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Digia's third quarter 2013: Growth in like-for-like net sales, but profitability negatively affected by investments in international business

Summary

January-September

- Consolidated net sales: EUR 73.0 (75.0) million, down 2.7 per cent
- Operating profit: EUR 2.5 million (1-9/2012: EUR 7.2 before extraordinary items and EUR 6.6 million after extraordinary items)
- Profitability (EBIT %): 3.4 per cent (1-9/2012: 9.6 per cent before extraordinary items and 8.9 per cent after extraordinary items)
- Product business accounted for 42.5 (36.6) per cent
- Earnings per share: EUR 0.06 (1-9/2012: EUR 0.23 before extraordinary items and EUR 0.20 after extraordinary items)

July-September

- Consolidated net sales: EUR 21.4 (24.4) million, down 12.3 per cent
- Operating profit: EUR 1.0 (4.5) million
- Profitability (EBIT %): 4.7 (18.6) per cent
- Product business accounted for 42.3 (47.6) per cent
- Earnings per share: EUR 0.02 (0.15)

The company's consolidated net sales for the review period and the third quarter fell compared to the same periods last year. This was due to the fact that in 2012 the company had EUR 4.0 million in accrued income from the mobile contract engineering business, which no longer existed in 2013 as the business unit was closed down at the end of 2012. The comparison figures for 2012 also included an exceptional net sales item of EUR 3.8 million related to the Qt business acquisition made in the third quarter of 2012. Excluding the effect of the above factors, the company's like-for-like net sales grew for both the review period (6.7 per cent) and the third quarter of 2013 (4.0 per cent).

Investments in international operations had a negative cost impact, which pushed down the review period's operating profit compared to the same period last year. Operating profit also fell in the third quarter, as expected. This was due to the fact that the comparison figure for 2012 includes an exceptional net sales item related to the Qt business deal, which raised operating profit for that period by EUR 3.2 million.

The Qt business progressed well and its like-for-like net sales grew by 27.9 per cent for the review period and 28.3 per cent for the third quarter compared to last year. Demand and order intake levels were good and the company made several major long-term licensing agreements during the period under review. In the third quarter there were no individual new contracts having an exceptional impact on net sales.

During the review period, the company reassessed the position of Russia in its growth strategy with regard to future growth potential, business risks and overall investment management. Based on this assessment, the Board of Digia decided in its meeting of 31 October 2013 that Digia would give up its loss-making Russian operations during the last quarter of this year.

The company expects its consolidated net sales for 2013 to be in line with that of the previous year. Profitability is expected to develop favourably in the fourth quarter.

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GROUP KEY FIGURES AND RATIOS

	7-9/2013	7-9/2012	Change (%)	1-9/2013	1-9/2012	Change (%)	2012
Net sales	21,435	24,439	-12.3%	72,959	74,997	-2.7%	100,448
Operating profit before extraordinary items	997	4,545	-78.1%	2,456	7,219	-66.0%	8,196
- % of net sales	4.7%	18.6%		3.4%	9.6%		8.2%
EBIT	997	4,545	-78.1%	2,456	6,640	-63.0%	6,884
- % of net sales	4.7%	18.6%		3.4%	8.9%		6.9%
Net profit	454	3,072	-85.2%	1,329	4,149	-68.0%	4,024
- % of net sales	2.1%	12.6%		1.8%	5.5%		4.0%
Return on equity, %	4.4%	29.9%		4.2%	13.4%		9.8%
Return on capital invested, %	6.4%	29.9%		5.7%	14.3%		11.3%
Interest-bearing liabilities	18,864	21,693	-13.0%	18,864	21,693	-13.0%	19,849
Cash and cash equivalents	6,997	8,471	-17.4%	6,997	8,471	-17.4%	8,283
Net gearing	28.4%	30.9%		28.4%	30.9%		27.5%
Equity ratio, %	54.8%	51.6%		54.8%	51.6%		52.6%
Earnings per share, undiluted (EUR)	0.02	0.15		0.06	0.20		0.19
Earnings per share, diluted (EUR)	0.02	0.15		0.06	0.20		0.19

MARKETS AND DIGIA'S BUSINESS OPERATIONS

Caution arising from the global economic situation occasionally lengthened customers' decision-making processes and delayed the start of new projects. Additionally, the continued cost pressures endured by customers were reflected in their procurement decisions and thereby in demand, especially within the Solutions and Services business.

