digia

Digia's fourth quarter 2012: Operating profit slightly better than expected, despite effects of Qt acquisition and one-off costs of finalised personnel negotiations

Summary

January-December

- Consolidated net sales: EUR 100.4 (121.9) million, down 17.6 per cent
- Operating profit before extraordinary items: EUR 8.2 (8.1) million, up 1.4 per cent
- Extraordinary items comprise EUR 1.3 million restructuring costs for reorganisation and personnel negotiations (1-12/2011: restructuring costs EUR 4.9 million and goodwill writedown EUR 25.4 million)
- Operating profit after extraordinary items: EUR 6.9 (−22.2) million
- Profitability (EBIT%): 8.2 (6.6) per cent before extraordinary items and 6.9 (−18.2) per cent after extraordinary items
- Product business accounted for 36.4 (21.0) per cent
- Earnings per share: EUR 0.26 (0.32) before extraordinary items and EUR 0.19 (−1.08) after extraordinary items

October-December

- Consolidated net sales EUR 25.5 (30.2) million, down 15.7 per cent
- Operating profit before extraordinary items: EUR 1.0 (2.5) million, down 60.7 per cent
- Extraordinary items comprise EUR 0.7 million restructuring costs for reorganisation and personnel negotiations (Q4/2011: restructuring costs EUR 1.1 million)
- Operating profit after extraordinary items: EUR 0.2 (1.4) million
- Profitability (EBIT%): 3.8 (8.2) per cent before extraordinary items and 1.0 (4.6) per cent after extraordinary items
- Product business accounted for 35.8 (25.3) per cent
- Earnings per share: EUR 0.03 (0.11) before extraordinary items and EUR −0.01 (0.06) after extraordinary items

On 8 August the company made a deal to buy Qt software technology and the related business from Nokia Plc. The acquisition became effective on 18 September and included a net income sum of EUR 9.2 million related to rights of use granted to Nokia. Of this, EUR 4.2 was allocated to the fourth quarter, bringing a significant temporary injection into the company's consolidated net sales.

Even without the aforementioned Qt deal, the company's Qt product business was successful in the review period. Thanks to the Qt business, the share of product business and international business in the company's operations grew significantly year on year. They now form a major part of the company's overall business.

Despite the positive effect on net sales of the Qt deal, the company's overall net sales fell during the review period and during the fourth quarter compared to the corresponding periods in the previous year. This was due to the major decline in demand for mobile contract engineering services which began in Q2/2011 and continued throughout 2012.

After those changes, the company has consistently and successfully adjusted its operations and organisation to correspond to the new operating environment. On 18 September 2012, the company initiated personnel negotiations with the aim of reorganising. The negotiations apply to the personnel of the Qt business and the remaining mobile contract engineering business in the Helsinki, Tampere, Jyväskylä and Oulu offices. With the finalisation of the negotiations on 30 October 2012, the company concluded its adjustment measures in relation to the mobile contract engineering business. The negotiations resulted in the laying off of 52 employees.

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In spite of the aforementioned adjustment measures, the decline in consolidated net sales led to an increase in the proportion of fixed costs, which in turn hindered the growth of operational profitability during the review period. Profitability in the review period was also negatively affected by an exceptional loss provision of EUR 0.8 million related to two customer deliveries.

In the fourth quarter, the company's results were also impacted by increased personnel expenses arising from the acquisition of new personnel through the Qt deal, the cost of the adoption of the acquired business, and one-off expenses of EUR 0.7 million related to the reorganisation and completed personnel negotiations. Despite all this, the result of the fourth quarter was somewhat better than expected.

The company expects its operating profit to remain slightly below normal, at most slightly on the positive side through the first quarter of 2013, with improvement after that. Profitability is expected to return to a good level in the second half of 2013, thanks to completed streamlining measures and the development of the Qt business.

Company predicts that its revenue for 2013 will be approximately on 2012 level. Development of the revenue compared to 2012 is burdened by the termination of the mobile contract engineering business.

