Ixonos Plc Interim report 25 October 2011 at 13.00

Interim report for the period 1 January – 30 September 2011

IXONOS' TURNOVER AT THE PREVIOUS YEAR'S LEVEL, OPERATING PROFIT REDUCED

The review period in brief

- Turnover for the review period was EUR 61.9 million (2010: EUR 61.8 million), a change of +0.1 per cent.
- Operating profit was EUR 1.9 million (2010: EUR 3.5 million), 3.1 per cent of turnover.
- Net profit was EUR 1.1 million (2010: EUR 2.0 million), 1.7 per cent of turnover.
- Earnings per share were EUR 0.07 (2010: EUR 0.16).
- Net cash flow from operating activities was EUR 1.8 million (2010: EUR 0.8 million).

Q3/2011 in brief

- Turnover for the third quarter was EUR 18.9 million (2010: EUR 19.4 million), a change of -2.3 per cent.
- Operating profit was EUR 0.8 million (2010: EUR 1.7 million), 4.4 per cent of turnover.
- Net profit was EUR 0.4 million (2010: EUR 1.1 million), 2.2 per cent of turnover.
- Earnings per share were EUR 0.03 (2010: EUR 0.08).

Future prospects in brief

- The company's turnover for 2011 is expected to be slightly lower than in the previous year but to exceed EUR 80 million.
- Operating profit is expected to be approximately EUR 2 million.

Kari Happonen, President and CEO:

In February, Nokia Corporation – one of Ixonos' key customers – announced a new smartphone strategy. The changes this event touched off in the operating environment have marked the entire year. The previous year's strong growth abated in the first quarter. Although we strongly intensified our securing of new customers during the review period, turnover remained at last year's level. Amid the changes, we have nonetheless successfully defended our market share in the Nokia account while gaining new Finnish and international customers.

The decreased growth led to reduced profitability, and in the second quarter, we reacted to this by commencing co-operation negotiations with our personnel in Finland so as to align our operations with the altered needs and volume of our business. Reorganisation measures were taken concurrently at our Danish and U.S. offices as well. These actions have particularly improved the efficiency of our administrative and support functions. On the other hand, the changes in the market situation have required us to invest in solution and service development as well as in sales, and these investments have clearly reduced our profitability.

Ixonos provides software and R&D services to globally operating companies that utilise wireless technologies in supplying new mobile devices and compatible online services to consumers and corporate users. In the third quarter of this year, we clarified our global service offering as well as our operational organisation. In our view, many industries – such as the automotive and entertainment-electronics sectors, not just the conventional mobile and smartphone industries – will in the future take advantage of mobile technologies including wireless connectivity to new, ubiquitous, multi-channel online services. The market developments and our new service offering – our Connected Devices software and hardware development solutions, our Online Solutions multi-channel, cloud-based services for e-business, e-government and content delivery and our comprehensive User Experience Design services for applications, services and devices – provide us with an excellent opportunity to create new growth in the coming years.

Our activities to secure new customers globally are spearheaded by device creation services for smartphones and other mobile devices based on the Android platform and on chipsets from leading technology suppliers as well as by user experience design services, mobile-application production services and delivery solutions for mobile content and applications. On the Finnish market, we also offer multi-channel development solutions for e-commerce and e-government.

Our clientele will continue to expand in the final quarter. At the same time, demand for development services related to Nokia's MeeGo and Symbian platforms will decrease clearly. Although we estimate that new customer projects will provide employment for a significant share of those Ixonos specialists withdrawing from the Nokia account, the turnover from those projects will not make up for the decrease in MeeGo and Symbian revenue. We thus anticipate that turnover in the final quarter of this year will decrease substantially and that turnover for the entire year will fall short of the previous year. Our profitability for the final quarter and for the entire financial period will also be lower than in the previous year.

We expect the MeeGo and Symbian turnover to decrease significantly in the next year. We continue securing new customers as well as to prepare for adjusting our cost structure to achieve the best possible cash flow and profitability.