The Integration business developed favourably and continued to grow. The company's capacity in the area was increased during the review period with external recruitment and internal personnel transfers. A strong focus on recruitment and training slightly reduced the profitability of the business in the third quarter, but was necessary to facilitate powerful future growth.

Demand for ERP system was good in the review period. There were clear differences in demand from different sectors, customers continued displaying caution in their purchasing behaviour, and sales cycles remained long. Order and bid volumes were at a healthy level.

The Qt business progressed well and its like-for-like net sales grew by 27.9 per cent for the review period and 28.3 per cent for the third quarter compared to last year. Demand and order intake levels were good and the company made several major long-term licensing agreements during the period under review. In the third quarter there were no individual new contracts having an exceptional impact on net sales.

The profitability of the Qt business was low, especially in the early part of the review period, but this was expected as the acquisition made in Q3 2012 increased the cost structure of the business. Profitability improved during the period, however, although somewhat less than expected in the third quarter. The focus of operations was especially on licence sales, which meant that the product business accounted for much more than the target level of 75% of net sales. The product business also grew faster than consulting. The renewal rate of expired maintenance contracts was very good.

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During the period, the company continued fulfilling previously reported plans related to Qt product development and areas of focus. There were significant investments in developing the business. Thanks to the favourable demand situation, the company reorganised and reinforced its sales organisations in the United States, Germany and China.

After the end of the review period, the company launched a new version of the Qt development environment for mobile developers. The Qt Mobile Edition allows for quick and affordable mobile application development and includes a development environment with Android and iOS support. New mobile platforms will be incorporated in coming versions. The Qt Mobile Edition is scheduled for customer release later this year, following the extensive Qt 5.2 update in December.

Digia's Russian unit fell significantly short of its net sales and profitability targets. During the review period, the company reassessed the position of Russia in its growth strategy with regard to future growth potential, business risks and overall investment management. Based on this assessment, the Board of Digia decided in its meeting of 31 October 2013 that Digia would give up its loss-making Russian operations during the last quarter of this year.

NET SALES

Digia's consolidated net sales for the reporting period totalled EUR 73.0 (75.0) million, down 2.7 per cent from the same period in 2012.

This was due to the fact that in 2012 the company had EUR 4.0 million in accrued income from the mobile contract engineering business, which no longer existed in 2013 as the business unit was closed down at the end of 2012. The comparison figures for 2012 also included an exceptional net sales item of EUR 3.8 million related to the Qt business acquisition made in the third quarter of 2012. Excluding the effect of the aforementioned acquisition, net sales from the Qt business grew both in the review period (27.9 per cent) and the third quarter (28.3 per cent). Thanks to this growth, the whole company's net sales grew like-for-like, both in the review period (6.7 per cent) and in Q3 (4.0 per cent). Besides the Qt business, net sales were positively affected by other operations, especially an individual third-party software maintenance deal with low margins worth EUR 2.4 million, made in Q2.

In the review period, the product business accounted for EUR 31.0 million of consolidated net sales (1-9/2012: EUR 27.4 million, including EUR 3.8 million related to the Qt business acquisition), corresponding to 42.5 (36.6) per cent.

In the review period, international business accounted for EUR 15.8 million of consolidated net sales (1-9/2012: EUR 15.4 million, including EUR 3.8 million related to the Qt business acquisition), corresponding to 21.6 (20.5) per cent.

In the review period, the Qt business accounted for EUR 14.7 million of consolidated net sales (1-9/2012: EUR 14.3 million, including EUR 3.8 million related to the Qt business acquisition).

Digia's consolidated net sales for the third quarter were EUR 21.4 million (7-9/2012: EUR 24.4 million, including EUR 3.8 million related to the Qt business acquisition), down 12.3 per cent from the same period in 2012.

In the third quarter, the product business accounted for EUR 9.1 million of consolidated net sales (7-9/2012: EUR 11.6 million, including EUR 3.8 million related to the Qt business acquisition), corresponding to 42.3 (47.6) per cent.

