

## DIGIA'S THIRD QUARTER 2014: NET SALES AND OPERATING PROFIT ON A PAR WITH THE PREVIOUS YEAR

### SUMMARY:

#### January-September

- Consolidated net sales: EUR 70.2 (73.0) million, down 3.8 per cent
- Operating profit EUR 2.0 (2.5) million
- Profitability (EBIT %) 2.9 (3.4) per cent
- Product business accounted for 41.4 (42.5) per cent
- Earnings per share: EUR 0.06 (0.06)

#### July-September

- Consolidated net sales: EUR 21.7 (21.4) million, up 1.4 per cent
- Operating profit EUR 0.9 (1.0) million
- Profitability (EBIT %) 3.9 (4.7) per cent
- Product business accounted for 42.4 (42.3) per cent
- Earnings per share: EUR 0.02 (0.02)

Consolidated net sales and operating profit fell from the previous year's comparison figures. Net sales decreased in both segments. The decrease can be primarily attributed to exceptional net sales items included in the previous year's comparison figures and which did not exist in the reporting period.

In addition, last year's comparison figures for domestic business included a one-off EUR 2.4 million low-margin maintenance deal for a third-party software product. Excluding the impact of this deal, net sales from domestic business in the quarter were on a par with the previous year.

In the Qt business, the net sales recorded in the reporting period for the five-year deal worth EUR 3.0 million signed in Q2 of last year were EUR 1.1 million lower than in the corresponding period a year earlier. Excluding the impact of this exceptional deal, Qt's net sales grew by 5.8 per cent, even though prolonged negotiations on a number of major new deals have held back growth.

In domestic business, operating profit rose significantly both in the reporting period and in the third quarter. Meanwhile, the Qt business recorded a loss for both the reporting period and Q3, as expected, and as a result the company's net sales fell from previous year's comparison figures.

Overall, Digia expects demand to remain good in all domestic business areas, but anticipates a slight year-on-year decline in net sales in the final quarter. Digia also expects to see at least moderate profitability in its domestic business. The general market uncertainty may, however, reflect on the company's order book and bid volume development.

Net sales of the Qt business are expected to grow in the final quarter, resulting in a year-on-year improvement in Qt's full-year net sales. Digia anticipates Qt's operating profit to be close to zero in the final quarter and to remain in the red for the full year.

## GROUP KEY FIGURES AND RATIOS

	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %
Net sales	21,732	21,435	1.4 %	70,187	72,959	-3.8 %
Operating profit before extraordinary items	857	997	-14.1 %	2,001	2,456	-18.5 %
- % of net sales	3.9 %	4.7 %		2.9 %	3.4 %	
Operating profit	857	997	-14.1 %	2,001	2,456	-18.5 %
- % of net sales	3.9 %	4.7 %		2.9 %	3.4 %	
Net profit	472	454	3.8 %	1,170	1,329	-12.0 %
- % of net sales	2.2 %	2.1 %		1.7 %	1.8 %	
Return on equity,%	5.4 %	4.4 %		4.4 %	4.2 %	
Return on capital invested, %	6.4 %	6.4 %		5.6 %	5.7 %	
Interest-bearing liabilities	18,873	18,864	0.0 %	18,873	18,864	0.0 %
Cash and cash equivalents	2,902	6,997	-58.5 %	2,902	6,997	-58.5 %
Net gearing	45.3 %	28.4 %		45.3 %	28.4 %	
Equity ratio, %	50.7 %	54.8 %		50.7 %	54.8 %	
Earnings per share, EUR, undiluted	0.02	0.02		0.06	0.06	
Earnings per share, EUR, diluted	0.02	0.02		0.06	0.06	

## MARKETS AND DIGIA'S BUSINESS OPERATIONS

### DOMESTIC SEGMENT

The general economic conditions are making companies increasingly cautious; this continues to translate into prolonged decision-making and growing cost pressure in competitive bidding procedures.

The Integration, Analytics and Site Optimization business showed positive overall development during the reporting period.

