Ixonos Plc Financial statement release 10 February 2011 at 13:00

Financial statement release for the period 1 January – 31 December 2010

IXONOS’ TURNOVER REACHED ALL-TIME HIGH, CLEAR GROWTH IN PROFIT

The financial period in brief

- Turnover for the financial period was EUR 84.9 million (2009: EUR 67.1 million), a change of +26.7 per cent.
- Operating profit was EUR 5.3 million (2009: EUR -4.0 million, including EUR 7.2 million in goodwill impairment), 6.3 per cent of turnover.
- Non-recurring expenses of EUR 0.4 million (2009: EUR 7.2 million) were allocated to the financial period.
- Net profit was EUR 3.3 million (2009: EUR -6.0 million), 3.8 per cent of turnover.
- Earnings per share were EUR 0.25 (2009: EUR -0.51).
- Diluted earnings per share were EUR 0.25 (2009: EUR -0.51).
- Net cash flow from operating activities was EUR 4.7 million (2009: EUR 3.1 million).

Q4/2010 in brief

- Turnover for the fourth quarter was EUR 23.2 million (2009: EUR 19.5 million), a change of +18.9 per cent.
- Operating profit was EUR 1.9 million (2009: EUR 1.7 million), 8.1 per cent of turnover.
- Net profit was EUR 1.2 million (2009: EUR 0.7 million), 5.3 per cent of turnover.
- Earnings per share were EUR 0.08 (2009: EUR 0.06).
- Diluted earnings per share were EUR 0.08 (2009: EUR 0.06).

Future prospects in brief

- Turnover for the entire year 2011 is predicted clearly to exceed that of the previous year. Operating profit for the entire year is expected clearly to exceed the operating profit for the previous year.

Kari Happonen, President and CEO:

Ixonos’ operations and profitability developed in 2010 as planned. The increase in service demand and turnover has continued to outperform the market also in the final quarter of the year. With the overall growth of our business, Ixonos’ operating profit also improved. The Finnish market situation, which remained tight throughout the year, and our investments in new regions as well as the one-off arbitration costs in the beginning of the year continued to dilute our profitability, which has not yet risen to its normal level.

The Mobile Terminals & Software business area, which provides R&D services for mobile terminal devices and software, strongly increased its turnover last year. It also maintained fair profitability. The turnkey projects in smartphone design that were carried out in the Device Creation Centre supported the growth of the segment’s operations.

The turnover of the Media & Communities business area, which develops device-independent Internet services related to the delivery of digital media as well as to web communities, continued its vigorous growth in 2010. Due to strong investments, for example into the development of the international sales and partnership network, the unit’s profitability remains nonetheless low.

The Business Solutions area, which provides e-service and business solutions to Finnish organisations in telecommunication and finance as well as in public administration, continues to suffer from the difficult Finnish market situation following the economic slowdown. The unit’s turnover fell short of the previous year’s level and operations continued to show a loss. However, the decline in operations ended during the last part of the year and the effects of the programme to rationalise the segment's operations are visible as reduced losses.

Finland's ICT market has normalised in 2010 and will show slight increase during 2011, as research institutes have forecast. However, the international mobile device and services market is anticipated to grow clearly faster than the Finnish market. We expect that the business volume of the entire Group will keep increasing and that profitability will continue to develop positively.

I would like to express my warm thanks to our staff of top-class experts and professionals for their continued commitment and perseverance during the past year. Once again, we have gained additional strength and resilience with which to confront the future challenges and opportunities in the growing smartphone market, in wireless data transfer and in ever-changing mobile devices and services.

BUSINESS OPERATIONS

Ixonos is an ICT service company providing innovative solutions for mobile communications, social media and digital services. Together with its customers, the company develops products and services that inspire the digital experience regardless of place and time. The company's client organisations benefit from new business opportunities and new productivity.

By offering services that range from concept design, consulting and project management to software production and maintenance, Ixonos strives to be a strategic partner to leading innovators.

