 million, representing a year-on-year increase of 6.8 per cent (1-9/2007: EUR 2.5 million), and profitability was 12.2 per cent (1-9/2007: 11.9 per cent).

Third-quarter consolidated operating profit (EBIT) amounted to EUR 2.6 million, representing a year-on-year increase of 67.7 per cent (7-9/2007: EUR 1.5 million). This includes EUR 0.1 million of operating profit of Sunrise Resources Ltd and Capital C AB. Profitability (EBIT-%) was 10.0 per cent (7-9/2007: 6.7 per cent).

Telecommunications reported an operating profit of EUR 1.3 million for the third quarter, representing a year-on-year increase of 26.6 per cent (7-9/2007: EUR 1.0 million), and profitability (EBIT-%) was 10.4 per cent (7-9/2007: 10.0 per cent). Finance and Services posted an operating profit of EUR 0.2 million, down 64.6 per cent (7-9/2007: EUR 0.7 million), and profitability was 3.7 per cent (7-9/2007: 10.9 per cent). Industry and Trade recorded operating profit of EUR 1.0 million, representing a year-on-year increase of 93.7 per cent (7-9/2007: EUR 0.5 million), and profitability was 15.7 per cent (7-9/2007: 8.6 per cent).

The Group's reported earnings before tax stood at EUR 8.3 million for the period, representing growth of 82.9 per cent (1-9/2007: EUR 4.5 million), and net profit totalled EUR 6.1 million, up 88.3 per cent (1-9/2007: EUR 3.2 million).

Earnings per share for the period were EUR 0.30, up 87.5 per cent (1-9/2007: EUR 0.16). Third-quarter earnings per share were EUR 0.06, an increase of 100.0 per cent (7-9/2007: EUR 0.03).

The Group's net financial expenses for the reporting period were EUR 2.2 million (1-9/2007: EUR 2.3 million).

## FINANCIAL POSITION AND CAPITAL EXPENDITURE

On 30 September 2008, the Digia Group's consolidated balance sheet total stood at EUR 157.8 million (12/2007: EUR 149.6 million) and equity ratio was 45.9 per cent (12/2007: 46.5 per cent). Net gearing stood at 58.0 per cent (12/2007: 65.1 per cent). The period-end cash and cash equivalents totalled EUR 15.7 million (12/2007: EUR 11.7 million), and interest-bearing liabilities amounted to EUR 56.9 million (12/2007: 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 goodwill and values subject to testing, by business segment, 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	7,886	908	49,546	5,517	62,949
Finance and Services	1,938	228	13,692	2,739	18,369
Industry and Trade	3,047	438	26,410	2,451	31,909
Group total	12,871	1,574	89,649	10,708	113,227

Present values are determined on the basis of actual operating profit and five-year forecasts by the CGU, with growth varying between three and five per cent and the operating margin between 10 and 12 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 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 10 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 six 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 nine 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 Group's cash flow from business operations for the period was positive by EUR 11.7 million (1-9/2007: positive cash flow of EUR 4.3 million), cash flow from investments was negative by EUR 4.8 million (1-9/2007: negative EUR 3.2 million) and cash flow from finance was negative by EUR 2.9 million (1-9/2007: negative EUR 1.8 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 0.9 million, and payment of dividends, with a negative impact of EUR 2.0 million.

Gross capital expenditure during the period totalled EUR 2.0 million (1-9/2007: EUR 1.4 million). Acquisitions of tangible fixed assets totalled EUR 1.6 million (1-9/2007: EUR 1.0 million).

Return on investment (ROI) for the period stood at 11.6 per cent (12/2007: 9.4 per cent) and return on equity (ROE) was 11.6 per cent (12/2007: 8.9 per cent).



## HUMAN RESOURCES, MANAGEMENT AND ADMINISTRATION

On 30 September 2008, the number of Group personnel totalled 1,346 – representing an increase of 191 employees, or 16.5 per cent, since 31 December 2007 (2007: 1,155). During the reporting period, the number of employees averaged 1,305 – an increase of 189 employees, or 16.9 per cent, on the same period a year earlier (2007: 1,116).

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

Telecommunications	55%
Finance and Services	22%
Industry and Trade	19%
Administration and Management	4%

As of 30 September 2008, a total of 110 employees were working abroad (2007: 26).

The Annual General Meeting (AGM) of 11 March 2008 elected the following Board members: Pekka Sivonen (Chairman), Pertti Kyttälä (Vice Chairman), Kari Karvinen, Harri Koponen and Martti Mehtälä. Pekka Sivonen requested leave of absence 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

On 30 September 2008, the Digia Group consisted of Digia Plc, the parent company, 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.