OPERATIONS

Ixonos develops wireless technologies, software, mobile devices and services. Together with our corporate customers, we create products and services that allow consumers to enjoy inspiring digital experiences regardless of time and place.

We improve the competitiveness of our client organisations by enabling superior user experiences for their devices and services and by shortening the time to market. We aim to position ourselves as a strategic partner to the industry's leading innovators and pioneers. We provide solutions and services for R&D of mobile software and complete wireless devices, for the design, operation and maintenance of mobile applications and mobile web services and for user experience design that encompasses devices as well as services.

Our Finnish subsidiary Ixonos Business Solutions Ltd. provides development solutions and services for e-business and e-government.

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

SEGMENTS

Since the beginning of 2011, Ixonos reports its business operations as two segments: Mobile Solutions and Business Solutions.

Mobile Solutions

The Mobile Solutions business area comprises development solutions and services for wireless technologies, devices and services. The area's clientele includes wireless technology suppliers, mobile device manufacturers, telecommunications companies and entertainment electronics manufacturers operating on the international market as well as other companies taking advantage of the new business opportunities that wireless communication enables.

Ixonos' Device Creation Centre provides development solutions for mobile devices. In addition to software development, these solutions also cover mechanical engineering and electronics design. The centre provides comprehensive R&D services for next-generation wireless devices and seeks customers among international device manufacturers and telecommunications companies. The unit develops smartphones and other wireless devices based on new, powerful chipsets from the world's leading technology suppliers and on several different operating systems.

The User Experience Design Centre is Ixonos' unit for design and consulting services related to the user experience. The unit focuses on creating attractive user experiences and helps Ixonos provide productised services and customised solutions for the company's international clientele. The unit offers services ranging from user experience design strategy and concept development to concrete design work and solution creation.

Ixonos' Managed Services Centre provides solutions and services that span the entire life cycle of business-critical web services, from requirements analysis to design, development, maintenance and further development. The unit develops and maintains e.g. solutions for media and content services, for information management and for mobile advertising and e-commerce, as well as social network services. In addition to flexible development and deployment of web and mobile services, the unit offers a maintenance package that includes application support as well as maintenance and data centre services.

During the review period, the turnover of the Mobile Solutions business area increased by 0.6 per cent to EUR 52.8 million (2010: EUR 52.4 million). Operating profit decreased by 24.1 per cent to EUR 4.6 million (2010: EUR 6.1 million), 8.7 per cent of turnover.

The operating environment of the Mobile Solutions business area became more volatile in the beginning of the year, after Nokia Corporation, a key customer, announced its new smartphone strategy. Due to the changes in the Nokia account, the segment fell clearly short of its growth targets. Demand for R&D services based on Nokia's MeeGo and Symbian platforms is estimated to decrease in the final quarter of this year as well as in 2012. Consequently, the volume and profitability of the segment's business operations are expected to decline.

In accordance with strategy, Ixonos continues to expand the clientele of its Mobile Solutions business area by boosting sales of services and solutions based on mobile Linux platforms such as Android and the new Tizen. The target group consists of mobile technology suppliers, mobile device manufacturers, entertainment electronics manufacturers and other customers in Finland as well as internationally. At the same time, the segment strives to maintain the best possible profitability, adapting, if necessary, the volume of its operations to customer demand.

Business Solutions

Business Solutions provides innovative e-business solutions to meet the challenges of tomorrow's service operations. The Business Solutions area provides development solutions and services for e-business and e-government. The segment's clientele consists of Finnish telecommunication and finance companies and public administration organisations.

The area's e-business and e-government services are focused on business process development, architecture services, portal solutions, content and case management solutions and business intelligence solutions. The unit also provides R&D services that help client organisations use agile development methods to create innovative new web services. With these services, Business Solutions aims to improve the internal and external customer service of its clients.

The solutions developed by the unit utilise product platforms of chosen technology partners as well as open source solutions. By collaborating with Ixonos' other units, Business Solutions offers comprehensive solutions to meet the e-business and e-government needs of the company's customers.