Similarly, demand for ERP systems was healthy, although there were significant differences in demand between sectors. Despite long sales cycles, the order book and bid volumes remained healthy.

Market uncertainty was most clearly reflected in the business for tailored solutions and services, where the customers' cost pressure is eroding business profitability significantly. Demand for services has remained relatively good, but with notable differences between sectors.

### QT SEGMENT

Qt business failed to reach its net sales targets for the reporting period. Key factors contributing to poor net sales performance included prolonged sales periods concerning major deals.

The Qt business recorded a loss for the reporting period. This could be attributed to weaker-than-expected net sales development and to the company's determined and strong investments in business development to enable future growth.

The Qt user ecosystem has seen powerful growth. The new version, Qt 5.3, launched in May 2014 has been downloaded more than 1,000,000 times. Feedback from users has been extremely positive.

During the period, Digia continued to implement the previously reported Qt product development plans, which included launching a new Qt product site. The [www.qt.io](http://www.qt.io) site will serve as the central source of information for Qt ecosystem events and the upcoming changes in the open source code licence for the new Qt 5.4. The objective of licensing changes is to promote the sale of commercial licences to commercial players. Special attention has been paid to other aspects of sales development, with several projects designed to generate net sales growth currently in progress.

## NET SALES

Digia's consolidated net sales for the reporting period totalled EUR 70.2 (73.0) million, down 3.8 per cent on the same period a year earlier.

Net sales from the domestic segment decreased by 4.2 per cent to EUR 55.6 (58.1) million. Net sales from the Qt segment amounted to EUR 14.6 (14.9) million, showing a decrease of 2.3 per cent.

The net sales decline in the domestic business could be primarily attributed to the fact that last year's comparison figures included a one-off EUR 2.4 million low-margin maintenance deal for a third-party software product. Excluding the impact of this deal, net sales from domestic business in the quarter were on a par with the previous year.

Similarly, the net sales decline in the Qt business could be attributed to an exceptional net sales item included in last year's comparison figures. Net sales in the reference period last year, generated by this five-year deal worth EUR 3.0 million signed in Q2 last year, were EUR 1.1 million higher than those recorded for the reporting period. Excluding the impact of this exceptional deal, Qt net sales grew by 5.8 per cent, although prolonged sales periods on a number of major new deals have held back growth.

During the reporting period, the product business accounted for EUR 29.1 million (1-9/2013: EUR 31.0 million), or 41.4 (42.5) per cent of consolidated net sales.

International operations accounted for EUR 14.5 million (1-9/2013: EUR 15.8 million), or 20.6 (21.6) per cent of consolidated net sales during the reporting period.

Digia's consolidated net sales for the third quarter were EUR 21.7 (21.4) million, up 1.4 per cent from the same period a year earlier.

In the third quarter, net sales from the domestic segment increased by 2.3 per cent to EUR 16.8 (16.4) million, while net sales from the Qt business decreased by 1.7 per cent to EUR 4.9 (5.0) million.

During the quarter, the product business accounted for EUR 9.2 (9.1) million, or 42.4 (42.3) per cent of consolidated net sales.

International operations accounted for EUR 5.0 (5.0) million, or 23.0 (23.4) per cent, of consolidated net sales in Q3.

## PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit for the reporting period was EUR 2.0 (2.5) million, down 18.5 per cent from the same period a year earlier. Profitability (EBIT%) was 2.9 (3.4) per cent.

Digia's consolidated operating profit for the third quarter was EUR 0.9 (1.0) million, down 14.1 per cent from the same period a year earlier. Profitability (EBIT%) was 3.9 (4.7) per cent.

Operating profit from domestic operations for the reporting period totalled EUR 3.6 (2.7) million, up 31.9 per cent, and profitability (EBIT%) was 6.5 (4.7) per cent. Operating profit from domestic operations in the third quarter grew by 7.4 per cent to EUR 1.2 (1.1) million, and profitability (EBIT %) was 7.1 (6.8) per cent.