In the third quarter, international business accounted for EUR 5.0 million of consolidated net sales (7-9/2012: EUR 4.7 million, including EUR 3.8 million related to the Qt business acquisition), corresponding to 23.4 (19.4) per cent.

In the third quarter, the Qt business accounted for EUR 5.0 million of consolidated net sales (7-9/2012: EUR 7.3 million, including EUR 3.8 million related to the Qt business acquisition).

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PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit for the reporting period was EUR 2.5 million (1-9/2012: EUR 7.2 million before extraordinary items), down 66.0 per cent year-on-year. Profitability (EBIT %) was 3.4 (9.6) per cent. The operating profit for the same period in 2012 after extraordinary items was EUR 6.6 million, with profitability (EBIT %) at 8.9 per cent.

Digia's consolidated operating profit for the third quarter totalled EUR 1.0 (4.5) million, down 78.1 per cent from the same period in 2012. Profitability (EBIT %) was 4.7 (18.6) per cent.

Investments in international business had a negative impact on cost structure and profitability during the period under review. The decline in operating profit in the third quarter was due to the fact that the comparison figure for 2012 includes an exceptional net sales item related to the Qt business deal, which raised operating profit for that period by EUR 3.2 million.

Consolidated earnings before tax for the period totalled EUR 1.9 (5.6) million, and net profit was EUR 1.3 (4.1) million. Consolidated earnings before tax for the third quarter were EUR 0.7 (4.2) million, and net profit EUR 0.5 (3.1) million.

The consolidated earnings per share for the review period totalled EUR 0.06 (1-9/2012: EUR 0.23 before extraordinary items and EUR 0.20 after extraordinary items). Consolidated earnings per share for the third quarter were EUR 0.02 (0.15).

The Group's net financial expenses for the reporting period were EUR 0.5 (1.0) million and for the third quarter EUR 0.3 (0.4) million.

FINANCIAL POSITION AND EXPENDITURE

At the end of the reporting period, Digia Group's consolidated balance sheet total stood at EUR 88.7 million (12/2012: EUR 92.4 million), and the equity ratio was 54.8 (12/2012: 52.6) per cent. Net gearing was 28.4 (12/2012: 27.5) per cent. Period-end cash and cash equivalents totalled EUR 7.0 (12/2012: 8.3) million.

Interest-bearing liabilities amounted to EUR 18.9 (12/2012: 19.8) million at the period end. These consisted of EUR 18.0 million in loans from financial institutions and EUR 0.9 million in financial leasing liabilities.

The Group's cash flow from business operations for the period was positive by EUR 1.7 (17.7) million. In 2012, cash flow from operations included EUR 12.2 million in cash flow related to the Qt acquisition. Cash flow from investments for the review period was negative by EUR 0.4 (15.8) million. In 2012, cash flow from investments included EUR 14.5 million in cash flow related to the Qt acquisition. Cash flow from finance for the review period was negative by EUR 2.6 (1.6) million. Cash flow from finance was negatively affected by the payment of dividends totalling EUR 2.1 million during the reporting period.

The Group's investments in fixed assets during the review period totalled EUR 0.4 (0.4) million.

Return on investment (ROI) for the period was 5.7 (14.3) per cent, and return on equity (ROE) was 4.2 (13.4) per cent.

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

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The table below shows the distribution of 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
Group total	8,993	1,127	51,105	6,814	66,912

Present values were calculated for the forecast period based on the following assumptions: Net sales and operating profit for the first three quarters of the forecast period according to the confirmed figures for the last three quarters, and for the following quarter according to budget; after this, annual growth in net sales of 3.0 per cent and in operating profit of 10.0 per cent, and a pre-tax discount rate of 9.4 per cent. Cash flows after the forecast period were estimated by means of cash-flow extrapolation, applying the assumptions given above.

According to a completed sensitivity analysis, the goodwill requires either net sales to remain at the current level with profitability of 5.7 per cent, or a 3.0 per cent growth in net sales with profitability of 3.2 per cent. The management sees no risk of goodwill impairment.