One of Ixonos' strategic objectives is to expand the company's solutions and services to span the entire life cycle of mobile Internet services, from concept development to maintenance. Ixonos' solutions encompass all sectors of the user experience, from terminal devices and user interfaces to back end systems for mobile Internet services. Ixonos' Device Creation Centre provides R&D services for mobile devices. In addition to software development, these services also cover mechanical engineering and electronics design. With the centre, Ixonos can provide increasingly comprehensive next generation smartphone R&D services to existing international device-manufacturer and operator customers as well as to new ones. The unit develops smartphones based on new, powerful chipsets from the world's leading technology suppliers and on the Android, MeeGo and Symbian operating systems.

The company's clientele comprises globally leading mobile and smartphone manufacturers, network suppliers and telecom carriers as well as Finnish finance, industrial and service companies and public administration organisations.

Ixonos has offices in Finland, China, Denmark, Estonia, Germany, Great Britain, Slovakia and the U.S.

SEGMENTS

Ixonos' business operations are organised into three segments: Mobile Terminals & Software; Media & Communities and Business Solutions. The Mobile Terminals & Software business area involves product development services for mobile terminal devices and their software. The Media & Communities area comprises device-independent Internet services related to the delivery of digital content and to social network communication. The Business Solutions area encompasses development services for corporate business software and systems as well as for e-government facilities.

As the Business Solutions area was incorporated, some of its customer projects were transferred to the Media & Communities business area during the period. The turnover of those projects was EUR 2.0 million (2009: EUR 2.2 million) and their operating profit was EUR 0.4 million (2009: EUR 0.5 million). The change has been taken into account in the segment figures for 2010 as well as in their comparative figures.

Mobile Terminals & Software

The Mobile Terminals & Software business area provides its customers with R&D services for mobile terminal devices and software.

The Mobile Terminals & Software business area strengthened its market share further and increased its turnover and operating profit for the period as compared to the previous year. Turnover increased by 38.7 per cent to EUR 51.8 million (2009: EUR 37.3 million). Operating profit increased by 37.2 per cent to EUR 7.8 million (2009: EUR 5.7 million), 15.0 per cent of turnover. During 2010, the first customer projects related to design of complete mobile devices were carried out in the Device Creation Centre.

In addition to actively using the offering of the Group's international sites in Tallinn, Košice, Beijing and Chengdu, the Mobile Terminals & Software segment also continued its strong efforts to develop international sales.

Media & Communities

The Media & Communities business area provides its customers with device-independent Internet services related to the delivery of digital media, entertainment and information as well as to social network communication.

During the period, the segment's turnover increased by 63.8 per cent to EUR 20.8 million (2009: EUR 12.7 million). Operating profit decreased by 28.1 per cent to EUR 1.1 million (2009: EUR 1.6 million), 5.4 per cent of turnover.

Strong investments in the construction of an international operations network as well as in the development of partnerships continued to weaken the segment's profitability. The Media & Communities business area has actively used the offering of the Group's lower-cost sites, such as the one in Košice.

Investments in Internet distribution and sales of digital media as well as in social media services on the Internet are expected to grow globally, notably faster than traditional ICT investments. The unique and comprehensive service package Ixonos offers its customers enables agile and cost-efficient creation of new Internet services; implementation of a smooth user experience in services and mobile terminals; and flexible further development and maintenance – including business critical hosting – of services.

Business Solutions

The Business Solutions area provides development services for corporate business software and systems as well as for e-government facilities.

The turnover of the Business Solutions segment decreased by 9.1 per cent to EUR 15.5 million (2009: EUR 17.0 million) during the period. Although operating profit remained negative, EUR -0.8 million, the losses were clearly reduced in comparison to the previous year (2009: EUR -9.2 million). Weak demand for ICT services in Finland during the period continued to reduce turnover and operating profit. A goodwill impairment of EUR 7.2 million decreased the operating profit for the reference period. The rationalisation measures that were carried out in the segment during 2010 are visible as reduced losses.

The Business Solutions area focuses on acceleration of business processes, on document and event management, on e-commerce and e-government solutions and on specialist services in project management. As all the Group's units do, Business Solutions vigorously utilizes open source solutions and, in chosen areas, product platforms of technology partners. The unit aims, among other objectives, to diversify its solution delivery according to the SaaS (software as a service) business model by using the Group's advanced business-critical hosting services. The Business Solutions unit also aspires to improve its operating efficiency by concentrating maintenance and further development of certain product platforms so that such work is performed at the Group's site in Košice. The unit's e-commerce and e-government solutions have been well received, especially by customers in the public sector.