Operating profit in the Qt business fell by 465.1 per cent to EUR -1.6 (-0.3) million, while profitability (EBIT %) was -11.1 (-1.9) per cent. Operating profit in the Qt business in the third quarter fell by 191.1 per cent to EUR -0.3 (-0.1) million, while profitability (EBIT %) was -6.9 (-2.3) per cent.

After a weak first half, operating profit from domestic operations stabilised at a moderate level.

In the Qt business, investments made to boost business growth reduced profitability, as expected. Profitability was also adversely affected by the weak net sales performance in the reporting period. Qt business has recorded a loss throughout the reporting period. However, since the first quarter business has seen positive development and losses from operations have been minor.

Consolidated earnings before taxes for the period totalled EUR 1.5 (1.9) million, and net profit was EUR 1.2 (1.3) million. Consolidated earnings before taxes for the third quarter amounted to EUR 0.5 (0.7) million, and net profit after taxes totalled EUR 0.5 (0.5) million.

Earnings per share in the reporting period were EUR 0.06 (1-9/2013: EUR 0.06), while earnings per share for the third quarter were EUR 0.02 (Q3/2013: EUR 0.02).

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

## FINANCIAL POSITION AND EXPENDITURE

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 79.6 million (12/2013: EUR 83.3 million) and the equity ratio was 50.7 (12/2013: 49.9) per cent. Net gearing was 45.3 per cent (12/2013: 28.9 cent). Cash and cash equivalents at the end of the period totalled EUR 2.9 (12/2013: 6.5) million.

Interest-bearing liabilities amounted to EUR 18.9 (12/2013: 16.9) million at the period end. These consisted of EUR 17.7 million in loans from financial institutions and EUR 1.2 million in financial leasing liabilities.

Consolidated net cash flow from operating activities for the period was negative by EUR 3.6 million (1-9/2013: positive by EUR 1.7 million). Cash flow from investments for the period was negative by EUR 0.9 (0.4) million. Cash flow from operating activities for the period was positive by EUR 1.0 million (1-9/2013: negative by EUR 2.6 million) with a EUR 2.8 million positive net impact of loans on cash flow. Repayments of bank loans totalled EUR 2 million, short-term loan withdrawals amounted to EUR 3.0 million and long-term loan withdrawals to EUR 1.8 million.

The Group's investments in fixed assets during the period totalled EUR 0.8 (0.4) million.

Return on investment (ROI) for the period was 5.6 (5.7) per cent, and return on equity (ROE) was 4.4 (4.2) 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
Digia, domestic business	946	367	37,987	5,573	44,506

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, Qt business	6,363	519	6,562	1,912	14,838

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia Group, total	7,310	886	44,550	7,484	59,344

Present values for domestic operations were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for the first three quarters of the forecast period according to the confirmed figures for the latest three quarters, and for the following quarter according to budget; after this, annual growth in net sales of 3.0 per cent and in operating profit of 8.0 per cent, and a pre-tax discount rate of 8.9 per cent. Cash flows following the forecast period were extrapolated using the same assumptions as for the forecast period.

According to a sensitivity analysis, the goodwill related to domestic operations requires either net sales to remain at the current level with profitability of 4.7 per cent, or a 3.0 per cent growth in net sales with profitability of 2.6 per cent. The management sees no risk of goodwill impairment associated with domestic operations.

Present values for the Qt business were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for the first three quarters of the forecast period according to the confirmed figures for the latest three quarters, and for the following quarter according to budget; after this, annual growth in net sales of 6.5 per cent and in operating profit of 5.3 per cent, and a pre-tax discount rate of 8.9 per cent. Cash flows following the forecast period were extrapolated using the same assumptions as for the forecast period.

According to a completed sensitivity analysis, the goodwill of the Qt business requires either net sales to remain at the current level with profitability of 5.3 per cent, or a 5.0 per cent growth in net sales with profitability of 1.5 per cent. The management sees no risk of goodwill impairment associated with Qt operations.

## PERSONNEL, MANAGEMENT AND ADMINISTRATION

At the end of the period, the total number of Group personnel was 933, representing a decrease of 5 employees or -0.5 per cent since the end of fiscal 2013 (938). The average number of personnel during the reporting period was 935, which was 4 persons or 0.4 per cent less than the average for fiscal 2013 (939).