PERSONNEL, MANAGEMENT AND ADMINISTRATION

At the end of the period, the total number of Group personnel was 937, representing a decrease of 45 employees or 4.6 per cent since the end of 2012 (982). During the reporting period the number of employees averaged 939, a decrease of 86 employees or 8.4 per cent from the 2012 average (1,025).

Employees by function at the end of the period

Business units	95%
Administration and management	5%

As of the end of the period, 173 (12/2012: 195) employees were working outside of Finland.

The Digia Plc Annual General Meeting of 12 March 2013 re-elected Päivi Hokkanen, Robert Ingman, Kari Karvinen, Pertti Kyttälä, Seppo Ruotsalainen, Leena Saarinen and Tommi Uhari as members of the Board. At the organisation meeting of the Board, Pertti Kyttälä was elected Chairman of the Board and Robert Ingman 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 Authorised Public Accountant Heikki Ilkka as the principal auditor.

RISKS AND UNCERTAINTIES

The company’s short-term business risks and uncertainties were described in the 2012 Financial Statements. These are unchanged.

Risks and their management are described on the company’s website at www.digia.com.

FUTURE PROSPECTS

The company is focusing heavily on paving the way for growth. Besides organic growth, the company will actively pursue opportunities to make carefully considered business acquisitions that support its strategy.

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The company expects the IT market to remain at roughly the previous year's level through 2013. The company does not expect any major growth in the market in 2014, either.

The company will continue its efforts to develop its customer understanding and sales and service portfolio, to ensure that it can offer increasingly competitive services and solutions for boosting its customers' business efficiency.

The company expects demand for its ERP systems to remain good, although increased caution on the customer side and lengthening sales cycles may have an effect on future order intake and requests for tenders.

Demand for integration services is also expected to stay relatively high, with net sales from that business growing sharply thanks to recruitment and training investments made in the last quarter of 2013.

The company predicts that the cost pressures felt by customers and the resulting caution will have an impact mostly on demand for solutions and services, where decision-making may be delayed, especially in larger projects.

The company intends to give up its loss-making Russian operations during the last quarter of 2013.

The Chinese unit will focus on Qt licence sales and supporting service.

The company expects net sales from the Qt business to continue growing, leading to an improvement in operational profitability. Significant investments in developing the Qt business and Qt technology will continue for the rest of the year. The company will reinforce its sales network, especially in Asia. The order book is healthy, considering the time of year and general market situation, and Digia expects demand to continue growing even in the large customer segment. Contract lead times are very long in this market, however – typically 6–18 months – which can cause significant fluctuations between quarters in terms of net sales and, particularly, profitability.

Overall, the company expects its consolidated net sales for 2013 to be in line with that of the previous year. Profitability is expected to develop favourably in the fourth quarter.

OTHER EVENTS DURING THE REVIEW PERIOD

Convening on 12 March 2013, Digia Plc's Annual General Meeting (AGM) adopted the financial statements for 2012, 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 2012, the AGM approved the Board's proposal to pay a dividend of EUR 0.10 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 15 March 2013. The dividend payment date was 22 March 2013.

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 by means of the company's unrestricted equity. The Board shall decide on how these shares are to be bought. Own shares may be bought back in disproportion to the holdings of the shareholders. The authorisation also includes 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, for offering 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 supersedes that granted by the AGM of 13 March 2012 and is valid for 18 months, i.e. until 12 September 2014.

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 may total, at a maximum, 4,000,000 shares. The authorisation applies both to new shares and to 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, in deviation from the pre-emptive subscription rights of the shareholders (a directed issue). The authorisation may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes. The Board was authorised to decide on all terms related 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 its being written off against the subscriber's receivables, and its recognition in the company's balance sheet. This authorisation supersedes that granted by the AGM of 13 March 2012 and is valid for 18 months, i.e. until 12 September 2014.

Based on the authorisation received, the Board decided on 12 March 2013 to make a directed share issue of 33,326 to the company's management, in accordance with Section 4 of Chapter 9 of the Limited Liability Companies Act, as part of the payments related to the share-based incentive scheme for 2012.

SHARE CAPITAL AND SHARES

On 30 September 2013, the number of Digia Plc shares totalled 20,875,645.

At the end of the period, according to Finnish Central Securities Depository Ltd, Digia had 5,207 shareholders.