TURNOVER

Consolidated turnover for the period was EUR 84.9 million (2009: EUR 67.1 million), which is 26.7 per cent more than in the previous year. Of the total turnover of all segments, before elimination of inter-segment revenue, the Mobile Terminals & Software segment accrued 58.8 per cent (2009: 55.6 per cent), the Media & Communities segment accrued 23.7 per cent (2009: 19.0 per cent) and the Business Solutions segment accrued 17.6 per cent (2009: 25.4 per cent).

Turnover in the fourth quarter was EUR 23.2 million (2009: EUR 19.5 million), which is 18.9 per cent more than in the previous year.

Turnover by segment

EUR 1,000	**1–12 2010**	**1–12 2009**
Mobile Terminals & Software	51,754	37,310
Media & Communities	20,825	12,716
Business Solutions	15,475	17,033
Eliminations	-3,110	0
Group total	**84,944**	**67,059**

FINANCIAL RESULT

Consolidated operating profit was EUR 5.3 million (2009: EUR -4.0 million). Profit before taxes was EUR 4.5 million (2009: EUR -5.5 million). Profit for the period was EUR 3.3 million (2009: EUR -6.0 million). Diluted earnings per share were EUR 0.25 (2009: EUR -0.51). Diluted cash flow from operating activities was EUR 0.36 (2009: EUR 0.26) per share. The improved operating profit was due to increased turnover as well as to rationalisation measures in the company. To improve the operating profit, particularly in the Business Solutions area, a rationalisation programme was carried out during 2010; this programme reduced the unit's losses towards the end of the year. The Group's administrative expenses have increased in particular due to rising costs connected to internationalisation management as well as due to non-recurring costs. The arbitration expenses relating to the acquisition of Cidercone Life-Cycle Solutions Oy were EUR 0.4 million. They had a one-off impact on operating costs, and they were expensed in the second quarter.

Operating profit for the fourth quarter was EUR 1.9 million (2009: EUR 1.7 million). Profit before taxes was EUR 1.7 million (2009: EUR 1.1 million). Profit for the fourth quarter was EUR 1.2 million (2009: EUR 0.7 million). Fourth-quarter diluted earnings per share were EUR 0.08 (2009: EUR 0.06). Diluted cash flow from operating activities in the fourth quarter was EUR 0.26 per share (2009: EUR 0.10).

Operating profit by segment

EUR 1,000	**1–12 2010**	**1–12 2009**
Mobile Terminals & Software	7,773	5,667
Media & Communities	1,119	1,555
Business Solutions	-838	-9,224
Administration	-2,722	-1,990
Group total	**5,331**	**-3,993**

The EUR 7.2 million goodwill impairment allocated to the Business Solutions unit has been taken into account in the segment's operating profit for the financial period 2009.

RETURN ON CAPITAL

Consolidated return on equity (ROE) was 13.7 per cent (2009: -27.0 per cent). Return on investment (ROI) was 14.1 per cent (2009: -9.4 per cent).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 56.7 million (2009: EUR 52.1 million). Equity was EUR 28.5 million (2009: EUR 19.2 million). The equity ratio was 50.2 per cent (2009: 36.8 per cent). The Group's liquid assets at the end of the period amounted to EUR 1.2 million (2009: EUR 2.3 million).

At the end of the period, the company's balance sheet showed EUR 8.6 million (2009: EUR 15.3 million) in bank loans. This amount includes overdraft in use. The bank loans have covenants attached to them. The covenants are based on the company's equity ratio and on the proportion of interest-bearing bank loans (partly interest-bearing net liabilities) to the 12-month rolling operating profit.

The share issue that was carried out in the second quarter significantly affected the company's balance sheet structure. The net effect of the share issue amounted to some EUR 5.6 million in equity financing raised from shareholders. The company's bank loans have decreased by EUR 6.7 million during the period.

GOODWILL

On 31 December 2010, the consolidated balance sheet included EUR 23.6 million in goodwill. In the third quarter of 2009, the company wrote EUR 7.2 million off the goodwill allocated to the Business Solutions area. At the end of 2010, the company performed impairment testing of goodwill in all cash-generating units and concluded that no goodwill impairment is required in connection with the units.