Proposal for dividend distribution

At the end of 2012, the distributable shareholders' equity of Digia Plc was EUR 36,643,688.90, of which EUR 3,558,364.21 was the net profit for the year. At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.10 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2012. Shareholders listed in the shareholder register maintained by Euroclear Finland Oy on the dividend reconciliation date, 15 March 2013, will be eligible for the payment of dividend. Dividends will be paid on 22 March 2013.

GROUP KEY FIGURES AND RATIOS

	10-12/2012	10-12/2011	Change, %	1-12/2012	1-12/2011	Change, %
Net sales	25,451	30,197	-15.7%	100,448	121,940	-17.6%
Operating profit before extraordinary items	977	2,482	-60.7%	8,196	8,084	1.4%
- % of net sales	3.8%	8.2%		8.2%	6.6%	
Operating profit	244	1,386	-82.4%	6,884	-22,168	
- % of net sales	1.0%	4.6%		6.9%	-18.2%	
Net profit	-125	1,217		4,024	-22,452	
- % of net sales	-0.5%	4.0%		4.0%	-18.4%	
Return on equity,%	-1.2%	12.5%		9.8%	-41.9%	
Return on capital invested, %	1.6%	9.6%		11.3%	-28.7%	
Interest-bearing liabilities	19,849	21,872	-9.2%	19,849	21,872	-9.2%
Cash and cash equivalents	8,283	8,170	1.4%	8,283	8,170	1.4%
Net gearing	27.5%	34.5%		27.5%	34.5%	
Equity ratio	52.6%	47.8%		52.6%	47.8%	
Earnings per share, EUR, undiluted	-0.01	0.06		0.19	-1.08	
Earnings per share, EUR, diluted	-0.01	0.06		0.19	-1.08	

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MARKETS AND DIGIA'S BUSINESS OPERATIONS

The current weak economic prospects have from time to time caused delays in customers' decision-making and therefore in the start-up of new projects. Additionally, constant cost pressures on customers are reflected in their procurement decisions.

The human resources situation has two quite different aspects. On the one hand, a large number of experts were released onto the job market from various contract engineering projects; on the other, there is a shortage of experienced architecture and business experts, which is causing lengthened recruitment processes and pressure for pay rises.

The company's new organisation took effect at the beginning of 2012. It proved to be effective and worked according to plan. In some areas, operational efficiency will be enhanced further to improve profitability and develop the service portfolio.

The increased cost pressure on Digia's customers particularly affected demand for customer-specific solutions and services, especially in the private sector.

Demand for ERP systems and other operational systems was fair during the review period, although increased caution was evident in customers' purchasing behaviour and sales cycles have become longer. The order intake book is still at a normal, healthy level.

The Qt business increased its net sales, with operations progressing according to plan during the period. The high profitability of the business fell towards the end of the review period, as expected, due to the Nokia Qt deal increasing the costs of the business. During the period the company revised some of its previously published plans related to Qt product development and its areas of focus. The new Qt message was positively received by the market and has opened significant new business opportunities, especially in the large customer segment.

The focus of development of Digia's Russian unit was on ERP system solutions for local customers within the retail value chain. Besides offering services locally, the Russian unit also supports the company's business in Finland by providing near shore services, particularly within ERP system solutions.

The focus of development of the Chinese unit was increasingly on Qt licence and consulting services offered to the local Chinese market. The completed Qt acquisition reinforced the company's competitiveness in this area.

CONSOLIDATED NET SALES

Digia's consolidated net sales for the reporting period totalled EUR 100.4 (121.9) million, down 17.6 per cent from the same period in 2011.

The decrease was due to a sharp fall in demand for mobile contract engineering services in Q2 2011, which continued through 2012. Net sales generated by the Qt business grew significantly from the comparison period, reaching EUR 18.3 million during the period under review. Of that figure, EUR 4.2 million came from the granting of rights of use of Qt technology to Nokia as part of the Qt business acquisition.

During the reporting period, the product business accounted for EUR 36.5 (25.7) million or 36.4 (21.0) per cent of consolidated net sales.

International operations accounted for EUR 20.6 (14.7) million or 20.5 (12.1) per cent of consolidated net sales.