Employees by function at the end of the period:

Domestic operations	75 %
Qt operations	20 %
Administration and management	5 %

As of the end of the period, 149 (12/2013: 170) employees were working abroad.

The Digia Plc Annual General Meeting of 11 March 2014 re-elected Päivi Hokkanen, Robert Ingman, Kari Karvinen, Pertti Kyttälä, Seppo Ruotsalainen, Leena Saarinen and Tommi Uhari as members of the Board. At the organisation meeting of the Board, Pertti Kyttälä was elected Chairman of the Board and Robert Ingman was elected Vice Chairman.

Juha Varelius has been Digia Plc's President and CEO since 1 January 2008.

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

Tommi Laitinen, who was previously in charge of the Qt business, left the company during the reporting period. Digia's CEO Juha Varelius is temporarily in charge of the Qt business in addition to his other duties. Digia has initiated a recruitment process to hire a new director for the business.

## **RISKS AND UNCERTAINTIES**

The company's short-term business risks and uncertainties were described in the 2013 Financial Statements. These are unchanged.

Risks and their management are described on the company's website at [www.digia.com](http://www.digia.com).

## **FUTURE PROSPECTS**

The company expects the IT market in Finland to remain at roughly the previous year's level in 2014.

The objective for the company's domestic operations is to raise profitability to a good level, and to achieve organic growth at least equivalent to general market development. Besides organic growth, the company actively pursues opportunities to make carefully considered business acquisitions that support its strategy.

Efforts will continue to develop Digia's customer understanding and sales and service portfolio to ensure that it can offer increasingly competitive services and solutions for boosting its customers' business efficiency. Measures aimed at improving the company's operational efficiency will also continue.

Overall, Digia expects demand to remain good in all domestic business areas, but anticipates a slight year-on-year decline in net sales in the final quarter. Digia also expects to see at least moderate profitability in its domestic business. The general market uncertainty may, however, reflect on the company's order book and bid volume development.

In the Qt business, operational focus is on sales development and on creating better growth opportunities. Besides making growth-targeted investments, Digia is also keeping a close eye on business profitability. The objective is to ensure that income from the Qt business covers its operating expenses.

The Qt order book is satisfactory, considering the time of year and general market situation, and the company expects to see continued growth in demand in the large customer segment. However, contract turnaround times in these markets are very long, typically around 6–18 months, which can cause significant fluctuation in quarterly net sales and, particularly, profitability.

Digia will continue to invest significantly in Qt business and sales development. Business development efforts will focus on embedded systems in automotive, digital TV and DTV receivers. Areas targeted in product development include value-added features and tools required for building embedded systems.

The sales growth associated with embedded systems will also reflect on the earnings logic. Licence revenue from these sales accumulates over the longer term rather than representing a one-time payment.

Net sales of the Qt business are expected to grow in the final quarter, resulting in a year-on-year improvement in Qt's full-year net sales. Digia anticipates Qt's operating profit to be close to zero in the final quarter and to remain in the red for the full year.

## **OTHER EVENTS DURING THE REVIEW PERIOD**

Digia Plc's Annual General Meeting (AGM) was held on 11 March 2014. The AGM adopted the financial statements for 2013, released the Board members and the CEO from liability, determined Board emoluments, resolved to keep the number of Board members at seven (7), and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2013, the AGM approved the Board's proposal to make a repayment of capital of EUR 0.10 per share to all shareholders listed on the shareholder list maintained by Euroclear Finland Ltd on the reconciliation date of 14 March 2014. The date for the repayment of capital was set at 21 March 2014.

### **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 12 March 2013 and is valid for 18 months, i.e. until 11 September 2015.