The 10 biggest shareholders were

Shareholder	Shares and votes
Ingman Group Oy Ab	19.6%
Jyrki Hallikainen	10.2%
Ilmarinen Mutual Pension Insurance Company	9.4%
Kari Karvinen	6.1%
Matti Savolainen	5.9%
NASDAQ OMXBS/Skandinaviska Enskilda Banken AB	4.6%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc (nominee-registered)	1.3%
Etola Oy	1.0%
Juha Varelius	0.9%

Distribution of holdings by number of shares held on 30 September 2013

Number of shares	Shareholders	Shares and votes
1–100	22.6%	0.4%
101–1,000	59.3%	6.7%
1,001–10,000	16.5%	10.9%
10,001–100,000	1.1%	9.0%
100,001–1,000,000	0.4%	21.8%
1,000,001–4,000,000	0.1%	51.2%

Shareholding by sector on 30 September 2013

	Shareholders	Shares
Non-financial corporations	4.2%	24.0%
Financial and insurance corporations	0.2%	1.8%
General government	0.1%	13.0%
Not-for-profit institutions serving households	0.3%	0.9%
Households	94.7%	52.8%
Rest of the world	0.6%	7.4%

The weighted average number of shares during the reporting period, adjusted for share issues, was 20,805,681. The number of outstanding shares was 20,818,273 in total at the end of the review period.

The company held a total of 57,372 treasury shares at the end of the reporting period. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.3 per cent of the capital stock as of 30 September 2013.

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 2.65 and the highest was EUR 3.88. The share officially closed at EUR 3.77 on the last trading day. The trade-weighted average was EUR 3.09. The Group’s market capitalisation totalled EUR 78,701,182 at the end of the period.

The company received the following flagging notifications during the reporting period

- Ilmarinen Mutual Pension Insurance Company announced on 22 February 2013 that its holding in the company had risen above the 5% flagging threshold, to 9.12% of all shares and votes in the company
- Pekka Päiviö Sivonen announced on 25 February 2013 that his holding in the company had fallen below the 5% flagging threshold, to 0.85% of the company’s shares and votes

STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 1 November 2013

Digia Plc

Board of Directors

COMMUNICATIONS

Digia will hold a briefing on its interim report for analysts on Friday 1 November 2013, at 11 am, in Cabinet II (7th floor) of Restaurant Savoy, Eteläesplanadi 14, 00130 Helsinki, Finland. All are welcome.

FURTHER INFORMATION

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The Interim Report and presentation thereof will be available at the company's website at www.digia.com in the Investors section, from 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 interim report has been prepared in compliance with IFRS and the IAS 34 standard.
This interim report is based on unaudited figures.

CONSOLIDATED INCOME STATEMENT, EUR 1,000

EUR 1,000	7-9/2013	7-9/2012	Change (%)	1-9/2013	1-9/2012	Change (%)	2012
NET SALES	21,435.2	24,439.2	-12.3%	72,958.7	74,997.0	-2.7%	100,448.2
Other operating income	305.9	256.4	19.3%	1,038.5	710.2	46.2%	1,090.4
Materials and services	-1,871.3	-1,963.1	-4.7%	-8,955.9	-6,692.3	33.8%	-9,194.4
Depreciation, amortisation and impairment	-708.5	-1,086.8	-34.8%	-2,215.1	-2,432.3	-8.9%	-3,318.6
Other operating expenses	-18,163.8	-17,100.8	6.2%	-60,370.6	-59,942.8	0.7%	-82,141.3
EBIT	997.4	4,544.9	-78.1%	2,455.6	6,639.8	-63.0%	6,884.2
Financial expenses (net)	-264.9	-378.9	-30.1%	-536.6	-1,015.7	-47.2%	-1,280.9
Earnings before tax	732.5	4,166.0	-82.4%	1,919.0	5,624.1	-65.9%	5,603.3
Income taxes	-278.2	-1,094.4	-74.6%	-589.8	-1,475.1	-60.0%	-1,579.0
NET PROFIT	454.3	3,071.6	-85.2%	1,329.2	4,149.0	-68.0%	4,024.3
Other comprehensive income:							
Items which may subsequently be reclassified to profit or loss:							
Exchange differences on translation of foreign operations	214.0	302.7		12.6	620.1		345.4
TOTAL COMPREHENSIVE INCOME	668.3	3,374.3	-80.2%	1,341.8	4,769.1	-71.9%	4,369.7
Distribution of net profit:							
Parent-company shareholders	454.3	3,071.6	-85.2%	1,329.2	4,149.0	-68.0%	4,024.3
Minority interest	0.0	0.0		0.0	0.0		0.0
Distribution of total comprehensive income:							
Parent-company shareholders	668.3	3,374.3	-80.2%	1,341.8	4,769.1	-71.9%	4,369.7
Minority interest	0.0	0.0		0.0	0.0		0.0
Earnings per share (EUR)	0.02	0.15		0.06	0.20		0.19
Earnings per share, diluted (EUR)	0.02	0.15		0.06	0.20		0.19