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Digia's consolidated net sales for the fourth quarter were EUR 25.5 (30.2) million, down 15.7 per cent from the same period in 2011.

During the fourth quarter, the product business accounted for EUR 9.1 (7.6) million of consolidated net sales, or 35.8 (25.3) per cent.

In the same period, the international business accounted for EUR 5.2 (5.1) million of consolidated net sales, or 20.6 (17.0) per cent.

PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit before extraordinary items for the reporting period was EUR 8.2 (8.1) million, up 1.4 per cent year on year. Profitability (EBIT%) before extraordinary items was 8.2 (6.6) per cent.

Digia's consolidated operating profit after extraordinary items for the review period was EUR 6.9 (-22.2) million. Profitability (EBIT%) after extraordinary items was 6.9 (-18.2) per cent. Extraordinary items comprise a EUR 1.3 million restructuring cost related to the personnel negotiations and reorganisations conducted during the year.

Digia's consolidated fourth-quarter operating profit before extraordinary items was EUR 1.0 (2.5) million, representing a year-on-year decrease of 60.7 per cent. Profitability (EBIT%) before extraordinary items was 3.8 (8.2) per cent.

Digia's consolidated operating profit after extraordinary items for the quarter came to EUR 0.2 (1.4) million, down 82.4 per cent year on year. Profitability (EBIT%) after extraordinary items was 1.0 (4.6) per cent.

Operating profit and profitability were positively affected in the review period by income from the granting of rights of use of Qt technology to Nokia as part of the Qt deal. Conversely, the company's operating cost structure and profitability were negatively affected during the period by investments into the international product business and a relative increase in the proportion of fixed operating costs. There were also temporary negative effects from the additional costs caused by increased personnel turnover at the beginning of the year, and by loss provisions related to two customer projects in the third quarter. The profitability of the Solutions and Services business was lower than expected throughout the period.

Consolidated earnings before tax for the period totalled EUR 5.6 (−23.1) million, and net profit was EUR 4.0 (−22.5) million. Consolidated earnings before tax for the fourth quarter were EUR −0.02 (1.1) million, and net profit totalled EUR −0.1 (1.2) million.

Consolidated earnings per share for the review period totalled EUR 0.26 (0.32) before extraordinary items and EUR 0.19 (-1.08) after extraordinary items. Consolidated earnings per share for the fourth quarter were EUR 0.03 (0.11) before extraordinary items and EUR −0.01 (0.06) after extraordinary items.

The Group's net financial expenses for the reporting period were EUR 1.3 (1.0) million and for the fourth quarter EUR 0.3 (0.3) million.

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FINANCIAL POSITION AND EXPENDITURE

At the end of the reporting period, Digia Group's consolidated balance sheet total stood at EUR 92.4 million (12/2011: EUR 87.8 million), and the equity ratio was 52.6 (12/2011: 47.8) per cent. Net gearing was 27.5 (12/2011: 34.5) per cent. Period-end cash and cash equivalents totalled EUR 8.3 (12/2011: 8.2) million.

Interest-bearing liabilities amounted to EUR 19.8 (12/2011: 21.9) million at the period end. These consisted of EUR 18.5 million in loans from financial institutions and EUR 1.3 million in financial leasing liabilities.

The Group's cash flow from operations for the period was positive by EUR 19.9 (8.8) million, cash flow from investments was negative by EUR 16.2 (2.7) million, and cash flow from financing was negative by EUR 3.6 (7.6) million. Billing of EUR 12.2 million from Nokia in relation to the Qt acquisition deal had a positive impact on operational cash flow. Cash flow from financing was negatively affected by the repayment of loans for a total sum of EUR 5.5 million, as well as the payment of EUR 2.1 million in dividends. Additionally, a long-term loan of EUR 4.0 million was taken out during the period for the Qt acquisition.

The Group's investments in fixed assets during the review period totalled EUR 0.8 (2.7) million. Acquisitions of tangible fixed assets totalled EUR 0.7 (2.3) million.

Return on investment (ROI) for the period was 11.3 (–28.7) per cent, and return on equity (ROE) was 9.8 (–41.9) per cent.