Authorising the Board of Directors to decide on a share issue and granting of special rights

The AGM authorised the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments, as follows: The issue may total, at a maximum, 4,000,000 shares. The authorisation applies both to new shares and to treasury shares held by the company. By virtue of the authorisation, the Board has the right to decide on share issues and the granting of special rights, in deviation from the pre-emptive subscription rights of the shareholders (a directed issue). The authorisation may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes. The Board was authorised to decide on all terms related to the share issue or special rights, including the subscription price, its payment in cash or (partly or wholly) in capital contributed in kind or its being written off against the subscriber's receivables, and its recognition in the company's balance sheet. This authorisation supersedes that granted by the AGM of 12 March 2013 and is valid for 18 months, i.e. until 11 September 2015.

In a meeting held on 17 June 2014, Digia Plc's Board of Directors has authorized the company's management to further streamline the company's organizational structure between Digia's domestic business and the international Qt business. This will be carried out by setting up a new company entity for Qt under the parent company Digia Plc by the end of the year.

## SHARE CAPITAL AND SHARES

On 30 September 2014, the number of Digia Plc shares totalled 20,875,645.

According to Finnish Central Securities Depository Ltd, Digia had 4,731 shareholders on 30 September 2014.

### The 10 biggest shareholders were:

Shareholder	Shares and votes
Ingman Group Oy Ab	20.1 %
Ilmarinen Mutual Pension Insurance Company	14.6 %
Jyrki Hallikainen	7.4 %
Kari Karvinen	6.0 %
Matti Savolainen	5.8 %
Varma Mutual Pension Insurance Company	4.6 %
Nordea Finnish Small Cap investment fund	1.4 %
Investment Fund Säästöpankki Small Cap	1.3 %
Nordea Bank Finland Plc (nominee-registered)	1.3 %
Etola Oy	1.0 %

### Distribution of holdings by number of shares held on 30 September 2014

Number of shares	Shareholders	Shares and votes
1 – 100	23.0 %	0.4 %
101 – 1,000	58.4 %	5.9 %
1,001 – 10,000	16.7 %	10.0 %
10,001 – 100,000	1.3 %	8.8 %
100,001 – 1,000,000	0.5 %	21.0 %
1,000,001 – 4,000,000	0.1 %	53.9 %

### Shareholding by sector on 30 September 2014

	Shareholders	Shares
Non-financial corporations	4.3 %	26.1 %
Financial and insurance corporations	0.2 %	4.2 %
General government	0.1 %	19.3 %
Not-for-profit institutions serving households	0.3 %	1.0 %
Households	94.6 %	46.9 %
Foreign holding	0.6 %	2.6 %

The weighted average number of shares during the reporting period, adjusted for share issues, was 20,781,888. The number of outstanding shares was 20,775,273 in total at the end of the period.

The company held a total of 57,372 treasury shares at the end of the reporting period. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.3 per cent of the capital stock as of 30 September 2014. Digia has financed the acquisition of 43,000 treasury shares for distribution through incentive schemes for key personnel. At the end of the period, 43,000 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 NASDAQ OMX Nordic Exchange under IT, IT Consulting & Other Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 3.10 and the highest was EUR 4.59. The share officially closed at EUR 3.10 on the last trading day. The trade-weighted average was EUR 3.96. The Group's market capitalisation totalled EUR 64,714,500 at the end of the reporting period.

### The company received the following flagging notifications during the reporting period:

- Ilmarinen Mutual Pension Insurance Company announced on 18 February 2014 that its holding in the company had risen above the 10% flagging threshold to 10.05% of all shares and votes in the company.
- The Ingman Group announced on 25 March 2014 that its holding in the company had risen above the 20% flagging threshold to 20.12% of all shares and votes.
- Jyrki Hallikainen announced on 7 July 2014 that his holding in the company had fallen below the 10% flagging threshold to 7.83% of all shares and votes.

## STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 31 October 2014

Digia Plc

Board of Directors

## **BRIEFING**

Digia will hold a briefing on its Interim Report for analysts on Friday, 31 October 2014 at 11 am, in the Tapiola cabinet of Hotel Scandic Simonkenttä, Simonkatu 9, 00100 Helsinki, Finland. All are welcome.