A new organisational structure will come into force at the beginning of 2009, integrating the company's product and service range, sales, and competencies. Antti Lastunen will head up sales and marketing, Asko Hakonen products and services, and Tommi Laitinen competencies and projects. Juha Leinonkoski will be responsible for the company's international operations. Lastunen, Hakonen, Laitinen and Leinonkoski will be part of the Group Management Team and will report to President and CEO Juha Varelius. The Group Management Team will also include Chief Financial Officer Kjell Lindqvist and Tomi Merenheimo, Vice President, Legal and Communications.



## 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, discharged 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 own shares in accordance with the terms of the General Meeting's authorisation and the terms published on 13 February 2008.

## SHARE CAPITAL AND SHARES

On 30 September 2008, the number of Digia shares totalled 20,853,645.

According to Finnish Central Securities Depository Ltd, Digia had 3,224 shareholders on 30 September 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 Pieniyhtiöt mutual fund	3.6
Varma Mutual Pension Insurance Company	3.6
Nordea Bank Finland Plc / Nominee-registered	3.1
Veikko Laine Oy	2.8
Scandinaviska Enskilda Banken	2.7
Nordea Bank Finland Plc	2.4
The estate of Jorma Kylätie	2.2

### Distribution of holdings by number of shares held on 30 September 2008

Number of shares	Holding (%)	Shares and votes (%)
1 - 100	21.9	0.3
101 - 1,000	51.3	3.7
1,001 - 10,000	23.2	10.4
10,001 - 100,000	2.8	12.4
100,001 - 1,000,000	0.7	34.9
1,000,001 - 3,000,000	0.1	38.3

### Shareholding by sector on 30 September 2008

	Holding (%)	Shares (%)
Companies	6.2	11.7
Financial institutions and insurance companies	0.5	15.8
Non-corporate public sector	0.1	3.8
Non-profit organisations	0.4	0.4
Households	92.3	66.9
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 2.55 and the highest was EUR 3.35. The share closed at EUR 2.84 on the period's last trading day. The trade-weighted average amounted to EUR 3.05. The Group's market capitalisation totalled EUR 58,390,206 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 2003D, on the basis of which a maximum number of 150,000 Digia shares can be subscribed, and stock option scheme 2005A-C, on the basis of which a maximum number of 900,000 Digia shares can be subscribed.

On 30 September 2008, the remaining number of warrants issued by Digia totalled 1,050,000. Shares subscribed for using the warrants represent a maximum of 4.79 per cent of the company's share capital and voting rights after any potential increase in share capital. On 30 September 2008, the number of valid warrants still held by Digia totalled 525,082. The maximum dilution effect of the issued warrants stood at 2.46 per cent on 30 September 2008.

Helsinki, 28 October 2008

Digia Plc

Board of Directors

## BRIEFING FOR MEDIA AND ANALYSTS

Digia will hold a briefing on its Interim Report for Q3/2008 and financial statement for analysts and the media on Tuesday 28 October 2008 at 11.00 a.m. in the Marski Cabinet of the World Trade Center, Aleksanterinkatu 17, 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). The briefing starts at 11.00 a.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 Interim Report has been prepared in compliance with IFRS and standard IAS 34. This Interim Report is based on unaudited figures.

## CONSOLIDATED INCOME STATEMENT, EUR 1,000

	7-9/2008	7-9/2007	Change, %	1-9/2008	1-9/2007	Change, %	2007
Net sales	25,630.2	22,645.0	13%	90,441.8	74,826.9	21%	105,839.4
Other operating income	17.5	13.0	34%	26.7	216.8	-88%	211.6
Materials and services	-1,996.5	-1,978.7	1%	-8,090.1	-5,656.8	43%	-8,363.5
Depreciation and impairment	-1,156.8	-1,178.2	-2%	-3,593.0	-3,607.9	0%	-4,893.5
Other operating expenses	-19,938.7	-17,977.2	11%	-68,263.5	-58,910.8	16%	-81,713.9
Operating profit	2,555.7	1,524.0	68%	10,521.9	6,868.2	53%	11,080.1
Financial expenses (net)	-692.2	-800.2	-13%	-2,210.7	-2,324.3	-5%	-3,182.5
Pre-tax profit	1,863.4	723.8	157%	8,311.2	4,543.9	83%	7,897.6
Direct tax	-561.3	-177.5	216%	-2,251.6	-1,327.4	70%	-2,026.4
Net profit	1,302.1	546.3	138%	6,059.6	3,216.4	88%	5,871.2
Allocation:							
Parent company shareholders	1,302.1	546.3	138%	6,059.6	3,216.4	88%	5,871.2
Minority shareholders	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR	0.06	0.03	100%	0.30	0.16	88%	0.29
Earnings per share, EUR, diluted	0.06	0.03	100%	0.30	0.16	88%	0.29

## CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	30 Sep. 2008	31 Dec. 2007	Change, %
Fixed and other non-current assets			
Intangible assets	103,942.6	102,107.6	2%
Tangible assets	3,181.8	2,935.5	8%
Financial assets	655.4	660.3	-1%
Deferred tax assets	2,570.5	2,312.0	11%
Total fixed and other non-current assets	110,350.2	108,015.4	2%
Current assets			
Current receivables	31,737.2	29,889.0	6%
Available-for-sale financial assets	500.3	5,180.4	-90%
Cash and cash equivalents	15,183.5	6,558.4	132%
Total current assets	47,421.0	41,627.8	14%
Total assets	157,771.3	149,643.2	5%



Shareholders' equity and liabilities	30 Sep. 2008	31 Dec. 2007	Change, %
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	35,069.1	38,110.6	-8%
Translation difference	-72.6	-11.8	514%
Retained earnings/loss	14,754.4	9,450.3	56%
Net profit	6,059.6	5,871.2	3%
Equity attributable to parent company shareholders	70,999.2	68,602.0	3%
Minority interest	0.0	0.0	
Total shareholders' equity	70,999.2	68,602.0	3%
Liabilities			
Long-term, interest-bearing liabilities	55,895.3	55,646.7	0%
Deferred tax liabilities	3,221.6	3,442.4	-6%
Total long-term liabilities	59,116.9	59,089.1	0%
Current interest-bearing liabilities	986.1	766.3	29%
Other short-term debt	26,669.0	21,185.8	26%
Total short-term liabilities	27,655.1	21,952.1	26%
Total liabilities	86,772.0	81,041.2	7%
Shareholders' equity and liabilities	157,771.3	149,643.2	5%

## CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1 Jan. 2008 - 30 Sep. 2008	1 Jan. 2007 - 30 Sep. 2007	1 Jan. 2007 - 31 Dec. 2007
Cash flow from business operations:			
Net profit	6,059	3,216	5,871
Adjustments to profit for the period	8,070	7,413	10,165
Change in working capital	758	-2,709	-4,566
Interest paid	-2,743	-2,184	-3,329
Interest received	406	176	250
Income tax paid	-866	-1,620	-2,233
Net cash flow from operating activities	11,685	4,294	6,157
Cash flow from investments:			
Purchase of property, plant and equipment, and intangible assets	-2,002	-1,355	-1,979
Proceeds from sale of intangible assets and PPE	-	-	-
Acquisition of subsidiary, net of cash acquired	-2,803	-1,882	-2,339
Proceeds of sale of other investments	-	-	-
Dividends received	-	-	-
Cash flow from investments	-4,804	-3,236	-4,318
Cash flow from financing:			
Proceeds from share issue	7	19	1,241
Acquisition of own shares	-868	-	-
Equity financing of share-based bonus scheme	-	-	-971
Repayment of current loans	-33	-	-



Repayment of non-current loans	-	-150	-252
Withdrawals of current loans	-	-	-
Withdrawals of non-current loans	-	-	-
Dividends paid and other profit distribution	-2,041	-1,625	-1,625
Cash flow from financing	-2,935	-1,756	-1,606
Change in cash and cash equivalents	3,945	-698	234
Cash and cash equivalents at beginning of period	11,739	11,506	11,506
Change in fair value of cash and cash equivalents	-	-	-
Change in cash and cash equivalents	3,945	-698	234
Cash and cash equivalents at the end of the period	15,684	10,807	11,739

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

	a	b	c	d	e	f	g	h
Balance 1 Jan. 2007	2,031	6,729	44,939	-7	0	9,312	114	63,119
Available-for-sale investments:								0
Fair value gains/losses								0
Other						153		153
Items recognised directly in equity	0	0	0	0	0	153	0	153
Net profit						3,216	0	3,216
Total recognised income and expenses for the period	0	0	0	0	0	3,369	0	3,369
Increase of share capital	1	18						19
Dividend payment						-1,625		-1,625
Other				35			-114	-78
BALANCE 30 Sep. 2007	2,032	6,748	44,939	28	0	11,057	0	64,805

	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 recognised directly in equity	0	0	0	0	0	0	0	0
Net profit						6,060	0	6,060
Total recognised income and expenses for the period	0	0	0	0	0	6,060	0	6,060
Increase of share capital		7						7
Dividend payment			-2,041					-2,041
Own share redemption reserve			-1,000			133		-867
Share-based transactions settled in equity						-700		-700
Other				-61				-61
BALANCE 30 Sep. 2008	2,085	7,899	40,273	-73	0	20,814	0	70,999



- a = share capital
- b = share premium
- c = other reserves and invested unrestricted equity
- d = currency translation differences
- 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 has 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. The agreement is valid until 9 November 2009. Hedge accounting has not been applied to this financial instrument.