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

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	9,820	1,539	51,105	7,515	68,440

Present values were calculated for the forecast period based on the following assumptions: consolidated net sales and operating profit for 2013 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 5.9 per cent, or a 3.0 per cent growth in net sales with profitability of 3.4 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 982, representing a decrease of 193 employees or 16.4 per cent compared to the end of 2011 (1,175). During the reporting period the number of employees averaged 1,025, a decrease of 428 employees or 29.5 per cent from the 2011 average (1,453).

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Employees by function at the end of the period

Business units	96%
Administration and management	4%

As of the end of the period, 195 (12/2011: 161) employees were working abroad.

The Digia Plc Annual General Meeting of 13 March 2012 re-elected Robert Ingman, Kari Karvinen, Pertti Kyttälä and Tommi Uhari as members of the Board. Päivi Hokkanen, Seppo Ruotsalainen and Leena Saarinen were elected as new members. 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.

Anja Wasenius started as Acting CFO in June 2012.

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

RISKS AND UNCERTAINTIES

Short-term uncertainties are related to any major changes occurring in the company's core business areas.

Contrary to previous years, the company no longer has any business risk related to mobile contract engineering services. Instead, the company made a significant investment into Qt technology and related business opportunities with the Qt business acquisition completed in 2012. If the Qt business fails to develop according to the company's expectations, the investments and related costs may have a significant impact on the company's short-term profitability. Possible changes in the competitive scenario or market for that business may also impact the company's future net sales and profitability.

If the Eurozone debt crisis and global economic recession continue, they may affect customers' investment decisions and liquidity, and thereby the company's sales and profits. Increased uncertainty has already been detected in customers' investment decisions, having delayed planned project schedules for a while, but recent developments have not been in any way alarming.

Furthermore, the growth in customer project sizes increases the risks related to projects and their profitability.

Risks and their management are described on the company's website at www.digia.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. The main cornerstones of the company's operations are still high profitability and a positive cash flow.

The company expects the IT market to remain at roughly the previous year's level in 2013.

Efforts will continue to be made to develop the company's sales and service portfolio to ensure that it can offer increasingly competitive services and solutions for boosting its customers' business efficiency.

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

The company continues to seek growth in the expanding Russian market. The Chinese unit will focus on Qt licence sales and supporting service.

The company expects net sales from the Qt business to continue growing.

Operating profit is predicted to remain slightly below normal or at most slightly positive through the first quarter of 2013, after which it should improve. Profitability is expected to return to a good level in the second half of 2013, thanks to completed streamlining measures and the development of the Qt business.

Company predicts that its revenue for 2013 will be approximately on 2012 level. Development of the revenue compared to 2012 is burdened by the termination of the mobile contract engineering business.

OTHER EVENTS DURING THE REVIEW PERIOD

Convening on 13 March 2012, the Digia Plc Annual General Meeting (AGM) approved the financial statements for 2011, released the Board members and the CEO from liability, determined Board emoluments, resolved to keep the number of Board members at seven, and elected the Board of Directors for the new term.

With regard to profit distribution for 2011, the AGM approved the Board's proposal to make a repayment of capital of EUR 0.10 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 16 March 2012. The date for the repayment of capital was 23 March 2012.

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 not more than 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 16 March 2011 and is valid for 18 months, i.e. until 13 September 2013.

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

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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 16 March 2011 and is valid for 18 months, i.e. until 13 September 2013.

SHARE CAPITAL AND SHARES

On 31 December 2012, 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 5,770 shareholders.

The 10 biggest shareholders were

Shareholder	Shares and votes
Ingman Group Oy Ab	16.8%
Jyrki Hallikainen	10.2%
Pekka Sivonen	8.8%
Kari Karvinen	6.3%
Matti Savolainen	6.1%
Ilmarinen Mutual Pension Insurance Company	4.8%
Varma Mutual Pension Insurance Company	3.6%
Nordea Bank Finland Plc (nominee-registered)	1.6%
Etola Oy	1.0%
Rausanne Oy	0.9%