The turnover of the Business Solutions segment decreased by 11.1 per cent to EUR 10.5 million (2010: EUR 11.8 million) during the review period. The volume of the segment's business operations ceased to decline in late 2010 and has increased since early 2011. Operating profit for the first nine months remained negative, EUR -0.5 million, although the losses were somewhat lower than in the corresponding period of the previous year (2010: EUR -0.7 million). The profitability of the segment is improving alongside its increasing turnover.

Changes in Ixonos' service offering

In the third quarter of this year, we streamlined our global service offering as well as our operational organisation. In the new organisation, the Mobile Solutions business area includes the Connected Devices software development solutions, the Device Creation solutions and the comprehensive User Experience Design services for applications, services and devices. We strengthened the services of the Business Solutions area by adding to its offering the company's international Managed Services Centre services, which include solutions and services that span the entire life cycle of web services. These services and the Business Solutions segment's current services combine to form our multi-channel, cloud-based Online Solutions services for e-business, e-government and content delivery.

The aforementioned changes in the service offering do not affect the company's business reporting segments.

TURNOVER

Consolidated turnover for the review period was EUR 61.9 million (2010: EUR 61.8 million), which is 0.1 per cent more than in the corresponding period of the previous year. Of the total turnover of all segments, before elimination of inter-segment revenue, the Mobile Solutions segment accrued 83.4 per cent (2010: 81.6 per cent) and the Business Solutions segment accrued 16.6 per cent (2010: 18.4 per cent).

Turnover in the third quarter was EUR 18.9 million (2010: EUR 19.4 million), which is 2.3 per cent less than in the previous year.

Turnover by segment:

EUR 1,000	**1–9 2011**	**1–9 2010**	**1–12 2010**
Mobile Solutions	52,765	52,448	72,579
Business Solutions	10,511	11,818	15,475
Eliminations	-1,406	-2,479	-3,110
Group total	**61,871**	**61,787**	**84,944**

FINANCIAL RESULT

Consolidated operating profit was EUR 1.9 million (2010: EUR 3.5 million). Profit before taxes was EUR 1.6 million (2010: EUR 2.8 million). Profit for the review period was EUR 1.1 million (2010: EUR 2.0 million). Earnings per share were EUR 0.07 (2010: EUR 0.16). Diluted cash flow from operating activities was EUR 0.12 per share (2010: EUR 0.07). The company incurred one-off expenses of some EUR 0.4 million because of its operational restructuring and the closedown of international offices. These expenses affect the result for the review period.

Operating profit for the third quarter was EUR 0.8 million (2010: EUR 1.7 million). Profit before taxes was EUR 0.7 million (2010: EUR 1.6 million). Profit for the third quarter was EUR 0.4 million (2010: EUR 1.1 million). Diluted third-quarter earnings per share were EUR 0.03 (2010: EUR 0.08). Diluted cash flow from operating activities in the third quarter was EUR 0.10 per share (2010: EUR -0.06).

Operating profit by segment:

EUR 1,000	**1–9 2011**	**1–9 2010**	**1–12 2010**
Mobile Solutions	4,597	6,054	8,891
Business Solutions	-526	-655	-838
Group administration expenses	-2,137	-1,937	-2,722
Group total	**1,934**	**3,462**	**5,331**

RETURN ON CAPITAL

Consolidated return on equity (ROE) was 4.9 per cent (2010: 11.8 per cent). Return on investment (ROI) was 6.8 per cent (2010: 11.9 per cent).

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 55.8 million (2010: EUR 58.0 million). Shareholders' equity was EUR 29.6 million (2010: EUR 27.0 million). The equity ratio was 53.2 per cent (2010: 46.5 per cent). The group's liquid assets at the end of the review period amounted to EUR 0.8 million (2010: EUR 1.3 million).

At the end of the review period, the company's balance sheet showed EUR 11.1 million (2010: EUR 12.0 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 twelve-month rolling operating profit.