### Events after the balance sheet date:

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

### Segment information:

NET SALES, EUR 1,000	7-9/2008	7-9/2007	Change, %	1-9/2008	1-9/2007	Change, %	1-12/2007
Telecommunications	12,434	10,185	22%	44,880	34,007	32%	47,963
Finance and Services	6,720	6,377	5%	23,919	19,949	20%	29,298
Industry and Trade	6,475	6,084	6%	21,642	20,871	4%	28,578
Group total	25,630	22,645	13%	90,442	74,827	21%	105,839

OPERATING PROFIT, EUR 1,000	7-9/2008	7-9/2007	Change, %	1-9/2008	1-9/2007	Change, %	1-12/2007
Telecommunications	1,294	1,022	27%	6,919	3,899	77%	5,671
Finance and Services	247	697	-65%	954	1,209	-21%	2,617
Industry and Trade	1,015	524	94%	2,649	2,479	7%	3,511
One-off items		-719			-719		-719
Group total	2,556	1,524	68%	10,522	6,868	53%	11,080



## 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 may receive an additional purchase price based on Sunrise's achievement of its objectives for 2008. The maximum amount of the additional sales price is EUR 0.6 million, which may be paid either in cash or in Digia's shares, as determined by Digia. The acquisition generated EUR 2.5 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 recognised upon combination	Book value before combination
Property, plant and equipment	50	50
Intangible assets	4	4
Financial assets	32	32
Receivables	463	463
Cash and cash equivalents	865	865
Total assets	1,413	1,413
Income tax liabilities	27	27
Other creditors	260	260
Total liabilities	287	287
Net assets	1,126	1,126
Acquisition cost	4,311	
Goodwill	3,185	
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	7-9/2008	4-6/2008	1-3/2008	10-12/2007	7-9/2007
Net sales	25,630.2	33,133.1	31,678.4	31,012.5	22,645.0
Other operating income	17.5	4.0	5.3	-5.2	13.0
Materials and services	-1,996.5	-3,271.2	-2,822.5	-2,706.7	-1,978.7
Depreciation and impairment	-1,156.8	-1,159.4	-1,276.8	-1,285.6	-1,178.2
Other operating expenses	-19,938.7	-24,967.9	-23,356.9	-22,803.1	-17,977.2
Operating profit	2,555.7	3,738.6	4,227.6	4,211.9	1,524.0
Financial expenses (net)	-692.2	-721.4	-797.1	-858.2	-800.2
Pre-tax profit	1,863.4	3,017.2	3,430.5	3,353.7	723.8
Direct tax	-561.3	-731.6	-958.6	-699.0	-177.5
Net profit	1,302.1	2,285.6	2,471.9	2,654.7	546.3
Allocation:					
Parent company shareholders	1,302.1	2,285.6	2,471.9	2,654.7	546.3
Minority shareholders	0	0.0	0	0.0	0.0
Earnings per share, EUR	0.06	0.11	0.12	0.13	0.03
Earnings per share, EUR, diluted	0.06	0.11	0.12	0.13	0.03



## Group key figures and ratios:

	1-9/2008	1-9/2007	2007
Extent of business			
Net sales	90,441.8	74,827	105,839
- change from previous year	21%	28%	25%
Average capital invested	126,448	121,527	123,994
Personnel at period-end	1,346	1,136	1,155
Average number of personnel	1,305	1,106	1,116
Profitability			
Operating profit	10,522	6,868	11,080
- % of net sales	12%	9%	10%
Earnings before tax	8,311	4,544	7,898
- % of net sales	9%	6%	7%
Net profit	6,060	3,216	5,871
- % of net sales	7%	4%	6%
Return on equity, %	12%	7%	9%
Return on investment, %	12%	8%	9%
Financing and financial position			
Interest-bearing liabilities	56,881	56,522	56,413
Short-term investments & cash and bank receivables	15,684	10,807	11,739
Net gearing, %	58%	71%	65%
Equity ratio, %	46%	45%	47%
Net cash flow from operating activities	11,685	4,294	6,157
Earnings per share, EUR, undiluted	0.30	0.16	0.29
Earnings per share, EUR, diluted	0.30	0.16	0.29
Equity per share	3.40	3.19	3.32
Lowest share price	2.55	3.37	2.93
Highest share price	3.35	4.26	4.26
Average share price	3.05	3.84	3.77
Market capitalisation	58,390	75,794	61,079

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 20,402,086. The weighted average number of shares during the reporting period, adjusted for dilution, totalled 20,402,086. The number of outstanding shares totalled 20,853,645 at the end of the reporting period.

The company held a total of 274,973 treasury shares at the end of the reporting period. All shares have been acquired during the reporting period. In accordance with the decision of the Board of Directors, the company will continue the buyback of own shares until it holds 300,000 treasury shares or has used EUR 1,000,000 for the buybacks.

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.