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CONSOLIDATED BALANCE SHEET, EUR 1,000

ASSETS	30/9/2013	31/12/2012	Change (%)
Non-current assets			
Intangible assets	60,418.0	61,265.0	-1.4%
Tangible assets	1,449.5	2,152.3	-32.7%
Financial assets	627.0	627.0	0.0%
Inventories	1.5	25.3	-94.3%
Long-term receivables	69.5	69.5	0.0%
Deferred tax assets	377.3	535.0	-29.5%
Total non-current assets	62,942.7	64,674.0	-2.7%
Current assets			
Current receivables	18,789.9	19,418.5	-3.2%
Available-for-sale financial assets	322.8	318.7	1.3%
Cash and cash equivalents	6,673.9	7,964.5	-16.2%
Total current assets	25,786.6	27,701.7	-6.9%
Total assets	88,729.3	92,375.7	-3.9%
Shareholders' equity and liabilities	30.9.2013	31.12.2012	Change (%)
Share capital	2,087.6	2,087.6	0.0%
Rights issue	0.0	0.0	
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	33,447.8	33,447.8	0.0%
Translation difference	566.5	553.8	2.3%
Retained earnings	-8,754.5	-11,153.7	-21.5%
Net profit	1,329.2	4,024.3	-67.0%
Equity attributable to parent-company shareholders	41,779.8	42,063.1	-0.7%
Minority interest	0.0	0.0	
Total shareholders’ equity	41,779.8	42,063.1	-0.7%
Liabilities			
Long-term interest-bearing liabilities	9,823.5	13,026.6	-24.6%
Received long-term advances	3,615.9	4,192.7	-13.8%
Other long-term liabilities	0.0	0.0	
Deferred tax liabilities	721.4	639.4	12.8%
Total long-term liabilities	14,160.9	17,858.7	-20.7%
Short-term interest-bearing liabilities	9,040.6	6,822.5	32.5%
Other short-term liabilities	23,748.1	25,631.4	-7.3%
Total short-term liabilities	32,788.7	32,453.9	1.0%
Total liabilities	46,949.6	50,312.6	-6.7%
Shareholders' equity and liabilities	88,729.3	92,375.7	-3.9%

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CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1/1/2013-30/9/2013	1/1/2012-30/9/2012	1/1/2012-31/12/2012
Cash flow from operations:			
Net profit	1,329	4,149	4,024
Adjustments to net profit	563	6,730	8,176
Change in working capital	-74	6,924	8,072
Interest paid	-328	-596	-728
Interest income	0	3	7
Taxes paid	200	490	395
Net cash flow from operations	1,690	17,700	19,946
Cash flow from investments:			
Purchases of tangible and intangible assets	-394	-15,776	-16,210
Cash flow from investments	-394	-15,776	-16,210
Cash flow from financing:			
Proceeds from share issue	0	0	0
Acquisition of own shares	0	0	0
Repayment of current loans	-3,500	-3,544	-5,544
Repayments of non-current loans	0	0	0
Withdrawals of current loans	3,000	500	500
Withdrawals of non-current loans	0	3,500	3,500
Dividends paid and other profit distribution	-2,082	-2,078	-2,078
Cash flow from financing	-2,582	-1,623	-3,623
Change in liquid assets	-1,287	301	113
Liquid assets at beginning of period	8,283	8,170	8,170
Change in fair value			
Change in liquid assets	-1,287	301	113
Liquid assets at end of period	6,997	8,470	8,283