GOODWILL

On 30 September 2011, the consolidated balance sheet included EUR 23.6 million in goodwill. At the end of the review period, 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.

CASH FLOW

During the review period, consolidated cash flow from operating activities was EUR 1.8 million (2010: EUR 0.8 million). The turnaround time of accounts receivable has become longer from 2010 onwards and this has influenced cash flow from operating activities. By 30 September 2011, the company had sold a total of EUR 3.0 million (2010: EUR 1.5 million) in accounts receivable so as to reduce the turnaround time.

PERSONNEL

The number of personnel averaged 1,135 (2010: 1,115) during the review period and was 1,110 (2010: 1,134) at the end of the period. The staff increase occurred mainly in companies outside Finland. At the end of the review period, the group had 641 employees (2010: 738) in Finnish companies, while group companies in other countries employed 469 (2010: 396). The company has compensated for its reduced staff in Finland by increasing subcontracting as necessary.

SHARES AND SHARE CAPITAL

Share turnover and price

During the review period, the highest price of the company’s share was EUR 2.79 (2010: EUR 2.99) and the lowest EUR 0.66 (2010: EUR 1.84). The closing price on 30 September 2011 was EUR 0.87 (2010: EUR 2.24). The average price over the review period was EUR 1.41 (2010: EUR 2.30). The number of shares traded during the review period was 5,675,690 (2010: 1,953,877), which corresponds to 37.6 per cent (2010: 13.4 per cent) of the total number of shares at the end of the review period. Based on the closing price on 30 September 2011, the market value of the company’s shares was EUR 13,139,161 (2010: EUR 32,782,073).

Share capital

At the beginning of the review period, the company’s registered share capital was EUR 585,394.16 and the number of shares was 15,102,484. Following the directed issue that took place during the review period, the number of shares is 15,122,974.

Option plan 2006

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

Because of a 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 series 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 3.05 with series 2006A options and at least EUR 3.55 with series 2006B options. 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, a maximum of 575,405 shares can be subscribed for with option rights. This equals 3.8 per cent of the shares at the end of the review period.

Shareholders

The company had 3,223 shareholders on 30 September 2011 (2010: 2,945). Private persons owned 55.8 per cent (2010: 53.7 per cent) and institutions 44.2 per cent (2010: 46.3 per cent) of the shares. Foreign ownership was 7.3 per cent (2010: 7.2 per cent) of all shares.

Board authorisations

On 29 March 2011, Ixonos Plc’s Annual General Meeting authorised the Board of Directors to decide on a rights issue as well as on issuing stock options and other special rights entitling to shares pursuant to chapter 10, section 1 of the Limited Liability Companies Act (624/2006), under the following terms:

The number of shares to be issued under the authorisation may not exceed 1,500,000, which is equivalent to approximately 10 per cent of all company shares at the time of convening the Annual General Meeting.

The Board of Directors was granted authority to decide, within the limits of the authorisation, on all terms of the share issue as well as on those of the issue of special rights entitling to shares.

The Board of Directors was also granted authority to decide on crediting the subscription price to the share capital or, in whole or in part, to the invested non-restricted equity fund.

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. In such a case, the authorisation may be used to finance corporate acquisitions or other investments associated with the company’s operations, to maintain and improve the group’s solvency or as part of the company’s incentive plan.

The authorisation is effective until the Annual General Meeting 2012.

OTHER EVENTS DURING THE REVIEW PERIOD

Changes in Ixonos’ Management Team

New members were appointed to the Ixonos Group’s Management Team from 1 October 2011: Teppo Kuisma, Vice President and Sami Paihonen, Vice President. Teppo Kuisma, who has been Managing Director of Ixonos Business Solutions Ltd. since the beginning of 2010, is now responsible for the company’s Online Solutions services. Sami Paihonen, who joined Ixonos in June 2010, is responsible for User Experience Design services.