Pursuant to the arbitral decision of 5 May 2010, Ixonos was to raise by EUR 1.1 million the additional acquisition price of EUR 7.8 million that Ixonos had paid to the sellers of Cidercone Life-Cycle Solutions Oy. The entire additional acquisition price of EUR 1.1 million has been recorded as an addition to goodwill. The arbitration caused the company some EUR 0.4 million in costs, which have been entirely expensed in the second quarter.

CASH FLOW

During the period, consolidated cash flow from operating activities was EUR 4.7 million (2009: EUR 3.1 million). The turnover time of accounts receivable became longer in 2010 and this change had a particular influence on cash flow from operating activities. To reduce the turnover time, the company had on 31 December 2010 sold a total of EUR 2.0 million in accounts receivable. The company's trade receivables do not include any significant amount of high-risk receivables.

PERSONNEL

The number of personnel averaged 1,120 (2009: 985) during 2010 and was 1,138 (2009: 1,063) at the end of the year. The staff increase focused on companies outside Finland. At the end of the period, the Group had 722 employees (2009: 748) in Finnish companies, and Group companies in other countries had 416 employees (2009: 315).

SHARES AND SHARE CAPITAL

Share turnover and price

During the period, the highest price of the company's share was EUR 2.99 (2009: EUR 3.50) and the lowest price was EUR 1.84 (2009: EUR 1.70). The closing price on 31 December 2010 was EUR 2.53 (2009: EUR 2.72). The average price over the period was EUR 2.37 (2009: EUR 2.15). The number of shares traded during the period was 2,947,349 (2009: 3,842,270), which corresponds to 19.5 per cent (2009: 41.3 per cent) of the number of shares at the end of the period. According to the closing price on 31 December 2010, the market value of the company's shares was EUR 38,209,285 (2009: EUR 25,331,602).

Share capital

At the beginning of 2010, the company's registered share capital was EUR 372,523.56 and the number of shares was 9,313,089. At the end of the period, Ixonos' registered share capital was EUR 585,394.16 and the total number of shares was 15,102,484.

As a result of the rights issue in June 2010, the number of Ixonos shares increased by 5,321,765 to 14,634,854 and the share capital increased by EUR 212,870.60 to EUR 585,394.16. The changes became effective on 1 July 2010, when they were entered into the Trade Register.

On 26 October 2010, the Board of Directors approved a share subscription in the share issue directed at Ixonos Management Invest Oy. The subscription was part of a management incentive plan in which Ixonos Management Invest Oy subscribed for a total of 467,630 Ixonos Plc shares. The shares became subject to public trading together with the other shares in Ixonos Plc on 20 December 2010. The number of shares in Ixonos Plc after the directed issue is 15,102,484.

Option plan 2006

Under the 2006 stock option plan, 140,000 options have been granted under AI; 140,000 options under AII; 60,000 options under BI and 60,000 options under BII. Of the series A options, 15,000 AI options and 25,000 AII options have been returned to the company pursuant to the terms and conditions of the option plan. A total of 30,000 returned series A options have been converted to series B options, in accordance with the terms and conditions of the option plan, and redistributed. Of the series B options, 5,000 BI options and 10,000 BII options have been returned to the company pursuant to the terms and conditions of the option plan. The maximum number of shares that can be subscribed for with outstanding options under option plan 2006 is 366,500, which is equivalent to 3.9 per cent of the company’s total shares. The subscription period for the 2006 AI options began on 1 October 2007, the subscription period for the AII and BI options on 1 October 2008 and the subscription period for the BII options on 1 October 2009. At 30 June 2010, the subscription price is EUR 4.13 with AI and AII options and EUR 4.92 with BI and BII options. The subscription period for the 2006 options ends on 31 December 2011.