## **FURTHER INFORMATION**

Juha Varelius, President and CEO, mobile: +358 400 855 849, email: [juha.varelius@digia.com](mailto:juha.varelius@digia.com)

The Interim Report and the CEO's presentation will be available on [www.digia.com](http://www.digia.com), in the 'Investors' section, from 11 am on 31 October 2014.

## **DISTRIBUTION**

NASDAQ OMX Helsinki  
Key media

## **CONDENSED FINANCIAL STATEMENTS AND NOTES**

Consolidated Income Statement  
Consolidated Balance Sheet  
Consolidated Cash Flow Statement  
Consolidated Statement of Changes In Shareholders' Equity  
Notes to the accounts

**CONSOLIDATED INCOME STATEMENT, EUR 1,000**

EUR 1,000	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
NET SALES	21,731.9	21,435.2	1.4 %	70,187.1	72,958.7	-3.8 %	99,740.5
Other operating income	302.7	305.9	-1.0 %	1,026.3	1,038.5	-1.2 %	1,542.7
Materials and services	-1,960.3	-1,871.3	4.8 %	-6,681.5	-8,955.9	-25.4 %	-11,989.4
Depreciation, amortisation and impairment	-580.1	-708.5	-18.1 %	-1,890.0	-2,215.1	-14.7 %	-9,977.0
Other operating expenses	-18,637.4	-18,163.8	2.6 %	-60,640.7	-60,370.6	0.4 %	-82,138.8
Operating profit	856.9	997.4	-14.1 %	2,001.2	2,455.6	-18.5 %	-2,822.0
Financial expenses (net)	-307.1	-264.9	15.9 %	-511.0	-536.6	-4.8 %	-784.0
Earnings before tax	549.8	732.5	-24.9 %	1,490.2	1,919.0	-22.3 %	-3,605.9
Income taxes	-78.0	-278.2	-71.9 %	-320.5	-589.8	-45.7 %	-461.2
NET PROFIT	471.7	454.3	3.8 %	1,169.8	1,329.2	-12.0 %	-4,067.1
Other comprehensive income:							
Items which may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	80.8	214.0	-62.3 %	-44.3	12.6		-36.2
TOTAL COMPREHENSIVE INCOME	552.5	668.3	-17.3 %	1,125.5	1,341.8	-16.1 %	-4,103.3
Distribution of net profit:							
Parent-company shareholders	471.7	454.3	3.8 %	1,169.8	1,329.2	-12.0 %	-4,067.1
Minority interest	0.0	0.0		0.0	0.0		0.0
Distribution of total comprehensive income:							
Parent-company shareholders	552.5	668.3	-17.3 %	1,125.5	1,341.8	-16.1 %	-4,103.3
Minority interest	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR	0.02	0.02		0.06	0.06		-0.20
Earnings per share (diluted), EUR	0.02	0.02		0.06	0.06		-0.20