Distribution of holdings by number of shares held on 31 December 2012

Number of shares	Shareholders	Shares and votes
1–100	22.4%	0.4%
101–1000	58.7%	7.4%
1,001–10,000	17.4%	12.9%
10,001–100,000	1.1%	8.8%
100,001–1,000,000	0.4%	22.4%
1,000,001–4,000,000	0.1%	48.1%

Shareholding by sector on 31 December 2012

	Shareholders	Shares
Non-financial corporations	4.5%	22.0%
Financial and insurance corporations	0.2%	4.8%
General government	0.1%	8.4%
Not-for-profit institutions serving households	0.2%	0.5%
Households	94.6%	63.2%
Rest of the world	0.4%	1.1%

The weighted average number of shares during the reporting period, adjusted for share issues, was 20,763,388. The number of outstanding shares was 20,772,523 in total at the end of the review period.

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The company held a total of 103,122 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 0.5 per cent of the capital stock as of 31 December 2012. In relation to the company's performance-based incentive system, Digia has financed the acquisition of 300,000 treasury shares. At the end of the review period, 12,424 of these shares remained undistributed and were under the management of Evli Alexander Management Ltd.

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 2.28 and the highest was EUR 3.30. The share officially closed at EUR 2.62 on the last trading day. The trade-weighted average was EUR 2.82. The Group's market capitalisation totalled EUR 54,694,190 at the end of the period.

The company received no flagging notifications during the reporting period.

STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 1 February 2013

Digia Plc

Board of Directors

COMMUNICATIONS

Digia will hold a briefing on its Financial Statement for analysts on Friday 1 February 2013 at 11 am, in meeting room 2 of WTC Sodexo in the World Trade Center, Aleksanterinkatu 17, 00100 Helsinki, Finland. All are welcome.

FURTHER INFORMATION

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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 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 was prepared in compliance with IFRS and the IAS 34 standard.
These financial statements are unaudited.

CONSOLIDATED INCOME STATEMENT, EUR 1,000

	10-12/2012	10-12/2011	Change, %	1-12/2012	1-12/2011	Change, %
Net sales	25,451.2	30,197.3	-15.7%	100,448.2	121,939.9	-17.6%
Other operating income	380.2	261.0	45.7%	1,090.4	360.7	202.3%
Materials and services	-2,502.1	-2,568.9	-2.6%	-9,194.4	-10,721.0	-14.2%
Depreciation, amortisation and impairment	-886.3	-1,095.9	-19.1%	-3,318.6	-29,267.9	-88.7%
Other operating expenses	-22,198.5	-25,407.6	-12.6%	-82,141.3	-104,479.7	-21.4%
EBIT	244.4	1,385.9	-82.4%	6,884.2	-22,168.0	
Financial expenses (net)	-265.2	-318.3	-16.7%	-1,280.9	-963.1	33.0%
Earnings before tax	-20.8	1,067.7		5,603.3	-23,131.2	
Income taxes	-103.9	149.8		-1,579.0	679.5	
NET PROFIT	-124.7	1,217.5		4,024.3	-22,451.6	
Other comprehensive income:						
Exchange differences on translation of foreign operations	-274.7	153.1		345.4	42.1	
Total comprehensive income	-399.4	1,370.6		4,369.7	-22,409.5	
Distribution of net profit:						
Parent-company shareholders	-124.7	1,217.5		4,024.3	-22,451.6	
Minority interest	0.0	0.0		0.0	0.0	
Distribution of total comprehensive income:						
Parent-company shareholders	-399.4	1,370.6		4,369.7	-22,409.5	
Minority interest	0.0	0.0		0.0	0.0	
Earnings per share, EUR	-0.01	0.06		0.19	-1.08	
Earnings per share (diluted), EUR	-0.01	0.06		0.19	-1.08	

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CONSOLIDATED BALANCE SHEET, EUR 1,000