Because of the rights issue, the company’s Board of Directors decided on 1 June 2010 to modify the subscription ratio and exercise price associated with the option rights. The change is intended to ensure equal treatment of option holders and shareholders. Under the new subscription ratio, each 2006A and 2006B option right entitles its holder to subscribe for 1.57 shares. The exercise price is based on the market price of the company’s share at NASDAQ OMX Helsinki Ltd from January to March 2006 and 2007. However, the exercise price per share is at least EUR 3.0464 with option right 2006A and at least EUR 3.5491 with option right 2006B. On exercise, the total number of shares for which the option holder subscribes is rounded down to the nearest integer. The total exercise price is calculated using the rounded number of shares and is rounded to the nearest cent. After the change, the maximum number of shares that can be subscribed for with option rights is 575,405, which equals 3.8 per cent of the number of shares at the end of the period.

Incentive plan for management

A new management incentive plan, on which the Board of Directors of Ixonos Plc had decided, was announced on 4 October 2010. The purpose of the plan is to reinforce management commitment to the company by encouraging management to acquire and hold company shares, thereby increasing shareholder value in the long term. Through this incentive plan, President and CEO Kari Happonen and nine other members of Ixonos’ management invest their personal funds in the company’s shares, genuinely carrying the risk of their investment. The number of participants in the plan may later be increased with additional members of the company’s management. For the purpose of the share ownership, the participants established the limited liability company Ixonos Management Invest Oy, whose entire share capital they own.

Shareholders

The company had 2,863 shareholders on 31 December 2010 (2009: 3,059). Private persons owned 50.8 per cent (2009: 56.5 per cent) and institutions 49.2 per cent (2009: 43.5 per cent) of the shares. Foreign ownership was 8.5 per cent (2009: 8.0 per cent) of the total number of shares.

Board authorisations

At the end of the financial period, the Board of Directors held an authorisation, granted by the Extraordinary General Meeting on 1 June 2010, to issue 3,523,694 shares. The authorisation states that such shares as well as special rights entitling to shares may also be issued in a way that deviates from the pre-emptive rights of shareholders, if a weighty financial reason for this exists as laid out in the Limited Liability Companies Act (624/2006). In such a case, the authorisation may be used to finance corporate acquisitions or other investments related to the company’s operations; to reinforce the commitment of employees; and to maintain and improve the Group’s solvency. The authorisation is effective until the company’s next Annual General Meeting.

RISK MANAGEMENT AND NEAR-FUTURE UNCERTAINTY FACTORS

Ixonos Plc’s risk management aims to ensure undisturbed continuity and development of the company’s operations, to back up the implementation of the commercial targets set by the company and to support increasing the company's value. Details on the risk management organisation and process as well as on recognised risks are presented on the company's website, at www.ixonos.com.

Changes in key customer relationships may have an adverse effect on Ixonos' operations, earning power and financial status. Should a major customer switch its purchases from Ixonos to its competitors, Ixonos would have limited ability to acquire, in the short term, new customer volume to compensate for the change.

Ixonos' acquisitions in 2006–2008, its rapid growth in 2010 and the prolonged turnaround time of accounts receivable have increased the company's need for working capital. The company manages this need by creating, together with financiers, adequate buffers to ensure sufficient funds as well as by facilitating the circulation of working capital. The company's balance sheet also includes a significant amount of goodwill, which may be impaired should either internal or external factors reduce the profit expectations of the company or any of its cash-generating units. Goodwill is tested annually during the final quarter of the year and, if necessary, at other times.

The company's financial agreements have covenants attached to them. A covenant violation may cause an increase in the company's financing costs or a call for swift partial or full repayment of non-equity loans. The main risks related to covenant violations are associated with operating profit fluctuation due to the market situation and with a potential need to increase the company's working capital through non-equity funding. The company manages these risks by negotiating with financiers and by maintaining readiness for various financing methods. Ixonos has in use the cash funds its normal operations require.

FUTURE PROSPECTS

According to Gartner research, the global market for smartphones and for services used in smartphones is expected to continue its intense growth in 2011. Wireless data transfer is also envisaged to continue its expansion into more and more areas of consumer electronics. Market-Visio indicates that the Finnish ICT market will grow some 4 per cent in 2011; this rate is near the long-term average.

Ixonos' turnover for the entire year 2011 is predicted clearly to surpass that of the previous year. Operating profit for the entire year is expected clearly to exceed that of the previous year.

The company aims to continue rationalising its operations, developing its services, expanding its service production in lower-cost countries and strengthening the cash flow and profitability of its operations.