**CONSOLIDATED BALANCE SHEET, EUR 1,000**

<b>Assets</b>	<b>30 September 2014</b>	<b>31 December 2013</b>	<b>Change, %</b>
Non-current assets			
Intangible assets	52,617.0	53,327.2	-1.3 %
Tangible assets	1,707.4	1,986.0	-14.0 %
Financial assets	629.5	627.0	0.4 %
Inventories	0.5	0.6	-8.9 %
Long-term receivables	64.6	64.6	0.0 %
Deferred tax assets	510.3	370.9	37.6 %
<b>Total non-current assets</b>	<b>55,529.3</b>	<b>56,376.2</b>	<b>-1.5 %</b>
Current assets			
Current receivables	21,120.7	20,447.8	3.3 %
Available-for-sale financial assets	328.2	324.0	1.3 %
Cash and cash equivalents	2,574.2	6,129.8	-58.0 %
<b>Total current assets</b>	<b>24,023.1</b>	<b>26,901.7</b>	<b>-10.7 %</b>
<b>Total assets</b>	<b>79,552.4</b>	<b>83,277.9</b>	<b>-4.5 %</b>
<b>Shareholders' equity and liabilities</b>	<b>30 September 2014</b>	<b>31 December 2013</b>	<b>Change, %</b>
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	31,370.3	33,447.8	-6.2 %
Translation difference	473.3	517.6	-8.6 %
Retained earnings	-12,985.7	-9,028.6	-43.8 %
Net profit	1,169.8	-4,067.1	128.8 %
Equity attributable to parent-company shareholders	35,218.5	36,060.6	-2.3 %
Minority interest	0.0	0.0	
<b>Total shareholders' equity</b>	<b>35,218.5</b>	<b>36,060.6</b>	<b>-2.3 %</b>
Liabilities			
Long-term interest-bearing liabilities	12,338.4	12,741.9	-3.2 %
Received long-term advances	1,103.3	2,876.5	-61.6 %
Other long-term liabilities	0.0	0.0	
Deferred tax liabilities	278.1	461.0	-39.7 %
<b>Total long-term liabilities</b>	<b>13,719.8</b>	<b>16,079.4</b>	<b>-14.7 %</b>
Short-term interest-bearing liabilities	6,534.5	4,140.9	57.8 %
Other short-term liabilities	24,079.6	26,996.9	-10.8 %
<b>Total short-term liabilities</b>	<b>30,614.1</b>	<b>31,137.8</b>	<b>-1.7 %</b>
<b>Total liabilities</b>	<b>44,333.9</b>	<b>47,217.3</b>	<b>-6.1 %</b>
<b>Shareholders' equity and liabilities</b>	<b>79,552.4</b>	<b>83,277.9</b>	<b>-4.5 %</b>

**CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000**

	1 Jan 2014-30 Sep 2014	1 Jan 2013-30 Sep 2013
Cash flow from operations:		
Net profit	1,170	1,329
Adjustments to net profit	403	563
Change in working capital	-4,797	-74
Interest paid	-242	-328
Interest income	0	0
Taxes paid	-135	200
Net cash flow from operations	-3,601	1,690
Cash flow from investments:		
Purchases of tangible and intangible assets	-904	-394
Cash flow from investments	-904	-394
Cash flow from financing:		
Proceeds from share issue	0	0
Acquisition of own shares	0	0
Repayment of current loans	-2,000	-3,500
Repayments of non-current loans	0	0
Withdrawals of current loans	3,000	3,000
Withdrawals of non-current loans	1,758	0
Dividends paid and other profit distribution	-1,804	-2,082
Cash flow from financing	954	-2,582
Change in liquid assets	-3,551	-1,287
Liquid assets at beginning of period	6,454	8,283
Change in fair value		
Change in liquid assets	-3,551	-1,287
Liquid assets at end of period	2,903	6,997

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

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 01/01/2013	2,088	0	7,899	33,448	5,204	554	-7,129	42,063
Net profit							1,329	1,329
Other comprehensive income						13		13
Dividends							-2,082	-2,082
Share-based payments recognised against equity							457	457
Other items								
SHAREHOLDERS' EQUITY 30/09/2013	2,088	0	7,899	33,448	5,204	566	-7,425	41,780
	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 January 2014	2,088	0	7,899	33,448	5,204	518	-13,096	36,061
Net profit							1,170	1,170
Other comprehensive income						-44		-44
Repayment of capital				-2,078				-2,078
Share-based payments recognised against equity							110	110
SHAREHOLDERS' EQUITY, 30 September 2014	2,088	0	7,899	31,370	5,204	473	-11,816	35,218

a = share capital

b = rights issue

c = share premium

d = unrestricted invested shareholders' equity

e = other reserves

f = currency translation differences

g = retained earnings

h = total shareholders' equity

**NOTES TO THE ACCOUNTS**
**Accounting principles**

The interim report has been prepared in compliance with IFRS and the IAS 34 standard. This interim report is based on unaudited figures. Otherwise, the same accounting principles have been applied as in the 2013 financial statements. The accounting principles and formulae for the calculation of key figures and ratios are unchanged and are presented in the 2013 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 in the form of capital repayments during the reporting period totalled EUR 2,081,827.30.

**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.

## Segment information

Digia's business operations are divided into two main business segments: Domestic and Qt.