The other members of the Management Team are Kari Happonen, President and CEO; Timo Leinonen, Senior Vice President, Finance; Kari Liuska, Senior Vice President, who has been responsible for the Connected Devices services since 1 October 2011, and Taina Makkonen, Vice President, Human Resources. Management Team member Timo Kaisla, Senior Vice President, is on sabbatical leave since 13 June 2011.

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 support attainment of the commercial targets set by the company and to promote increasing company 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 or make forceful changes to its own operating model, Ixonos would have limited ability to acquire, in the short term, new customer volume to compensate for such changes.

Ixonos' corporate 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 internal or external factors reduce the profit expectations of the company or any of its cash generating units. Goodwill is tested during the final quarter of each 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 financial expenses 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 R&D services in the area of mobile phones, smartphones and other mobile devices is expected to continue its intense growth throughout out 2011. Wireless data transfer is anticipated to continue its expansion into new areas of consumer electronics. Market-Visio indicates that the Finnish ICT market keep growing at the rate of some 4 per cent in 2011. This growth rate is near the long-term average.

In accordance with strategy, Ixonos continues its activities to expand its clientele by boosting sales of services and solutions to mobile technology suppliers, mobile device manufacturers, consumer electronics manufacturers, automotive industry and other customers in Finland as well as internationally while striving to maintain the best possible profitability. The company's sales of software development services for R&D projects based on Nokia's MeeGo and Symbian platforms are estimated to decrease in the second half of this year. The volume and profitability of Ixonos' Mobile Solutions segment are therefore expected to decline from last year's level despite intensified sales to other customers.

The company's turnover for 2011 is expected to be slightly lower than in the previous year but to exceed EUR 80 million. Operating profit is expected to be approximately EUR 2.0 million.

The company aims to continue vigorously securing new customers and developing its services as well as to maintain cash flow and profitability by rationalising its operations.

NEXT REPORTS

The publication time of the financial statement release for the period 1 January – 31 December 2011 will be announced later.

IXONOS PLC
Board of Directors

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THE IXONOS GROUP

ABBREVIATED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2011

Accounting policies

This interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting), the accounting policies for the financial statements of 31 December 2010 and the new and revised standards that came into effect on 1 January 2011 and that are described in the annual 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 interim report, they involve risks and uncertainty factors. Actual results may differ from estimates and assumptions.

The figures in the income statement and balance sheet are consolidated. The consolidated balance sheet includes all group companies as well as Ixonos Management Invest Oy, a company owned by members of Ixonos' management. The original interim report is in Finnish. The interim report 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 interim report is unaudited.

CONSOLIDATED INCOME STATEMENT, EUR 1,000

	1.1.– 30.9.2011	1.1.– 30.9.2010	Change, per cent	1.1.– 31.12.2010
Turnover	61,871	61,787	0.1	84,944
Operating expenses	-59,937	-58,325	2.8	-79,613
OPERATING PROFIT	**1,934**	**3,462**	**-44.1**	**5,331**
Financial income and expenses	-376	-628	-40.1	-781
Profit before tax	1,558	2,834	-45.0	4,550
Income tax	-499	-794	-37.1	-1,292
PROFIT FOR THE REVIEW PERIOD	**1,059**	**2,040**	**-48.1**	**3,258**
Attributable to:				
Equity holders of the parent company	1,077	2,040	**-47.2**	3,262
Non-controlling interests	-18	0		-4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR 1,000

Profit for the review period	1,059	2,040	-48.1	3,258
Other comprehensive income				
Change in translation difference	24	11	128.0	40
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,083**	**2,050**	**-46.3**	**3,298**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1,000