THE BOARD'S PROPOSALS TO THE ANNUAL GENERAL MEETING

The proposals of the Board of Directors to the Annual General Meeting, including the proposal for a dividend per share to be paid, will be published in the meeting invitation on Monday, 7 March 2011.

Annual General Meeting

Ixonos Plc will hold its Annual General Meeting in Helsinki on Tuesday, 29 March 2011.

Annual report 2010

The annual report for 2010 will be published in week 13. The digital annual report for the financial period 1 January – 31 December 2010 will be published on the company's website at www.ixonos.com. If you would like to receive the annual report in printed form, please complete the order form on the company's website.

NEXT REPORTS

The interim report for the period 1–3/2011 will be published on Thursday, 28 April 2011. As announced on 22 December 2010, the other interim reports will be published on Thursday, 4 August

2011 (for the period 1 January – 30 June 2011) and Tuesday, 25 October 2011 (for the period 1 January – 30 September 2011).

IXONOS PLC
Board of Directors

For more information, please contact:
Ixonos Plc
Kari Happonen, President and CEO, tel. +358 400 700 761, kari.happonen@ixonos.com
Timo Leinonen, CFO, tel. +358 400 793 073, timo.leinonen@ixonos.com

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THE IXONOS GROUP

ABBREVIATED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2010

Accounting policies

This financial statement bulletin has been prepared in accordance with IAS 34 (Interim Financial Reporting) and the accounting principles for the annual financial statement of 31 December 2009. The Group has applied new or revised standards that came into effect on 1 January 2010. The most significant such standards are IFRS 3 (revised), Business Combinations and IAS 27 (revised), Consolidated and Separate Financial Statements.

Preparing the financial statements in accordance with IFRS requires Ixonos' management to make estimates and assumptions that affect the amounts of assets and liabilities on the balance sheet date as well as the amounts of income and expenses for the financial period. In addition, judgment must be used in applying the accounting policies. As the estimates and assumptions are based on views at the time of the publication of the financial statement release, they involve risks and uncertainty factors. Actual results may differ from estimates and assumptions.

The figures in the income statement and in the balance sheet are consolidated. The consolidated balance sheet includes all Group companies as well as Ixonos Management Invest Oy, owned by the company management. The original financial statement release is in Finnish. The financial statement release in English is a translation of the original report.

As the figures in the report have been rounded, sums of individual figures may differ from the sums presented. The financial statement bulletin is unaudited.

CONSOLIDATED INCOME STATEMENT, EUR 1,000

	1.1.–31.12.2010	1.1.–31.12.2009	Change, per cent	1.10.–31.12.2010	1.10.–31.12.2009
Turnover	84,944	67,059	26.7	23,157	19,472
Operating expenses	-79,613	-63,853	24.7	-21,288	-17,758
OPERATING PROFIT BEFORE GOODWILL IMPAIRMENT	**5,331**	**3,207**	**66.2**	**1,869**	**1,715**
GOODWILL IMPAIRMENT	0	-7,200		0	0
OPERATING PROFIT	**5,331**	**-3,993**		**1,869**	**1,715**
Financial income and expenses	-781	-1,471	-46.9	-153	-654
Profit before tax	4,550	-5,464		1,716	1,061
Income tax	-1,292	-523	147.2	-498	-347
PROFIT FOR THE PERIOD	**3,258**	**-5,987**		**1,218**	**714**
Attributable to					
Equity holders of the parent	3,262	-5,987			
Non-controlling interests	-4	0			

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR 1,000

Profit for the period	3,258	-5,987		1,218	714
Other comprehensive income					
Change in translation difference	40	5	759.2	29	5

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,298**	**-5,982**		**1,247**	**719**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1,000