ASSETS	31.12.2012	31.12.2011	Change, %
Non-current assets			
Intangible assets	61,265.0	48,486.7	26.4%
Tangible assets	2,152.3	3,156.5	-31.8%
Financial assets	627.0	627.0	0.0%
Inventories	25.3	0.0	
Long-term receivables	69.5	60.3	15.4%
Deferred tax assets	535.0	789.9	-32.3%
Total non-current assets	64,674.0	53,120.3	21.8%
Current assets			
Current receivables	19,418.5	26,523.0	-26.8%
Available-for-sale financial assets	318.7	303.5	5.0%
Cash and cash equivalents	7,964.5	7,866.5	1.2%
Total current assets	27,701.7	34,693.0	-20.2%
Total assets	92,375.7	87,813.3	5.2%

Shareholders' equity and liabilities	31/12/2012	31/12/2011	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	35,525.0	-5.8%
Translation difference	553.8	208.4	165.7%
Retained earnings	-11,153.7	11,279.9	
Net profit	4,024.3	-22,451.6	
Equity attributable to parent-company shareholders	42,063.1	39,752.6	5.8%
Minority interest	0.0	0.0	
Total shareholders' equity	42,063.1	39,752.6	5.8%
Liabilities			
Long-term interest-bearing liabilities	13,026.6	15,441.7	-15.6%
Received long-term advances	4,192.7	0.0	
Other long-term liabilities	0.0	674.0	
Deferred tax liabilities	639.4	772.0	-17.2%
Total long-term liabilities	17,858.7	16,887.7	5.7%
Short-term interest-bearing liabilities	6,822.5	6,430.2	6.1%
Other short-term liabilities	25,631.4	24,742.8	3.6%
Total short-term liabilities	32,453.9	31,173.0	4.1%
Total liabilities	50,312.6	48,060.7	4.7%
Shareholders' equity and liabilities	92,375.7	87,813.3	5.2%

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CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1/1/2012-31/12/2012	1/1/2011-31/12/2011
Cash flow from operations:		
Net profit	4,024	-22,452
Adjustments to net profit	8,176	34,780
Change in working capital	8,072	2,791
Interest paid	-728	-781
Interest income	7	35
Taxes paid	395	-5,532
Net cash flow from operations	19,946	8,842
Cash flow from investments:		
Purchases of tangible and intangible assets	-16,210	-2,733
Cash flow from investments	-16,210	-2,733
Cash flow from financing:		
Proceeds from share issue	0	0
Acquisition of own shares	0	0
Repayment of current loans	-5,544	-19,044
Repayments of non-current loans	0	0
Withdrawals of current loans	500	3,500
Withdrawals of non-current loans	3,500	13,500
Dividends paid and other profit distribution	-2,078	-5,577
Cash flow from financing	-3,623	-7,621
Change in liquid assets	113	-1,512
Liquid assets at beginning of period	8,170	9,682
Change in fair value		
Change in liquid assets	113	-1,512
Liquid assets at end of period	8,283	8,170

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

2011	a)	b)	c)	d)	e)	f)	g)	h)
Shareholders' equity, 1 January 2011	2,086	40	7,899	35,486	5,204	166	16,529	67,411
Net profit							-22,452	-22,452
Other comprehensive income						42		42
Dividends							-5,577	-5,577
Share-based payments recognised against equity	1	-40		39			171	171
Other items							157	157
Shareholders' equity, 31 December 2011	2,088	0	7,899	35,525	5,204	208	-11,172	39,753

2012	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							4,024	4,024
Other comprehensive income						345		345
Repayment of capital				-2,077				-2,077
Share-based payments recognised against equity							33	33
Other items							-15	-15
Shareholders' equity, 31 December 2012	2,088	0	7,899	33,448	5,204	554	-7,129	42,063

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 Financial Statement has been drafted in line with IFRS. In other respects, the same accounting principles have been applied as in the 2011 Financial Statements. The accounting principles and formulas for the calculation of key figures and ratios are unchanged and are presented in the 2011 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 2,077,252.30.

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

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M&A transactions completed

On 8 August the company made a deal to buy Qt software technology and the related business from Nokia Plc. With the acquisition, 88 employees in Norway, Germany and Finland were transferred to the company's employ. The deal became effective on 18 September 2012 and the net acquisition price was EUR 4.0 million, comprising the sale price of EUR 16.2 million related to the assets and business transferred, minus a bill of EUR 12.2 million from Digia to Nokia.