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

	a	b	c	d	e	f	g	h
Shareholders' equity, 1 January 2012	2,088	0	7,899	35,525	5,204	208	-11,172	39,753
Net profit							4,149	4,149
Other comprehensive income						620		620
Repayment of capital				-2,077				-2,077
Share-based payments recognised against equity							329	329
Shareholders' equity, 30 September 2012	2,088	0	7,899	33,448	5,204	828	-6,694	42,773
	a	b	c	d	e	f	g	h
Shareholders' equity, 1 January 2013	2,088	0	7,899	33,448	5,204	554	-7,129	42,063
Net profit							1,329	1,329
Other comprehensive income						13		13
Dividends							-2,082	-2,082
Share-based payments recognised against equity							457	457
Shareholders' equity, 30 September 2013	2,088	0	7,899	33,448	5,204	566	-7,425	41,780

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. In other respects, the same accounting principles have been applied as in the 2012 Financial Statements. The accounting principles and formulas for the calculation of key figures and ratios are unchanged and are presented in the 2012 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 2,081,827.30.

Related-party transactions

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

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Consolidated income statement by quarter

EUR 1,000	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012
Net sales	21,435.2	28,010.6	23,512.9	25,451.2	24,439.2
Other operating income	305.9	441.0	291.7	380.2	256.4
Materials and services	-1,871.3	-4,772.7	-2,311.8	-2,502.1	-1,963.1
Depreciation, amortisation and impairment	-708.5	-775.0	-731.5	-886.3	-1,086.8
Other operating expenses	-18,163.8	-20,972.8	-21,234.0	-22,198.5	-17,100.8
EBIT	997.4	1,931.0	-472.8	244.4	4,544.9
Financial expenses (net)	-264.9	-4.3	-267.5	-265.2	-378.9
Earnings before tax	732.5	1,926.8	-740.2	-20.8	4,166.0
Income taxes	-278.2	-580.2	268.6	-103.9	-1,094.4
Net profit	454.3	1,346.5	-471.7	-124.7	3,071.6
Allocation:					
Parent-company shareholders	454.3	1,346.5	-471.7	-124.7	3,071.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Earnings per share (EUR)	0.02	0.04	-0.02	-0.01	0.15
Earnings per share, diluted (EUR)	0.02	0.04	-0.02	-0.01	0.15

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Group key figures and ratios

EUR 1,000	1-9/2013	1-9/2012	2012
Extent of business:			
Net sales	72,959	74,997	100,448
- change from previous year	-2.7%	-18.3%	-17.6%
Average capital invested	61,278	63,045	61,768
Personnel at period end	937	1,044	982
Average number of personnel	939	1,030	1,025
Profitability:			
Operating profit before extraordinary items and impairment	2,456	7,219	8,154
- % of net sales	3.4%	9.6%	8.2%
EBIT	2,456	6,640	6,884
- % of net sales	3.4%	8.9%	6.9%
Earnings before tax	1,919	5,624	5,603
- % of net sales	2.6%	7.5%	5.6%
Net profit	1,329	4,149	4,024
% of net sales	1.8%	5.5%	4.0%
Return on equity, %	4.2%	13.4%	9.8%
Return on investment, %	5.7%	14.3%	11.3%
Financing and financial standing:			
Interest-bearing liabilities	18,864	21,693	19,849
Short-term investments & cash and bank receivables	6,997	8,471	8,283
Net gearing	28.4%	30.9%	27.5%
Equity ratio	54.8%	51.6%	52.6%
Net cash flow from operations	1,690	17,700	20,251
Earnings per share, undiluted (EUR)	0.06	0.20	0.19
Earnings per share, diluted (EUR)	0.06	0.20	0.19
Equity/share, EUR	2.00	2.05	2.01
Lowest share trading price (EUR)	2.65	2.28	2.28
Highest share trading price (EUR)	3.88	3.30	3.30
Average share price (EUR)	3.09	2.87	2.82
Market capitalisation	78,701	57,826	54,694

Formulae for key figures and ratios are presented in the 2012 financial statements. These remained unchanged during the reporting period.

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