ASSETS	31.12.2010	31.12.2009
NON-CURRENT ASSETS		
Goodwill	23,647	22,826
Other intangible assets	5,580	5,061
Property, plant and equipment	4,210	3,942
Deferred tax assets	108	233
Available-for-sale investments	110	110
TOTAL NON-CURRENT ASSETS	**33,655**	**32,172**
CURRENT ASSETS		
Trade and other receivables	21,811	17,691
Cash and cash equivalents	1,226	2,278
TOTAL CURRENT ASSETS	**23,037**	**19,968**
TOTAL ASSETS	**56,693**	**52,140**
EQUITY AND LIABILITIES	31.12.2010	31.12.2009
SHAREHOLDERS' EQUITY		
Share capital	585	373
Share premium reserve	219	219
Invested non-restricted equity fund	20,343	14,808
Retained earnings	3,824	9,764
Profit for the period	3,262	-5,987
Equity attributable to shareholders of the parent company	**28,234**	**19,177**
Non-controlling interests	224	0
TOTAL SHAREHOLDERS' EQUITY	**28,457**	**19,177**
LIABILITIES		
Non-current liabilities	7,934	10,543
Current liabilities	20,301	22,420
TOTAL LIABILITIES	**28,235**	**32,963**
TOTAL EQUITY AND LIABILITIES	**56,693**	**52,140**

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

Equity attributable to shareholders of the parent company										
	Share capital	Share premi -um reser-ve	Share issue	Invested non-restricted equity fund	Treasury shares	Trans-lation difference	Retained earnings	Total	Non-controlling interests	Total equity
Shareholders' equity at 1 January 2009	370	121	100	14,808	0	-16	9,751	25,135		25,135
Profit for the period							-5,987	-5,987		-5,987
Other comprehensive income										
Change in translation difference						5		5		5
Transactions with										

shareholders										
Rights issue	2	98	-100					0		0
Share-based remuneration							25	25		25
Shareholders' equity at 31 December 2009	373	219	0	14,808	0	-11	3,789	19,177		19,177
Shareholders' equity at 1 January 2010	373	219	0	14,808		-11	3,789	19,177		19,177
Profit for the period							3,262	3,262	-4	3,258
Other comprehensive income										
Change in translation difference						40		40		40
Transactions with shareholders										
Rights issue	213			5,534	1,141			6,888		6,888
Share-based remuneration							7	7		7
Management incentive plan					-1,141			-1,141	228	-913
Shareholders' equity at 31 December 2010	585	219	0	20,343	0	29	7,058	28,234	224	28,457

CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1.1.– 31.12.2010	1.1.– 31.12.2009
Cash flow from operating activities		
Profit for the period	3,258	-5,987
Adjustments to cash flow from operating activities		
Tax	1,292	523
Depreciation and impairment	3,407	3,158
Financial income and expenses	781	1,471
Goodwill impairment	0	7,200
Other adjustments	-14	93
Cash flow from operating activities before change in working capital	**8,724**	**6,457**
Change in working capital	-2,077	-314
Interest received	4	25
Interest paid	-875	-1,360
Gains from sales of fixed assets	0	5
Tax paid	-1,076	-1,710
Net cash flow from operating activities	**4,700**	**3,103**
Cash flow from investing activities		
Investments in tangible and intangible assets	-2,545	-1,369
Dividends received	4	2
Acquisition of subsidiaries	-1,052	-7,486
Net cash flow from investment activities	**-3,594**	**-8,853**
Net cash flow before financing	**1,106**	**-5,750**

Cash flow from financing activities		
Increase in long-term borrowings	0	4,000
Repayment of long-term borrowings	-2,872	-2,425
Increase in short-term borrowings	223	4,563
Repayment of short-term borrowings	-5,353	-1,024
Proceeds from share issue	5,845	0
Net cash flow from financing activities	**-2,158**	**5,115**
Change in cash and cash equivalents	-1,052	-635
Liquid assets at the beginning of the period	2,278	2,913
Liquid assets at the end of the period	1,226	2,278

CONSOLIDATED INCOME STATEMENT, QUARTERLY, EUR 1,000

	Q4/2010 1.10.10–31.12.10	**Q3/2010** 1.7.10–30.9.10	**Q2/2010** 1.4.10–30.6.10	**Q1/2010** 1.1.10–31.3.10	**Q4/2009** 1.10.09–31.12.09
Turnover	23,157	19,360	21,897	20,531	19,472
Operating expenses	-21,288	-17,706	-20,644	-19,974	-17,758
OPERATING PROFIT BEFORE GOODWILL IMPAIRMENT	1,869	1,653	1,252	556	1,715
GOODWILL IMPAIRMENT	0	0	0	0	0
OPERATING PROFIT	1,869	1,653	1,252	556	1,715
Financial income and expenses	-153	-103	-307	-218	-654
Profit before tax	1,716	1,551	945	338	1,061
Income tax	-498	-435	-288	-71	-347
PROFIT FOR THE PERIOD	1,223	1,115	657	268	714