Of the sale price of EUR 16.2 million, EUR 6.6 million of goodwill pertained to intangible rights, EUR 2.9 million to the brand, EUR 4.1 million to technology and EUR 1.0 million to the customer relationship with Nokia. In line with the Finnish financial reporting standard, the recorded depreciation from goodwill is tax-deductible. Additionally, EUR 0.2 million was recorded as an expense and EUR 1.5 million as a loan repayment related to an expense from 2012 covered as a part of the deal.

The aforementioned bill from Digia to Nokia related to the granting to Nokia of the right to continue using Qt in its own business, to a three-year competition and transfer restriction applying to the technology acquired by Digia, and to Nokia's fixed-term obligation to provide Digia with services facilitating the takeover of the acquired business, which were valued in total at EUR 12.2 million. Of the total sum, EUR 9.2 million was related to the right of use granted to Nokia and is considered to make up income for the company; of this, EUR 3.8 million was allocated to the third quarter and the other EUR 5.4 million will be recognised evenly over the next three years.

Subsidiary merger

Digia Plc's wholly owned subsidiary Digia Partners Oy merged into the parent company during the review period. The merger came into effect on 31 October 2012.

Consolidated income statement by quarter

EUR 1,000	10-12/2012	7-9/2012	4-6/2012	1-3/2012	10-12/2011
Net sales	25,451.2	24,439.2	24,493.4	26,064.4	30,197.3
Other operating income	380.2	256.4	251.6	202.2	261.0
Materials and services	-2,502.1	-1,963.1	-2,184.9	-2,544.3	-2,568.9
Depreciation, amortisation and impairment	-886.3	-1,086.8	-697.5	-648.0	-1,095.9
Other operating expenses	-22,198.5	-17,100.8	-21,186.2	-21,655.8	-25,407.6
EBIT	244.4	4,544.9	676.4	1,418.5	1,385.9
Financial expenses (net)	-265.2	-378.9	-289.1	-347.7	-318.3
Earnings before tax	-20.8	4,166.0	387.3	1,070.8	1,067.7
INCOME TAXES	-103.9	-1,094.4	-107.6	-273.1	149.8
Net profit	-124.7	3,071.6	279.7	797.7	1,217.5
Allocation:					
Parent-company shareholders	-124.7	3,071.6	279.7	797.7	1,217.5
Minority interest	0.0	0.0	0.0	0.0	0.0
Earnings per share, EUR	-0.01	0.15	0.01	0.04	0.06
Earnings per share (diluted), EUR	-0.01	0.15	0.01	0.04	0.06

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Group key figures and ratios

EUR 1,000	1-12/2012	1-11/2011
Extent of business:		
Net sales	100,448	121,940
- change from previous year	-17.6%	-6.8%
Average capital invested	61,768	76,176
Personnel at period end	982	1,175
Average number of personnel	1,025	1,453
Profitability:		
Operating profit before extraordinary items and impairment	8,154	8,084
- % of net sales	8.1%	6.6%
EBIT	6,884	-22,168
- % of net sales	6.9%	-18.2%
Earnings before tax	5,603	-23,131
- % of net sales	5.6%	-19.0%
Net profit	4,024	-22,452
% of net sales	4.0%	-18.4%
Return on equity, %	9.8%	-41.9%
Return on investment, %	11.3%	-28.7%
Financing and financial standing:		
Interest-bearing liabilities	19,849	21,872
Short-term investments & cash and bank receivables	8,283	8,170
Net gearing	27.5%	34.5%
Equity ratio	52.6%	47.8%
Net cash flow from operations	20,251	8,842
Earnings per share, undiluted (EUR)	0.19	-1.08
Earnings per share, diluted (EUR)	0.19	-1.08
Equity/share, EUR	2.01	1.90
Lowest share trading price, EUR	2.28	2.30
Highest share trading price, EUR	3.30	5.79
Average share price, EUR	2.82	3.88
Market capitalisation	54,694	50,519

Formulae for key figures and ratios are presented in the 2011 financial statements. These formulae remained unchanged during the reporting period.

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