ASSETS	30.9.2011	30.9.2010	31.12.2010
NON-CURRENT ASSETS			
Goodwill	23,647	23,647	23,647
Other intangible assets	5,266	5,188	5,580
Property, plant and equipment	3,595	4,423	4,210
Deferred tax assets	33	87	108
Available-for-sale investments	110	110	110
TOTAL NON-CURRENT ASSETS	**32,652**	**33,455**	**33,655**
CURRENT ASSETS			
Trade and other receivables	22,291	23,200	21,811
Cash and cash equivalents	822	1,317	1,226
TOTAL CURRENT ASSETS	**23,112**	**24,517**	**23,037**
TOTAL ASSETS	**55,764**	**57,972**	**56,693**
EQUITY AND LIABILITIES	30.9.2011	30.9.2010	31.12.2010
SHAREHOLDERS' EQUITY			
Share capital	585	585	585
Share premium reserve	219	219	219
Invested non-restricted equity fund	20,343	20,346	20,343
Retained earnings	7,131	3,788	3,824
Profit for the period	1,077	2,040	3,262
Equity attributable to equity holders of the parent	**29,355**	**26,978**	**28,234**
Non-controlling interests	216	0	224
TOTAL SHAREHOLDERS' EQUITY	**29,571**	**26,978**	**28,457**
LIABILITIES			
Non-current liabilities	5,399	8,981	7,934
Current liabilities	20,794	22,012	20,301
TOTAL LIABILITIES	**26,193**	**30,994**	**28,235**
TOTAL EQUITY AND LIABILITIES	**55,764**	**57,972**	**56,693**

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

A: Share capital
B: Share premium reserve
C: Share issue
D: Invested non-restricted equity fund
E: Treasury shares
F: Translation difference
G: Retained earnings
H: Total equity attributable to equity holders of the parent
I: Non-controlling interests
J: Total equity

	Equity attributable to equity holders of the parent									
	A	B	C	D	E	F	G	H	I	J
Shareholders' equity at 1 January 2010	373	219	0	14,808	0	-11	3,789	19,177		19,177
Profit for the period							2,040	2,040		2,040
Other comprehensive income:										
Change in translation difference						11		11		11

Transactions with shareholders										
Rights issue	213			5,538				5,751		5,751
Shareholders' equity at 30 September 2010	585	219		20,346		0	5,829	26,978		26,978
Shareholders' equity at 1 January 2011	585	219	0	20,343	0	29	7,058	28,234	224	28,457
Profit for the review period							1,077	1,077	-18	1,059
Other comprehensive income:										
Change in translation difference						24		24		24
Transactions with shareholders:										
Rights issue			50					50		50
Share-based remuneration							20	20		20
Management incentive plan			-50					-50	10	-40
Shareholders' equity at 30 September 2011	585	219	0	20,343		53	8,155	29,355	216	29,571

CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1.1.–30.9.2011	1.1.–30.9.2010	1.1.–31.12.2010
Cash flow from operating activities			
Profit for the period	1,058	2,040	3,258
Adjustments to cash flow from operating activities			
Tax	499	794	1,292
Depreciation and impairment	3,072	2,434	3,407
Financial income and expenses	376	628	781
Other adjustments	-74	-45	-14
Cash flow from operating activities before change in working capital	**4,932**	**5,851**	**8,724**
Change in working capital	-1,637	-3,535	-2,077
Interest received	2	6	4
Interest paid	-390	-721	-875
Tax paid	-1,060	-754	-1,076
Net cash flow from operating activities	**1,848**	**847**	**4,700**
Cash flow from investing activities			
Investments in tangible and intangible assets	-1,379	-2,331	-2,545
Dividends received	8	4	4
Acquisition of subsidiaries	0	-1,052	-1,052
Net cash flow from investment activities	**-1,371**	**-3,379**	**-3,594**
Net cash flow before financing	**477**	**-2,532**	**1,106**
Cash flow from financing activities			

Increase in long-term borrowings	0	0	0
Repayment of long-term borrowings	-1,919	-1,996	-2,872
Increase in short-term borrowings	2,071	2,681	223
Repayment of short-term borrowings	-1,043	-4,765	-5,353
Proceeds from share issues	10	5,621	5,845
Net cash flow from financing activities	**-881**	**1,571**	**-2,158**
Change in cash and cash equivalents	-404	-961	-1,052
Liquid assets at the beginning of the period	1,226	2,278	2,278
Liquid assets at the end of the period	822	1,317	1,226