SEGMENT REPORTING

	1.1.–31.12.2010	1.1.–31.12.2009
Turnover by segment		
Mobile Terminals & Software	51,754	37,310
Media & Communities	20,825	12,716
Business Solutions	15,475	17,033
Eliminations	-3,110	0
Total turnover	84,944	67,059
Operating profit by segment		
Mobile Terminals & Software	7,773	5,667
Media & Communities	1,119	1,555
Business Solutions	-838	-9,224
Administration	-2,722	-1,990
Total operating profit	5,331	-3,993
Operating profit, per cent of turnover	6.3	-6.0
Financial income and expenses	-781	-1,471
Profit before tax	4,550	-5,464
Tax	-1,292	-523
PROFIT FOR THE PERIOD	3,258	-5,987
Assets by segment		
Mobile Terminals & Software	21,652	16,898
Media & Communities	16,202	12,233
Business Solutions	13,252	15,416
Others	5,586	7,593
Total assets	56,693	52,140

CHANGES IN FIXED ASSETS, EUR 1,000

	Goodwill	Intangible assets	Property, plant and equipment	Available-for-sale investments	Total
Book value at 1 January 2009	32,195	6,632	3,147	110	42,084
Additions		536	1,864		2,400
Disposals	-2,169		-19		-2,188
Impairment	-7,200				-7,200
Depreciation and amortisation during the period		-2,107	-1,050		-3,158
Book value at 31 December 2009	22,826	5,061	3,942	110	31,939
Book value at 1 January 2010	22,826	5,061	3,942	110	31,939
Additions		2,518	1,688		4,205
Additions from corporate acquisitions	821				821
Disposals			-11		-11
Depreciation and amortisation during the period		-1,998	-1,409		-3,407
Book value at 31 December 2010	23,647	5,580	4,210	110	33,547

FINANCIAL RATIOS

	1.1.– 31.12.2010	1.1.– 31.12.2009
Earnings per share, diluted, EUR	0.25	-0.51
Earnings per share, EUR	0.25	-0.51
Equity per share, EUR	1.88	2.06
Operating cash flow per share, diluted, EUR	0.36	0.26
Return on investment, per cent	14.1	-9.4
Return on equity, per cent	13.7	-27.0
Operating profit / turnover, per cent	6.3	-6.0
Net gearing, per cent	36.6	81.4
Equity ratio, per cent	50.2	36.8

OTHER INFORMATION

	1.1.– 31.12.2010	1.1.– 31.12.2009
PERSONNEL Number of employees, average	1,120	985
Number of employees, at the end of the period	1,138	1,063
COMMITMENTS, EUR 1,000		
Collateral for own commitments		
Corporate mortgages	9,900	9,900
Leasing and other rental commitments		
Falling due within 1 year	4,620	4,130
Falling due within 1–5 years	5,690	7,515
Falling due after 5 years	0	0
Total	10,310	11,645

Nominal value of interest rate swap agreement		
Falling due within 1 year	0	2,579
Falling due within 1–5 years	4,893	3,321
Falling due after 5 years	0	0
Total	4,893	5,900
Fair value	-54	-172

CALCULATION OF KEY FIGURES

Diluted earnings per share = profit for the period / number of shares, adjusted for issues and dilution, average

Earnings per share = profit for the period / number of shares, adjusted for issues, average

Shareholders’ equity per share = shareholders’ equity / number of shares, undiluted, on the closing date

Cash flow from operating activities, per share, diluted = net cash flow from operating activities / number of shares, adjusted for issues and dilution, average

Return on investment (ROI) =
(profit before tax + interest expenses + other financing expenses) /
balance sheet total − non-interest-bearing liabilities, average x 100

Return on equity (ROE) = net profit / shareholders’ equity, average x 100

Gearing = interest-bearing liabilities − liquid assets / shareholders’ equity x 100