NET SALES, EUR 1,000	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
Domestic operations	16,783	16,401	2.3 %	55,627	58,052	-4.2 %	79,850
Qt operations	4,949	5,034	-1.7 %	14,560	14,908	-2.3 %	19,891
Digia Group	21,732	21,435	1.4 %	70,187	72,959	-3.8 %	99,740

OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS, EUR 1,000	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
Domestic operations	1,197	1,114	7.4 %	3,616	2,741	31.9 %	5,395
Qt operations	-340	-117	-191.1 %	-1,614	-286	-465.1 %	-846
Digia Group	857	997	-14.1 %	2,001	2,456	-18.5 %	4,549

OPERATING PROFIT, EUR 1,000	7-9/2014	7-9/2013	Change, %	1-9/2014	1-9/2013	Change, %	2013
Domestic operations	1,197	1,114	7.4 %	3,616	2,741	31.9 %	-1,976
Qt operations	-340	-117	-191.1 %	-1,614	-286	-465.1 %	-846
Digia Group	857	997	-14.1 %	2,001	2,456	-18.5 %	-2,822

ASSETS, EUR 1,000	30 September 2014	31 December 2013
Domestic operations	50,791	53,199
Qt operations	16,916	17,021
Unallocated	11,845	13,058
Digia Group	79,552	83,278

## Consolidated income statement by quarter

EUR 1,000	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013
Net sales	21,731.9	24,497.2	23,957.9	26,781.8	21,435.2
Other operating income	302.7	322.8	400.8	504.2	305.9
Materials and services	-1,960.3	-2,343.1	-2,378.0	-3,033.5	-1,871.3
Depreciation, amortisation and impairment	-580.1	-607.2	-702.8	-7,761.9	-708.5
Other operating expenses	-18,637.4	-20,444.9	-21,558.3	-21,768.2	-18,163.8
Operating profit	856.9	1,424.8	-280.4	-5,277.6	997.4
Financial expenses (net)	-307.1	-53.2	-150.8	-247.3	-264.9
Earnings before tax	549.8	1,371.6	-431.2	-5,524.9	732.5
Income taxes	-78.0	-342.8	100.4	128.6	-278.2
Net profit	471.7	1,028.9	-330.8	-5,396.3	454.3
Allocation:					
Parent-company shareholders	471.7	1,028.9	-330.8	-5,396.3	454.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Earnings per share, EUR	0.02	0.05	-0.02	-0.26	0.02
Earnings per share (diluted), EUR	0.02	0.05	-0.02	-0.26	0.02

## Group key figures and ratios

EUR 1,000	1-9/2014	1-9/2013
Extent of business:		
Net sales	70,187	72,959
- change from previous year	-3.8 %	-2.7 %
Average capital invested	53,517	61,278
Personnel at period end	933	937
Average number of personnel	935	939
Profitability:		
Operating profit before extraordinary items and impairment	2,001	2,456
- % of net sales	2.9 %	3.4 %
Operating profit	2,001	2,456
- % of net sales	2.9 %	3.4 %
Earnings before tax	1,490	1,919
- % of net sales	2.1 %	2.6 %
Net profit	1,170	1,329
% of net sales	1.7 %	1.8 %
Return on equity, %	4.4 %	4.2 %
Return on investment, %	5.6 %	5.7 %
Financing and financial standing:		
Interest-bearing liabilities	18,873	18,864
Short-term investments & cash and bank receivables	2,902	6,997
Net gearing	45.3 %	28.4 %
Equity ratio	50.7 %	54.8 %
Net cash flow from operations	-3,601	1,690
Earnings per share, undiluted (EUR)	0.06	0.06
Earnings per share, diluted (EUR)	0.06	0.06
Equity/share, EUR	1.69	2.00
Lowest share trading price, EUR	3.10	2.65
Highest share trading price, EUR	4.59	3.88
Average share price, EUR	3.96	3.09
Market capitalisation	64,714	78,701

Formulae for key figures and ratios are presented in the 2013 financial statements. These remained unchanged during the reporting period.