CONSOLIDATED INCOME STATEMENT, QUARTERLY, EUR 1,000

	Q3/2011 1.7.– 30.9.11	**Q2/2011** 1.4.– 30.6.11	**Q1/2011** 1.1.– 31.3.11	**Q4/2010** 1.10.– 31.12.10	**Q3/2010** 1.7.– 30.9.10
Turnover	18,916	21,817	21,138	23,157	19,360
Operating expenses	-18,088	-21,179	20,768	-21,288	-17,706
OPERATING PROFIT	829	638	369	1,869	1,653
Financial income and expenses	-167	-157	-52	-153	-103
Profit before tax	661	481	318	1,716	1,551
Income tax	407	-140	-107	-498	-435
PROFIT FOR THE PERIOD	414	340	211	1,223	1,115

SEGMENT REPORTING

	1.1.– 30.9.2011	1.1.–30.9.2010	1.1.–31.12.2010
Turnover by segment			
Mobile Solutions	52,765	52,448	71,160
Business Solutions	10,511	11,818	15,475
Eliminations	-1,405	-2,479	-1,691
Total turnover	61,871	61,787	84,944
Operating profit by segment			
Mobile Solutions	4,597	6,054	8,891
Business Solutions	-526	-655	-838
Group administration expenses	-2,137	-1,937	-2,722
Total operating profit	1,934	3,462	5,331
Operating profit, per cent of turnover	3.1	5.6	6.3
Financial income and expenses	-376	-628	-781
Profit before tax	1,558	2,834	4,550
Tax	-499	-794	-1,292
PROFIT FOR THE PERIOD	1,059	2,040	3,258

CHANGES IN FIXED ASSETS, EUR 1,000

	Goodwill	Intangible assets	Property, plant and equipment	Available-for-sale investments	Total
Carrying amount at 1 January 2010	22,826	5,061	3,942	110	31,939
Additions		1,561	1,493		3,054
Additions from corporate acquisitions	821				821
Disposals			-11		-11
Depreciation for the period		-1,434	-1,000		-2,434
Carrying amount at 30 September 2010	23,647	5,188	4,423	110	33,368

Carrying amount at 1 January 2011	23,647	5,580	4,210	110	33,547
Additions		1,575	568		2,143
Disposals					
Depreciation for the period		-1,889	-1,183		-3,072
Carrying amount at 30 September 2011	23,647	5,266	3,595	110	32,619

FINANCIAL RATIOS

	1.1.–30.9.2011	1.1.–30.9.2010	1.1.–31.12.2010
Earnings per share, diluted, EUR	0.07	0.16	0.25
Earnings per share, EUR	0.07	0.16	0.25
Equity per share, EUR	1.94	1.84	1.87
Operating cash flow per share, diluted, EUR	0.12	0.07	0.36
Return on investment, per cent	6.8	11.9	14.1
Return on equity, per cent	4.9	11.8	13.7
Operating profit / turnover, per cent	3.1	5.6	6.3
Net gearing, per cent	34.7	52.6	36.6
Equity ratio, per cent	53.2	46.5	50.2

OTHER INFORMATION

	1.1.–30.9.2011	1.1.–30.9.2010	1.1.–31.12.2010
PERSONNEL Number of employees, average	1,135	1,115	1,120
Number of employees, at the end of the period	1,110	1,134	1,138
COMMITMENTS, EUR 1,000	30.9.2011	30.9.2010	31.12.2010
Collateral for own commitments			
Corporate mortgages	9,900	9,900	9,900
Leasing and other rental commitments			
Falling due within 1 year	4,676	4,845	4,620
Falling due within 1–5 years	3,355	6,478	5,690
Falling due after 5 years	0	0	0
Total	8,031	11,323	10,310
Nominal value of interest rate swap agreement			
Falling due within 1 year	0	0	0
Falling due within 1–5 years	4,017	4,893	4,893
Falling due after 5 years	0	0	0
Total	4,017	4,893	4,893
Fair value	-58	-125	-54

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 taxes + interest + other financial 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